

WASHINGTON COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2021

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COUNTY MANAGER

Curtis S. Potter

BOARD OF COUNTY COMMISSIONERS

William R. Sexton, Jr. - Chair

Ann C. Keyes

Julius Walker, Jr.

Tracey A. Johnson

Carol V. Phelps

COUNTY OFFICIALS

Missy Dixon
Finance Officer

Sherri Wilkins
Tax Administrator

Curtis S. Potter
County Manager/Attorney

Julie Bennett
Clerk to Board

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FINANCIAL SECTION



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, 2021, 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 73.65%, 69.12%, and 85.65%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Washington County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

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

Members

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina as of June 30, 2021, 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 4-15 and 82-92, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, 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
November 8, 2021

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, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements following this narrative.

Financial Highlights: At the close of the fiscal year ending June 30, 2021:

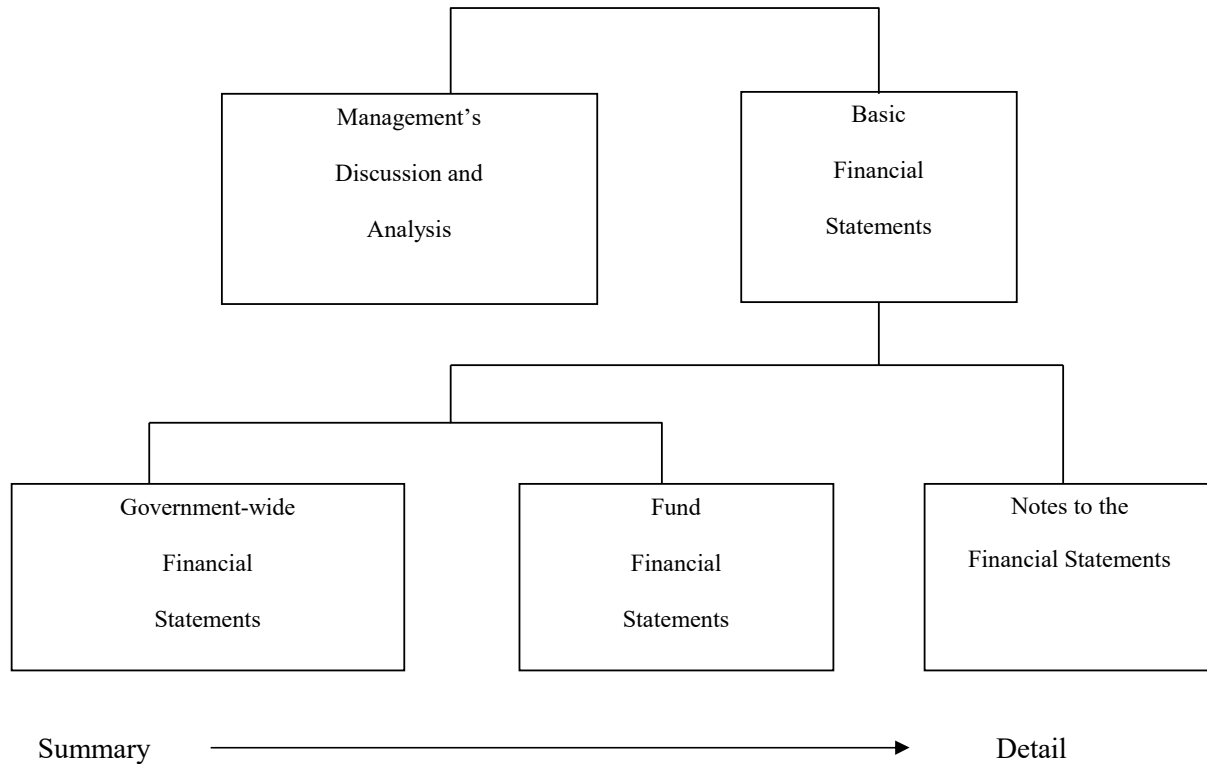
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$17,848,401 (*total net position*)
- The County's total net position increased by \$2,876,572 over the prior fiscal year ended June 30, 2020. This was primarily because the County received grant funds for airport capital projects. Additionally, the implementation of GASB 84 resulted in restatement of beginning net position of \$40,297.
- The County's governmental funds reported combined ending fund balances of \$13,020,029 after a net increase of \$2,206,179 over the prior fiscal year ended June 30, 2020. Approximately 44.55% or \$5,800,955 of this total amount is restricted, committed, or assigned for a particular purpose.
- Unassigned fund balance for the County's General Fund was \$7,089,712 or approximately 50.69% of the combined \$13,511,060 in total general fund expenditures and \$475,865 in transfers out of the general fund.
- The County's total long term debt and liabilities increased by \$4,713 from the prior fiscal year ended June 30, 2020 and is described in more detail within Note III(B) to the financial statements.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

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

WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Washington County 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.

WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 three fiduciary funds, one of which is a pension trust fund for reporting purposes and two of which are custodial funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 29 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Washington County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 82 of this report.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

WASHINGTON COUNTY'S NET POSITION

Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 15,757,763 | \$ 12,710,892 | \$ 3,115,588 | \$ 2,723,847 | \$ 18,873,351 | \$ 15,434,739 |
| Capital assets | 19,946,263 | 19,362,506 | 6,367,003 | 6,591,846 | 26,313,266 | 25,954,352 |
| Total assets | <u>35,704,026</u> | <u>32,073,398</u> | <u>9,482,591</u> | <u>9,315,693</u> | <u>45,186,617</u> | <u>41,389,091</u> |
| Total deferred outflows of resources | <u>2,842,589</u> | <u>2,782,945</u> | <u>185,619</u> | <u>186,633</u> | <u>3,028,208</u> | <u>2,969,578</u> |
| Long-term liabilities outstanding | 17,090,329 | 16,777,112 | 6,188,246 | 6,456,751 | 23,278,575 | 23,233,863 |
| Other liabilities | 1,840,008 | 1,083,769 | 524,026 | 512,592 | 2,364,034 | 1,596,361 |
| Total liabilities | <u>18,930,337</u> | <u>17,860,881</u> | <u>6,712,272</u> | <u>6,969,343</u> | <u>25,642,609</u> | <u>24,830,224</u> |
| Total deferred inflows of resources | <u>4,426,347</u> | <u>4,307,532</u> | <u>297,468</u> | <u>289,381</u> | <u>4,723,815</u> | <u>4,596,913</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 19,831,805 | 19,128,384 | 2,645,954 | 2,626,385 | 22,477,759 | 21,754,769 |
| Restricted | 3,973,438 | 3,218,839 | - | - | 3,973,438 | 3,218,839 |
| Unrestricted | (8,615,312) | (9,659,293) | 12,516 | (382,783) | (8,602,796) | (10,042,076) |
| Total net position | <u>\$ 15,189,931</u> | <u>\$ 12,687,930</u> | <u>\$ 2,658,470</u> | <u>\$ 2,243,602</u> | <u>\$ 17,848,401</u> | <u>\$ 14,931,532</u> |

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 \$17,848,401 (total net position) as of June 30, 2021. The County's total net position increased by \$2,876,572 during the fiscal year ended June 30, 2021. One of the largest portions \$22,477,759 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was used to acquire those items). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional \$3,973,438 portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of (\$8,602,796) is unrestricted.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

WASHINGTON COUNTY'S CHANGES IN NET POSITION
Figure 3

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,668,390 | \$ 2,259,311 | \$ 2,828,320 | \$ 2,704,653 | \$ 5,496,710 | \$ 4,963,964 |
| Operating grants and contributions | 4,948,988 | 3,454,339 | 2,702 | 89,532 | 4,951,690 | 3,543,871 |
| Capital grants and contributions | 1,776,388 | 7,863,759 | - | - | 1,776,388 | 7,863,759 |
| General revenues: | | | | | | |
| Property taxes | 8,543,453 | 8,271,032 | - | - | 8,543,453 | 8,271,032 |
| Local option sales tax | 2,285,332 | 2,022,150 | - | - | 2,285,332 | 2,022,150 |
| Other taxes | 301,978 | 341,865 | - | - | 301,978 | 341,865 |
| Interest earnings | 9,718 | 92,391 | 1,975 | 931 | 11,693 | 93,322 |
| Miscellaneous | 36,461 | 120,091 | - | - | 36,461 | 120,091 |
| Total revenues | <u>20,570,708</u> | <u>24,424,938</u> | <u>2,832,997</u> | <u>2,795,116</u> | <u>23,403,705</u> | <u>27,220,054</u> |
| Expenses: | | | | | | |
| General government | 3,171,864 | 2,939,389 | - | - | 3,171,864 | 2,939,389 |
| Public safety | 3,698,624 | 3,947,911 | - | - | 3,698,624 | 3,947,911 |
| Economic and physical development | 632,752 | 639,321 | - | - | 632,752 | 639,321 |
| Human services | 7,785,718 | 6,666,609 | - | - | 7,785,718 | 6,666,609 |
| Cultural and recreation | 558,555 | 566,151 | - | - | 558,555 | 566,151 |
| Education | 2,222,407 | 2,384,881 | - | - | 2,222,407 | 2,384,881 |
| Interest on long-term debt | 4,084 | 8,362 | - | - | 4,084 | 8,362 |
| Sanitation | - | - | 1,290,900 | 1,400,764 | 1,290,900 | 1,400,764 |
| Water | - | - | 1,162,229 | 1,188,844 | 1,162,229 | 1,188,844 |
| Total expenses | <u>18,074,004</u> | <u>17,152,624</u> | <u>2,453,129</u> | <u>2,589,608</u> | <u>20,527,133</u> | <u>19,742,232</u> |
| Increase (decrease) before transfers | 2,496,704 | 7,272,314 | 379,868 | 205,508 | 2,876,572 | 7,477,822 |
| Transfers | (35,000) | (30,000) | 35,000 | 30,000 | - | - |
| Change in net position | <u>2,461,704</u> | <u>7,242,314</u> | <u>414,868</u> | <u>235,508</u> | <u>2,876,572</u> | <u>7,477,822</u> |
| Net position, beginning | 12,687,930 | 5,445,616 | 2,243,602 | 2,008,094 | 14,931,532 | 7,453,710 |
| Restatements | 40,297 | - | - | - | 40,297 | - |
| Net position, beginning, as restated | <u>12,728,227</u> | <u>5,445,616</u> | <u>2,243,602</u> | <u>2,008,094</u> | <u>14,971,829</u> | <u>7,453,710</u> |
| Net position, ending | <u>\$ 15,189,931</u> | <u>\$ 12,687,930</u> | <u>\$ 2,658,470</u> | <u>\$ 2,243,602</u> | <u>\$ 17,848,401</u> | <u>\$ 14,931,532</u> |

WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities: Governmental activities increased the County's net position by \$2,461,704 accounting for approximately 85.58% of the total net position increase. Key elements of this increase are as follows:

- Continued diligence in the collection of property taxes illustrated by achieving an overall collection percentage of approximately 95.96%.
- \$1,046,262 investment in the expansion of the County owned and operated Plymouth Municipal Airport Parallel Taxiway Project using federal grant funds.
- Continued increases in the amount of overall sales tax revenue
- Management's continuing proactive stance and policy to monitor countwide spending to hold expenses within budget.

Business-type activities. Business-type activities increased the County's net position by \$414,868 accounting for approximately 14.42% of the total net position increase. Key elements of this increase are as follows:

- Increase in charges for services combined with lower than anticipated expenses

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, 2021, the County's total General Fund fund balance reached \$9,781,691 which is a \$1,487,797 or 17.94% increase over the \$8,293,894 total General Fund fund balance at the beginning of that fiscal year.

The Governing Body of Washington County has officially adopted a policy that the County should maintain a minimum available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. Additionally, County management has consistently advised that a fund balance of 18% to 22% is more appropriate for a jurisdiction of Washington County's size and characteristics. The County currently has an unassigned fund balance of \$7,089,712 or approximately 50.69% of the combined \$13,511,060 in total general fund expenditures and \$475,865 in transfers out of the general fund for the fiscal year ended June 30, 2021. Total fund balance represents approximately 69.93% 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 \$426,235. Transfers in to the fund from the County totaled \$334,617 for the fiscal year ended June 30, 2021. The fund balance of this fund is reported as restricted for public safety services.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased total budgeted revenues by \$784,990 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 \$12,516. The total increase in net position for these funds was \$414,868. Net position in the Water Fund increased by \$304,183 primarily due to a reduction in overall expenses, while net position in the Sanitation Fund increased by \$110,685, primarily due to increased revenues from higher than anticipated landfill usage combined with lower than anticipated expenses.

- For the fiscal year ended June 30, 2021 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.
- For the fiscal year ended June 30, 2021, the solid waste user fee remained unchanged at \$275 per household for curbside sanitation and recycling pickup services and availability and use of the county owned and operated C&D landfill.

Capital Asset and Debt Administration

Capital Assets. Washington County’s capital assets for its governmental and business – type activities as of June 30, 2021, totals \$26,313,266 (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 | |
|----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 2,371,800 | \$ 2,371,800 | \$ 330,158 | \$ 330,158 | \$ 2,701,958 | \$ 2,701,958 |
| Buildings and improvements | 15,864,605 | 8,075,626 | 5,920,971 | 6,161,661 | 21,785,576 | 14,237,287 |
| Machinery and equipment | 624,179 | 649,001 | 80,462 | 93,382 | 704,641 | 742,383 |
| Vehicles | 1,085,679 | 955,264 | 23,320 | 6,645 | 1,108,999 | 961,909 |
| Construction in progress | - | 7,310,815 | 12,092 | - | 12,092 | 7,310,815 |
| Total | \$ 19,946,263 | \$ 19,362,506 | \$ 6,367,003 | \$ 6,591,846 | \$ 26,313,266 | \$ 25,954,352 |

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset transactions during the year include:

- Airport Parallel Taxiway Improvement Project
- 2 new Sheriff Vehicles (1 Charger, 1 Durango)
- 2 new 20' DSS Transit Vans
- 911 equipment (Recorder System, Server)
- 4 new vehicles for Emergency Management, EMS, Planning/Inspections, and the Recreation Departments respectively

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

Long-term Debt. As of June 30, 2021, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of \$3,357,147, all of which will be repaid from future water revenues.

WASHINGTON COUNTY'S OUTSTANDING DEBT

Figure 5

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Direct Placement agreements | \$ 114,458 | \$ 234,122 | \$ - | \$ - | \$ 114,458 | \$ 234,122 |
| Revenue bonds | - | - | 3,357,147 | 3,573,567 | 3,357,147 | 3,573,567 |
| Direct Borrowing agreements | - | - | 363,902 | 391,894 | 363,902 | 391,894 |
| Closure & post-closure costs | - | - | 1,977,850 | 1,954,397 | 1,977,850 | 1,954,397 |
| Compensated absences | 480,709 | 436,469 | 32,670 | 31,276 | 513,379 | 467,745 |
| Net pension liability (LGERS) | 2,561,443 | 1,982,315 | 176,516 | 136,607 | 2,737,959 | 2,118,922 |
| Net pension liability (LEOSSA) | 337,089 | 227,178 | - | - | 337,089 | 227,178 |
| Net pension liability (Hospital) | 5,933,573 | 5,115,277 | - | - | 5,933,573 | 5,115,277 |
| Net OPEB liability | 7,734,303 | 8,901,415 | 532,992 | 613,422 | 8,267,295 | 9,514,837 |
| Total | \$ 17,161,575 | \$ 16,896,776 | \$ 6,441,077 | \$ 6,701,163 | \$ 23,602,652 | \$ 23,597,939 |

Washington County's total debt and liabilities increased by \$4,517 during the past fiscal year primarily due to principal payments on outstanding debt offset by increases in net pension and OPEB liabilities.

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

WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

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

- The NC Department of Commerce continues to designate Washington County as Tier 1 pursuant to the Development Tier Rankings System implemented pursuant to NCGS 153B-437.08. This designation and the data it is based upon clearly indicate the County is currently classified as one of the more economically distressed communities within the state, but is also used for a variety of purposes including funding eligibility criteria for certain economic and community development assistance grants and loans programs which are prioritized in part based on need according to designated Tier status. The following information is taken from the NC 2021 Tiers Memo published by the NC Department of Commerce on 11/30/2020 unless otherwise indicated.
 - The County continues to face significant population decline. The 2020 Census data revealed a 16.8% decrease in population from 2010 to 2020 with 11,003 being the 2020 population.
 - The estimated median annual household income decreased \$129 from \$36,171 in 2017 to \$36,042 in 2018.
 - The estimated average annual unemployment increased 1.43% from 6.08% for the year ending October 2019 to 7.51% for the year ending September 2020.
 - The overall economic distress ranking for Washington County improved from 3rd most distressed to 5th most distressed.
- According to the 2020 US Census Data Washington County's estimated overall poverty level increased slightly to 21.3% from the previously estimated poverty level of 21.1%
- Agricultural operations continue to serve as one of the County's primary economic strengths. According to the 2020 edition of the annual "NC Agricultural Statistics" or 2020 Ag Stat Book for the 2019 crop year, agricultural operations within the County generated an estimated \$70,159,424 in combined cash receipts, of which \$45,775,205 was generated by Crops, and \$15,437,481 was generated by Livestock, Dairy, and Poultry. The County was ranked 44th in total statewide cash receipts.
- The Solar Farm Industry continues to expand its footprint within the County. There are currently three active solar farms consisting of an estimated 961 acres generating an estimated 100MW in solar energy. Two additional projects which have received approvals are expected to utilize an additional 5,090 acres to generate an additional 504MW of solar energy. Although not universally popular, each acre of farmland developed into a solar farm currently yields higher average annual revenues for the county than it would if left in deferred use agricultural status.
- The Washington Regional Medical Center (formerly known and owned by the County as the Washington County Hospital) serves as a vital component of the County's economy and healthcare system. The facility has been purchased by Affinity Health Partners following a long period of instability and uncertainty after the initiation of an involuntary bankruptcy proceeding that permitted the hospital to temporarily continue operating for almost a year under an appointed bankruptcy trustee. Although the hospital continues to face significant challenges posed under the current regulatory and economic environment for small rural CAH hospitals, thus far under new ownership, the facility has undergone several major improvements, staffing has been maintained, and services have expanded including without limitation significant COVID19 related services.

WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

- The County recently completed its water/sewer infrastructure connections for its Commerce Shell Building located along Morratock Rock which also provides the opportunity to service potential additional industrial buildings or sites along Airport and Morratock Roads in the future. For FY21 the County anticipates leasing or selling its Commerce Building for the purpose of facilitating economic development and/or industrial expansion within the County.
- The County continues to pursue as one of its primary capital improvement goals, the completion of the planned expansion of water capacity infrastructure from its treatment facility in Roper, NC to the Pea Ridge, NC area in order to improve and increase service capacity for anticipated future residential development along and near the Albemarle Sound.

Budget Highlights for Fiscal Year Ending June 30, 2022

Government Activities:

The FY22 Ad valorem Tax Rate was reduced slightly by \$0.005 to \$0.84 per \$100 of assessed value and the Special Watershed Improvement Tax Rate remained unchanged at \$0.01 per \$100 of assessed value.

The FY22 General Fund budget as originally adopted for FY22 was \$15,878,456 compared to the final total amended General Fund budget for FY21 of \$ 15,155,370 and included:

- A fund balance appropriation of \$994,528.
- Allocations to the Washington County School System of \$1,735,000 for current expenses, and \$400,000 for Capital Outlay Funds.
- \$410,000 allocated for the Retirement Pension Plan for former Washington County Hospital Employees based on an actuarially determined minimum annual contribution to fund the plan through termination over a 20-year period.
- Major Capital Outlay Item Allocations included: \$22,500 for Detention plumbing repairs, \$36,876 to lease and upfit 3 replacement vehicles for Sheriff's Office, \$96,500 to replace 1 public transit vehicle, \$120,000 to pay for Courthouse Roof Repairs; and \$20,000 for HVAC replacement/repairs.
- Major transfers included: \$383,987 (4 collected cents of projected tax revenue) out to the EMS Fund, \$95,997 (1 collected cent of projected tax revenue) out to the Airport Fund, and \$40,000 out to the Revaluation Fund.
- Fund 60 was created as a Special Revenue Fund at the end of FY20 and is used again in FY21 and FY22 to account for the Coronavirus Relief Funding received from various state/federal sources for use toward Coronavirus/COVID19 impact mitigation measures in accordance with applicable regulations.

Business Type Activities:

The original FY22 Water Fund budget totals \$1,532,441 which is an increase from the original FY21 budget of \$1,337,000.

- The base rate and consumption rate water charges did not change from FY21 for FY22.
- \$40,000 was allocated to replace the SCADA system.
- \$44,343 was allocated to replace utilities vehicles.
- \$20,000 was allocated to install perimeter fencing at the water treatment facility.

WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

The original FY22 Sanitation Fund budget totals \$1,447,583 which is an increase from the original FY21 budget of \$1,329,809.

- The annual solid waste user fee increased \$25 from FY21 to \$300 for FY22.
- \$92,691 was designated for future appropriation and will be used for completion of the expansion of the next phase of the C&D Landfill.

Requests for Information

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

BASIC
FINANCIAL STATEMENTS

Washington County, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1

| | Primary Government | | | Component Units | | Total Reporting Unit |
|---------------------------------------|-------------------------|--------------------------|----------------------|---|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Washington Travel and Tourism Authority | Washington County ABC | |
| ASSETS | | | | | | |
| Cash and cash investments | \$ 12,606,195 | \$ 2,407,627 | \$ 15,013,822 | \$ 160,588 | \$ 293,985 | \$ 15,468,395 |
| Taxes receivable (net) | 895,104 | - | 895,104 | - | - | 895,104 |
| Accounts receivables (net) | 873,912 | 515,202 | 1,389,114 | 17,241 | - | 1,406,355 |
| Due from other governments | 1,180,908 | 8,688 | 1,189,596 | - | - | 1,189,596 |
| Internal balances | 8,614 | (8,614) | - | - | - | - |
| Prepaid assets | 129,362 | - | 129,362 | - | - | 129,362 |
| Inventories | - | 29,742 | 29,742 | - | 177,273 | 207,015 |
| Net pension asset | 17,965 | - | 17,965 | - | - | 17,965 |
| Restricted cash and cash equivalents | 45,703 | 162,943 | 208,646 | - | - | 208,646 |
| Capital assets: | | | | | | |
| Non-depreciable | 2,371,800 | 342,250 | 2,714,050 | - | - | 2,714,050 |
| Depreciable, net of depreciation | 17,574,463 | 6,024,753 | 23,599,216 | - | 25,816 | 23,625,032 |
| Total capital assets | 19,946,263 | 6,367,003 | 26,313,266 | - | 25,816 | 26,339,082 |
| Total assets | <u>\$ 35,704,026</u> | <u>\$ 9,482,591</u> | <u>\$ 45,186,617</u> | <u>\$ 177,829</u> | <u>\$ 497,074</u> | <u>\$ 45,861,520</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension related items | \$ 1,594,377 | \$ 99,601 | \$ 1,693,978 | \$ - | \$ 23,482 | \$ 1,717,460 |
| OPEB related items | 1,248,212 | 86,018 | 1,334,230 | - | - | 1,334,230 |
| Total deferred outflows of resources | <u>\$ 2,842,589</u> | <u>\$ 185,619</u> | <u>\$ 3,028,208</u> | <u>\$ -</u> | <u>\$ 23,482</u> | <u>\$ 3,051,690</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 246,415 | \$ 80,087 | \$ 326,502 | \$ 2,066 | \$ 41,734 | \$ 370,302 |
| Accrued liabilities | 361,241 | 17,789 | 379,030 | - | - | 379,030 |
| Customer deposits | - | 162,943 | 162,943 | - | - | 162,943 |
| Interest payable | 1,472 | 10,376 | 11,848 | - | - | 11,848 |
| Unspent Grant Proceeds | 1,159,634 | - | 1,159,634 | - | - | 1,159,634 |
| Long-term liabilities: | | | | | | |
| Due within one year | 71,246 | 252,831 | 324,077 | - | - | 324,077 |
| Due in more than one year | 17,090,329 | 6,188,246 | 23,278,575 | - | 74,730 | 23,353,305 |
| Total long-term liabilities | 17,161,575 | 6,441,077 | 23,602,652 | - | 74,730 | 23,677,382 |
| Total liabilities | <u>\$ 18,930,337</u> | <u>\$ 6,712,272</u> | <u>\$ 25,642,609</u> | <u>\$ 2,066</u> | <u>\$ 116,464</u> | <u>\$ 25,761,139</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred tax revenue | \$ 57,375 | \$ - | \$ 57,375 | \$ - | \$ - | \$ 57,375 |
| Pension related items | 103,859 | 3,547 | 107,406 | - | 10,710 | 118,116 |
| OPEB related items | 4,265,113 | 293,921 | 4,559,034 | - | - | 4,559,034 |
| Total deferred inflows of resources | <u>\$ 4,426,347</u> | <u>\$ 297,468</u> | <u>\$ 4,723,815</u> | <u>\$ -</u> | <u>\$ 10,710</u> | <u>\$ 4,734,525</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | \$ 19,831,805 | \$ 2,645,954 | \$ 22,477,759 | \$ - | \$ 25,816 | \$ 22,503,575 |
| Restricted for: | | | | | | |
| Stabilization by State Statute | 1,760,492 | - | 1,760,492 | 17,241 | - | 1,777,733 |
| Public safety | 557,669 | - | 557,669 | - | - | 557,669 |
| Education | 1,075,969 | - | 1,075,969 | - | - | 1,075,969 |
| Economic and physical development | 294,349 | - | 294,349 | - | - | 294,349 |
| Human Services | 284,959 | - | 284,959 | - | - | 284,959 |
| Capital improvements | - | - | - | - | 30,000 | 30,000 |
| Working capital | - | - | - | - | 47,063 | 47,063 |
| Unrestricted (deficit) | (8,615,312) | 12,516 | (8,602,796) | 158,522 | 290,503 | (8,153,771) |
| Total net position | <u>\$ 15,189,931</u> | <u>\$ 2,658,470</u> | <u>\$ 17,848,401</u> | <u>\$ 175,763</u> | <u>\$ 393,382</u> | <u>\$ 18,417,546</u> |

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

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | | | |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|---|-----------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | | Total Reporting Unit |
| | | | | | Governmental Activities | Business-type Activities | Total | Washington Travel and Tourism Authority | Washington County ABC | |
| Primary government: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 3,171,864 | \$ 246,362 | \$ 20,592 | \$ - | \$ (2,904,910) | \$ - | \$ (2,904,910) | \$ - | \$ - | \$ (2,904,910) |
| Public safety | 3,698,624 | 300,638 | 44,793 | - | (3,353,193) | - | (3,353,193) | - | - | (3,353,193) |
| Economic and physical development | 632,752 | 64,203 | 188,094 | 1,046,262 | 665,807 | - | 665,807 | - | - | 665,807 |
| Human services | 7,785,718 | 2,056,462 | 4,695,509 | - | (1,033,747) | - | (1,033,747) | - | - | (1,033,747) |
| Education | 2,222,407 | - | - | 730,126 | (1,492,281) | - | (1,492,281) | - | - | (1,492,281) |
| Cultural and recreation | 558,555 | 725 | - | - | (557,830) | - | (557,830) | - | - | (557,830) |
| Interest on long-term debt | 4,084 | - | - | - | (4,084) | - | (4,084) | - | - | (4,084) |
| Total governmental activities | <u>18,074,004</u> | <u>2,668,390</u> | <u>4,948,988</u> | <u>1,776,388</u> | <u>(8,680,238)</u> | <u>-</u> | <u>(8,680,238)</u> | <u>-</u> | <u>-</u> | <u>(8,680,238)</u> |
| Business-type activities: | | | | | | | | | | |
| Sanitation | 1,290,900 | 1,363,883 | 2,702 | - | - | 75,685 | 75,685 | - | - | 75,685 |
| Water | 1,162,229 | 1,464,437 | - | - | - | 302,208 | 302,208 | - | - | 302,208 |
| Total business-type activities | <u>2,453,129</u> | <u>2,828,320</u> | <u>2,702</u> | <u>-</u> | <u>-</u> | <u>377,893</u> | <u>377,893</u> | <u>-</u> | <u>-</u> | <u>377,893</u> |
| Total primary government | <u>20,527,133</u> | <u>5,496,710</u> | <u>4,951,690</u> | <u>1,776,388</u> | <u>(8,680,238)</u> | <u>377,893</u> | <u>(8,302,345)</u> | <u>-</u> | <u>-</u> | <u>(8,302,345)</u> |
| Component Units: | | | | | | | | | | |
| Travel and Tourism Authority | 132,074 | - | 14,920 | - | - | - | - | (117,154) | - | (117,154) |
| Washington County ABC Board | 1,058,524 | 1,149,331 | - | - | - | - | - | - | 90,807 | 90,807 |
| Total component units | <u>\$ 1,190,598</u> | <u>\$ 1,149,331</u> | <u>\$ 14,920</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(117,154)</u> | <u>90,807</u> | <u>(26,347)</u> |
| General revenues: | | | | | | | | | | |
| Ad valorem taxes | | | | | 8,543,453 | - | 8,543,453 | - | - | 8,543,453 |
| Sales and use taxes | | | | | 2,285,332 | - | 2,285,332 | - | - | 2,285,332 |
| Occupancy taxes | | | | | - | - | - | 177,735 | - | 177,735 |
| Other taxes | | | | | 301,978 | - | 301,978 | - | - | 301,978 |
| Investment earnings | | | | | 9,718 | 1,975 | 11,693 | 4 | 183 | 11,880 |
| Miscellaneous | | | | | 36,461 | - | 36,461 | - | 144 | 36,605 |
| Transfers | | | | | (35,000) | 35,000 | - | - | - | - |
| Total general revenues | | | | | <u>11,141,942</u> | <u>36,975</u> | <u>11,178,917</u> | <u>177,739</u> | <u>327</u> | <u>11,356,983</u> |
| Change in net position | | | | | 2,461,704 | 414,868 | 2,876,572 | 60,585 | 91,134 | 3,028,291 |
| Net position, beginning, as previously reported | | | | | 12,687,930 | 2,243,602 | 14,931,532 | 115,178 | 302,248 | 15,348,958 |
| Prior year restatement - change in accounting principle | | | | | 40,297 | - | 40,297 | - | - | 40,297 |
| Net position, beginning, as restated | | | | | <u>12,728,227</u> | <u>2,243,602</u> | <u>14,971,829</u> | <u>115,178</u> | <u>302,248</u> | <u>15,389,255</u> |
| Net position, end of year | | | | | <u>\$ 15,189,931</u> | <u>\$ 2,658,470</u> | <u>\$ 17,848,401</u> | <u>\$ 175,763</u> | <u>\$ 393,382</u> | <u>\$ 18,417,546</u> |

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

**Washington County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021**

| | <u>Major</u> | | | <u>Non-Major</u> | |
|---|----------------------|--|---------------------|--|---|
| | <u>General Fund</u> | <u>Emergency Medical Services Fund</u> | <u>ARP Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
| ASSETS | | | | | |
| Cash | \$ 11,766,145 | \$ 317,058 | \$ - | \$ 522,992 | \$ 12,606,195 |
| Taxes receivable, net | 758,578 | - | - | - | 758,578 |
| Accounts receivable | 80,286 | 670,190 | - | 123,436 | 873,912 |
| Due from other governments | 982,019 | 7,700 | - | 191,189 | 1,180,908 |
| Due from other funds | 20,297 | - | 1,124,640 | 1,606,643 | 2,751,580 |
| Restricted cash and cash equivalents | 45,703 | - | - | - | 45,703 |
| Prepaid expenses | 129,362 | - | - | - | 129,362 |
| Total assets | <u>\$ 13,782,390</u> | <u>\$ 994,948</u> | <u>\$ 1,124,640</u> | <u>\$ 2,444,260</u> | <u>\$ 18,346,238</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 123,832 | \$ 9,616 | \$ - | \$ 112,967 | \$ 246,415 |
| Due to other funds | 2,733,778 | 259 | - | 8,929 | 2,742,966 |
| Accrued liabilities | 292,562 | 65,679 | - | 3,000 | 361,241 |
| Unspent Grant Proceeds | 34,574 | - | 1,124,640 | 420 | 1,159,634 |
| Total liabilities | <u>3,184,746</u> | <u>75,554</u> | <u>1,124,640</u> | <u>125,316</u> | <u>4,510,256</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Reserve for taxes receivable | 758,578 | - | - | - | 758,578 |
| Prepaid taxes | 57,375 | - | - | - | 57,375 |
| Total deferred inflows of resources | <u>815,953</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>815,953</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid expenses | 129,362 | - | - | - | 129,362 |
| Restricted: | | | | | |
| Stabilization by State Statute | 1,082,602 | 677,890 | - | - | 1,760,492 |
| Public Safety | - | - | - | 557,669 | 557,669 |
| Human Services | - | 241,504 | - | 43,455 | 284,959 |
| Education | - | - | - | 1,075,969 | 1,075,969 |
| Economic and physical development | - | - | - | 294,349 | 294,349 |
| Committed: | | | | | |
| Tax revaluation | 45,703 | - | - | - | 45,703 |
| Assigned: | | | | | |
| Capital projects | - | - | - | 347,502 | 347,502 |
| Hospital pension plan | 439,784 | - | - | - | 439,784 |
| Subsequent year's expenditures | 994,528 | - | - | - | 994,528 |
| Unassigned: | | | | | |
| Total fund balances | <u>9,781,691</u> | <u>919,394</u> | <u>-</u> | <u>2,318,944</u> | <u>13,020,029</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 13,782,390</u> | <u>\$ 994,948</u> | <u>\$ 1,124,640</u> | <u>\$ 2,444,260</u> | <u>\$ 18,346,238</u> |

Washington County, North Carolina
Balance Sheet
Governmental Funds Reconciliation to the Statement of Net Position
June 30, 2021

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

| | |
|--|----------------------|
| Total Fund Balance - Governmental Funds | \$ 13,020,029 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 19,946,263 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. | 136,526 |
| Net Pension Asset | 17,965 |
| 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 | 565,084 |
| ROD | 891 |
| Pension related deferrals | |
| LGERS | 880,232 |
| ROD | 1,163 |
| LEOSSA | 114,874 |
| HOSPITAL | 26,392 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 5,741 |
| Benefit payments for the OPEB plan paid subsequent to the measurement date | 368,541 |
| Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. | 758,578 |
| Pension Related Deferrals | |
| LGERS | (51,474) |
| ROD | (2,517) |
| LEOSSA | (49,868) |
| OPEB related deferrals | (3,385,442) |
| 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 | (114,458) |
| Compensated absences | (480,709) |
| Net OPEB Liability | (7,734,303) |
| Net Pension Liability | (8,495,016) |
| Total Pension Liability | (337,089) |
| Accrued interest payable | (1,472) |
| Net position of governmental activities | <u>\$ 15,189,931</u> |

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

| | <u>Major</u> | | | <u>Non-Major</u> | <u>Total</u> |
|---|---------------------|--|-----------------|--|----------------------|
| | <u>General Fund</u> | <u>Emergency Medical Services Fund</u> | <u>ARP Fund</u> | <u>Nonmajor Governmental Funds</u> | |
| REVENUES | | | | | |
| Property taxes | \$ 8,550,407 | \$ - | \$ - | \$ - | \$ 8,550,407 |
| Other taxes | 1,532 | - | - | 218,828 | 220,360 |
| Sales taxes | 2,285,331 | - | - | - | 2,285,331 |
| Unrestricted intergovernmental | 77,502 | - | - | - | 77,502 |
| Restricted intergovernmental | 4,137,091 | - | - | 2,755,749 | 6,892,840 |
| Permits and fees | 178,840 | - | - | - | 178,840 |
| Sales and services | 165,278 | 2,056,462 | - | 64,203 | 2,285,943 |
| Investment earnings | 9,136 | 580 | - | 2 | 9,718 |
| Miscellaneous | 69,605 | - | - | 10,580 | 80,185 |
| Total revenues | <u>15,474,722</u> | <u>2,057,042</u> | <u>-</u> | <u>3,049,362</u> | <u>20,581,126</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 2,854,358 | - | - | - | 2,854,358 |
| Public safety | 3,565,761 | - | - | 163,328 | 3,729,089 |
| Economic and physical development | 198,466 | - | - | 378,356 | 576,822 |
| Human services | 4,483,759 | 1,895,723 | - | 875,516 | 7,254,998 |
| Education | 1,822,407 | - | - | - | 1,822,407 |
| Cultural and recreational | 534,673 | - | - | - | 534,673 |
| Capital outlay | - | - | - | 1,446,263 | 1,446,263 |
| Debt service: | | | | | |
| Principal retirements | 50,000 | 69,664 | - | - | 119,664 |
| Interest and fiscal charges | 1,636 | 4,162 | - | - | 5,798 |
| Total expenditures | <u>13,511,060</u> | <u>1,969,549</u> | <u>-</u> | <u>2,863,463</u> | <u>18,344,072</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,963,662</u> | <u>87,493</u> | <u>-</u> | <u>185,899</u> | <u>2,237,054</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 334,617 | - | 106,248 | 440,865 |
| Transfers out | (475,865) | - | - | - | (475,865) |
| Sale of assets | - | 4,125 | - | - | 4,125 |
| Total other financing sources and uses | <u>(475,865)</u> | <u>338,742</u> | <u>-</u> | <u>106,248</u> | <u>(30,875)</u> |
| Net change in fund balance | 1,487,797 | 426,235 | - | 292,147 | 2,206,179 |
| Fund balance, beginning, as previously reported | 8,293,894 | 493,159 | - | 1,986,500 | 10,773,553 |
| Prior Period Restatement - change in accounting principle | - | - | - | 40,297 | 40,297 |
| Fund balance, beginning, as restated | <u>8,293,894</u> | <u>493,159</u> | <u>-</u> | <u>2,026,797</u> | <u>10,813,850</u> |
| Fund balances-ending | <u>\$ 9,781,691</u> | <u>\$ 919,394</u> | <u>\$ -</u> | <u>\$ 2,318,944</u> | <u>\$ 13,020,029</u> |

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds with reconciliation to Statement of Activities
For the Year Ended June 30, 2021

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

| | |
|--|---------------------|
| Net changes in fund balances - total governmental funds | \$ 2,206,179 |
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | 1,585,366 |
| 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. | (994,021) |
| Gain (Loss) on Disposals - amount by which cost exceeded accumulated depreciation on retired assets | (7,588) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 565,975 |
| Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position. | 5,741 |
| Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position. | 368,541 |
| Contributions to the Hospital Pension Plan | 330,192 |
| Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements. | 119,664 |
| 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). | 1,714 |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources. | (44,240) |
| County's portion of collective pension expense | (2,053,456) |
| OPEB (Expense) Revenue | 384,591 |
| 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 | (22,132) |
| Increase (decrease) in accrued taxes receivable | 15,178 |
| Total changes in net position of governmental activities | <u>\$ 2,461,704</u> |

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Annually Budgeted Major Governmental Funds
For the Year Ended June 30, 2021

| | General Fund | | | Variance With Final Positive (Negative) |
|---|--------------------|-------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Property taxes | \$ 8,391,296 | \$ 8,391,296 | \$ 8,550,407 | \$ 159,111 |
| Other taxes and licenses | 1,100 | 1,100 | 1,532 | 432 |
| Sales tax | 1,461,487 | 1,949,000 | 2,285,331 | 336,331 |
| Unrestricted intergovernmental | 99,000 | 99,000 | 77,502 | (21,498) |
| Restricted intergovernmental | 3,535,965 | 4,217,151 | 4,137,091 | (80,060) |
| Permits and fees | 149,700 | 175,425 | 178,840 | 3,415 |
| Sales and services | 325,095 | 238,440 | 165,278 | (73,162) |
| Investment earnings | 35,000 | 35,000 | 9,118 | (25,882) |
| Miscellaneous | 63,685 | 75,361 | 69,605 | (5,756) |
| Total revenues | <u>14,062,328</u> | <u>15,181,773</u> | <u>15,474,704</u> | <u>292,931</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 2,906,373 | 3,146,253 | 2,756,365 | 389,888 |
| Public safety | 4,109,090 | 4,376,932 | 3,565,761 | 811,171 |
| Economic and physical development | 199,812 | 207,576 | 198,466 | 9,110 |
| Human services | 5,134,214 | 5,204,819 | 4,483,759 | 721,060 |
| Cultural and recreational | 598,408 | 605,000 | 534,673 | 70,327 |
| Intergovernmental: | | | | |
| Education | 1,735,000 | 1,834,407 | 1,822,407 | 12,000 |
| Contingency | 10,000 | 4,303 | - | 4,303 |
| Debt service: | | | | |
| Principal retirements | 50,000 | 50,000 | 50,000 | - |
| Interest | 2,205 | 2,205 | 1,636 | 569 |
| Total expenditures | <u>14,745,102</u> | <u>15,431,495</u> | <u>13,413,067</u> | <u>2,018,428</u> |
| Revenues over (under) expenditures | <u>(682,774)</u> | <u>(249,722)</u> | <u>2,061,637</u> | <u>2,311,359</u> |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers out | (410,268) | (508,865) | (508,865) | - |
| Appropriated fund balance | 1,093,042 | 758,587 | - | (758,587) |
| Total other financing sources (uses) | <u>682,774</u> | <u>249,722</u> | <u>(508,865)</u> | <u>(758,587)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>1,552,772</u> | <u>\$ 1,552,772</u> |
| Fund balances: | | | | |
| Beginning of year, July 1 | | | <u>8,183,216</u> | |
| End of year, June 30 | | | <u>\$ 9,735,988</u> | |
| A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Investment Earnings | | | 18 | |
| Transfer from General Fund | | | 33,000 | |
| Expenditures | | | (97,993) | |
| Fund balance, beginning of year | | | <u>110,678</u> | |
| Fund balance, ending (Exhibit 4) | | | <u>\$ 9,781,691</u> | |

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Annually Budgeted Major Governmental Funds
For the Year Ended June 30, 2021

| | Emergency Medical Services Fund | | | Variance With Final Positive (Negative) |
|--|---------------------------------|------------------|-------------------|--|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes and licenses | - | - | - | - |
| Sales tax | - | - | - | - |
| Unrestricted intergovernmental | - | - | - | - |
| Restricted intergovernmental | 107,214 | 107,214 | - | (107,214) |
| Permits and fees | - | - | - | - |
| Sales and services | 1,475,000 | 1,475,100 | 2,056,462 | 581,362 |
| Investment earnings | - | - | 580 | 580 |
| Miscellaneous | - | - | - | - |
| Total revenues | <u>1,582,214</u> | <u>1,582,314</u> | <u>2,057,042</u> | <u>474,728</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Economic and physical development | - | - | - | - |
| Human services | 1,905,909 | 2,242,912 | 1,895,723 | 347,189 |
| Cultural and recreational | - | - | - | - |
| Intergovernmental: | | | | |
| Education | - | - | - | - |
| Contingency | - | - | - | - |
| Debt service: | | | | |
| Principal retirements | 69,665 | 69,665 | 69,664 | 1 |
| Interest | 4,163 | 4,163 | 4,162 | 1 |
| Total expenditures | <u>1,979,737</u> | <u>2,316,740</u> | <u>1,969,549</u> | <u>347,191</u> |
| Revenues over (under) expenditures | <u>(397,523)</u> | <u>(734,426)</u> | <u>87,493</u> | <u>821,919</u> |
| Other financing sources (uses): | | | | |
| Proceeds from sale of capital assets | 1,000 | 1,000 | 4,125 | 3,125 |
| Transfers in (out) | 282,951 | 334,617 | 334,617 | - |
| Appropriated fund balance | 113,572 | 398,809 | - | (398,809) |
| Total other financing sources (uses) | <u>397,523</u> | <u>734,426</u> | <u>338,742</u> | <u>(395,684)</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>426,235</u> | <u>\$ 426,235</u> |
| Fund balances: | | | | |
| Beginning of year, July 1 | | | <u>493,159</u> | |
| End of year, June 30 | | | <u>\$ 919,394</u> | |

Washington County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 6

| | Sanitation Fund | Water Fund | Totals |
|--|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 853,330 | \$ 1,554,297 | \$ 2,407,627 |
| Accounts receivable (net) | 332,976 | 182,226 | 515,202 |
| Due from other governments | 511 | 8,177 | 8,688 |
| Inventories | - | 29,742 | 29,742 |
| Due from other funds | 292,282 | - | 292,282 |
| Total current assets | <u>1,479,099</u> | <u>1,774,442</u> | <u>3,253,541</u> |
| Noncurrent assets: | | | |
| Restricted - cash and cash equivalents | - | 162,943 | 162,943 |
| Capital assets: | | | |
| Nondepreciable | 306,386 | 35,864 | 342,250 |
| Depreciable (net) | 43,347 | 5,981,406 | 6,024,753 |
| Total noncurrent assets | <u>349,733</u> | <u>6,180,213</u> | <u>6,529,946</u> |
| Total assets | <u>1,828,832</u> | <u>7,954,655</u> | <u>9,783,487</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related items | 19,219 | 80,382 | 99,601 |
| OPEB related items | 16,598 | 69,420 | 86,018 |
| Total deferred outflows of resources | <u>35,817</u> | <u>149,802</u> | <u>185,619</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 77,639 | 2,448 | 80,087 |
| Accrued liabilities | 2,279 | 15,510 | 17,789 |
| Accrued interest payable | - | 10,376 | 10,376 |
| Customer deposits | - | 162,943 | 162,943 |
| Due to other funds | - | 300,896 | 300,896 |
| Compensated absences payable | - | - | - |
| Bonds payable | - | 224,839 | 224,839 |
| Note payable | - | 27,992 | 27,992 |
| Total current liabilities | <u>79,918</u> | <u>745,004</u> | <u>824,922</u> |
| Noncurrent liabilities: | | | |
| Bonds payable | - | 3,132,308 | 3,132,308 |
| Note payable | - | 335,910 | 335,910 |
| Landfill post-closure | 1,977,850 | - | 1,977,850 |
| Compensated absences payable | 590 | 32,080 | 32,670 |
| Net pension liability | 34,060 | 142,456 | 176,516 |
| Net OPEB liability | 102,845 | 430,147 | 532,992 |
| Total noncurrent liabilities | <u>2,115,345</u> | <u>4,072,901</u> | <u>6,188,246</u> |
| Total liabilities | <u>2,195,263</u> | <u>4,817,905</u> | <u>7,013,168</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related items | 684 | 2,863 | 3,547 |
| OPEB related items | 56,714 | 237,207 | 293,921 |
| Total deferred inflows of resources | <u>57,398</u> | <u>240,070</u> | <u>297,468</u> |
| NET POSITION | | | |
| Net investment in capital assets | 349,733 | 2,296,221 | 2,645,954 |
| Unrestricted | (737,745) | 750,261 | 12,516 |
| Total net position | <u>\$ (388,012)</u> | <u>\$ 3,046,482</u> | <u>\$ 2,658,470</u> |

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, 2021

| | Sanitation Fund | Water Fund | Totals |
|---|---------------------|---------------------|---------------------|
| Revenues: | | | |
| Operating Revenues: | | | |
| Charges for Services | \$ 1,363,883 | \$ 1,439,565 | \$ 2,803,448 |
| Tap and connection fees | - | 14,400 | 14,400 |
| Miscellaneous | - | 10,472 | 10,472 |
| Total Operating Revenues | <u>1,363,883</u> | <u>1,464,437</u> | <u>2,828,320</u> |
| Expenditures: | | | |
| Operating Expenses: | | | |
| Landfill and collections | 1,284,552 | - | 1,284,552 |
| Treatment plant | - | 271,121 | 271,121 |
| Operations and maintenance | - | 499,876 | 499,876 |
| Depreciation | 6,348 | 252,889 | 259,237 |
| Total Expenditures | <u>1,290,900</u> | <u>1,023,886</u> | <u>2,314,786</u> |
| Operating income (loss) | <u>72,983</u> | <u>440,551</u> | <u>513,534</u> |
| Nonoperating Revenues (Expenses) | | | |
| Restricted intergovernmental | 2,702 | - | 2,702 |
| Investment earnings | - | 1,975 | 1,975 |
| Interest Expense | - | (138,343) | (138,343) |
| Total Nonoperating Revenues (Expenses) | <u>2,702</u> | <u>(136,368)</u> | <u>(133,666)</u> |
| Income (Loss) before transfers | 75,685 | 304,183 | 379,868 |
| Transfers in | <u>35,000</u> | <u>-</u> | <u>35,000</u> |
| Change in net position | <u>110,685</u> | <u>304,183</u> | <u>414,868</u> |
| Total net position, beginning | <u>(498,697)</u> | <u>2,742,299</u> | <u>2,243,602</u> |
| Total net position, ending | <u>\$ (388,012)</u> | <u>\$ 3,046,482</u> | <u>\$ 2,658,470</u> |

Washington County, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021

| | Sanitation Fund | Water Fund | Totals |
|--|--------------------|---------------------|---------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 1,377,417 | \$ 1,465,343 | \$ 2,842,760 |
| Payments to suppliers | (1,192,881) | (400,172) | (1,593,053) |
| Payments to employees | (82,224) | (407,862) | (490,086) |
| Net cash provided (used) by operating activities | <u>102,312</u> | <u>657,309</u> | <u>759,621</u> |
| Cash flows from noncapital financing activities | | | |
| Restricted intergovernmental receipts | 2,702 | - | 2,702 |
| Transfers in | 35,000 | - | 35,000 |
| Due to / from | (289,453) | 297,983 | 8,530 |
| Net cash provided (used) by noncapital financial activities | <u>(251,751)</u> | <u>297,983</u> | <u>46,232</u> |
| Cash flows from capital and related financing activities: | | | |
| Purchases and acquisition of capital assets | (12,092) | (22,302) | (34,394) |
| Principal payments on long-term debt | - | (244,412) | (244,412) |
| Interest paid | - | (139,012) | (139,012) |
| Net cash provided (used) by capital and related financing activities | <u>(12,092)</u> | <u>(405,726)</u> | <u>(417,818)</u> |
| Cash flows from investing activities: | | | |
| Interest received | - | 1,975 | 1,975 |
| Net cash provided (used) by investing activities | <u>-</u> | <u>1,975</u> | <u>1,975</u> |
| Net increase (decrease) in cash and cash equivalents | (161,531) | 551,541 | 390,010 |
| Cash and cash equivalents, July 1 | <u>1,014,861</u> | <u>1,165,699</u> | <u>2,180,560</u> |
| Cash and cash equivalents, June 30 | <u>\$ 853,330</u> | <u>\$ 1,717,240</u> | <u>\$ 2,570,570</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 72,983 | \$ 440,551 | \$ 513,534 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | \$ 6,348 | \$ 252,889 | \$ 259,237 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | |
| (Increase) decrease in accounts receivable | 13,531 | (5,734) | 7,797 |
| (Increase) decrease in inventory | - | (18,058) | (18,058) |
| (Increase) decrease in deferred outflows - pension | (3,424) | (14,319) | (17,743) |
| (Increase) decrease in deferred outflows - OPEB | 3,619 | 15,138 | 18,757 |
| Increase (decrease) in accounts payable | (2,289) | 1,266 | (1,023) |
| Increase (decrease) in accrued liabilities | (1,224) | (711) | (1,935) |
| Increase (decrease) in post-closure liability | 23,453 | - | 23,453 |
| Increase (decrease) in compensated absences payable | (4,426) | 5,820 | 1,394 |
| Increase (decrease) in net pension liability | 7,701 | 32,208 | 39,909 |
| Increase (decrease) in OPEB liability | (15,520) | (64,910) | (80,430) |
| Increase (decrease) in deferred inflows - pension | (325) | (1,359) | (1,684) |
| Increase (decrease) in deferred inflows - OPEB | 1,885 | 7,886 | 9,771 |
| Increase (decrease) in customer deposits | - | 6,642 | 6,642 |
| Total adjustments | <u>29,329</u> | <u>216,758</u> | <u>246,087</u> |
| Net cash provided (used) by operating activities | <u>\$ 102,312</u> | <u>\$ 657,309</u> | <u>\$ 759,621</u> |

Washington County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

| | Pension Trust Fund | Custodial Funds |
|---|-----------------------|--------------------|
| Assets | | |
| Cash and cash equivalents | \$ 112,932 | \$ 51,479 |
| Taxes receivable for other governments, net | - | 21,396 |
| Total Assets | 112,932 | 72,875 |
| Liabilities | | |
| Accounts payable | - | - |
| Due to other governments | - | 44,923 |
| Total liabilities | - | 44,923 |
| Net position | | |
| Restricted for: | | |
| Pension benefits | 112,932 | - |
| Individuals, organizations, and other governments | - | 27,952 |
| Total fiduciary net position | \$ 112,932 | \$ 27,952 |

Washington County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

| | Pension Trust Fund | Custodial Funds |
|---|-----------------------|--------------------|
| Additions | | |
| Interest earnings | \$ - | \$ - |
| Employer contributions | 320,000 | - |
| Ad valorem taxes for other governments | - | 458,086 |
| Collections on behalf of inmates | - | 64,981 |
| Other Income | - | - |
| Total Additions | 320,000 | 523,067 |
| Deductions | | |
| Benefit payments | 301,049 | - |
| Tax distributions to other governments | - | 455,589 |
| Payments on behalf of inmates | - | 56,846 |
| Total Deductions | 301,049 | 512,435 |
| Net increase in fiduciary net position | 18,951 | 10,632 |
| Net position, beginning, as previously reported | 93,981 | - |
| Prior period restatement - change in accounting principle | - | 17,320 |
| Net position, beginning, as restated | 93,981 | 17,320 |
| Net position, ending | \$ 112,932 | \$ 27,952 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

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

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.

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

The **ARP Fund** accounts for funding received to assist with COVID recovery efforts.

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:

Trust Funds. Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. 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.

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

Non-major funds. The County maintains nine legally budgeted funds. The Emergency Telephone System, Drainage, Airport, NC Housing Finance Single Family Rehab, CRF Pandemic Recovery, Grant Projects, and Representative Payee Funds are reported as non-major special revenue funds. The School Capital Outlay and Airport Grant funds are reported as a nonmajor 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.

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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 long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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, Tax Mapping and Revaluation Fund, Emergency Medical Services Fund, Emergency Telephone Fund, Drainage Fund, School Capital Project Fund, and Airport Fund. The Resource Recovery Fund should have been annually budgeted as well, but a budget was not adopted by year end for this new fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the NC Single Family Rehab Loan Pool, CRF Pandemic Recovery Fund, ARP Fund, and Airport Grant Fund.

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

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

1. Deposits and Investments

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

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

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

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

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 | \$ 45,703 |
| Total Governmental Activities | | \$ 45,703 |
| Business-type Activities | | |
| Water Fund | Customer deposits | \$ 162,943 |
| Total Business-type Activities | | \$ 162,943 |
| Total Restricted Cash | | \$ 208,646 |

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

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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.

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

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

8. Deferred outflows/inflows of resources

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

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

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

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11. Net Position / Fund Balances

Net Position

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Governing Body of Washington County has officially adopted a policy that the County should maintain a minimum available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County.

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12. Defined Benefit Pension and OPEB Plans

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

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

The County should have established a budget for one new special revenue fund (Representative Payee Fund) created as a result of the implementation of GASB 84. As a result of not adopting a budget, expenditures were made that were not properly authorized. This was a new standard, so it was simply an oversight by the County. They are now aware of the requirement, and will adopt budgets accordingly.

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Deficit Net Position.

The Sanitation Fund is reporting a deficit net position of \$388,012 which is a substantial improvement over the deficit net position of \$498,697 in the previous year. The deficit is primarily attributed to the estimated closure and post-closure costs associated with the County's landfill, which have increased sharply over the last two years as the landfill has reached the limit of its currently approved capacity due to an increase in utilization related to debris from several major hurricane events and bridge replacement projects. Construction of the next permitted phase to expand the capacity of the landfill is underway and anticipated to be completed by December 31, 2021, and is expected to substantially reduce the volatility of continuing increases in the annually estimated post closure cost of the landfill for future years, although the total liability itself is expected to gradually increase, but at a much more moderate rate than in recent years.

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

NOTE III: Detail Notes on All Funds

A. Assets

1. Deposits

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

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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, 2021, The County's deposits had a carrying amount of \$6,900,574 and a bank balance of \$7,346,326. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remaining balance of \$6,846,326 was covered by collateral held under the Pooling Method. The County had cash on hand totaling \$1,150.

At June 30, 2021, the carrying amount of deposits for Washington County Travel and Tourism Authority was \$160,588, and the bank balance was \$0. The Authority is part of the Central Depository account of the County.

At June 30, 2021, the carrying amount of deposits for Washington County ABC Board was \$292,785, and the bank balance was \$369,081. \$284,065 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, 2021, the County had the following investments and maturities.

| Investment Type | Valuation Measurement Method | Fair Value | Less than 6 Months | 6-12 Months | 1-3 Years |
|--|------------------------------|--------------|--------------------|-------------|-----------|
| NC Capital Management Trust - Government Portfolio | Fair Value - Level 1 | \$ 8,373,373 | \$ 8,373,373 | \$ - | \$ - |
| Total: | | \$ 8,373,373 | \$ 8,373,373 | \$ - | \$ - |

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

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

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

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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, 2021, the County’s deposits are insured or collateralized as required by GASB and state statutes.

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

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

| <u>Year Levied</u> | <u>Tax</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2017 | \$ 1,191,322 | \$ 390,156 | \$ 1,581,478 |
| 2018 | 1,193,140 | 283,370 | 1,476,510 |
| 2019 | 1,206,900 | 178,017 | 1,384,917 |
| 2020 | 1,208,127 | 69,467 | 1,277,594 |
| Total | <u>\$ 4,799,489</u> | <u>\$ 921,010</u> | <u>\$ 5,720,499</u> |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

4. Receivables

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

| | Accounts | Taxes Receivable | Interest Receivable | Due from Other Govts | Total |
|---|-------------------|---------------------|------------------------|-------------------------|---------------------|
| Governmental Activities: | | | | | |
| General | \$ 80,285 | \$ 937,135 | \$ 136,526 | \$ 982,019 | \$ 2,135,965 |
| Emergency Services | 2,396,826 | - | - | 7,700 | 2,404,526 |
| ARP Fund | - | - | - | - | - |
| Other Governmental | 123,436 | - | - | 191,189 | 314,625 |
| Total Receivables | 2,600,547 | 937,135 | 136,526 | 1,180,908 | 4,855,116 |
| Less allowance for uncollectible | (1,726,635) | (178,557) | - | - | (1,905,192) |
| Total - Governmental Activities | \$ 873,912 | \$ 758,578 | \$ 136,526 | \$ 1,180,908 | \$ 2,949,924 |
| Business-type Activities | | | | | |
| Sanitation | \$ 385,206 | \$ - | \$ - | \$ 511 | \$ 385,717 |
| Water | 308,407 | - | - | 8,177 | 316,584 |
| Total Receivables | 693,613 | - | - | 8,688 | 702,301 |
| Allowance for doubtful accounts | (178,411) | - | - | - | (178,411) |
| Total - Business-type Activities | \$ 515,202 | \$ - | \$ - | \$ 8,688 | \$ 523,890 |

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

| | |
|---|---------------------|
| Local Option Sales Tax | \$ 791,136 |
| Sales Tax Refund | 74,572 |
| NCVTS | 88,643 |
| Other Grants | 235,245 |
| Total - Due from other Governments | \$ 1,189,596 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

5. Capital Assets

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

| <u>Governmental Activities:</u> | <u>Beginning</u> | | | <u>Ending</u> |
|---|----------------------|-------------------|------------------|----------------------|
| | <u>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balances</u> |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,371,800 | \$ - | \$ - | \$ 2,371,800 |
| Construction in Progress | 7,310,815 | 1,046,262 | 8,357,077 | - |
| Total capital assets not being depreciated | <u>9,682,615</u> | <u>1,046,262</u> | <u>8,357,077</u> | <u>2,371,800</u> |
| Other capital assets: | | | | |
| Buildings & Improvements | 11,469,572 | 8,357,077 | - | 19,826,649 |
| Machinery and equipment | 3,444,117 | 147,076 | - | 3,591,193 |
| Vehicles | 2,638,510 | 392,028 | 42,201 | 2,988,337 |
| Total other capital assets at historical cost | <u>17,552,199</u> | <u>8,896,181</u> | <u>42,201</u> | <u>26,406,179</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & Improvements | 3,393,946 | 568,098 | - | 3,962,044 |
| Machinery and equipment | 2,795,116 | 171,898 | - | 2,967,014 |
| Vehicles | 1,683,246 | 254,025 | 34,613 | 1,902,658 |
| Total other capital assets at historical cost | <u>7,872,308</u> | <u>\$ 994,021</u> | <u>\$ 34,613</u> | <u>8,831,716</u> |
| Other capital assets, net | <u>9,679,891</u> | | | <u>17,574,463</u> |
| Governmental activities capital assets, net | <u>\$ 19,362,506</u> | | | <u>\$ 19,946,263</u> |

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

| | |
|-------------------------|-------------------|
| Governmental Activities | |
| General government | \$ 389,085 |
| Public Safety | 358,425 |
| Economic development | 71,560 |
| Human services | 122,893 |
| Recreation | 52,058 |
| | <u>\$ 994,021</u> |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Business-type activities:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|--------------------|
| Sanitation Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 294,294 | \$ - | \$ - | \$ 294,294 |
| Construction in process | - | 12,092 | - | 12,092 |
| Total capital assets not being depreciated | 294,294 | 12,092 | - | 306,386 |
| 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 | 280,107 | 6,348 | - | 286,455 |
| Vehicles | 58,879 | - | - | 58,879 |
| Total accumulated depreciation | 338,986 | \$ 6,348 | \$ - | 345,334 |
| Total Sanitation capital assets, net | \$ 343,989 | | | \$ 349,733 |

| | 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 | 262,910 | - | - | 262,910 |
| Vehicles | 132,024 | 22,302 | (19,080) | 135,246 |
| Total other capital assets | 11,497,773 | 22,302 | (19,080) | 11,500,995 |
| Less accumulated depreciation for: | | | | |
| Plant and distribution systems | 4,941,178 | 240,690 | - | 5,181,868 |
| Furniture and equipment | 219,223 | 6,572 | - | 225,795 |
| Vehicles | 125,379 | 5,627 | (19,080) | 111,926 |
| Total accumulated depreciation | 5,285,780 | \$ 252,889 | \$ (19,080) | 5,519,589 |
| Total Water Fund capital assets, net | 6,247,857 | | | 6,017,270 |
| Business-type activities capital assets, net | \$ 6,591,846 | | | \$ 6,367,003 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2021, 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 | 18,992 | - | 21,192 |
| Equipment and Furniture | 81,490 | - | - | 81,490 |
| Total other capital assets | 151,963 | 18,992 | - | 170,955 |
| Less accumulated depreciation for: | | | | |
| Buildings | 64,604 | 1,365 | | 65,969 |
| Leasehold improvements | 840 | 1,532 | - | 2,372 |
| Equipment and Furniture | 77,246 | 4,244 | - | 81,490 |
| Total accumulated depreciation | 142,690 | \$ 7,141 | \$ - | 149,831 |
| Capital assets, net | <u>\$ 13,965</u> | | | <u>\$ 25,816</u> |

Construction Commitments

The County has an active construction project as of June 30, 2021. The project includes the Landfill Phase III Expansion. At June 30, 2021, the County's commitment with the contractor is as follows:

| Project | Spent-to-date | Remaining Commitment |
|------------------------------|---------------|-------------------------|
| Landfill Phase III Expansion | \$ 12,092 | \$ 94,158 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

B. Liabilities

1. Payables

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

| | Vendors | Salaries and Benefits | Total |
|---------------------------------|------------|--------------------------|------------|
| Governmental Activities: | | | |
| General | \$ 123,832 | \$ 292,562 | \$ 416,394 |
| Emergency Medical Services Fund | 9,616 | 65,679 | 75,295 |
| ARP Fund | | | |
| Other Governmental | 112,967 | 3,000 | 115,967 |
| Total Governmental Activities | \$ 246,415 | \$ 361,241 | \$ 607,656 |
| Business-Type Activities | | | |
| Sanitation | \$ 77,639 | \$ 2,279 | \$ 79,918 |
| Water | 2,448 | 15,510 | 17,958 |
| Total Business-Type Activities | \$ 80,087 | \$ 17,789 | \$ 97,876 |

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$604,026 for the year ended June 30, 2021.

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

At June 30, 2021, the County reported a liability of \$2,737,959 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the County's proportion was 0.0766% (measured as of June 30, 2020), which was a decrease of 0.0010% from its proportion measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$921,720. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 345,756 | \$ - |
| Changes of assumptions | 203,758 | - |
| Net difference between projected and actual earnings on pension plan investments | 385,294 | - |
| Changes in proportion and differences between County Contributions and proportionate share of contributions | 6,083 | 55,021 |
| County contributions subsequent to the measurement date | 604,026 | - |
| Total | \$ 1,544,917 | \$ 55,021 |

\$604,026 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | | | |
|----------------------------|----|---------|--|
| 2022 | \$ | 239,628 | |
| 2023 | | 331,261 | |
| 2024 | | 200,953 | |
| 2025 | | 114,028 | |
| Total | \$ | 885,870 | |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Actuarial Assumptions . The total pension liability as of June 30, 2020 was determined by the June 30, 2019 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

| | 1% Decrease <u>(6.00%)</u> | Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|---|----------------------------------|------------------------------------|----------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 5,555,020 | \$ 2,737,959 | \$ 396,783 |

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

b. Law Enforcement Officers' Special Separation Allowance

1 *Plan Description*

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

| | |
|-----------------------------|----|
| Retirees receiving benefits | 1 |
| Active plan members | 19 |
| Total | 20 |

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

| | |
|------------------|--|
| Inflation | 2.50 percent |
| Salary increases | 3.25 to 7.75 percent including inflation and productivity factor |
| Discount rate | 1.93 percent |

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

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

Mortality Rate

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

Deaths After Retirement (Beneficiary): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

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

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 \$11,482 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$337,089. The total pension liability was measured as of June 30, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$28,113.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ 8,382 | \$ 45,368 |
| Difference between expected and actual experience | 106,492 | 4,500 |
| Benefit payments and administrative expenses subsequent to the measurement date | 5,741 | - |
| Total | \$ 120,615 | \$ 49,868 |

The County paid \$5,741 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

| | |
|---------------------|------------------|
| Year ended June 30: | |
| 2022 | \$ 10,902 |
| 2023 | 11,124 |
| 2024 | 7,472 |
| 2025 | 13,837 |
| 2026 | 15,372 |
| Thereafter | 6,299 |
| Total | <u>\$ 65,006</u> |

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 1.93 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

| | 1% Decrease (0.93%) | Discount Rate (1.93%) | 1% Increase (2.93%) |
|-------------------------|------------------------|-----------------------------|------------------------|
| Total pension liability | \$ 363,926 | \$ 337,089 | \$ 312,436 |

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

| | 2021 |
|---|-------------------|
| Beginning balance | \$ 227,178 |
| Service Cost | 15,733 |
| Interest | 7,219 |
| Experience differences | (16,042) |
| Assumption changes | 114,483 |
| Benefit payments | (11,482) |
| Ending balance of the total pension liability | <u>\$ 337,089</u> |

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

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

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on 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.

WASHINGTON COUNTY, NORTH CAROLINA
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The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the state of North Carolina. The State's ACFR 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, 2021 were \$261,593 which consisted of \$33,623 from the County for law enforcement officers and \$127,515 from the County for non-law enforcement employees. The employee's contributions were \$100,455.

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$891 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$17,965 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was 0.0784%, which was an increase of 0.0048% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$3,193. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 366 |
| Net difference between projected and actual earnings on pension plan investments | | 1,537 |
| Changes in proportion and differences between County Contributions and proportionate share of contributions | 1,163 | 614 |
| County contributions subsequent to the measurement date | 891 | - |
| Total | <u>\$ 2,054</u> | <u>\$ 2,517</u> |

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\$891 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June | |
|------------------------|-------------------|
| 2022 | \$ 8 |
| 2023 | (281) |
| 2024 | (694) |
| 2025 | (387) |
| Total | <u>\$ (1,354)</u> |

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

| | |
|--------------------|---|
| Inflation | 3.0 Percent |
| Salary Increases | 3.5 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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2021 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

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

| | 1% Decrease <u>(2.75%)</u> | Discount Rate <u>(3.75%)</u> | 1% Increase <u>(4.75%)</u> |
|--|----------------------------------|------------------------------------|----------------------------------|
| County's proportionate share of the net pension liability (asset) | (15,259) | (17,965) | (20,255) |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WASHINGTON COUNTY, NORTH CAROLINA
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At January 1, 2021, the Pension Plan’s membership consisted of:

| | |
|---|-----|
| Retirees receiving benefits | 81 |
| Terminated plan members entitled to deferred benefits | 89 |
| Total | 170 |

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

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

Employer

The County’s total pension liability, used to measure the net pension liability, for the Hospital plan was determined by an actuarial valuation as of January 1, 2020 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2020. In the employer financial statements, the County used a measurement date for the net pension liability of June 30, 2020.

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

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

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

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

WASHINGTON COUNTY, NORTH CAROLINA
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| <u>Asset Class</u> | <u>Long-Term Expected Rate of Return</u> |
|----------------------------------|--|
| US Treasuries (Cash equivalents) | -0.38% |

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the calendar year ending December 31, 2022 (or 3 year out). At that point in time the plan's expected fiduciary net position will be insufficient to satisfy benefit payments. Therefore, the long-term expected rate of return on pension plan investments (4.00%) was applied to year 1 (1/1/2020 - 12/31/2020) of projected benefit payments, as well as those funded benefit payments during 2021 and a bond rate of 2.21% was applied to benefit payments thereafter. The bond rate of 2.21% is from the Bond Buyer General Obligation 20-year Municipal Bond Index. The discount rate used to measure total pension liability has changed from 3.50% as of June 30, 2019 to 2.22% as of June 30, 2020. The reason for this decrease is the decrease in the bond rate.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the fiscal year ended June 30, 2021, measured as of June 30, 2020, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a)-(b) |
|--|--------------------------------------|--|--|
| Balances at June 30, 2020 | \$ 5,190,983 | \$ 75,706 | \$ 5,115,277 |
| Changes for the year: | | | |
| Interest | 176,272 | - | 176,272 |
| Differences between expected and actual experience | 94,630 | - | 94,630 |
| Assumption Changes | 877,648 | - | 877,648 |
| Contributions - employer | - | 330,192 | (330,192) |
| Net investment income (loss) | - | 62 | (62) |
| Benefits payments | (311,979) | (311,979) | - |
| Administrative expenses | - | - | - |
| Net changes | 836,571 | 18,275 | 818,296 |
| Balances at June 30, 2021 | \$ 6,027,554 | \$ 93,981 | \$ 5,933,573 |

The Plan's fiduciary net position as a percentage of the total pension liability 1.56%

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

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

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

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

For the fiscal year ended June 30, 2021, the County recognized pension revenue of \$1,159,853. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 26,392 | \$ - |
| Total | <u>\$ 26,392</u> | <u>\$ -</u> |

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

| Year Ended June | |
|------------------------|------------------|
| 2022 | \$ 14,694 |
| 2023 | 8,713 |
| 2024 | 2,318 |
| 2025 | 667 |
| Total | <u>\$ 26,392</u> |

Plan Disclosures

The County's total pension liability as of June 30, 2020, for the Hospital Plan, was determined by an actuarial valuation as of January 1, 2021 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2021.

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

| | |
|--|---|
| Mortality | Base Table: RP-2014 Total Dataset with adjustments of 108% for Males age 50-78, 124% for Males age 79 and up, 81% for females ages 50-78, and 113% for females ages 79 and up |
| Salary Increases | 0% - Plan was frozen on March 2, 2007 |
| Long-term expected rate of return on investments | 1.15% |
| Discount Rate | 2.18% |

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's asset allocation as of June 30, 2021 are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Rate of Return</u> |
|----------------------------------|--|
| US Treasuries (Cash equivalents) | -0.98% |

Rate of return. For the year ended June 30, 2021, the annual money weighted rate of return on investments of the Hospital Pension trust fund, net of investment expense, was 0.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total pension liability was 2.18%. 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 50% of the required contribution for years 1 and 2. The 50% 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 December 31, 2023 (or 3 years 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 (3.00%) was applied to year 1 (1/1/21 - 12/31/23) of projected benefit payments, as well as those funded benefit payments during 2024 and a bond rate of 2.16% was applied to benefit payments thereafter.

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Net Pension Liability of the County. The components of the net pension liability of the County at June 30, 2021 were as follows:

| | |
|--|---------------------|
| Total Pension Liability | \$ 5,762,669 |
| Plan Fiduciary Net Position | 112,932 |
| Net Pension Liability | <u>\$ 5,649,737</u> |
| Plan fiduciary net position as a percentage of the Total Pension Liability | 1.96% |

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

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the County, calculated using the discount rate of 2.18%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

| | 1% Decrease (1.18%) | Discount Rate (2.18%) | 1% Increase (3.18%) |
|--------------------------------|---------------------------|-----------------------------|---------------------------|
| County's net pension liability | \$ 6,490,456 | \$ 5,649,737 | \$ 4,973,151 |

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:

| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>HOSPITAL</u> | <u>Total</u> |
|--|--------------|-------------|---------------|-----------------|--------------|
| Proportionate share of the Net Pension Liability (Asset) | \$ 2,737,959 | \$ (17,965) | \$ - | \$ 5,933,573 | \$ 8,653,567 |
| Proportionate of the Net Pension Liability (Asset) | 0.0766% | 0.0784% | n/a | n/a | n/a |
| Total Pension Liability | - | - | 337,089 | - | 337,089 |
| Pension Expense | 921,720 | 3,193 | 28,113 | 1,159,853 | 2,112,879 |

WASHINGTON COUNTY, NORTH CAROLINA
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| | <u>LGERS</u> | <u>ROD</u> | <u>LEOSSA</u> | <u>HOSPITAL</u> | <u>Total</u> |
|--|--------------|------------|---------------|-----------------|--------------|
| <u>Deferred Outflows of Resources</u> | | | | | |
| Differences between expected and actual experience | 345,756 | - | 106,492 | - | 452,248 |
| Changes of assumptions | 203,758 | - | 8,382 | - | 212,140 |
| Net difference between project and actual earnings on plan investments | 385,294 | - | - | 26,392 | 411,686 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 6,083 | 1,163 | - | - | 7,246 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 604,026 | 891 | 5,741 | - | 610,658 |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Difference between expected and actual experience | - | 366 | 4,500 | - | 4,866 |
| Changes of assumptions | - | - | 45,368 | - | 45,368 |
| Net difference between projected and actual earnings on plan investments | - | 1,537 | - | - | 1,537 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 55,021 | 614 | - | - | 55,635 |

f. 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.

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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 Annual Comprehensive Financial Report, 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.

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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 6.68%, which amounted to \$393,938.

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, 2021, the County reported a liability of \$8,267,296 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net OPEB liability was based on a projection of the County's present value of future salary, actuarially determined. At June 30, 2020, the County's proportion was 0.0298%, which was a decrease from the prior year proportion by 0.00027%.

For the year ended June 30, 2021, the County recognized OPEB revenue of \$411,094. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 7,490 | \$ 323,427 |
| Changes of assumptions | 362,568 | 3,354,999 |
| Net difference between projected and actual earnings on pension plan investments | 17,416 | - |
| Changes in proportion and differences between County Contributions and proportionate share of contributions | 552,818 | 880,608 |
| County contributions subsequent to the measurement date | 393,938 | - |
| Total | \$ 1,334,230 | \$ 4,559,034 |

The amount reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date, of \$393,938, will be recognized as an increase of the net OPEB liability in the year ending June 30, 2022. 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

| | |
|-------|--------------|
| 2022 | \$ 1,204,949 |
| 2023 | 1,204,041 |
| 2024 | 748,541 |
| 2025 | 173,986 |
| 2026 | 287,225 |
| Total | \$ 3,618,742 |

Actuarial Assumptions. The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of December 31, 2019 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, 2020:

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 2.21% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

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 (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

| | 1% Decrease (1.21%) | Discount Rate (2.21%) | 1% Increase (3.21%) |
|--------------------|---------------------------|-----------------------------|---------------------------|
| Net OPEB liability | \$ 9,804,490 | \$ 8,267,296 | \$ 7,028,830 |

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

| | 1% Decrease in Trend Rates | Current Trend Rates (6.5% Medical, 7.25% Rx, 3.0% Admin) | 1% Increase in Trend Rates |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 6,664,935 | \$ 8,267,296 | \$ 10,409,067 |

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

g. 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 | \$ 345,756 | \$ - |
| Register of Deeds | - | 366 |
| LEOSSA | 106,492 | 4,500 |
| OPEB | 7,490 | 323,427 |
| Changes of Assumptions | | |
| LGERS | 203,758 | - |
| LEOSSA | 8,382 | 45,368 |
| OPEB | 362,568 | 3,354,999 |
| Pensions - difference between projected and actual investment | | |
| LGERS | 385,294 | - |
| Register of Deeds | - | 1,537 |
| Hospital | 26,392 | - |
| OPEB | 17,416 | - |
| Pensions - change in proportion and difference between employer contributions and proportionate share of contributions | | |
| LGERS | 6,083 | 55,021 |
| Register of Deeds | 1,163 | 614 |
| OPEB | 552,818 | 880,608 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Deferred Outflows and Inflows of Resources (continued)

| | | |
|---|---------------------|---------------------|
| Contributions to pension plan in current fiscal year | | |
| LGERS | 604,026 | - |
| Register of Deeds | 891 | - |
| Benefit payments/administration costs paid subsequent to the measurement date | | |
| LEOSSA | 5,741 | - |
| OPEB | 393,938 | - |
| Prepaid taxes (General) | - | 57,375 |
| Taxes receivable, net (General) | - | 758,578 |
| | <u>\$ 3,028,208</u> | <u>\$ 5,482,393</u> |

4. Landfill Liabilities

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,977,850 reported as landfill closure and post-closure care liability at June 30, 2021 represents a cumulative amount reported to date based on the use of 100% percent of the total estimated capacity of the landfill. Per the latest study, the County exceeded the remaining estimated cost of closure and post-closure care. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

5. Risk Management

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

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

The County also participates in the State Comprehensive Major Medical Plan (also referred to as the State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County offers two options: 70/30 plan is a minimum of \$25, and 80/20 plan is a minimum of \$50 for Comprehensive Major Medical Plan. As of June 30, 2021, the County had 149 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, 2021 was North Carolina State Health Plan for medical.

6. Contingent Liabilities

At June 30, 2021, 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 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.

\$ 28,984

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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.

| | |
|------------------------------------|------------|
| | 85,474 |
| Total serviced by the General Fund | \$ 114,458 |

| Year Ending June 30 | Governmental Activities | | |
|---------------------|-------------------------|----------|------------|
| | Principal | Interest | Total |
| 2022 | \$ 71,245 | \$ 2,581 | \$ 73,826 |
| 2023 | 43,213 | 972 | 44,185 |
| 2024 | - | - | - |
| 2025 | - | - | - |
| 2026 | - | - | - |
| Total | \$ 114,458 | \$ 3,553 | \$ 118,011 |

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.

| | |
|----------------------|------------|
| | \$ 363,902 |
| Total Revolving Loan | \$ 363,902 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

| <u>Year Ending</u> <u>June 30</u> | <u>Business-type Activities</u> | |
|--------------------------------------|---------------------------------|-----------------|
| | <u>Revolving Loans</u> | |
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 27,992 | \$ - |
| 2023 | 27,992 | - |
| 2024 | 27,992 | - |
| 2025 | 27,992 | - |
| 2026 | 27,992 | - |
| 2027-2031 | 139,964 | - |
| 2032-2036 | 83,978 | - |
| Total | \$ 363,902 | \$ - |

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, 2021 was \$530,035. 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, 2021 was \$2,827,112. The revenue bonds, which mature June 2033, are reported in the water fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021, is as follows:

| | | |
|--|----------------|------------|
| Operating Revenues | \$ 1,464,437 | |
| Operating Expenses* | <u>770,997</u> | |
| Operating income | 693,440 | |
| Nonoperating revenues (expenses)** | <u>2,644</u> | |
| Income available for debt service | 696,084 | |
| Debt service, principal and interest paid (Revenue Bond only) | \$ 355,432 | |
| All debt service (excluding interest included in nonoperating expenditures above) | | \$ 383,424 |
| Debt service coverage ratio | 195.84% | 181.54% |

*Per rate covenants, this does not include depreciation expense of \$252,889.

**Does not include revenue bond interest paid of \$139,012.

| Year Ending June 30 | Business-type Activities | | |
|------------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2022 | \$ 224,839 | \$ 130,593 | \$ 355,432 |
| 2023 | 233,585 | 121,847 | 355,432 |
| 2024 | 242,672 | 112,760 | 355,432 |
| 2025 | 252,112 | 103,320 | 355,432 |
| 2026 | 261,919 | 93,513 | 355,432 |
| 2027-2031 | 1,470,585 | 306,575 | 1,777,160 |
| 2032-2036 | 671,436 | 39,427 | 710,863 |
| Total | <u>\$ 3,357,148</u> | <u>\$ 908,035</u> | <u>\$ 4,265,183</u> |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021:

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|----------------------------------|----------------------|---------------------|---------------------|----------------------|-------------------------------|
| Governmental Activities: | | | | | |
| Direct purchase agreements | \$ 234,122 | \$ - | \$ 119,664 | \$ 114,458 | \$ 71,246 |
| Net pension liability - LGERS | 1,982,315 | 579,128 | - | 2,561,443 | - |
| Net pension liability - Hospital | 5,115,277 | 818,296 | - | 5,933,573 | - |
| Total pension liability - LEOSSA | 227,178 | 109,911 | - | 337,089 | - |
| Compensated absences | 436,469 | 44,240 | - | 480,709 | - |
| Net OPEB liability | 8,901,415 | - | 1,167,112 | 7,734,303 | - |
| Total | <u>\$ 16,896,776</u> | <u>\$ 1,551,575</u> | <u>\$ 1,286,776</u> | <u>\$ 17,161,575</u> | <u>\$ 71,246</u> |
| Business-type Activities: | | | | | |
| Revenue bonds | \$ 3,573,567 | \$ - | \$ 216,420 | \$ 3,357,147 | \$ 224,839 |
| Direct borrowing agreement | 391,894 | - | 27,992 | 363,902 | 27,992 |
| Closure & post-closure liability | 1,954,397 | 23,453 | - | 1,977,850 | - |
| Net pension liability - LGERS | 136,607 | 39,909 | - | 176,516 | - |
| Net OPEB liability | 613,422 | - | 80,430 | 532,992 | - |
| Compensated absences | 31,276 | 1,394 | - | 32,670 | - |
| Total | <u>\$ 6,701,163</u> | <u>\$ 64,756</u> | <u>\$ 324,842</u> | <u>\$ 6,441,077</u> | <u>\$ 252,831</u> |

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, 2021 is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------|----------------------------|---------------|
| Sanitation Fund | General Fund | \$ 2,495 |
| General Fund | Water Fund | 11,109 |
| Sanitation Fund | Water Fund | 289,787 |
| General Fund | Emergency Management Fund | 259 |
| School Capital Outlay Fund | General Fund | 900,802 |
| Drainage Fund | General Fund | 72,973 |
| Airport Grant Fund | General Fund | 347,502 |
| Airport Fund | General Fund | 80,292 |
| General Fund | CRF Pandemic Recovery Fund | 8,929 |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Interfund Balances and Activity (continued)

Due to/from other funds (continued):

| | | |
|---------------------------------|--------------|---------------------|
| ARP Fund | General Fund | 1,124,640 |
| Project / Grants Fund | General Fund | 20,000 |
| Single Family Rehab Fund | General Fund | 25,293 |
| Emergency Telephone System Fund | General Fund | 159,781 |
| | | <u>\$ 3,043,862</u> |

The above balances resulted from the General Fund maintaining the Central Depository bank account within the General Fund as opposed to separately reflecting cash balances for each respective fund.

Interfund transfers:

| | |
|--|-------------------|
| Transfer from General Fund to Emergency Medical Fund to provide resources for services. | \$ 334,617 |
| Transfer from General Fund to Airport Fund to provide resources for services. | 94,317 |
| Transfer from General Fund to Revaluation Fund to accumulate resources for future revaluations. | 33,000 |
| Transfer from General Fund to Projects/Grant Fund to provide local matches required for the project. | 10,000 |
| Transfer from General Fund to the Emergency Telephone System Fund to reimburse for nonallowable expenses paid for with the Emergency Telephone System funds. | 1,931 |
| Transfer from General Fund to Sanitation Fund to provide resources for operations. | 35,000 |
| | <u>\$ 508,865</u> |

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

D. Net Investment in Capital Assets

| | <u>Governmental</u> | <u>Business-type</u> |
|----------------------------------|---------------------|----------------------|
| Capital assets | \$ 19,946,263 | \$ 6,367,003 |
| less: long-term debt | (114,458) | (3,721,049) |
| add: unexpended debt proceeds | - | - |
| Net investment in capital assets | \$ 19,831,805 | \$ 2,645,954 |

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.

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

| | |
|--|--------------|
| <u>Total Fund Balance - General Fund</u> | \$ 9,781,691 |
| Less: | |
| Nonspendable (Prepays) | 129,362 |
| Stabilization by State Statute | 1,082,602 |
| Tax revaluation | 45,703 |
| Hospital pension plan | 439,784 |
| Subsequent year's expenditures | 994,528 |
| Working Capital / Fund Balance Policy | - |
| <u>Remaining Fund Balance</u> | \$ 7,089,712 |

The County had no outstanding encumbrances at June 30, 2021.

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, 2021. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$196,039 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.

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Joint Ventures (continued)

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, 2021.

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.

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, 2021. 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 \$10,504 to the Commission during the fiscal year ended June 30, 2021.

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, 2021.

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE VI: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Coronavirus Disease (COVID-19)

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

NOTE VII: Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 8, 2021, the date the financial statements were available to be issued.

NOTE VIII: Restatements

Change in Accounting Principle

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

WASHINGTON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Change in Accounting Principle (continued)

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

| | Governmental Activities Net Position - Increase (Decrease) | Nonmajor Special Revenue Fund Balance - Increase (Decrease) | Fiduciary Net Position - Custodial Fund Increase (Decrease) |
|--|--|--|---|
| Cash related to funds held on behalf of incarcerated inmates was reclassified from an agency fund to a custodial fund. This resulted in a restatement of net position as a result of recognizing amounts that were previously reported as liabilities as beginning net position. | \$ - | \$ - | \$ 13,740 |
| Taxes receivables related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. A beginning balance was established for taxes receivable and was restated as custodial net position. | - | - | 3,580 |
| Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance. | 40,297 | 40,297 | - |

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 Proportionate Share of the County's Net OPEB Liability - Retiree Health Benefit
- ~ Schedule of County Contributions - Retiree Health Benefit Fund

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

| Local Government Employees' Retirement System | | | | |
|--|--------------|--------------|--------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| County's proportion of the net pension liability (asset) (%) | 0.07662% | 0.07759% | 0.08395% | 0.09239% |
| County's proportion of the net pension liability (asset) (\$) | \$ 2,737,959 | \$ 2,118,922 | \$ 1,991,581 | \$ 1,411,463 |
| County's covered payroll | \$ 5,594,658 | \$ 5,594,314 | \$ 5,461,694 | \$ 5,663,037 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 48.94% | 37.88% | 36.46% | 24.92% |
| Plan fiduciary net position as a percentage of the total pension liability** | 88.61% | 90.86% | 91.63% | 94.18% |
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| County's proportion of the net pension liability (asset) (%) | 0.09387% | 0.09047% | 0.09456% | 0.87800% |
| County's proportion of the net pension liability (asset) (\$) | \$ 1,992,236 | \$ 406,024 | \$ (557,664) | \$ 1,058,327 |
| County's covered payroll | \$ 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 | 35.10% | 7.02% | -9.84% | 18.67% |
| Plan fiduciary net position as a percentage of the total pension liability** | 91.47% | 98.09% | 102.64% | 94.35% |

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

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

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

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

| Local Government Employees' Retirement System | | | | |
|--|--------------|--------------|--------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Contractually required contribution | \$ 604,026 | \$ 506,719 | \$ 438,370 | \$ 415,080 |
| Contributions in relation to the contractually required contribution | 604,026 | 506,719 | 438,370 | 415,080 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 5,897,855 | \$ 5,594,658 | \$ 5,594,314 | \$ 5,461,694 |
| Contributions as a percentage of covered payroll | 10.24% | 9.06% | 7.84% | 7.60% |
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Contractually required contribution | \$ 420,354 | \$ 382,194 | \$ 411,341 | \$ 400,834 |
| Contributions in relation to the contractually required contribution | 420,354 | 382,194 | 411,341 | 400,834 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 5,663,037 | \$ 5,676,046 | \$ 5,785,207 | \$ 5,669,505 |
| Contributions as a percentage of covered payroll | 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 Eight Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|
| County's proportionate share of the net pension liability (asset) % | 0.0784% | 0.0735% | 0.0856% | 0.1319% |
| County's proportionate share of the net pension liability (asset) \$ | \$ (17,965) | \$ (14,518) | \$ (14,170) | \$ (22,512) |
| Plan fiduciary net position as a percentage of the total pension liability | 173.62% | 164.11% | 153.31% | 153.77% |
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| County's proportionate share of the net pension liability (asset) % | 0.1201% | 0.1233% | 0.0979% | 0.7441% |
| County's proportionate share of the net pension liability (asset) \$ | \$ (22,452) | \$ (28,562) | \$ (22,192) | \$ (15,894) |
| Plan fiduciary net position as a percentage of the total pension liability | 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 Eight Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| County's required contribution | \$ 891 | \$ 751 | \$ 3,964 | \$ 732 |
| Contributions in relation to contractually required contribution | <u>891</u> | <u>751</u> | <u>3,964</u> | <u>732</u> |
| Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| County's required contribution | \$ 1,146 | \$ 981 | \$ 986 | \$ 799 |
| Contributions in relation to contractually required contribution | <u>1,146</u> | <u>981</u> | <u>986</u> | <u>799</u> |
| Contribution deficiency (excess) | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

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

WASHINGTON COUNTY
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Balance | \$ 227,178 | \$ 204,301 | \$ 241,776 | \$ 181,532 | \$ 162,914 |
| Service Cost | 15,733 | 17,056 | 15,492 | 15,660 | 16,885 |
| Interest on the total pension liability | 7,219 | 7,402 | 7,640 | 7,007 | 5,816 |
| Differences between expected and actuarial experience in the measurement of the total pension liability | (16,042) | (6,171) | (53,800) | 22,838 | - |
| Changes of assumptions and other inputs | 114,483 | 6,504 | (6,807) | 14,739 | (4,083) |
| Benefit payments | <u>(11,482)</u> | <u>(1,914)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending balance of total pension liability | <u>\$ 337,089</u> | <u>\$ 227,178</u> | <u>\$ 204,301</u> | <u>\$ 241,776</u> | <u>\$ 181,532</u> |

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

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

WASHINGTON COUNTY
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Total pension liability | \$ 337,089 | \$ 227,178 | \$ 204,301 | \$ 241,776 | \$ 181,532 |
| Covered payroll | 732,551 | 761,006 | 670,259 | 808,505 | 780,374 |
| Total pension liability as a percentage of covered payroll | 46.02% | 29.85% | 30.48% | 29.90% | 23.26% |

Notes to the schedules:

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

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | | | | |
| Interest on total pension liability | \$ 130,488 | \$ 176,272 | \$ 168,692 | \$ 152,817 | \$ 155,151 | \$ 170,440 | \$ (5,142) | \$ 361,544 | \$ 93,162 |
| Assumption changes | (28,829) | 877,648 | 731,966 | (390,245) | - | 1,206,409 | - | - | - |
| Benefit payments, including refunds of employee contributions | (301,049) | (311,979) | (259,077) | (240,197) | (244,897) | - | - | - | - |
| Differences between expected and actual experience | (65,495) | 94,630 | 62,128 | (5,590) | 13,300 | 18,685 | - | - | - |
| Net change in total pension liability | (264,885) | 836,571 | 703,709 | (483,215) | (76,446) | 1,395,534 | (5,142) | 361,544 | 93,162 |
| Total pension liability - beginning | 6,027,554 | 5,190,983 | 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) | \$ 5,762,669 | \$ 6,027,554 | \$ 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 | \$ 320,000 | \$ 330,192 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 100,000 | \$ 61,142 |
| Net investment income | - | 62 | - | - | 17,875 | 53,517 | (12,484) | 89,132 | 139,082 |
| Benefit payments, including refunds of employee contributions | (301,049) | (311,979) | (259,077) | (240,197) | (244,897) | (235,999) | (223,043) | (212,932) | (178,194) |
| Administrative expenses | - | - | - | - | (1,502) | (15,912) | (20,289) | (23,795) | (21,934) |
| Net change in plan fiduciary net position | 18,951 | 18,275 | (259,077) | (240,197) | (228,524) | (198,394) | (255,816) | (47,595) | 96 |
| Plan fiduciary net position - beginning | 93,981 | 75,706 | 334,783 | 574,980 | 803,504 | 1,001,898 | 1,257,714 | 1,305,309 | 1,305,213 |
| Plan fiduciary net position - ending (b) | \$ 112,932 | \$ 93,981 | \$ 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) | \$ 5,649,737 | \$ 5,933,573 | \$ 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 | 1.96% | 1.56% | 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 | 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 | n/a | n/a |

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Actuarially determined contribution | \$ 318,370 | \$ 303,418 | \$ 277,031 | \$ 242,902 |
| Contributions in relation to the actuarially required contribution | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ 318,370</u> | <u>\$ 303,418</u> | <u>\$ 277,031</u> | <u>\$ 242,902</u> |
| County's covered payroll | n/a | n/a | n/a | n/a |
| Contributions as a percentage of covered payroll | n/a | n/a | n/a | n/a |
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Actuarially determined contribution | \$ 279,097 | \$ 225,979 | \$ 202,714 | \$ 177,348 |
| Contributions in relation to the actuarially required contribution | - | - | 100,000 | 61,142 |
| Contribution deficiency (excess) | <u>\$ 279,097</u> | <u>\$ 225,979</u> | <u>\$ 102,714</u> | <u>\$ 116,206</u> |
| County's covered payroll | n/a | n/a | n/a | n/a |
| Contributions as a percentage of covered payroll | n/a | n/a | n/a | n/a |

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

Notes to the Schedule

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

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

WASHINGTON COUNTY
Schedule of Pension Investment Returns
Hospital Employee's Pension Fund
Last Five Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------|-------|-------|-------|-------|
| Annual money-weighted rate of return, net of investment expenses for the County's Hospital Authority Pension Plan. | 0.00% | 0.00% | 0.00% | 0.00% | 2.59% |

Notes to the schedules:

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

WASHINGTON COUNTY
Schedule of the County's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund (OPEB Plan)
For the Year Ended June 30, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|-------------|--------------|---------------|---------------|
| County's proportion of the net OPEB liability (%) | 0.029802% | 0.030073% | 0.029742% | 0.033430% | 0.030390% |
| County's proportion of the net OPEB liability (asset) (\$) | \$ 8,267,296 | \$9,514,836 | \$ 8,473,050 | \$ 10,959,935 | \$ 13,222,163 |
| County's covered payroll | 5,594,658 | 5,645,459 | 5,083,569 | 5,057,138 | 4,890,138 |
| County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 147.8% | 168.5% | 166.7% | 216.7% | 270.4% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 4.40% | 4.40% | 4.40% | 3.52% | 2.41% |

Notes to the schedules:

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

WASHINGTON COUNTY
Schedule of County Contributions
Retiree Health Benefit Fund (OPEB Plan)
For the Year Ended June 30, 2021

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 393,938 | \$ 359,540 | \$ 353,971 | \$ 330,432 | \$ 328,714 |
| Contributions in relation to the contractually required contribution | <u>393,938</u> | <u>359,540</u> | <u>353,971</u> | <u>330,432</u> | <u>328,714</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 5,897,855 | \$ 5,594,658 | \$ 5,645,459 | \$ 5,083,569 | \$ 5,057,138 |
| Contributions as a percentage of covered payroll | 6.7% | 6.4% | 6.3% | 6.5% | 6.5% |

Notes to the schedules:

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

MAJOR FUNDS

General Fund

Emergency Medical Services Fund

ARP Fund*

*Budget to Actual not presented, as there was no budget or actual, but Balance Sheet only

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

| | Budget | Actual | Variance Positive (Negative) |
|---|------------------|------------------|------------------------------------|
| Revenues | | | |
| Ad valorem Taxes | | | |
| Property taxes | \$ 8,282,796 | \$ 8,442,284 | \$ 159,488 |
| Tax penalties and interest | 108,500 | 108,123 | (377) |
| Total ad valorem taxes | <u>8,391,296</u> | <u>8,550,407</u> | <u>159,111</u> |
| Other Taxes and Licenses | | | |
| Privilege and beer licenses | 600 | 630 | 30 |
| Gross receipts tax | 500 | 902 | 402 |
| Total other taxes and licenses | <u>1,100</u> | <u>1,532</u> | <u>432</u> |
| Sales Tax | | | |
| Article 44 one-half of one percent | 851,000 | 1,048,777 | 197,777 |
| Article 40 one-half of one percent | 619,000 | 701,794 | 82,794 |
| Article 42 one-half of one percent | 187,000 | 227,966 | 40,966 |
| Redistribution | 292,000 | 306,794 | 14,794 |
| Total sales tax | <u>1,949,000</u> | <u>2,285,331</u> | <u>336,331</u> |
| Unrestricted Intergovernmental Revenues | | | |
| Beer and wine tax | 40,000 | 32,368 | (7,632) |
| ABC Board profit distribution | 30,000 | 20,819 | (9,181) |
| Cable franchise fees | 14,000 | 11,503 | (2,497) |
| Payments in lieu of taxes | 15,000 | 12,812 | (2,188) |
| Total unrestricted intergovernmental | <u>99,000</u> | <u>77,502</u> | <u>(21,498)</u> |
| Restricted Intergovernmental Revenues | | | |
| State grants | 681,342 | 645,877 | (35,465) |
| Federal grants | 3,141,014 | 3,047,974 | (93,040) |
| CARES Act Funding | 372,795 | 422,993 | 50,198 |
| Court facility fees | 22,000 | 16,131 | (5,869) |
| ABC bottle taxes | - | 4,116 | 4,116 |
| Total restricted intergovernmental | <u>4,217,151</u> | <u>4,137,091</u> | <u>(80,060)</u> |
| Permits and Fees | | | |
| Building permits | 61,200 | 47,972 | (13,228) |
| Officer and sheriff fees | 26,000 | 21,941 | (4,059) |
| Gun permits | 25,725 | 27,000 | 1,275 |
| Register of deeds | 62,500 | 81,927 | 19,427 |
| Total charges for services | <u>175,425</u> | <u>178,840</u> | <u>3,415</u> |

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

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------|----------------------|----------------------|------------------------------------|
| Sales and Services | | | |
| Concessions | 27,900 | 27,721 | (179) |
| Animal adoption fees | 600 | 290 | (310) |
| School resource officer fees | 115,540 | 94,424 | (21,116) |
| Jail fees | 82,000 | 37,907 | (44,093) |
| Election fees | - | - | - |
| Tax collection fees | 4,000 | 4,211 | 211 |
| Senior citizens funds | 2,500 | - | (2,500) |
| Recreation fees | 5,900 | 725 | (5,175) |
| Total sales and services | <u>238,440</u> | <u>165,278</u> | <u>(73,162)</u> |
| Investment Earnings | 35,000 | 9,118 | (25,882) |
| Miscellaneous | | | |
| Administrative reimbursement | 3,500 | 3,500 | - |
| Contributions | 10,380 | 1,380 | (9,000) |
| Insurance proceeds | 35,296 | 36,700 | 1,404 |
| Sale of fixed assets | 5,000 | 1,700 | (3,300) |
| Miscellaneous | 21,185 | 26,325 | 5,140 |
| Total miscellaneous revenues | <u>75,361</u> | <u>69,605</u> | <u>(5,756)</u> |
| Total Revenues | <u>\$ 15,181,773</u> | <u>\$ 15,474,704</u> | <u>\$ 292,931</u> |
| Expenditures | | | |
| General Government: | | | |
| Governing Board | | | |
| Governing board fees | \$ 56,606 | \$ 56,405 | \$ 201 |
| Operating expenditures | 52,683 | 35,410 | 17,273 |
| Total | <u>109,289</u> | <u>91,815</u> | <u>17,474</u> |
| Administration | | | |
| Salaries and benefits | 360,614 | 289,907 | 70,707 |
| Operating expenditures | 223,224 | 213,636 | 9,588 |
| Total | <u>583,838</u> | <u>503,543</u> | <u>80,295</u> |
| Elections | | | |
| Salaries and benefits | 149,052 | 147,181 | 1,871 |
| Operating expenditures | 62,444 | 27,335 | 35,109 |
| Capital Outlay | 65,684 | - | 65,684 |
| Total | <u>277,180</u> | <u>174,516</u> | <u>102,664</u> |

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

| | Budget | Actual | Variance Positive (Negative) |
|--------------------------|------------------|------------------|------------------------------------|
| Finance | | | |
| Salaries and benefits | 251,654 | 249,153 | 2,501 |
| Operating expenditures | 117,145 | 111,124 | 6,021 |
| Total | <u>368,799</u> | <u>360,277</u> | <u>8,522</u> |
| Tax Administration | | | |
| Salaries and benefits | 277,027 | 266,680 | 10,347 |
| Operating expenditures | 69,745 | 47,304 | 22,441 |
| Total | <u>346,772</u> | <u>313,984</u> | <u>32,788</u> |
| Legal and Professional | | | |
| Contracted services | 350,000 | 348,440 | 1,560 |
| Total | <u>350,000</u> | <u>348,440</u> | <u>1,560</u> |
| Register of Deeds | | | |
| Salaries and benefits | 126,450 | 124,265 | 2,185 |
| Operating expenditures | 30,894 | 29,958 | 936 |
| Capital outlay | 755 | - | 755 |
| Total | <u>158,099</u> | <u>154,223</u> | <u>3,876</u> |
| Facility Services | | | |
| Salaries and benefits | 273,123 | 249,962 | 23,161 |
| Operating expenditures | 419,163 | 348,402 | 70,761 |
| Capital outlay | 53,200 | 9,122 | 44,078 |
| Total | <u>745,486</u> | <u>607,486</u> | <u>138,000</u> |
| Information Technology | | | |
| Salaries and benefits | 77,749 | 76,874 | 875 |
| Operating expenditures | 57,010 | 56,974 | 36 |
| Total | <u>134,759</u> | <u>133,848</u> | <u>911</u> |
| Geographic Information | | | |
| Salaries and benefits | 60,131 | 58,907 | 1,224 |
| Operating expenditures | 11,900 | 9,326 | 2,574 |
| Total | <u>72,031</u> | <u>68,233</u> | <u>3,798</u> |
| Total General Government | <u>3,146,253</u> | <u>2,756,365</u> | <u>389,888</u> |

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

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------------|------------------|------------------|------------------------------------|
| Public safety: | | | |
| Sheriff | | | |
| Salaries and benefits | 1,216,718 | 1,074,958 | 141,760 |
| Operating expenditures | 248,284 | 170,070 | 78,214 |
| Capital outlay | 158,385 | 88,912 | 69,473 |
| Total | <u>1,623,387</u> | <u>1,333,940</u> | <u>289,447</u> |
| Communications E911 | | | |
| Salaries and benefits | 446,395 | 361,057 | 85,338 |
| Operating expenditures | 37,034 | 14,613 | 22,421 |
| Capital outlay | 157,502 | 25,065 | 132,437 |
| Total | <u>640,931</u> | <u>400,735</u> | <u>240,196</u> |
| Detention Center | | | |
| Salaries and benefits | 666,885 | 628,784 | 38,101 |
| Operating expenditures | 368,697 | 276,184 | 92,513 |
| Total | <u>1,035,582</u> | <u>904,968</u> | <u>130,614</u> |
| School Resource Officer - Union | | | |
| Salaries and benefits | 55,170 | 53,832 | 1,338 |
| Operating expenditures | 3,950 | 3,151 | 799 |
| Total | <u>59,120</u> | <u>56,983</u> | <u>2,137</u> |
| School Resource Officer - Creswell | | | |
| Salaries and benefits | 53,820 | 29,563 | 24,257 |
| Operating expenditures | 3,950 | 1,003 | 2,947 |
| Total | <u>57,770</u> | <u>30,566</u> | <u>27,204</u> |
| School Resource Officer - Pines | | | |
| Salaries and benefits | 2,238 | 2,238 | - |
| Operating expenditures | - | - | - |
| Total | <u>2,238</u> | <u>2,238</u> | <u>-</u> |
| School Resource Officer - Plymouth | | | |
| Salaries and benefits | 54,920 | 53,201 | 1,719 |
| Operating expenditures | 3,950 | 3,301 | 649 |
| Total | <u>58,870</u> | <u>56,502</u> | <u>2,368</u> |
| Fire Protection | | | |
| Operating expenditures | 377,269 | 377,269 | - |
| Total | <u>377,269</u> | <u>377,269</u> | <u>-</u> |

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

| | Budget | Actual | Variance Positive (Negative) |
|--|------------------|------------------|------------------------------------|
| Emergency Management | | | |
| Salaries and benefits | 81,642 | 79,744 | 1,898 |
| Operating expenditures | 22,058 | 13,225 | 8,833 |
| Capital outlay | 47,769 | 46,897 | 872 |
| Total | <u>151,469</u> | <u>139,866</u> | <u>11,603</u> |
| Planning and Inspections | | | |
| Salaries and benefits | 150,288 | 142,883 | 7,405 |
| Operating expenditures | 71,650 | 7,716 | 63,934 |
| Capital outlay | 31,000 | 30,751 | 249 |
| Total | <u>252,938</u> | <u>181,350</u> | <u>71,588</u> |
| Medical Examiner | | | |
| Contracted services | 8,000 | 6,500 | 1,500 |
| Total | <u>8,000</u> | <u>6,500</u> | <u>1,500</u> |
| Forestry | | | |
| County contribution | 109,358 | 74,844 | 34,514 |
| Total | <u>109,358</u> | <u>74,844</u> | <u>34,514</u> |
| Total Public Safety | <u>4,376,932</u> | <u>3,565,761</u> | <u>811,171</u> |
| Economic and Physical Development: | | | |
| Cooperative Extension Service | | | |
| Salaries and benefits | 126,819 | 123,981 | 2,838 |
| Operating expenditures | 20,859 | 19,273 | 1,586 |
| Total | <u>147,678</u> | <u>143,254</u> | <u>4,424</u> |
| Soil and Water Conservation | | | |
| Salaries and benefits | 51,898 | 51,020 | 878 |
| Operating expenditures | 8,000 | 4,192 | 3,808 |
| Total | <u>59,898</u> | <u>55,212</u> | <u>4,686</u> |
| Total Economic and Physical Development | <u>207,576</u> | <u>198,466</u> | <u>9,110</u> |
| Human services: | | | |
| Contribution to District Health Department | 199,346 | 199,346 | - |

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

| | Budget | Actual | Variance Positive (Negative) |
|--------------------------------|------------------|------------------|------------------------------------|
| Mental Health | | | |
| Mental health operations | 30,000 | 30,000 | - |
| Total | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| Drug Court | | | |
| Operating expenditures | 95,000 | 83,564 | 11,436 |
| Total | <u>95,000</u> | <u>83,564</u> | <u>11,436</u> |
| Juvenile Justice | | | |
| Operating expenditures | 97,095 | 73,675 | 23,420 |
| Total | <u>97,095</u> | <u>73,675</u> | <u>23,420</u> |
| Social Services Administration | | | |
| Salaries and benefits | 3,074,711 | 2,874,598 | 200,113 |
| Operating expenditures | 440,961 | 345,081 | 95,880 |
| Capital outlay | 18,000 | 16,534 | 1,466 |
| Total | <u>3,533,672</u> | <u>3,236,213</u> | <u>297,459</u> |
| Social Services | | | |
| Economic support | 893,013 | 564,348 | 328,665 |
| Total | <u>893,013</u> | <u>564,348</u> | <u>328,665</u> |
| Social Services Transportation | | | |
| Operating expenditures | 173,263 | 116,969 | 56,294 |
| Capital outlay | 165,250 | 164,852 | 398 |
| Total | <u>338,513</u> | <u>281,821</u> | <u>56,692</u> |
| Community Alternatives Program | | | |
| Salaries and benefits | - | - | - |
| Operating expenditures | 5,000 | 3,365 | 1,635 |
| Total | <u>5,000</u> | <u>3,365</u> | <u>1,635</u> |
| Veterans Service Officer | | | |
| Salaries and benefits | 10,930 | 10,807 | 123 |
| Operating expenditures | 2,250 | 620 | 1,630 |
| Total | <u>13,180</u> | <u>11,427</u> | <u>1,753</u> |
| Total Human Services | <u>5,204,819</u> | <u>4,483,759</u> | <u>721,060</u> |

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

| | Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|-------------------|---------------------|------------------------------------|
| Cultural and recreational: | | | |
| Recreation | | | |
| Salaries and benefits | 75,636 | 69,767 | 5,869 |
| Operating expenditures | 83,488 | 50,655 | 32,833 |
| Capital outlay | 35,252 | 35,228 | 24 |
| Total | <u>194,376</u> | <u>155,650</u> | <u>38,726</u> |
| Senior Citizens Center | | | |
| Salaries and benefits | 133,877 | 116,564 | 17,313 |
| Operating expenditures | 80,708 | 66,420 | 14,288 |
| Total | <u>214,585</u> | <u>182,984</u> | <u>31,601</u> |
| Library | | | |
| Contribution to regional library | 196,039 | 196,039 | - |
| Total | <u>196,039</u> | <u>196,039</u> | <u>-</u> |
| Total Cultural and Recreational | <u>605,000</u> | <u>534,673</u> | <u>70,327</u> |
| Education: | | | |
| Public School | | | |
| Current Expense | 1,747,000 | 1,735,000 | 12,000 |
| Capital Outlay | 87,407 | 87,407 | - |
| Total Education | <u>1,834,407</u> | <u>1,822,407</u> | <u>12,000</u> |
| Debt service: | | | |
| Principal | 50,000 | 50,000 | - |
| Interest and fees | 2,205 | 1,636 | 569 |
| Total debt service | <u>52,205</u> | <u>51,636</u> | <u>569</u> |
| Total expenditures | <u>15,431,495</u> | <u>13,413,067</u> | <u>2,018,428</u> |
| Revenue over (under) expenditures | <u>(249,722)</u> | <u>2,061,637</u> | <u>2,311,359</u> |
| Other financing sources (uses): | | | |
| Transfers Out | (508,865) | (508,865) | - |
| Appropriated Fund Balance | 758,587 | - | (758,587) |
| Total other financing sources (uses) | <u>249,722</u> | <u>(508,865)</u> | <u>(758,587)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>1,552,772</u> | <u>\$ 1,552,772</u> |
| Fund balance, beginning of year | | <u>8,183,216</u> | |
| Fund balance, end of year | | <u>\$ 9,735,988</u> | |

**Washington County, North Carolina
Tax Mapping and Revaluation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021**

| | Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|------------------|------------------|------------------------------------|
| Revenues: | | | |
| Investment earnings | \$ 50 | \$ 18 | \$ (32) |
| Total revenues | <u>50</u> | <u>18</u> | <u>(32)</u> |
| Expenditures | | | |
| General Government: | | | |
| Tax Revaluation | 103,260 | 97,993 | 5,267 |
| Total expenditures | <u>103,260</u> | <u>97,993</u> | <u>5,267</u> |
| Revenue over (under) expenditures | <u>(103,210)</u> | <u>(97,975)</u> | <u>5,235</u> |
| Other financing sources (uses): | | | |
| Transfers In | 33,000 | 33,000 | - |
| Reserve for reappraisal | - | - | - |
| Appropriated Fund Balance | 70,210 | - | (70,210) |
| Total other financing sources (uses) | <u>103,210</u> | <u>33,000</u> | <u>(70,210)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(64,975)</u> | <u>\$ (64,975)</u> |
| Fund balance, beginning | | <u>110,678</u> | |
| Fund balance, ending | | <u>\$ 45,703</u> | |

Washington County, North Carolina
Emergency Medical Services Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

| | Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Restricted Intergovernmental | \$ 107,214 | \$ - | \$ (107,214) |
| Sales and Services | 1,475,100 | 2,056,462 | 581,362 |
| Investment earnings | - | 580 | 580 |
| Miscellaneous | - | - | - |
| Total revenues | <u>1,582,314</u> | <u>2,057,042</u> | <u>474,728</u> |
| Expenditures: | | | |
| Human Services | | | |
| EMS - Washington County | 1,953,261 | 1,688,305 | 264,956 |
| Transport - Washington County | 289,651 | 207,418 | 82,233 |
| Total human services | <u>2,242,912</u> | <u>1,895,723</u> | <u>347,189</u> |
| Debt Service | | | |
| Principal retirement | 69,665 | 69,664 | 1 |
| Interest | 4,163 | 4,162 | 1 |
| Total debt service | <u>73,828</u> | <u>73,826</u> | <u>2</u> |
| Total expenditures | <u>2,316,740</u> | <u>1,969,549</u> | <u>347,191</u> |
| Revenues over (under) expenditures | <u>(734,426)</u> | <u>87,493</u> | <u>821,919</u> |
| Other Financing Sources | | | |
| Transfers in | 334,617 | 334,617 | - |
| Sale of Fixed Assets | 1,000 | 4,125 | 3,125 |
| Designated for future appropriations | 398,809 | - | (398,809) |
| Total Other Financing Sources | <u>734,426</u> | <u>338,742</u> | <u>(395,684)</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>426,235</u> | <u>\$ 426,235</u> |
| Fund balance, beginning | | <u>493,159</u> | |
| Fund balance, ending | | <u>\$ 919,394</u> | |

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, 2021

| | Special Revenue Funds | Capital Project Funds | Total Non-Major Governmental Funds |
|--|-----------------------------|-----------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 522,992 | \$ - | \$ 522,992 |
| Accounts receivable (net) | 10,955 | 112,481 | 123,436 |
| Due from other governments | 16,022 | 175,167 | 191,189 |
| Due from other funds | 358,339 | 1,248,304 | 1,606,643 |
| Total assets | <u>\$ 908,308</u> | <u>\$ 1,535,952</u> | <u>\$ 2,444,260</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 486 | \$ 112,481 | \$ 112,967 |
| Due to other funds | 8,929 | - | 8,929 |
| Accrued Liabilities | 3,000 | - | 3,000 |
| Unspent CARES Act Funds | 420 | - | 420 |
| Total liabilities | <u>12,835</u> | <u>112,481</u> | <u>125,316</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Public Safety | 557,669 | - | 557,669 |
| Education | - | 1,075,969 | 1,075,969 |
| Economic and Physical Development | 294,349 | - | 294,349 |
| Human services | 43,455 | - | 43,455 |
| Total fund balances | <u>895,473</u> | <u>1,423,471</u> | <u>2,318,944</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 908,308</u> | <u>\$ 1,535,952</u> | <u>\$ 2,444,260</u> |

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

| | Special Revenue Funds | Capital Project Funds | Total Non-Major Governmental Funds |
|--|-----------------------------|-----------------------------|---|
| Revenues: | | | |
| Other taxes and license | \$ 218,828 | \$ - | \$ 218,828 |
| Restricted intergovernmental | 1,066,768 | 1,688,981 | 2,755,749 |
| Sales and Services | 64,203 | - | 64,203 |
| Investment earnings | 2 | - | 2 |
| Miscellaneous revenue | 10,580 | - | 10,580 |
| Total revenues | <u>1,360,381</u> | <u>1,688,981</u> | <u>3,049,362</u> |
| Expenditures: | | | |
| General government | - | - | - |
| Public safety | 163,328 | - | 163,328 |
| Human services | 875,516 | - | 875,516 |
| Economic and physical development | 378,356 | - | 378,356 |
| Debt service: | | | |
| Principal retirements | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | <u>1,417,200</u> | <u>-</u> | <u>1,417,200</u> |
| Capital outlay | <u>-</u> | <u>1,446,263</u> | <u>1,446,263</u> |
| Total Expenditures | <u>1,417,200</u> | <u>1,446,263</u> | <u>2,863,463</u> |
| Revenues over (under) expenditures | <u>(56,819)</u> | <u>242,718</u> | <u>185,899</u> |
| Other financing sources (uses): | | | |
| Transfers in (out) | 106,248 | - | 106,248 |
| Sale of fixed assets | - | - | - |
| Total other financing sources (uses) | <u>106,248</u> | <u>-</u> | <u>106,248</u> |
| Net change in fund balance | 49,429 | 242,718 | 292,147 |
| Fund balance, beginning, as previously reported | 805,747 | 1,180,753 | 1,986,500 |
| Prior Period Restatement - change in accounting principle | <u>40,297</u> | <u>-</u> | <u>40,297</u> |
| Fund balance, beginning, as restated | <u>846,044</u> | <u>1,180,753</u> | <u>2,026,797</u> |
| Fund balances, ending | <u>\$ 895,473</u> | <u>\$ 1,423,471</u> | <u>\$ 2,318,944</u> |

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2021

Exhibit C-3

| | Emergency Telephone System Fund | Drainage Fund | Airport Fund | NCHFA SFR Loan Pool |
|---|--|-------------------|------------------|---------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 380,710 | \$ 98,827 | \$ - | \$ - |
| Accounts receivable (net) | 10,535 | - | - | - |
| Due from other governments | 6,682 | - | 411 | - |
| Due from other funds | 159,781 | 72,973 | 80,292 | 25,293 |
| Total assets | <u>\$ 557,708</u> | <u>\$ 171,800</u> | <u>\$ 80,703</u> | <u>\$ 25,293</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 39 | \$ - | \$ 447 | \$ - |
| Due to other funds | - | - | - | - |
| Accrued Liabilities | - | - | 3,000 | - |
| Unspent Grant Funds | - | - | - | - |
| Total liabilities | <u>39</u> | <u>-</u> | <u>3,447</u> | <u>-</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Public Safety | 557,669 | - | - | - |
| Economic and Physical Development | - | 171,800 | 77,256 | 25,293 |
| Human Services | - | - | - | - |
| Total fund balances | <u>557,669</u> | <u>171,800</u> | <u>77,256</u> | <u>25,293</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 557,708</u> | <u>\$ 171,800</u> | <u>\$ 80,703</u> | <u>\$ 25,293</u> |

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2021

Exhibit C-3

| | CRF Pandemic Recovery Fund | Representative Payee Fund | Grant Project Fund | Total |
|---|-------------------------------------|---------------------------------|--------------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 43,455 | \$ - | \$ 522,992 |
| Accounts receivable (net) | 420 | - | - | 10,955 |
| Due from other governments | 8,929 | - | - | 16,022 |
| Due from other funds | - | - | 20,000 | 358,339 |
| Total assets | <u>\$ 9,349</u> | <u>\$ 43,455</u> | <u>\$ 20,000</u> | <u>\$ 908,308</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 486 |
| Due to other funds | 8,929 | - | - | 8,929 |
| Accrued Liabilities | - | - | - | 3,000 |
| Unspent Grant Funds | 420 | - | - | 420 |
| Total liabilities | <u>9,349</u> | <u>-</u> | <u>-</u> | <u>12,835</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Public Safety | - | - | - | 557,669 |
| Economic and Physical Development | - | - | 20,000 | 294,349 |
| Human Services | - | 43,455 | - | 43,455 |
| Total fund balances | <u>-</u> | <u>43,455</u> | <u>20,000</u> | <u>895,473</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,349</u> | <u>\$ 43,455</u> | <u>\$ 20,000</u> | <u>\$ 908,308</u> |

Non-Major Special Revenue Funds

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

For the Year ended June 30, 2021

| | Emergency Telephone System Fund | Drainage Fund | Airport Fund | NCHFA SFR Loan Pool |
|--|--|-------------------|------------------|---------------------------|
| Revenues: | | | | |
| Other taxes and licenses | \$ 126,421 | \$ 92,407 | \$ - | \$ - |
| Restricted intergovernmental | - | 120,006 | 20,000 | 48,088 |
| Sales and Services | - | - | 64,203 | - |
| Investment earnings | - | 2 | - | - |
| Miscellaneous | - | - | 580 | - |
| Total revenues | <u>126,421</u> | <u>212,415</u> | <u>84,783</u> | <u>48,088</u> |
| Expenditures: | | | | |
| Public safety | 163,328 | - | - | - |
| Human services | - | - | - | - |
| Economic and physical development | - | 201,080 | 129,188 | 48,088 |
| Debt service: | | | | |
| Principal retirements | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>163,328</u> | <u>201,080</u> | <u>129,188</u> | <u>48,088</u> |
| Revenues over (under) expenditures | (36,907) | 11,335 | (44,405) | - |
| Other financing sources (uses): | | | | |
| Transfers in (out) | 1,931 | - | 94,317 | - |
| Sale of fixed assets | - | - | - | - |
| Total other financing sources (uses) | <u>1,931</u> | <u>-</u> | <u>94,317</u> | <u>-</u> |
| Net change in fund balances | (34,976) | 11,335 | 49,912 | - |
| Fund balance, beginning, as previously reported | 592,645 | 160,465 | 27,344 | 25,293 |
| Prior Period Restatement - change in accounting principle | - | - | - | - |
| Fund balance, beginning, as restated | <u>592,645</u> | <u>160,465</u> | <u>27,344</u> | <u>25,293</u> |
| Fund balances, ending | <u>\$ 557,669</u> | <u>\$ 171,800</u> | <u>\$ 77,256</u> | <u>\$ 25,293</u> |

Non-Major Special Revenue Funds

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

For the Year ended June 30, 2021

| | CRF | | | Total |
|--|------------------------------|---------------------------------|--------------------------|-------------------|
| | Pandemic Recovery Fund | Representative Payee Fund | Grant Project Fund | |
| Revenues: | | | | |
| Other taxes and licenses | \$ - | \$ - | \$ - | \$ 218,828 |
| Restricted intergovernmental | 716,683 | 161,991 | - | 1,066,768 |
| Sales and Services | - | - | - | 64,203 |
| Investment earnings | - | - | - | 2 |
| Miscellaneous | - | - | 10,000 | 10,580 |
| Total revenues | <u>716,683</u> | <u>161,991</u> | <u>10,000</u> | <u>1,360,381</u> |
| Expenditures: | | | | |
| Public safety | - | - | - | 163,328 |
| Human services | 716,683 | 158,833 | - | 875,516 |
| Economic and physical development | - | - | - | 378,356 |
| Debt service: | | | | |
| Principal retirements | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>716,683</u> | <u>158,833</u> | <u>-</u> | <u>1,417,200</u> |
| Revenues over (under) expenditures | - | 3,158 | 10,000 | (56,819) |
| Other financing sources (uses): | | | | |
| Transfers in (out) | - | - | 10,000 | 106,248 |
| Sale of fixed assets | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>10,000</u> | <u>106,248</u> |
| Net change in fund balances | - | 3,158 | 20,000 | 49,429 |
| Fund balance, beginning, as previously reported | - | - | - | 805,747 |
| Prior Period Restatement - change in accounting principle | - | 40,297 | - | 40,297 |
| Fund balance, beginning, as restated | <u>-</u> | <u>40,297</u> | <u>-</u> | <u>846,044</u> |
| Fund balances, ending | <u>\$ -</u> | <u>\$ 43,455</u> | <u>\$ 20,000</u> | <u>\$ 895,473</u> |

Washington County, North Carolina
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------------|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Other Taxes and License | \$ 126,420 | \$ 126,421 | \$ 1 |
| Total revenues | <u>126,420</u> | <u>126,421</u> | <u>1</u> |
| Expenditures: | | | |
| Public Safety | 116,984 | 99,812 | 17,172 |
| Capital Outlay | 274,431 | 63,516 | 210,915 |
| Total expenditures | <u>391,415</u> | <u>163,328</u> | <u>228,087</u> |
| Revenues over (under) expenditures | <u>(264,995)</u> | <u>(36,907)</u> | <u>228,088</u> |
| Other Financing Sources | | | |
| Transfers In | 1,931 | 1,931 | - |
| Appropriated Fund Balance | 263,064 | - | (263,064) |
| Total Other Financing Sources | <u>264,995</u> | <u>1,931</u> | <u>(263,064)</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>(34,976)</u> | <u>\$ (34,976)</u> |
| Fund balance, beginning | | <u>592,645</u> | |
| Fund balance, ending | | <u>\$ 557,669</u> | |

Washington County, North Carolina
Drainage Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-----------------|-------------------|------------------------------------|
| Revenues: | | | |
| Other Taxes and Licenses | \$ 100,427 | \$ 92,407 | \$ (8,020) |
| Restricted intergovernmental | 271,626 | 120,006 | (151,620) |
| Investment earnings | - | 2 | 2 |
| Total revenues | <u>372,053</u> | <u>212,415</u> | <u>(159,638)</u> |
| Expenditures: | | | |
| Economic and Physical Development | <u>352,626</u> | <u>201,080</u> | <u>151,546</u> |
| Total expenditures | <u>352,626</u> | <u>201,080</u> | <u>151,546</u> |
| Revenues over (under) expenditures | <u>19,427</u> | <u>11,335</u> | <u>(8,092)</u> |
| Other Financing Sources | | | |
| Appropriated Fund Balance | <u>(19,427)</u> | - | <u>19,427</u> |
| Total Other Financing Sources | <u>(19,427)</u> | - | <u>19,427</u> |
| Net Change in Fund Balances | <u>\$ -</u> | 11,335 | <u>\$ 11,335</u> |
| Fund balance, beginning | | <u>160,465</u> | |
| Fund balance, ending | | <u>\$ 171,800</u> | |

Washington County, North Carolina
Airport Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

| | Budget | Actual | Variance Positive (Negative) |
|--|-----------------|------------------|------------------------------------|
| Revenues: | | | |
| Sales and Services | \$ 74,940 | \$ 64,203 | \$ (10,737) |
| Restricted Intergovernmental | 20,000 | 20,000 | |
| Miscellaneous | - | 580 | 580 |
| Total revenues | <u>94,940</u> | <u>84,783</u> | <u>(10,157)</u> |
| Expenditures: | | | |
| Economic and Physical Development | <u>152,913</u> | <u>129,188</u> | <u>23,725</u> |
| Total expenditures | <u>152,913</u> | <u>129,188</u> | <u>23,725</u> |
| Revenues over (under) expenditures | <u>(57,973)</u> | <u>(44,405)</u> | <u>13,568</u> |
| Other Financing Sources (Uses): | | | |
| Transfer in (out) | 94,317 | 94,317 | - |
| Designated for future appropriation | (36,344) | - | 36,344 |
| Appropriated Fund Balance | - | - | - |
| Total Other Financing Sources (Uses) | <u>57,973</u> | <u>94,317</u> | <u>36,344</u> |
| Net Change in Fund Balance | <u>\$ -</u> | 49,912 | <u>\$ 49,912</u> |
| Fund balance, beginning | | <u>27,344</u> | |
| Fund balance, ending | | <u>\$ 77,256</u> | |

Washington County, North Carolina
NCHFA Single Family Rehabilitation Loan Pool Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

| | Project Authorization | Prior Years | Current Year | Total to Date | Variance Positive (Negative) |
|------------------------------------|--------------------------|----------------|------------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Retricted Intergovernmental | \$ 396,901 | \$ 348,486 | \$ 48,088 | \$396,574 | \$ (327) |
| Total revenues | <u>396,901</u> | <u>348,486</u> | <u>48,088</u> | <u>396,574</u> | <u>(327)</u> |
| Expenditures: | | | | | |
| Economic and Physical Development | 396,901 | 348,486 | 48,088 | 396,574 | 327 |
| Total expenditures | <u>396,901</u> | <u>348,486</u> | <u>48,088</u> | <u>396,574</u> | <u>327</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources | | | | | |
| Appropriated Fund Balance | - | - | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>25,293</u> | | |
| Fund balance, ending | | | <u>\$ 25,293</u> | | |

Washington County, North Carolina
CRF Pandemic Recovery Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

| | Project Authorization | Prior Years | Current Year | Total to Date | Variance Positive (Negative) |
|------------------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Restricted Intergovernmental | \$ 285,675 | \$ 6,782 | \$ 716,683 | \$ 723,465 | \$ 437,790 |
| Total revenues | <u>285,675</u> | <u>6,782</u> | <u>716,683</u> | <u>723,465</u> | <u>437,790</u> |
| Expenditures: | | | | | |
| Human Services | | | | | |
| CRF Expenses | - | 6,782 | - | 6,782 | (6,782) |
| Medical Expense | 45,835 | - | 45,835 | 45,835 | - |
| Public Health Expense | 139,854 | - | 139,434 | 139,434 | 420 |
| Payroll Expense | 397,221 | - | 397,220 | 397,220 | 1 |
| Public Health Measure Expense | 60,930 | - | 60,730 | 60,730 | 200 |
| Other | 17,464 | - | 17,465 | 17,465 | (1) |
| Municipalities | 55,999 | - | 55,999 | 55,999 | - |
| Total expenditures | <u>717,303</u> | <u>6,782</u> | <u>716,683</u> | <u>723,465</u> | <u>(6,162)</u> |
| Revenues over (under) expenditures | <u>(431,628)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>431,628</u> |
| Other Financing Sources | | | | | |
| Appropriated Fund Balance | 431,628 | - | - | - | (431,628) |
| Total Other Financing Sources | <u>431,628</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(431,628)</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> |
| Fund balance, beginning | | | <u>-</u> | | |
| Fund balance, ending | | | <u>\$ -</u> | | |

Washington County, North Carolina
Representative Payee Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

| | Budget | Actual | Variance Positive (Negative) |
|---|-------------|------------------|------------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ - | \$ 161,991 | \$ 161,991 |
| Total revenues | <u>-</u> | <u>161,991</u> | <u>161,991</u> |
| Expenditures: | | | |
| Human Services | | | |
| Payments made for the benefit of | | | |
| beneficiaries | - | 158,833 | (158,833) |
| Total expenditures | <u>-</u> | <u>158,833</u> | <u>(158,833)</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>3,158</u> | <u>3,158</u> |
| Other Financing Sources (Uses): | | | |
| Appropriated Fund Balance | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>3,158</u> | <u>\$ 3,158</u> |
| Fund balance, beginning, as previously reported | | - | |
| Prior Period Restatement - change in | | | |
| accounting principle | | <u>40,297</u> | |
| Fund balance, beginning, as restated | | <u>40,297</u> | |
| Fund balance, ending | | <u>\$ 43,455</u> | |

Washington County, North Carolina
Grants Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Restricted Intergovernmental | | | | | |
| Dept of Commerce - Agape | \$ 380,000 | \$ - | \$ - | \$ - | \$ (380,000) |
| USDA RBDG Grant - Bay | 181,301 | - | - | - | (181,301) |
| Local Match | | | | | |
| Agape - Local Match Donation | 10,000 | - | 10,000 | 10,000 | - |
| Total revenues | <u>571,301</u> | <u>-</u> | <u>10,000</u> | <u>10,000</u> | <u>(561,301)</u> |
| Expenditures: | | | | | |
| Economic and Physical Development | | | | | |
| Agape - Clinic Project #2587 | 380,000 | - | - | - | 380,000 |
| USDA RBDG Grant - Bay Brothers | 181,301 | - | - | - | 181,301 |
| Agape - Local Match Donation | 20,000 | - | - | - | 20,000 |
| Total expenditures | <u>581,301</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>581,301</u> |
| Revenues over (under) expenditures | <u>(10,000)</u> | <u>-</u> | <u>10,000</u> | <u>10,000</u> | <u>20,000</u> |
| Other financing sources: | | | | | |
| Transfer from General Fund | 10,000 | - | 10,000 | 10,000 | - |
| Total other financing sources | <u>10,000</u> | <u>-</u> | <u>10,000</u> | <u>10,000</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | 20,000 | <u>\$ 20,000</u> | <u>\$ 20,000</u> |
| Fund balances, beginning | | | <u>-</u> | | |
| Fund balances, ending | | | <u>\$ 20,000</u> | | |

CAPITAL PROJECTS FUND

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

Washington County, North Carolina
Non-Major Capital Projects Fund
Combining Balance Sheets
June 30, 2021

| | School Capital Outlay Fund | Airport Grant Fund | Total |
|--|-------------------------------------|--------------------------|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Accounts receivable (net) | - | 112,481 | 112,481 |
| Due from other governments | 175,167 | - | 175,167 |
| Due from other Funds | 900,802 | 347,502 | 1,248,304 |
| Total assets | <u>\$ 1,075,969</u> | <u>\$ 459,983</u> | <u>\$ 1,535,952</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 112,481 | \$ 112,481 |
| Accrued Liabilities | - | - | - |
| Due to other funds | - | - | - |
| Total liabilities | <u>-</u> | <u>112,481</u> | <u>112,481</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Education | 1,075,969 | - | 1,075,969 |
| Capital Projects | - | - | - |
| Assigned | | | |
| Capital Projects | - | 347,502 | 347,502 |
| Total fund balances | <u>1,075,969</u> | <u>347,502</u> | <u>1,423,471</u> |
| Total liabilities and fund balances | <u><u>\$ 1,075,969</u></u> | <u><u>\$ 459,983</u></u> | <u><u>\$ 1,535,952</u></u> |

Washington County, North Carolina
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2021

| | School Capital Outlay Fund | Airport Grant Fund | Total |
|---|-------------------------------------|--------------------------|---------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ 642,719 | \$ 1,046,262 | \$ 1,688,981 |
| Total revenues | <u>642,719</u> | <u>1,046,262</u> | <u>1,688,981</u> |
| Expenditures: | | | |
| Capital outlay | 400,000 | 1,046,263 | 1,446,263 |
| Total expenditures | <u>400,000</u> | <u>1,046,263</u> | <u>1,446,263</u> |
| Revenues over (under) expenditures | 242,719 | (1) | 242,718 |
| Other financing sources (uses): | | | |
| Transfers In | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 242,719 | (1) | 242,718 |
| Fund balances, beginning | <u>833,250</u> | <u>347,503</u> | <u>1,180,753</u> |
| Fund balances, ending | <u>\$ 1,075,969</u> | <u>\$ 347,502</u> | <u>\$ 1,423,471</u> |

Washington County, North Carolina
School Capital Outlay Fund - Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

| | Budget | Actual | Variance Over (Under) |
|---|------------------|---------------------|--------------------------|
| Revenues: | | | |
| Restricted Intergovernmental | \$ 546,000 | \$ 642,719 | \$ 96,719 |
| Total revenues | <u>546,000</u> | <u>642,719</u> | <u>96,719</u> |
| Expenditures: | | | |
| Capital Outlay | 400,000 | 400,000 | - |
| Total expenditures | <u>400,000</u> | <u>400,000</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>146,000</u> | <u>242,719</u> | <u>96,719</u> |
| Other financing sources: | | | |
| Designated for future appropriation | (146,000) | - | 146,000 |
| Appropriated Fund Balance | - | - | - |
| Total other financing sources | <u>(146,000)</u> | <u>-</u> | <u>146,000</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | 242,719 | <u>\$ 242,719</u> |
| Fund balances, beginning | | <u>833,250</u> | |
| Fund balances, ending | | <u>\$ 1,075,969</u> | |

Washington County, North Carolina
Airport Grant - Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

| | Project Authorization | Actual | | Total to Date | Variance Positive (Negative) |
|---|--------------------------|-------------------|-------------------|-------------------|------------------------------------|
| | | Prior Years | Current Year | | |
| Revenues: | | | | | |
| Restricted Intergovernmental | \$ 1,320,079 | \$ 7,616,997 | \$ 1,046,262 | \$ 8,663,259 | \$ 7,343,180 |
| Total revenues | <u>1,320,079</u> | <u>7,616,997</u> | <u>1,046,262</u> | <u>8,663,259</u> | <u>7,343,180</u> |
| Expenditures: | | | | | |
| Capital Outlay | 1,320,079 | 7,403,777 | 1,046,263 | 8,450,040 | (7,129,961) |
| Total expenditures | <u>1,320,079</u> | <u>7,403,777</u> | <u>1,046,263</u> | <u>8,450,040</u> | <u>(7,129,961)</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>213,220</u> | <u>(1)</u> | <u>213,219</u> | <u>213,219</u> |
| Other financing sources: | | | | | |
| Transfers In | - | 134,283 | - | 134,283 | 134,283 |
| Appropriated Fund Balance | - | - | - | - | - |
| Total other financing sources | <u>-</u> | <u>134,283</u> | <u>-</u> | <u>134,283</u> | <u>134,283</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 347,503</u> | <u>(1)</u> | <u>\$ 347,502</u> | <u>\$ 347,502</u> |
| Fund balances, beginning | | | <u>347,503</u> | | |
| Fund balances, ending | | | <u>\$ 347,502</u> | | |

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
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
For The Fiscal Year Ended June 30, 2021

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$ 1,357,809 | \$ 1,363,883 | \$ 6,074 |
| Restricted Intergovernmental | 7,000 | 2,702 | (4,298) |
| Total Revenues | <u>1,364,809</u> | <u>1,366,585</u> | <u>1,776</u> |
| Expenditures: | | | |
| Landfill and Collections | 1,310,809 | 1,250,609 | 60,200 |
| Capital Outlay | 110,000 | 12,092 | 97,908 |
| Total Expenditures | <u>1,420,809</u> | <u>1,262,701</u> | <u>158,108</u> |
| Revenues over Expenditures | <u>(56,000)</u> | <u>\$ 103,884</u> | <u>\$ 159,884</u> |
| Other Financing Sources (Uses): | | | |
| Transfers In | 35,000 | 35,000 | - |
| Designated for Future Appropriation | 21,000 | - | (21,000) |
| Total Other Financing Sources (Uses) | <u>56,000</u> | <u>35,000</u> | <u>(21,000)</u> |
| Revenues and other financing sources (uses) over expenditures | <u>\$ -</u> | <u>138,884</u> | <u>\$ 138,884</u> |
| Reconciliation form budgetary basis (modified) accrual to full accrual: | | | |
| Capital outlay | | 12,092 | |
| Depreciation Expense | | (6,348) | |
| Increase (decrease) in Estimated Postclosure Costs | | (23,453) | |
| (Increase) decrease in deferred outflows - pension | | (3,424) | |
| (Increase) decrease in deferred outflows - OPEB | | 3,619 | |
| Increase (decrease) in deferred inflows - pension | | (325) | |
| Increase (decrease) in deferred inflows - OPEB | | 1,885 | |
| Increase (decrease) in net pension liability | | 7,701 | |
| Increase (decrease) in net OPEB liability | | (15,520) | |
| Increase (decrease) in compensated absences | | <u>(4,426)</u> | |
| Change in net position | | <u>\$ 110,685</u> | |

Washington County, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
For The Fiscal Year Ended June 30, 2021

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|-------------------|---|
| Revenues: | | | |
| Charges for services | \$ 1,331,250 | \$ 1,439,565 | \$ 108,315 |
| Restricted intergovernmental | 127,000 | - | (127,000) |
| Taps and connection fees | 5,500 | 14,400 | 8,900 |
| Investment earnings | 250 | 1,975 | 1,725 |
| Miscellaneous | - | 10,472 | 10,472 |
| Total Revenues | <u>1,464,000</u> | <u>1,466,412</u> | <u>2,412</u> |
| Expenditures: | | | |
| Treatment plant | 281,914 | 271,121 | 10,793 |
| Operations maintenance | 735,494 | 480,340 | 255,154 |
| Capital Outlay | 58,754 | 22,302 | 36,452 |
| Debt service | 383,700 | 382,755 | 945 |
| Total | <u>1,459,862</u> | <u>1,156,518</u> | <u>303,344</u> |
| Revenues over Expenditures | <u>4,138</u> | <u>309,894</u> | <u>305,756</u> |
| Other Financing Sources (Uses): | | | |
| Transfers out | - | - | - |
| Transfers out | - | - | - |
| Designated for Future Appropriation | <u>(4,138)</u> | <u>-</u> | <u>4,138</u> |
| Total Other Financing Sources (Uses) | <u>(4,138)</u> | <u>-</u> | <u>4,138</u> |
| Revenues and other financing sources (uses) over expenditures | <u>\$ -</u> | <u>309,894</u> | <u>\$ 309,894</u> |
| Reconciliation form budgetary basis (modified) accrual to full accrual: | | | |
| Capital outlay | | 22,302 | |
| Payments of debt service - principal | | 244,412 | |
| Deprecation expense | | (252,889) | |
| (Increase) decrease in deferred outflows - pension | | (14,319) | |
| (Increase) decrease in deferred outflows - OPEB | | 15,138 | |
| Increase (decrease) in deferred inflows - pension | | (1,359) | |
| Increase (decrease) in deferred inflows - OPEB | | 7,886 | |
| Increase (decrease) in net pension liability | | 32,208 | |
| Increase (decrease) in net OPEB liability | | (64,910) | |
| Increase (decrease) in compensated absences | | <u>5,820</u> | |
| Change in net position | | <u>\$ 304,183</u> | |

CUSTODIAL FUNDS

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

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

| | <u>Municipal Tax Fund</u> | <u>Jail Inmate Pay Fund</u> | <u>Total Custodial Funds</u> |
|---|-------------------------------|---------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 29,604 | \$ 21,875 | \$ 51,479 |
| Taxes receivable for other governments, net | 21,396 | - | 21,396 |
| Total assets | <u>51,000</u> | <u>21,875</u> | <u>72,875</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | - | - | - |
| Due to other governments | 44,923 | - | 44,923 |
| Total liabilities | <u>44,923</u> | <u>-</u> | <u>44,923</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Individuals, organizations, and other governments | 6,077 | 21,875 | 27,952 |
| Total net position | <u>\$ 6,077</u> | <u>\$ 21,875</u> | <u>\$ 27,952</u> |

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

| | <u>Municipal Tax Fund</u> | <u>Jail Inmate Pay Fund</u> | <u>Total Custodial Funds</u> |
|---|-------------------------------|---------------------------------|----------------------------------|
| ADDITIONS | | | |
| Ad valorem taxes for other governments | \$ 458,086 | \$ - | \$ 458,086 |
| Collections on behalf of inmates | - | 64,981 | 64,981 |
| Total additions | <u>458,086</u> | <u>64,981</u> | <u>523,067</u> |
| DEDUCTIONS | | | |
| Tax distributions to other governments | 455,589 | - | 455,589 |
| Payments on behalf of inmates | - | 56,846 | 56,846 |
| Total deductions | <u>455,589</u> | <u>56,846</u> | <u>512,435</u> |
| Net increase (decrease) in fiduciary net position | 2,497 | 8,135 | 10,632 |
| Net position, beginning, as previously reported | - | - | - |
| Prior period restatement - change in accounting principle | 3,580 | 13,740 | 17,320 |
| Net position, beginning, as restated | <u>3,580</u> | <u>13,740</u> | <u>17,320</u> |
| Net position, ending | <u>\$ 6,077</u> | <u>\$ 21,875</u> | <u>\$ 27,952</u> |

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, 2021

| | |
|--|-------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 160,588 |
| Accounts receivable (net) | 17,241 |
| Total assets | <u>\$ 177,829</u> |
| | |
| LIABILITIES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable and accrued liabilities | \$ 2,066 |
| Due to primary government | - |
| Total liabilities | <u>2,066</u> |
| | |
| Fund balances: | |
| Restricted: | |
| Stabilization by State Statute | 17,241 |
| Unassigned | 158,522 |
| Total fund balances | <u>175,763</u> |
| | |
| Total liabilities and fund balances | <u>\$ 177,829</u> |

Washington County, North Carolina
Washington County Travel and Tourism Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021

REVENUES

| | |
|---------------------|----------------|
| Occupancy Taxes | \$ 177,735 |
| Grants | 14,920 |
| Investment earnings | 4 |
| Total Revenues | <u>192,659</u> |

EXPENDITURES

| | |
|------------------------|----------------|
| Salaries and benefits | 27,047 |
| Advertising | 28,781 |
| Grants | 14,920 |
| Operating expenditures | 61,326 |
| Total Expenditures | <u>132,074</u> |

| | |
|------------------------------------|--------|
| Revenues over (under) expenditures | 60,585 |
|------------------------------------|--------|

| | |
|--------------------------|----------------|
| Fund balances, beginning | <u>115,178</u> |
|--------------------------|----------------|

| | |
|-----------------------|--------------------------|
| Fund balances, ending | <u><u>\$ 175,763</u></u> |
|-----------------------|--------------------------|

Washington County, North Carolina
Washington County Travel and Tourism Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------|-------------------|------------------------------------|
| REVENUES | | | |
| Occupancy Taxes | \$ 127,000 | \$ 177,735 | \$ 50,735 |
| Grants | 14,926 | 14,920 | (6) |
| Investment earnings | - | 4 | 4 |
| Miscellaneous | - | - | - |
| Total Revenues | <u>141,926</u> | <u>192,659</u> | <u>50,733</u> |
| EXPENDITURES | | | |
| Salaries and benefits | 28,840 | 27,047 | 1,793 |
| Advertising | 51,785 | 28,781 | 23,004 |
| Operating expenditures | 76,050 | 61,326 | 14,724 |
| Contingency | - | - | - |
| Total Expenditures | <u>171,601</u> | <u>132,074</u> | <u>39,527</u> |
| Revenues over (under) expenditures | <u>(29,675)</u> | <u>60,585</u> | <u>90,260</u> |
| Other financing sources: | | | |
| Appropriated fund balance | <u>29,675</u> | - | <u>(29,675)</u> |
| Total other financing sources | <u>29,675</u> | <u>-</u> | <u>(29,675)</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 60,585</u> | <u>\$ 60,585</u> |
| Fund balances, beginning | | <u>115,178</u> | |
| Fund balances, ending | | <u>\$ 175,763</u> | |

OTHER SCHEDULES

This section includes additional information on property taxes.

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

| Fiscal Year | Uncollected Balance June 30, 2020 | Additions | Collections And Credits | Uncollected Balance June 30, 2021 |
|--|---|---------------------|----------------------------|---|
| 2020-2021 | \$ - | \$ 8,472,943 | \$ 8,130,800 | \$ 342,143 |
| 2019-2020 | 354,576 | 39,168 | 239,458 | 154,286 |
| 2018-2019 | 135,325 | 1,007 | 51,206 | 85,126 |
| 2017-2018 | 115,370 | 1,106 | 37,239 | 79,237 |
| 2016-2017 | 67,813 | 692 | 17,600 | 50,905 |
| 2015-2016 | 71,968 | 698 | 12,973 | 59,693 |
| 2014-2015 | 95,454 | 10,683 | 12,964 | 93,173 |
| 2013-2014 | 33,794 | (758) | 4,874 | 28,162 |
| 2012-2013 | 28,989 | (884) | 4,268 | 23,837 |
| 2011-2012 | 23,823 | (853) | 2,397 | 20,573 |
| 2010-2011 | 19,351 | - | 19,351 | - |
| Totals | <u>\$ 946,463</u> | <u>\$ 8,523,802</u> | <u>\$ 8,533,130</u> | <u>\$ 937,135</u> |
| | | | | <u>(178,557)</u> |
| | | | | <u>\$ 758,578</u> |
| <u>Reconciliation with revenues:</u> | | | | |
| Ad valorem taxes - General Fund | | | | \$ 8,550,407 |
| Reconciling items: | | | | |
| Prepaid taxes recognized in the current year | | | | (57,375) |
| Interest and penalties | | | | (108,123) |
| Discounts | | | | 61,496 |
| Refunds, DMV Fees, Collection Fees | | | | 70,083 |
| Taxes written off / other adjustments | | | | 16,642 |
| Total Collections and Credits | | | | <u>\$ 8,533,130</u> |

Washington County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
June 30, 2021

| | County - wide | | | Total Levy | |
|--|-----------------------------|---------|-------------------------|--|---------------------------------|
| | Property Valuation | Rate | Amount of Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current rate | \$ 1,010,495,503 | 0.84500 | \$ 8,538,687 | \$ 7,584,002 | \$ 954,685 |
| Discoveries | 3,439,290 | 0.84500 | 29,062 | 29,062 | - |
| Releases | (11,219,645) | 0.84500 | (94,806) | (86,561) | (8,245) |
| Totals | <u>\$ 1,002,715,148</u> | | <u>8,472,943</u> | <u>7,526,503</u> | <u>946,440</u> |
| Net levy | | | 8,472,943 | 7,526,503 | 946,440 |
| Uncollected taxes at June 30, 2021 | | | <u>342,143</u> | <u>342,143</u> | <u>-</u> |
| Current year's taxes collected | | | <u>\$ 8,130,800</u> | <u>\$ 7,184,360</u> | <u>\$ 946,440</u> |
| Current levy collection percentage | | | <u>95.96%</u> | <u>95.45%</u> | <u>100.00%</u> |

COMPLIANCE SECTION



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

Independent Auditors' Report

To the Board of County Commissioners
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 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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises Washington County's basic financial statements, and have issued our report thereon dated November 8, 2021. 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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

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Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items [2021-001] that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Washington County's Response to Findings

Washington County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 8, 2021



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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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, 2021.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2021-002, 2021-003 and 2021-004] 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 Corrective Action Plan. 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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 8, 2021

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

Section II. Financial Statement Findings (Continued)

| | |
|--|---|
| Cause: | County oversight of the new accounting standard. |
| Recommendation: | The finance office should review the General Statutes and GASB Statement more carefully to ensure funds are properly authorized and are properly accounted for. |
| Views of responsible officials and planned corrective actions: | The County agrees with this finding. |

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: 2021-002

SIGNIFICANT DEFICIENCY

Eligibility

| | |
|-------------------------------------|--|
| Criteria: | In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits. |
| Condition: | There were 8 errors discovered during our procedures that inaccurate information was entered when determining eligibility. |
| Questioned Costs: | There was no known affect to eligibility and there were no known questioned costs. |
| Context: | We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit. |
| Effect: | For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible. |
| Identification of a repeat finding: | This is a repeat finding from the immediate previous audit, 2020-001. |
| Cause: | Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility. |

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

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

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.

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: 2021-003

SIGNIFICANT DEFICIENCY

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 1 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.

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

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

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

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

Views of responsible officials and planned corrective actions: The County agrees with the finding.

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: 2021-004

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.

Condition: There were 5 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.

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

Context: We examined 60 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 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 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.

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

COMMISSIONERS:

WILLIAM "BILL" R. SEXTON, JR., CHAIR
TRACEY A. JOHNSON, VICE-CHAIR
ANN C. KEYES
CAROL V. PHELPS
JULIUS WALKER, JR.



ADMINISTRATION STAFF:

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Corrective Action Plan
For the Year Ended June 30, 2021

Section II. Financial Statement Findings

Finding: 2021-001

Name of Contact Person: Missy Dixon, Finance Officer
Corrective Action: The County is aware of the new requirement, trainings have been performed to ensure budgets are properly adopted.
Proposed Completion Date: Immediately.

Section III. Federal Award Findings and Questioned Costs

Finding: 2021-002

Name of Contact Person: Tammy Mixon, Medicaid/Program Integrity Supervisor
Corrective Action: This error has been discussed with the individual who made the error after the initial audit, as well as making this a topic in our Monthly Medicaid Meeting. As of October 2020, the agency hired a Quality Control Reviewer, who second parties Medicaid cases, as well as other eligibility programs to identify recurring errors and develop training plans in order prevent the errors from occurring in the future. This position in conjunction with the current second parties completed by the supervisor and the other two Lead workers in Medicaid creates a larger picture for identifying and correcting poor documentation as well as the identifying the application of the rules for determining eligibility to ensure they are applied properly. Since we have hired a Quality Control Reviewer, we have been able to review more applications and recertifications to ensure accurate information is being entered. If the case is found in error this has allowed us to correct it in a timelier manner. We use a Monthly Performance Spreadsheet to track our errors to identify areas where a refresher training might be needed.
Proposed Completion Date: A refresher training to be completed by December 31, 2021.

Finding: 2021-003

Name of Contact Person: Tammy Mixon, Medicaid/Program Integrity Supervisor
Corrective Action: This error has been discussed with the individual who made the error after the initial audit, as well as making this a topic in our Monthly Medicaid Meeting. As of October 2020, the agency hired a Quality Control Reviewer, who second parties Medicaid cases, as well as other eligibility programs to identify recurring errors and develop training plans in order prevent the errors from occurring in the future. This position in conjunction with the current second parties completed by the supervisor and the other two Lead workers in Medicaid creates a larger picture for identifying and correcting poor documentation as well as the identifying the application of the rules for determining eligibility to ensure they are applied properly. Since we have hired a Quality Control Reviewer, we have been able to review more applications and recertifications to ensure accurate information is being entered. If the case is found in error this has allowed us to correct it in a timelier manner. We use a Monthly Performance Spreadsheet to track our errors to identify areas where a refresher training might be needed.

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

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Corrective Action Plan
For the Year Ended June 30, 2021

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

Proposed Completion Date: A refresher training to be completed by December 31, 2021.

Finding: 2021-004

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

Corrective Action: This error has been discussed with the individual who made the error after the initial audit, as well as making this a topic in our Monthly Medicaid Meeting. As of October 2020, the agency hired a Quality Control Reviewer, who second parties Medicaid cases, as well as other eligibility programs to identify recurring errors and develop training plans in order prevent the errors from occurring in the future. This position in conjunction with the current second parties completed by the supervisor and the other two Lead workers in Medicaid creates a larger picture for identifying and correcting poor documentation as well as the identifying the application of the rules for determining eligibility to ensure they are applied properly. Since we have hired a Quality Control Reviewer, we have been able to review more applications and recertifications to ensure accurate information is being entered. If the case is found in error this has allowed us to correct it in a timelier manner. We use a Monthly Performance Spreadsheet to track our errors to identify areas where a refresher training might be needed.

Proposed Completion Date: A refresher training to be completed by December 31, 2021.

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

Finding: 2020-001

Status: This findings is not corrected, repeated as 2021-002

Finding: 2020-002

Status: Corrected

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

| Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided 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 | | \$ 289,686 | \$ - | \$ - | \$ 289,686 |
| Total U.S. Dept. of Agriculture | | | 289,686 | - | - | 289,686 |
| U.S. Department of Housing and Urban Development | | | | | | |
| Single Family Housing Rehabilitation Grant | 14.239 | SFRLP1728 | 48,088 | - | - | - |
| Total U.S. Department of Housing and Urban Development | | | 48,088 | - | - | - |
| U.S. Department of Treasury | | | | | | |
| Passed-through the Office of State Budget and Management: | | | | | | |
| NC Pandemic Recovery Office Coronavirus Relief Fund | 21.019 | | 655,953 | - | 55,999 | - |
| Total U.S. Department of Housing and Urban Development | | | 655,953 | - | 55,999 | - |
| U.S. Election Assistance Commission | | | | | | |
| Passed-through N.C. State Board of Elections | | | | | | |
| COVID-19 HAVA Election Security Grants | 90.404 | | 60,730 | - | - | - |
| Total U.S. Election Assistance Commission | | | 60,730 | - | - | - |
| 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 | | 84,820 | - | - | - |
| Total Child Care Development Cluster | | | 84,820 | - | - | - |
| Temporary Assistance for Needy Families (TANF): | | | | | | |
| Temporary Assistance for Needy Families - Work First | 93.558 | | 345,704 | - | - | 89,530 |
| Total Temporary Assistance for Needy Families Cluster | | | 345,704 | - | - | 89,530 |
| Foster Care and Adoption Cluster | | | | | | |
| Foster Care - Title IV-E | 93.658 | | 138,179 | 27,283 | - | 63,366 |
| Adoption Assistance | 93.659 | | - | - | - | - |
| Foster Care | N/A | | 5,498 | - | - | 7,596 |
| Total Foster Care and Adoption Cluster | | | 143,677 | 27,283 | - | 70,962 |
| Medical Assistance Program | 93.778 | | 561,250 | 63 | - | 195,346 |
| Social Services Block Grant: | | | | | | |
| Social Services Block Grant - Adult Protective Service | 93.667 | | 22,317 | - | - | - |
| Social Services Block Grant - In Home Services | 93.667 | | 2,282 | - | - | 326 |
| Social Services Block Grant - Other Services and Training | 93.667 | | 91,642 | - | - | 30,547 |
| Total Social Services Block Grant | | | 116,241 | - | - | 30,873 |
| Promoting Safe and Stable Families | 93.556 | | 9,102 | - | - | - |
| Low-Income Home Energy Assistance Program: | | | | | | |
| Crisis Intervention Payments | 93.568 | | 42,090 | - | - | - |
| Low Income Energy Admin | 93.568 | | 15,102 | - | - | - |
| Low Income Home Energy Assistance Program | 93.568 | | 135,709 | - | - | - |
| LIEAP Covid-19 | 93.568 | | 58,142 | - | - | - |
| LIEAP Covid-19 Admin | 93.568 | | 3,649 | - | - | - |
| Total Low-Income Home Energy Assistance Program | | | 254,692 | - | - | - |
| Permanency Planning - Service & Admin | 93.645 | | 3,012 | - | - | 1,004 |
| Chafee Foster Care Independence Program | 93.674 | | 7,198 | 1,799 | - | - |
| LINKS/CHAFEE/NR-LINKS | 93.674 | | - | - | - | 5,036 |
| Child Support Enforcement | 93.563 | | 264,559 | 184 | - | 136,104 |

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

| Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|---|---------------------------|---|---|-----------------------|---------------------------------|-----------------------|
| Children's Health Insurance Program - N.C. Health Choice | 93.767 | | 10,001 | (104) | - | 1,957 |
| Passed through Albemarle Commission Council of Governments: | | | | | | |
| Division of Aging and Adult Services: | | | | | | |
| Aging Cluster | | | | | | |
| Special Programs for the Aging - Title III Part B | | | | | | |
| Grants for Supportive Services and Senior Centers | 93.044 | | 96,297 | - | - | - |
| Special Programs for the Aging - Title III Part C | | | | | | |
| Nutrition Services | 93.045 | | 50,118 | - | - | - |
| Total Aging Cluster | | | <u>146,415</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total U.S. Department of Health and Human Services | | | <u>1,946,671</u> | <u>29,225</u> | <u>-</u> | <u>530,812</u> |
| U.S. Department of Homeland Security | | | | | | |
| Passed through North Carolina Department of Public Safety | | | | | | |
| Emergency Management Program Fund | 97.042 | | 39,378 | - | - | - |
| Total U.S. Department of Homeland Security | | | <u>39,378</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| U.S. Department of Transportation | | | | | | |
| Passed through North Carolina Department of Transportation | | | | | | |
| DOT-8 | | | | | | |
| Airport Improvement Grant | 20.106 | 36237.40.13.1 | 816,303 | - | - | - |
| DOT-8 | | | | | | |
| Airport Improvement Grant | 20.106 | 36237.40.14.2 | 206,964 | 22,996 | - | - |
| DOT-8 | | | | | | |
| Covid-19 Airport Improvement Grant | 20.106 | 36237.40.14.1 | 20,000 | - | - | - |
| Total Airport Improvement | | | <u>1,043,267</u> | <u>22,996</u> | <u>-</u> | <u>-</u> |
| Public Transportation for Nonurbanized Areas | | | | | | |
| DOT-11 | | | | | | |
| Washington County, Admin | 20.509 | 36233.107.21.1 | 17,317 | 1,082 | - | - |
| DOT-14 | | | | | | |
| Washington County, Capital | 20.509 | 36233.107.22.3 | 121,280 | 15,160 | - | - |
| DOT-14 | | | | | | |
| Washington County, Capital | 20.509 | 36233.107.22.4 | 216 | 27 | - | - |
| COVID- 19 Washington County, Operating | 20.509 | 49233.65.1.2 | 140,207 | - | - | - |
| Total Public Transportation for Nonurbanized Areas | | | <u>279,020</u> | <u>16,269</u> | <u>-</u> | <u>-</u> |
| DOT-14 | | | | | | |
| FTA-Capital Program | 20.526 | 44637.55.1.3 | 93,200 | 11,650 | - | - |
| Total U.S. Department of Transportation | | | <u>1,415,487</u> | <u>50,915</u> | <u>-</u> | <u>-</u> |
| TOTAL FEDERAL AWARDS | | | <u>\$ 4,455,993</u> | <u>\$ 80,140</u> | <u>\$ 55,999</u> | <u>\$ 820,498</u> |
| 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 | | | \$ - | \$ 10,515 | \$ - | \$ - |
| Division of Social Services | | | | | | |
| ST Child Welfare/CPS/CS LD | | | - | 7,349 | - | - |
| County Founded Programs | | | - | - | - | 458,544 |
| Non-Allocating County Costs | | | - | - | - | 475,401 |
| Work First Non-Reimbursable | | | - | - | - | 35,865 |
| Foster Care At Risk Maximization | | | - | 5,823 | - | 2,109 |
| SFHF Maximization | | | - | 650 | - | 650 |
| State Foster Care Home | | | - | 10,701 | - | 10,701 |
| EXTENDED FC>20 STIPEND | | | - | 400 | - | - |
| COVID-19 FC STIPEND | | | - | 5,100 | - | - |
| Total North Carolina Department of Health and Human Services | | | <u>-</u> | <u>40,538</u> | <u>-</u> | <u>983,270</u> |

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

| Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|---|---------------------------|---|---|-----------------------|---------------------------------|-----------------------|
| North Carolina Department of Environmental Quality | | | | | | |
| Scrap Tire Program | | | - | 2,702 | - | - |
| Total North Carolina Department of Environmental Quality | | | - | 2,702 | - | - |
| North Carolina Department of Agriculture & Consumer Services | | | | | | |
| Division of Soil & Water | | | | | | |
| Stream Debris Removal Grant | | | - | 142,918 | - | - |
| Total North Carolina Department of Agriculture Consumer Services | | | - | 142,918 | - | - |
| North Carolina Department of Military and Veterans Affairs | | | | | | |
| Veterans Service | | | | | | |
| | | | - | 2,084 | - | - |
| Total North Carolina Department of Military and Veterans Affairs | | | - | 2,084 | - | - |
| North Carolina Department of Public Safety | | | | | | |
| Tier II Grant | | | | | | |
| | | | - | 1,000 | - | - |
| Juvenile Crime Prevention Program | | | | | | |
| JCPC Administration | | | - | 524 | - | - |
| Roanoke Area Youth | | | - | 49,736 | 49,736 | 4,974 |
| Washington County Youth | | | - | 16,765 | 16,765 | 1,676 |
| Total Juvenile Crime Prevention Program | | | - | 67,025 | 66,501 | 6,650 |
| Total North Carolina Department of Public Safety | | | - | 68,025 | 66,501 | 6,650 |
| North Carolina Department of Insurance | | | | | | |
| SHIIP Grant | | | | | | |
| | | | - | 4,554 | - | - |
| Total North Carolina Department of Insurance | | | - | 4,554 | - | - |
| North Carolina Department of Public Instruction | | | | | | |
| Public Scholl Building Capital Fund - Lottery Proceeds | | | | | | |
| | | | - | 87,407 | - | - |
| Total North Carolina Department of Public Instruction | | | - | 87,407 | - | - |
| North Carolina Department of Commerce | | | | | | |
| Economic Development Partnership of NC | | | | | | |
| North Carolina Tourism Recovery Grant | | | | | | |
| | | | - | 14,920 | - | - |
| Total North Carolina Department of Commerce | | | - | 14,920 | - | - |
| North Carolina State Board of Elections | | | | | | |
| One-Stop Worker Bonus Funds | | | | | | |
| | | | - | 6,592 | - | - |
| Total of North Carolina State Board of Elections | | | - | 6,592 | - | - |
| TOTAL STATE AWARDS | | | - | 369,740 | 66,501 | 989,920 |
| TOTAL FEDERAL AND STATE AWARDS | | | \$ 4,455,993 | \$ 449,880 | \$ 122,500 | \$ 1,810,418 |

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, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Washington County, it is not intended to and does not present the financial position, changes in net position or cash flows of Washington County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

WASHINGTON COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2021

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

Note 5: Benefit Payments Issued by the State

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

| <u>Program Title</u> | <u>CFDA No.</u> | <u>Federal</u> | <u>State</u> |
|--|-----------------|----------------|--------------|
| Supplemental Nutrition Assistance Program | 10.551 | \$ 7,624,408 | \$ - |
| Special Supplemental Nutrition Program for Women Infant and Children | 10.557 | 228,967 | - |
| Temporary Assistance for Needy Families | 93.558 | 83,718 | - |
| Adoption Assistance | 93.659 | 95,369 | 17,163 |
| Medical Assistance Program | 93.778 | 24,462,185 | 9,693,010 |
| Children's Health Insurance Program | 93.767 | 216,577 | 41,830 |
| State / County Special Assistance program | | - | 78,112 |