



2022

WASHINGTON COUNTY

ANNUAL FINANCIAL REPORT

**For Year Ended
June 30, 2022**

WASHINGTON COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2022

COUNTY MANAGER

Curtis S. Potter

BOARD OF COUNTY COMMISSIONERS

Tracey A. Johnson, Jr. - Chair

Ann C. Keyes

Julius Walker, Jr.

William R. Sexton, Jr.

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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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, 2022, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, North Carolina as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Washington County Tourism Development Authority for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Washington County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

Responsibilities of Management for the Audit of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Washington County's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards, we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Washington County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 – LEOSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSA, 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 81-91, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Washington County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and component unit schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, component unit schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2022 on our consideration of Washington 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Washington 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 14, 2022

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, 2022. 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, 2022:

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22,041,144 (*total net position*).

The County's total net position increased by \$3,579,610 over the prior fiscal year ended June 30, 2021. This was primarily because the County received grant funds from the American Rescue Plan. There was also a prior period adjustment that resulted in an increase in net position of \$613,133 in the landfill fund as a result of an updated engineering report concerning the postclosure costs. The original report relied on an inaccurately overstated estimated landfill capacity depletion value provided to the County by its paid landfill engineering consultant for FYE21. That report did not properly take into account the total landfill capacity. Following the completion of construction on Phase III of the landfill in FYE22, the consultant subsequently corrected the overstatement and report after multiple inquiries by staff regarding the validity of the originally provided estimated depletion value leading to the prior period adjustment.

The County's governmental funds reported combined ending fund balances of \$15,481,413 after a net increase of \$2,461,384 over the prior fiscal year ended June 30, 2021. Approximately 59.69% or \$9,240,633 of this total amount is nonspendable, restricted, committed, or assigned for a particular purpose.

Unassigned fund balance for the County's General Fund was \$6,240,780 or approximately 43.42% of the combined \$14,235,122 in total general fund expenditures and \$171,902 in transfers out of the general fund less lease proceeds issued of \$33,086.

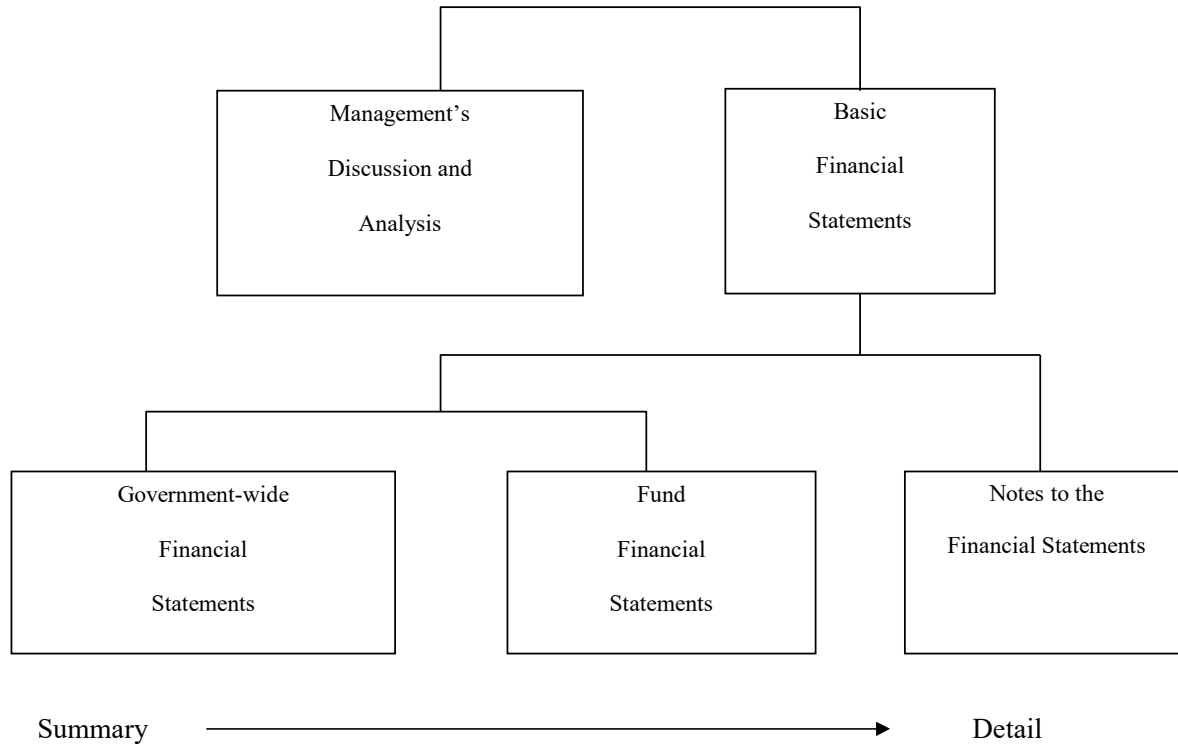
The County's total long term debt and liabilities decreased by \$1,550,255 from the prior fiscal year ended June 30, 2021 and is described in more detail within Note III(B) to the financial statements.

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.

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 81 of this report.

Government-Wide Financial Analysis

WASHINGTON COUNTY'S NET POSITION
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 17,676,877	\$ 15,757,763	\$ 3,329,514	\$ 3,115,588	\$ 21,006,391	\$ 18,873,351
Capital assets	19,656,211	19,946,263	6,139,542	6,367,003	25,795,753	26,313,266
Total assets	<u>37,333,088</u>	<u>35,704,026</u>	<u>9,469,056</u>	<u>9,482,591</u>	<u>46,802,144</u>	<u>45,186,617</u>
Total deferred outflows of resources	<u>3,365,951</u>	<u>2,842,589</u>	<u>269,515</u>	<u>185,619</u>	<u>3,635,466</u>	<u>3,028,208</u>
Long-term liabilities outstanding	16,228,310	17,090,329	5,332,228	6,188,246	21,560,538	23,278,575
Other liabilities	<u>1,414,232</u>	<u>1,840,008</u>	<u>574,077</u>	<u>524,026</u>	<u>1,988,309</u>	<u>2,364,034</u>
Total liabilities	<u>17,642,541</u>	<u>18,930,337</u>	<u>5,906,305</u>	<u>6,712,272</u>	<u>23,548,846</u>	<u>25,642,609</u>
Total deferred inflows of resources	<u>4,543,922</u>	<u>4,426,347</u>	<u>303,698</u>	<u>297,468</u>	<u>4,847,620</u>	<u>4,723,815</u>
Net position:						
Net investment in capital assets	19,612,779	19,831,805	2,639,633	2,645,954	22,252,412	22,477,759
Restricted	4,664,059	3,973,438	-	-	4,664,059	3,973,438
Unrestricted	<u>(5,764,262)</u>	<u>(8,615,312)</u>	<u>888,935</u>	<u>12,516</u>	<u>(4,875,327)</u>	<u>(8,602,796)</u>
Total net position	<u>\$ 18,512,576</u>	<u>\$ 15,189,931</u>	<u>\$ 3,528,568</u>	<u>\$ 2,658,470</u>	<u>\$ 22,041,144</u>	<u>\$ 17,848,401</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 \$22,041,141 (total net position) as of June 30, 2022. The County's total net position increased by \$3,579,610 during the fiscal year ended June 30, 2022. One of the largest portions \$22,252,412 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was used to acquire those items). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional \$4,664,059 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 (\$4,875,327) is unrestricted.

WASHINGTON COUNTY'S CHANGES IN NET POSITION
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,371,376	\$ 2,668,390	\$ 2,825,904	\$ 2,828,320	\$ 5,197,280	\$ 5,496,710
Operating grants and contributions	5,879,335	4,948,988	3,723	2,702	5,883,058	4,951,690
Capital grants and contributions	-	1,776,388	-	-	-	1,776,388
General revenues:						
Property taxes	8,481,541	8,543,453	-	-	8,481,541	8,543,453
Local option sales tax	3,042,472	2,285,332	-	-	3,042,472	2,285,332
Other taxes	241,638	301,978	-	-	241,638	301,978
Interest earnings	32,005	9,718	7,224	1,975	39,229	11,693
Miscellaneous	159,663	36,461	-	-	159,663	36,461
Total revenues	20,208,030	20,570,708	2,836,851	2,832,997	23,044,881	23,403,705
Expenses:						
General government	3,082,434	3,171,864	-	-	3,082,434	3,171,864
Public safety	3,784,528	3,698,624	-	-	3,784,528	3,698,624
Economic and physical development	779,610	632,752	-	-	779,610	632,752
Human services	6,447,242	7,785,718	-	-	6,447,242	7,785,718
Cultural and recreation	566,703	558,555	-	-	566,703	558,555
Education	2,223,055	2,222,407	-	-	2,223,055	2,222,407
Interest on long-term debt	1,813	4,084	-	-	1,813	4,084
Sanitation	-	-	1,493,713	1,290,900	1,493,713	1,290,900
Water	-	-	1,086,173	1,162,229	1,086,173	1,162,229
Total expenses	16,885,385	18,074,004	2,579,886	2,453,129	19,465,271	20,527,133
Increase (decrease) before transfers	3,322,645	2,496,704	256,965	379,868	3,579,610	2,876,572
Transfers	-	(35,000)	-	35,000	-	-
Change in net position	3,322,645	2,461,704	256,965	414,868	3,579,610	2,876,572
Net position, beginning	15,189,931	12,687,930	2,658,470	2,243,602	17,848,401	14,931,532
Restatements / Prior Period Adj	-	40,297	613,133	-	613,133	40,297
Net position, beginning, as restated	15,189,931	12,728,227	3,271,603	2,243,602	18,461,534	14,971,829
Net position, ending	\$ 18,512,576	\$ 15,189,931	\$ 3,528,568	\$ 2,658,470	\$ 22,041,144	\$ 17,848,401

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities: Governmental activities increased the County's net position by \$3,292,642 accounting for approximately 92.82% 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 95.87%.

\$1,699,182 received from the American Rescue Plan Act funds transferred into the General Fund and EMS Fund as eligible revenue replacement along with an overall reduction in unspent grant liabilities.

Continued increases in the amount of overall sales tax revenue.

Management's continuing proactive stance and policy to monitor countywide spending to hold expenses within budget.

Business-type activities. Business-type activities increased the County's net position by \$256,965 accounting for approximately 7.18% of the total net position increase. Key elements of this increase are as follows:

A prior period adjustment resulting in an increase in net position of \$613,133 in the landfill fund which was previously negative as a result of an updated engineering report concerning the postclosure costs. The original report relied on an inaccurately overstated estimated landfill capacity depletion value provided to the County by its paid landfill engineering consultant for FYE21. That report did not properly take into account the total landfill capacity. Following the completion of construction on Phase III of the landfill in FYE22, the consultant subsequently corrected the overstatement and report after multiple inquiries by staff regarding the validity of the originally provided estimated depletion value leading to the prior period adjustment.

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, 2022, the County's total General Fund fund balance reached \$12,093,361 which is a \$2,311,670 or 23.63% increase over the \$9,781,691 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 20% 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 \$6,240,780 or approximately 43.42% of the combined \$14,235,122 in total general fund expenditures and \$171,902 in transfers out of the general fund less lease liabilities issued of \$33,086 for the fiscal year ended June 30, 2022. Total fund balance represents approximately 84.13% of that same amount.

The Emergency Medical Services Fund is also a major governmental fund. The Emergency Medical Services Fund reported a net decrease in the fund balance of \$17,747. Transfers in to the fund from the County totaled \$383,987 for the fiscal year ended June 30, 2022. The fund balance of this fund is reported as restricted for public safety services.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The American Rescue Plan (ARPA) Fund is also a major governmental fund. The ARPA Fund reported no net change in fund balance and no fund balance, as all unspent amounts are considered unearned revenues.

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 decreased total budgeted revenues by \$959,436 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 \$888,935. The total increase in net position for these funds was \$256,965. Net position in the Water Fund increased by \$319,741 primarily due to a reduction in overall expenses, while net position in the Sanitation Fund (as restated in this Audit) decreased by \$62,776, primarily due to revenues being insufficient to offset higher landfill expenses.

For the fiscal year ended June 30, 2022 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, 2022, the solid waste user fee increased from \$275 to \$300 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, 2022, totals \$25,795,753 (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,371,800	\$ 2,371,800	\$ 330,158	\$ 330,158	\$ 2,701,958	\$ 2,701,958
Buildings and improvements	15,466,701	15,864,605	5,680,596	5,920,971	21,147,297	21,785,576
Machinery and equipment	813,560	624,179	67,542	80,462	881,102	704,641
Vehicles	1,004,150	1,085,679	61,246	23,320	1,065,396	1,108,999
Construction in progress	-	-	-	12,092	-	12,092
Total	\$ 19,656,211	\$ 19,946,263	\$ 6,139,542	\$ 6,367,003	\$ 25,795,753	\$ 26,313,266

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset transactions during the year include:

- 6 new Sheriff Vehicles (2 Ram Trucks, 4 Chargers)
- 911 equipment (Workstations and Radios)
- Board Of Elections Voting Machines
- 3 new roofs

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, 2022, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of \$3,164,000, all of which will be repaid from future water revenues.

WASHINGTON COUNTY'S OUTSTANDING DEBT

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Direct Placement agreements	\$ 43,212	\$ 114,458	\$ -	\$ -	\$ 43,212	\$ 114,458
Revenue bonds	-	-	3,164,000	3,357,147	3,164,000	3,357,147
Direct Borrowing agreements	-	-	335,909	363,902	335,909	363,902
Lease liability	18,601	-	-	-	18,601	-
Closure & post-closure costs	-	-	1,414,247	1,977,850	1,414,247	1,977,850
Compensated absences	550,458	480,709	36,744	32,670	587,202	513,379
Net pension liability (LGERS)	1,058,970	2,561,443	72,976	176,516	1,131,946	2,737,959
Net pension liability (LEOSSA)	330,627	337,089	-	-	330,627	337,089
Net pension liability (Hospital)	5,649,737	5,933,573	-	-	5,649,737	5,933,573
Net OPEB liability	8,772,386	7,734,303	604,530	532,992	9,376,916	8,267,295
Total	\$ 16,423,991	\$ 17,161,575	\$ 5,628,406	\$ 6,441,077	\$ 22,052,397	\$ 23,602,652

Washington County’s total debt and liabilities decreased by \$1,583,341 during the past fiscal year primarily due to principal payments on outstanding debt offset by refunding of Water Revenue Bonds and 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.

Economic Factors and Next Year’s Budgets and Rates

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

General Indicators: The NC Department of Commerce continues to designate Washington County as Tier 1 pursuant to the Development Tier Rankings System implemented pursuant to NCGS 143B-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 2022 Tiers Memo published by the NC Department of Commerce on 11/30/2021 unless otherwise indicated.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The County continues to face significant population decline. According to the US Census Bureau, the 2020 Census revealed a 16.8% decrease in population from 2010 to 2020, with an April 2020 est. population of 11,003, and a July 2021 est. population of 10,892.

The est. median annual household income decreased from \$36,171 in 2017 to \$36,042 in 2018.

According to the US Census Bureau's July 1, 2021 estimates, Washington County's estimated overall poverty level increased from its previous estimate of 21.3% to 24.3% .

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 statewide economic distress ranking for Washington County improved slightly from 3rd most distressed to 5th most distressed.

Agricultural Indicators: Agriculture continues to serve as one of the County's primary economic strengths. According to the 2021 edition of the annual "NC Agricultural Statistics" or 2021 Ag Stat Book for the 2020 crop year, agricultural operations within the County generated an estimated \$80,683,088 in combined cash receipts, of which \$51,055,960 was generated by Crops, and \$16,153,111 was generated by Livestock, Dairy, and Poultry. The County ranked 42nd in total statewide cash receipts compared to 44th last year.

Solar Industry: 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, although this does not account for indirect economic loss sustained by the community due to the lack of agricultural operations associated with each lost acre of farmland.

Health Industry: 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 along with a variety of other healthcare related facilities. WRMC was purchased by Affinity Health Partners in April of 2020 following a long period of instability and uncertainty after an involuntary reorganizational bankruptcy proceeding. Despite continuing to face significant challenges under the current regulatory and economic environment for small rural CAH hospitals, the facility has undergone several major improvements, staffing has been maintained, and services have expanded including significant COVID19 related services.

In addition to continuing to support the primary care and ancillary services clinic in Creswell, NC which is operated by FQHCC Roanoke Chowan Community Healthcare Services, in FY22 Washington County also assisted FQHCC Agape Health Services with opening its new location in downtown Plymouth, NC which is expected to begin operations in late 2022.

Utility Industry: 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. Several additional ARPA enabled capital improvement projects are also underway to improve municipal water system interconnections as well as a variety of general improvements to improve the efficiency and long term viability of the County water system.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Education: Washington County began working in earnest with the Washington County School System in mid FY22 to jointly pursue potential state funding to help plan and facilitate the construction of a new PK12 combined school facility. \$50,000,000 in state funding has been secured and plans are underway to finance and construct the new facility beginning in 2023 which will also serve to consolidate all grades into a single campus with the exception of the Early College students by a target date of late 2024.

Other: Washington County secured \$3,000,000 in state funding to construct a new Emergency Management, Aviation, Economic Development multi-use facility to be located at the Plymouth Airport. In addition to serving Aviation and regional Emergency Management operations, this facility will also serve as a primary site to highlight and conduct economic development opportunities in the coming years for the continued betterment of Washington County.

Budget Highlights for Fiscal Year Ending June 30, 2023

Government Activities:

The FY23 Ad valorem Tax Rate remained unchanged at \$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 FY23 General Fund budget as originally adopted for FY23 was \$20,028,159 compared to the final total amended General Fund budget for FY22 of \$15,878,456 and included:

\$3,854,430 in available fund balance allocated for use toward offsetting substantial increased funding for the Washington County Hospital Employee Retirement Pension Plan, and a significant number of ARPA funding enabled one-time Capital Outlay Items/Projects as described below.

\$2,050,000 was allocated for the Retirement Pension Plan for former Washington County Hospital Employees representing a substantial increase over prior years reflecting the recommendations by staff and commitment by the Board to insure the adequate funding of this liability for the foreseeable future.

\$1,735,000 was allocated to the Washington County School System for current expenses, and \$400,000 for School Capital Outlay Funding.

\$1,059,000 was allocated for a variety of major Capital Outlay Items including: \$195,000 for Tax Software; \$175,000 for Viper Radios in the Sheriff's Office; \$125,000 for 3 Sheriff Replacement Vehicles; \$120,000 for Roof/HVAC Repair Reserves; \$100,000 for Viper Radios in the EMS Dept; \$90,000 for resurfacing the MTW Parking Lot; \$80,000 for Renovating the Recreation Gym Bathrooms; \$70,000 for replacing Detention Cameras and Plumbing; \$54,000 for DSS Building Repairs; \$50,000 for replacing 2 DSS Vehicles.

Major Interfund Transfers included: \$600,000 transferred to the County Projects/Grants Fund for use in building the County's new Emergency Management/Airport Terminal Multipurpose Facility; \$525,000 transferred to the Water Fund to facilitate ARPA enabled Capital Improvement Projects for the County Water System; \$468,066 (representing 4 collected cents of projected tax revenue plus an additional \$100,000 for ARPA funding enabled Capital Outlay Items) to the EMS Fund; \$92,016 (1 collected cent of projected tax revenue) out to the Airport Fund, and \$40,000 out to the Revaluation Fund.

A Special Revenue Fund was created pursuant to a Grant Project Ordinance adopted July 6th, 2021 to account for the \$2,249,279 in total funding received from the American Rescue Plan Act (ARPA) of which approximately \$1,699,182 was used as Revenue Replacement in FY22, with the remainder budgeted for use as Revenue Replacement in FY23 except for a \$100,000 Great Grant Match.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Type Activities:

The original FY23 Water Fund budget totals \$1,926,700 which is an increase from the original FY22 budget of \$1,532,441 primarily related to an usual \$525,000 ARPA enabled transfer from the General Fund to fund specific capital improvement projects identified below.

The base rate and consumption rate water charges did not change from FY22 for FY23.

\$200,000 was allocated to facilitate municipal interconnection repairs

\$150,000 was allocated to replace the SCADA system.

\$125,000 was allocated to install perimeter fencing at the water treatment facility.

\$107,000 was allocated for replacement meters and mobile asset management & collecting systems.

The original FY23 Sanitation Fund budget totals \$1,431,906 which is a slight decrease from the original FY22 budget of \$1,447,583. For FY23:

The annual solid waste user fee remained unchanged from FY22 at \$300.

The Residential Use Credit for landfill tipping remained unchanged from FY22 at (1) ton per account.

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, 2022

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Washington Travel and Tourism Authority	Washington County ABC
ASSETS					
Cash and cash investments	\$ 14,164,002	\$ 2,654,171	\$ 16,818,173	\$ 173,127	\$ 395,973
Taxes receivable (net)	866,361	-	866,361	-	-
Accounts receivables (net)	334,405	518,867	853,272	23,505	-
Due from other governments	1,356,571	8,096	1,364,667	330	-
Internal balances	48,459	(48,459)	-	-	-
Prepaid assets	135,735	-	135,735	-	-
Inventories	-	28,439	28,439	-	204,459
Restricted cash and cash equivalents	738,705	168,400	907,105	-	-
Net pension asset	14,258	-	14,258	-	-
Capital assets:					
Non-depreciable	2,371,800	330,158	2,701,958	-	-
Depreciable, net of depreciation	17,284,411	5,809,384	23,093,795	-	38,132
Total capital assets	19,656,211	6,139,542	25,795,753	-	38,132
Right to use leased asset, net of amortization	18,381	-	18,381	-	-
Total assets	\$ 37,333,088	\$ 9,469,056	\$ 46,802,144	\$ 196,962	\$ 638,564
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,758,825	\$ 113,357	\$ 1,872,182	\$ -	\$ 27,395
OPEB related items	1,607,126	110,751	1,717,877	-	-
Deferred charges on refunding	-	45,407	45,407	-	-
Total deferred outflows of resources	\$ 3,365,951	\$ 269,515	\$ 3,635,466	\$ -	\$ 27,395
LIABILITIES					
Accounts payable	\$ 184,015	\$ 82,831	\$ 266,846	\$ 3,881	\$ 170,840
Accrued liabilities	370,035	21,414	391,449	-	-
Customer deposits	-	168,400	168,400	-	-
Interest payable	565	5,254	5,819	-	-
Unspent Grant Proceeds	663,935	-	663,935	-	-
Long-term liabilities:					
Due within one year	195,682	296,178	491,860	-	-
Due in more than one year	16,228,310	5,332,228	21,560,538	-	58,001
Total long-term liabilities	16,423,991	5,628,406	22,052,397	-	58,001
Total liabilities	\$ 17,642,541	\$ 5,906,305	\$ 23,548,846	\$ 3,881	\$ 228,841
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	\$ 78,479	\$ -	\$ 78,479	\$ -	\$ -
Pension related items	1,606,554	106,684	1,713,238	-	27,968
OPEB related items	2,858,889	197,014	3,055,903	-	-
Total deferred inflows of resources	\$ 4,543,922	\$ 303,698	\$ 4,847,620	\$ -	\$ 27,968
NET POSITION					
Net investment in capital assets	\$ 19,612,779	\$ 2,639,633	\$ 22,252,412	\$ -	\$ 38,132
Restricted for:					
Stabilization by State Statute	1,539,585	-	1,539,585	23,835	-
Public safety	406,253	-	406,253	-	-
Education	1,246,258	-	1,246,258	-	-
Economic and physical development	716,910	-	716,910	-	-
Human Services	755,053	-	755,053	-	-
Capital improvements	-	-	-	-	50,000
Working capital	-	-	-	-	43,799
Unrestricted (deficit)	(5,764,262)	888,935	(4,875,327)	169,246	277,219
Total net position	\$ 18,512,576	\$ 3,528,568	\$ 22,041,144	\$ 193,081	\$ 409,150

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

Washington County, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Washington Travel and Tourism Authority	Washington County ABC
Primary government:									
Governmental Activities:									
General government	\$ 3,082,434	\$ 214,761	\$ 1,395,674	\$ -	\$ (1,471,999)	\$ -	\$ (1,471,999)	\$ -	\$ -
Public safety	3,784,528	371,500	402,469	-	(3,010,559)	-	(3,010,559)	-	-
Economic and physical development	779,610	65,015	358,770	-	(355,825)	-	(355,825)	-	-
Human services	6,447,242	1,717,828	3,722,422	-	(1,006,992)	-	(1,006,992)	-	-
Education	2,223,055	-	-	-	(2,223,055)	-	(2,223,055)	-	-
Cultural and recreation	566,703	2,272	-	-	(564,431)	-	(564,431)	-	-
Interest on long-term debt	1,813	-	-	-	(1,813)	-	(1,813)	-	-
Total governmental activities	<u>16,885,385</u>	<u>2,371,376</u>	<u>5,879,335</u>	<u>-</u>	<u>(8,634,674)</u>	<u>-</u>	<u>(8,634,674)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Sanitation	1,493,713	1,427,214	3,723	-	-	(62,776)	(62,776)	-	-
Water	1,086,173	1,398,690	-	-	-	312,517	312,517	-	-
Total business-type activities	<u>2,579,886</u>	<u>2,825,904</u>	<u>3,723</u>	<u>-</u>	<u>-</u>	<u>249,741</u>	<u>249,741</u>	<u>-</u>	<u>-</u>
Total primary government	<u>19,465,271</u>	<u>5,197,280</u>	<u>5,883,058</u>	<u>-</u>	<u>(8,634,674)</u>	<u>249,741</u>	<u>(8,384,933)</u>	<u>-</u>	<u>-</u>
Component Units:									
Travel and Tourism Authority	145,375	-	-	-	-	-	-	(145,375)	-
Washington County ABC Board	1,122,255	1,137,916	-	-	-	-	-	-	15,661
Total component units	<u>\$ 1,267,630</u>	<u>\$ 1,137,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,375)</u>	<u>15,661</u>
General revenues:									
Ad valorem taxes					8,481,541	-	8,481,541	-	-
Sales and use taxes					3,042,472	-	3,042,472	-	-
Occupancy taxes					-	-	-	162,693	-
Other taxes					241,638	-	241,638	-	-
Investment earnings					32,005	7,224	39,229	-	107
Miscellaneous					159,663	-	159,663	-	-
Transfers					-	-	-	-	-
Total general revenues					<u>11,957,319</u>	<u>7,224</u>	<u>11,964,543</u>	<u>162,693</u>	<u>107</u>
Change in net position					3,322,645	256,965	3,579,610	17,318	15,768
Net position, beginning, as previously reported					15,189,931	2,658,470	17,848,401	175,763	393,382
Prior year restatement - change in accounting principle					-	613,133	613,133	-	-
Net position, beginning, as restated					<u>15,189,931</u>	<u>3,271,603</u>	<u>18,461,534</u>	<u>175,763</u>	<u>393,382</u>
Net position, end of year					<u>\$ 18,512,576</u>	<u>\$ 3,528,568</u>	<u>\$ 22,041,144</u>	<u>\$ 193,081</u>	<u>\$ 409,150</u>

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

Washington County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General Fund</u>	<u>Emergency Medical Services Fund</u>	<u>American Rescue Plan Fund</u>	<u>Nonmajor Governmental Funds</u>	
ASSETS					
Cash	\$ 11,134,989	\$ 726,647	\$ -	\$ 2,302,366	\$ 14,164,002
Taxes receivable, net	749,075	-	-	-	749,075
Accounts receivable	69,568	257,036	-	7,801	334,405
Due from other governments	1,157,980	6,542	-	192,049	1,356,571
Due from other funds	48,459	-	-	-	48,459
Restricted cash and cash equivalents	85,838	-	550,097	102,770	738,705
Prepaid expenses	135,735	-	-	-	135,735
Total assets	<u>\$ 13,381,644</u>	<u>\$ 990,225</u>	<u>\$ 550,097</u>	<u>\$ 2,604,986</u>	<u>\$ 17,526,952</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 148,741	\$ 21,980	\$ -	\$ 13,294	\$ 184,015
Accrued liabilities	300,920	66,598	-	2,517	370,035
Unspent Grant Proceeds	11,068	-	550,097	102,770	663,935
Total liabilities	<u>460,729</u>	<u>88,578</u>	<u>550,097</u>	<u>118,581</u>	<u>1,217,985</u>
DEFERRED INFLOWS OF RESOURCES					
Reserve for taxes receivable	749,075	-	-	-	749,075
Prepaid taxes	78,479	-	-	-	78,479
Total deferred inflows of resources	<u>827,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>827,554</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	135,735	-	-	-	135,735
Restricted:					
Stabilization by State Statute	1,276,007	263,578	-	-	1,539,585
Public Safety	-	-	-	406,253	406,253
Human Services	-	638,069	-	116,984	755,053
Education	-	-	-	1,246,258	1,246,258
Economic and physical development	-	-	-	716,910	716,910
Committed:					
Tax revaluation	85,838	-	-	-	85,838
Assigned:					
Hospital pension plan	500,571	-	-	-	500,571
Subsequent year's expenditures	3,854,430	-	-	-	3,854,430
Unassigned:					
Total fund balances	<u>12,093,361</u>	<u>901,647</u>	<u>-</u>	<u>2,486,405</u>	<u>15,481,413</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,381,644</u>	<u>\$ 990,225</u>	<u>\$ 550,097</u>	<u>\$ 2,604,986</u>	<u>\$ 17,526,952</u>

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

Washington County, North Carolina
Balance Sheet
Governmental Funds Reconciliation to the Statement of Net Position
June 30, 2022

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

Total Fund Balance - Governmental Funds	\$ 15,481,413
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,656,211
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,381
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	117,286
Net Pension Asset	14,258
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	638,950
ROD	745
Pension related deferrals	
LGERS	1,005,994
ROD	2,344
LEOSSA	90,045
HOSPITAL	15,006
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	373,963
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	749,075
Pension Related Deferrals	
LGERS	(1,548,100)
ROD	(524)
LEOSSA	(57,930)
OPEB related deferrals	(1,625,726)
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	(61,813)
Compensated absences	(550,458)
Net OPEB Liability	(8,772,386)
Net Pension Liability	(6,708,707)
Total Pension Liability	(330,627)
Accrued interest payable	(565)
Net position of governmental activities	<u>\$ 18,512,576</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 Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>Major</u>	<u>American</u>	<u>Non-Major</u>	<u>Total</u>
	<u>Emergency</u>	<u>Rescue Plan</u>	<u>Nonmajor</u>	<u>Governmental</u>
	<u>Medical</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
	<u>General Fund</u>	<u>Services Fund</u>	<u>Governmental</u>	<u>Funds</u>
REVENUES				
Property taxes	\$ 8,510,284	\$ -	\$ -	\$ 8,510,284
Other taxes	1,394	-	185,908	187,302
Sales taxes	2,384,129	-	658,344	3,042,473
Unrestricted intergovernmental	50,469	-	-	50,469
Restricted intergovernmental	3,619,118	-	1,699,182	5,934,593
Permits and fees	264,069	-	-	264,069
Sales and services	257,272	1,710,743	-	2,033,030
Investment earnings	29,932	2,073	-	32,005
Miscellaneous	182,548	-	-	182,548
Total revenues	<u>15,299,215</u>	<u>1,712,816</u>	<u>1,699,182</u>	<u>20,236,773</u>
EXPENDITURES				
Current:				
General government	3,155,326	-	-	3,155,326
Public safety	3,782,146	-	245,030	4,027,176
Economic and physical development	198,852	-	541,724	740,576
Human services	4,817,068	2,040,724	-	7,041,786
Education	1,735,000	-	488,055	2,223,055
Cultural and recreational	532,105	-	-	532,105
Debt service:				
Principal retirements	14,486	71,245	-	85,731
Interest and fiscal charges	139	2,581	-	2,720
Total expenditures	<u>14,235,122</u>	<u>2,114,550</u>	<u>-</u>	<u>17,808,475</u>
Excess (deficiency) of revenues over expenditures	<u>1,064,093</u>	<u>(401,734)</u>	<u>1,699,182</u>	<u>2,428,298</u>
OTHER FINANCING SOURCES (USES)				
Lease liabilities issued	33,086	-	-	33,086
Transfers in	1,386,393	383,987	-	1,871,084
Transfers out	(171,902)	-	(1,699,182)	(1,871,084)
Total other financing sources and uses	<u>1,247,577</u>	<u>383,987</u>	<u>(1,699,182)</u>	<u>33,086</u>
Net change in fund balance	2,311,670	(17,747)	-	2,461,384
Fund balance, beginning	9,781,691	919,394	-	13,020,029
Fund balances-ending	<u>\$ 12,093,361</u>	<u>\$ 901,647</u>	<u>\$ -</u>	<u>\$ 15,481,413</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 Balance
Governmental Funds with reconciliation to Statement of Activities
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds	\$ 2,461,384
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	768,565
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	(1,057,731)
Gain (Loss) on Disposals - amount by which cost exceeded accumulated depreciation on retired assets	(886)
Right to use assets are recorded in the fund statements but capitalized as assets in the statement of activities	33,086
Amortization expense, the allocation of those assets value over their remaining lease term, that is recorded on the statement of activities but not in the fund statements.	(14,705)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	639,695
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.	373,963
Contributions to the Hospital Pension Plan	320,000
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(33,086)
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	85,731
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)	907
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(69,749)
County's portion of collective pension expense	(514,620)
OPEB (Expense) Revenue	353,092
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	(9,502)
Increase (decrease) in accrued taxes receivable	(19,240)
Total changes in net position of governmental activities	<u><u>\$ 3,322,645</u></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 Balances -
Budget and Actual - Annually Budgeted Major Governmental Funds
For the Year Ended June 30, 2022

	General Fund			Variance With Final Positive Negative
	Original Budget	Final Budget	Actual	
Revenues:				
Property taxes	\$ 8,465,225	\$ 8,465,225	\$ 8,510,284	\$ 45,059
Other taxes and licenses	1,300	1,300	1,394	94
Sales tax	2,068,204	2,068,204	2,384,129	315,925
Unrestricted intergovernmental	90,000	56,914	50,469	(6,445)
Restricted intergovernmental	3,805,322	4,340,501	3,619,118	(721,383)
Permits and fees	230,500	247,580	264,069	16,489
Sales and services	213,377	216,507	257,272	40,765
Investment earnings	6,000	6,000	29,797	23,797
Miscellaneous	4,000	39,618	182,548	142,930
Total revenues	<u>14,883,928</u>	<u>15,441,849</u>	<u>15,299,080</u>	<u>(142,769)</u>
Expenditures				
Current:				
General government	3,463,657	3,712,132	3,155,326	556,806
Public safety	4,198,947	4,598,076	3,782,146	815,930
Economic and physical development	202,332	205,108	198,852	6,256
Human services	5,119,622	5,509,544	4,817,068	692,476
Cultural and recreational	583,914	592,071	532,105	59,966
Intergovernmental:				
Education	1,735,000	1,747,000	1,735,000	12,000
Contingency	25,000	247,433	-	247,433
Debt service:				
Principal retirements	-	14,485	14,486	(1)
Interest	-	141	139	2
Total expenditures	<u>15,328,472</u>	<u>16,625,990</u>	<u>14,235,122</u>	<u>2,390,868</u>
Revenues over (under) expenditures	<u>(444,544)</u>	<u>(1,184,141)</u>	<u>1,063,958</u>	<u>2,248,099</u>
Other financing sources (uses):				
Lease liabilities issued	-	33,086	33,086	-
Transfers in	-	1,362,957	1,386,393	23,436
Transfers out	(549,984)	(211,902)	(211,902)	-
Appropriated fund balance	994,528	-	-	-
Total other financing sources (uses)	<u>444,544</u>	<u>1,184,141</u>	<u>1,207,577</u>	<u>23,436</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,271,535</u>	<u>\$ 2,271,535</u>
Fund balances:				
Beginning of year, July 1			<u>9,735,988</u>	
End of year, June 30			<u>\$12,007,523</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			135	
Transfer from General Fund			40,000	
Expenditures			-	
Fund balance, beginning of year			<u>45,703</u>	
Fund balance, ending (Exhibit 4)			<u>\$12,093,361</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 Balances -
Budget and Actual - Annually Budgeted Major Governmental Funds
For the Year Ended June 30, 2022

	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	130,000	130,000	-	(130,000)
Permits and fees	-	-	-	-
Sales and services	1,516,100	1,549,900	1,710,743	160,843
Investment earnings	-	-	2,073	2,073
Miscellaneous	-	-	-	-
Total revenues	<u>1,646,100</u>	<u>1,679,900</u>	<u>1,712,816</u>	<u>32,916</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human services	2,192,099	2,263,297	2,040,724	222,573
Cultural and recreational	-	-	-	-
Intergovernmental:				
Education	-	-	-	-
Contingency	-	-	-	-
Debt service:				
Principal retirements	71,246	71,246	71,245	1
Interest	2,582	2,582	2,581	1
Total expenditures	<u>2,265,927</u>	<u>2,337,125</u>	<u>2,114,550</u>	<u>222,575</u>
Revenues over (under) expenditures	<u>(619,827)</u>	<u>(657,225)</u>	<u>(401,734)</u>	<u>255,491</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Transfers in	383,987	383,987	383,987	-
Transfers out	-	-	-	-
Appropriated fund balance	234,840	272,238	-	(272,238)
Total other financing sources (uses)	<u>619,827</u>	<u>657,225</u>	<u>383,987</u>	<u>(273,238)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(17,747)</u>	<u>\$ (17,747)</u>
Fund balances:				
Beginning of year, July 1			919,394	
End of year, June 30			<u>\$ 901,647</u>	

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

Washington County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2022

Exhibit 6

	Sanitation Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 587,909	\$ 2,066,262	\$ 2,654,171
Accounts receivable (net)	339,052	179,815	518,867
Due from other governments	1,364	6,732	8,096
Inventories	-	28,439	28,439
Due from other funds	547,603	-	547,603
Restricted - cash and cash equivalents	-	168,400	168,400
Total current assets	<u>1,475,928</u>	<u>2,449,648</u>	<u>3,925,576</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	294,294	35,864	330,158
Depreciable (net)	36,999	5,772,385	5,809,384
Total noncurrent assets	<u>331,293</u>	<u>5,808,249</u>	<u>6,139,542</u>
Total assets	<u>1,807,221</u>	<u>8,257,897</u>	<u>10,065,118</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	21,873	91,484	113,357
OPEB related items	21,370	89,381	110,751
Deferred charges on refunding	-	45,407	45,407
Total deferred outflows of resources	<u>43,243</u>	<u>226,272</u>	<u>269,515</u>
LIABILITIES			
Current liabilities:			
Accounts payable	80,157	2,674	82,831
Accrued liabilities	3,413	18,001	21,414
Accrued interest payable	-	5,254	5,254
Customer deposits	-	168,400	168,400
Due to other funds	-	596,062	596,062
Compensated absences payable	243	8,943	9,186
Bonds payable	-	259,000	259,000
Note payable	-	27,992	27,992
Total current liabilities	<u>83,813</u>	<u>1,086,326</u>	<u>1,170,139</u>
Noncurrent liabilities:			
Bonds payable	-	2,905,000	2,905,000
Note payable	-	307,917	307,917
Landfill post-closure	1,414,247	-	1,414,247
Compensated absences payable	728	26,830	27,558
Net pension liability	14,081	58,895	72,976
Net OPEB liability	116,649	487,881	604,530
Total noncurrent liabilities	<u>1,545,705</u>	<u>3,786,523</u>	<u>5,332,228</u>
Total liabilities	<u>1,629,518</u>	<u>4,872,849</u>	<u>6,502,367</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	20,586	86,098	106,684
OPEB related items	38,015	158,999	197,014
Total deferred inflows of resources	<u>58,601</u>	<u>245,097</u>	<u>303,698</u>
NET POSITION			
Net investment in capital assets	331,293	2,308,340	2,639,633
Unrestricted	(168,948)	1,057,883	888,935
Total net position	<u>\$ 162,345</u>	<u>\$ 3,366,223</u>	<u>\$ 3,528,568</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 Year Ended June 30, 2022

	Sanitation Fund	Water Fund	Totals
Revenues:			
Operating Revenues:			
Charges for Services	\$ 1,427,214	\$ 1,388,212	\$ 2,815,426
Tap and connection fees	-	10,478	10,478
Miscellaneous	-	-	-
Total Operating Revenues	<u>1,427,214</u>	<u>1,398,690</u>	<u>2,825,904</u>
Expenditures:			
Operating Expenses:			
Landfill and collections	1,487,365	-	1,487,365
Treatment plant	-	259,876	259,876
Operations and maintenance	-	489,863	489,863
Depreciation	6,348	258,924	265,272
Total Expenditures	<u>1,493,713</u>	<u>1,008,663</u>	<u>2,502,376</u>
Operating income (loss)	<u>(66,499)</u>	<u>390,027</u>	<u>323,528</u>
Nonoperating Revenues (Expenses)			
Restricted intergovernmental	3,723	-	3,723
Investment earnings	-	7,224	7,224
Interest Expense	-	(77,510)	(77,510)
Total Nonoperating Revenues (Expenses)	<u>3,723</u>	<u>(70,286)</u>	<u>(66,563)</u>
Income (Loss) before transfers	(62,776)	319,741	256,965
Transfers in	-	-	-
Change in net position	<u>(62,776)</u>	<u>319,741</u>	<u>256,965</u>
Total net position, beginning	(388,012)	3,046,482	2,658,470
Prior Period Adjustment (see Note VIII)	<u>613,133</u>	<u>-</u>	<u>613,133</u>
Total net position, ending	<u>\$ 162,345</u>	<u>\$ 3,366,223</u>	<u>\$ 3,528,568</u>

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

Washington County, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2022

	Sanitation Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,422,777	\$ 1,408,003	\$ 2,830,780
Payments to suppliers	(1,362,882)	(356,516)	(1,719,398)
Payments to employees	(71,223)	(437,375)	(508,598)
Net cash provided (used) by operating activities	<u>(11,328)</u>	<u>614,112</u>	<u>602,784</u>
Cash flows from noncapital financing activities			
Restricted intergovernmental receipts	3,723	-	3,723
Due to / from	(257,816)	295,166	37,350
Net cash provided (used) by noncapital financial activities	<u>(254,093)</u>	<u>295,166</u>	<u>41,073</u>
Cash flows from capital and related financing activities:			
Purchases and acquisition of capital assets	-	(49,902)	(49,902)
Principal payments on long-term debt	-	(290,993)	(290,993)
Payment to refunded bond escrow agent	-	(3,357,147)	(3,357,147)
Refunding Revenue bonds issued	-	3,427,000	3,427,000
Interest paid and bond issuance cost	-	(128,038)	(128,038)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(399,080)</u>	<u>(399,080)</u>
Cash flows from investing activities:			
Interest received	-	7,224	7,224
Net cash provided (used) by investing activities	<u>-</u>	<u>7,224</u>	<u>7,224</u>
Net increase (decrease) in cash and cash equivalents	(265,421)	517,422	252,001
Cash and cash equivalents, July 1	<u>853,330</u>	<u>1,717,240</u>	<u>2,570,570</u>
Cash and cash equivalents, June 30	<u>\$ 587,909</u>	<u>\$ 2,234,662</u>	<u>\$ 2,822,571</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (66,499)	\$ 390,027	\$ 323,528
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	\$ 6,348	\$ 258,924	\$ 265,272
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(4,434)	3,854	(580)
(Increase) decrease in inventory	-	1,303	1,303
(Increase) decrease in deferred outflows - pension	(2,654)	(11,102)	(13,756)
(Increase) decrease in deferred outflows - OPEB	(4,772)	(19,961)	(24,733)
Increase (decrease) in accounts payable	2,518	226	2,744
Increase (decrease) in accrued liabilities	1,134	2,491	3,625
Increase (decrease) in post-closure liability	61,622	-	61,622
Increase (decrease) in compensated absences payable	381	3,693	4,074
Increase (decrease) in net pension liability	(19,979)	(83,561)	(103,540)
Increase (decrease) in OPEB liability	13,804	57,734	71,538
Increase (decrease) in deferred inflows - pension	19,902	83,235	103,137
Increase (decrease) in deferred inflows - OPEB	(18,699)	(78,208)	(96,907)
Increase (decrease) in customer deposits	-	5,457	5,457
Total adjustments	<u>55,171</u>	<u>224,085</u>	<u>279,256</u>
Net cash provided (used) by operating activities	<u>\$ (11,328)</u>	<u>\$ 614,112</u>	<u>\$ 602,784</u>

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

Washington County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Pension Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 118,344	\$ 45,705
Taxes receivable for other governments, net	-	29,693
Total Assets	<u>118,344</u>	<u>75,398</u>
Liabilities		
Accounts payable	-	-
Due to other governments	-	47,780
Total liabilities	<u>-</u>	<u>47,780</u>
Net position		
Restricted for:		
Pension benefits	118,344	-
Individuals, organizations, and other governments	-	27,618
Total fiduciary net position	<u>\$ 118,344</u>	<u>\$ 27,618</u>

Washington County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Pension Trust Fund	Custodial Funds
Additions		
Interest earnings	\$ 74	\$ -
Employer contributions	300,000	-
Ad valorem taxes for other governments	-	465,287
Collections on behalf of inmates	-	77,103
Total Additions	<u>300,074</u>	<u>542,390</u>
Deductions		
Benefit payments	294,662	-
Tax distributions to other governments	-	459,715
Payments on behalf of inmates	-	83,009
Total Deductions	<u>294,662</u>	<u>542,724</u>
Net increase in fiduciary net position	5,412	(334)
Net position, beginning, as previously reported	<u>112,932</u>	<u>27,952</u>
Net position, ending	<u>\$ 118,344</u>	<u>\$ 27,618</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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. The Washington County ABC Board (the Board), which has a June 30 year end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The Washington County Travel & Tourism Authority exists to promote tourism within the County. The members of the Authority’s Board has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County’s Annual Financial Report.

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

Discretely Presented Component Unit

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

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

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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

The **American Rescue Plan Fund** accounts for funds received to assist with Coronavirus relief.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 ten legally budgeted non-major funds. The Emergency Telephone System, Drainage, Airport, NC Housing Finance Single Family Rehab, CRF Pandemic Recovery, Grant Projects, Representative Payee Funds, and Opioid Settlement Fund 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.

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

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

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

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

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, School Capital Outlay Fund, Drainage Fund, Sanitation Fund, Water Fund, Emergency Medical Services Fund, Airport Grants Fund, Airport Operations Fund, DSS Trust & FC Deposits Fund, Special Projects & Grants Fund, Travel & Tourism Fund, (Emergency Telephone Fund, Tax Mapping and Revaluation Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the American Rescue Plan (ARPA) Fund and Opioid Settlement Fund.

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

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

1. Deposits and Investments

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

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

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

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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	\$ 85,838
Grant Project Fund	Unspent Grant Proceeds	84,270
Opioid Settlement Fund	Unexpended Settlement Proceeds	18,500
ARPA Fund	Unspent Grant Proceeds	550,097
Total Governmental Activities		\$ 738,705
Business-type Activities		
Water Fund	Customer deposits	\$ 168,400
Total Business-type Activities		\$ 168,400
Total Restricted Cash		\$ 907,105

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, 2021. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

6. Inventories and Prepaid Items

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

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

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

7. Capital Assets

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

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

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

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

8. Right to use assets

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. 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 three items that meet this criterion - pension deferrals, OPEB deferrals, and deferred charges on refunding.

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.

10. 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.

11. 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

12. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$18,500 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

13. Reimbursements for Pandemic-related Expenditures

In FY21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$2,249,279 of fiscal recovery funds to be paid in two equal installments. The first installment of \$1,124,640 was received in June 2021 and reported in the FY21 audit as deferred revenue. The second installment was received in June 2022 of which \$550,097 is reported in the FY22 audit as deferred revenue. The County staff and the Board of Commissioners have elected to use all of the ARPA funds for revenue replacement split between FY22 and FY23 except for \$100,000 which has been allocated for use as the County's eligible match for the NC Great Grant to facilitate the faster expansion of countywide highspeed broad band services. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds has been determined.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

14. 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

15. 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.

16. 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.

17. 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

None reported.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

NOTE III: Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2022, The County's deposits had a carrying amount of \$11,939,492 and a bank balance of \$12,434,107. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remaining balance of \$12,184,107 was covered by collateral held under the Pooling Method. The County had cash on hand totaling \$1,150.

At June 30, 2022, the carrying amount of deposits for Washington County Travel and Tourism Authority was \$0, and the bank balance was \$0. The Authority is part of the Central Depository account of the County, so all cash balances are shown as internal balance accounts.

At June 30, 2022, the carrying amount of deposits for Washington County ABC Board was \$394,773, and the bank balance was \$394,772. \$250,000 of the bank balance was covered by federal depository insurance. Cash on hand amounted to \$1,200 at year end.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Investments

As of June 30, 2022, 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	\$ 6,004,618	\$ 6,004,618	\$ -	\$ -
Total:		\$ 6,004,618	\$ 6,004,618	\$ -	\$ -

*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.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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>
2018	\$ 1,194,693	\$ 176,217	\$ 1,370,910
2019	1,208,452	69,486	1,277,938
2020	1,208,127	69,467	1,277,594
2021	1,173,454	67,474	1,240,928
Total	\$ 4,784,726	\$ 382,644	\$ 5,167,370

4. Receivables

Receivables at the government-wide level at June 30, 2022, were as follows:

	<u>Accounts</u>	<u>Taxes Receivable</u>	<u>Interest Receivable</u>	<u>Due from Other Govts</u>	<u>Total</u>
Governmental Activities:					
General	\$ 69,568	\$ 929,188	\$ 117,286	\$ 1,157,980	\$ 2,274,022
Emergency Services	2,238,835	-	-	6,542	2,245,377
Other Governmental	7,801	-	-	192,049	199,850
Total Receivables	2,316,204	929,188	117,286	1,356,571	4,719,249
Less allowance for uncollectible	(1,981,799)	(180,113)	-	-	(2,161,912)
Total - Governmental Activities	\$ 334,405	\$ 749,075	\$ 117,286	\$ 1,356,571	\$ 2,557,337
Business-type Activities					
Sanitation	\$ 390,023	\$ -	\$ -	\$ 1,364	\$ 391,387
Water	304,334	-	-	6,732	311,066
Total Receivables	694,357	-	-	8,096	702,453
Allowance for doubtful accounts	(175,490)	-	-	-	(175,490)
Total - Business-type Activities	\$ 518,867	\$ -	\$ -	\$ 8,096	\$ 526,963

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

Local Option Sales Tax, Other DOR Revenues	\$ 814,832
Sales Tax Refund	86,788
NCVTS	83,760
Other Grants	365,484
Total - Due from other Governments	\$ 1,350,864

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

5. Capital Assets

Capital asset activity for the County for the year ended June 30, 2022 is as follows:

<u>Governmental Activities:</u>	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 2,371,800	\$ -	\$ -	\$ -	\$ 2,371,800
Total capital assets not being depreciated	<u>2,371,800</u>	-	-	-	<u>2,371,800</u>
Other capital assets:					
Buildings & Improvements	19,826,649	173,654	-	-	20,000,303
Machinery and equipment	3,591,193	390,257	758,172	-	3,223,278
Vehicles	2,988,337	204,654	185,705	(71,839)	2,935,447
Total other capital assets at historical cost	<u>26,406,179</u>	<u>768,565</u>	<u>943,877</u>	<u>(71,839)</u>	<u>26,159,028</u>
Less accumulated depreciation for:					
Buildings & Improvements	3,962,044	571,558	-	-	4,533,602
Machinery and equipment	2,967,014	199,990	757,286	-	2,409,718
Vehicles	1,902,658	286,183	185,705	(71,839)	1,931,297
Total other capital assets at historical cost	<u>8,831,716</u>	<u>\$ 1,057,731</u>	<u>\$ 942,991</u>	<u>\$ (71,839)</u>	<u>8,874,617</u>
Other capital assets, net	<u>17,574,463</u>				<u>17,284,411</u>
Governmental activities capital assets, net	<u>\$ 19,946,263</u>				<u>\$ 19,656,211</u>

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

Governmental Activities	
General government	\$ 425,770
Public Safety	363,076
Economic development	71,560
Human services	137,096
Recreation	60,229
	<u>\$ 1,057,731</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Business-type activities:

	Beginning Balances	Increases	Decreases	Transfers	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	306,386	-	(12,092)	-	294,294
Other capital assets:					
Furniture and equipment	329,802	-	-	-	329,802
Vehicles	58,879	-	-	-	58,879
Total other capital assets	388,681	-	-	-	388,681
Less accumulated depreciation for:					
Furniture and equipment	286,455	6,348	-	-	292,803
Vehicles	58,879	-	-	-	58,879
Total accumulated depreciation	345,334	\$ 6,348	\$ -	\$ -	351,682
Total Sanitation capital assets, net	\$ 349,733				\$ 331,293
	Beginning Balances	Increases	Decreases	Transfers	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	135,246	49,902	(24,967)	71,840	232,021
Total other capital assets	11,500,995	49,902	(24,967)	71,840	11,597,770
Less accumulated depreciation for:					
Plant and distribution systems	5,181,868	240,375	-	-	5,422,243
Furniture and equipment	225,795	6,572	-	-	232,367
Vehicles	111,926	11,976	(24,967)	71,840	170,775
Total accumulated depreciation	5,519,589	\$ 258,923	\$ (24,967)	\$ 71,840	5,825,385
Total Water Fund capital assets, net	6,017,270				5,808,249
Business-type activities capital assets, net	\$ 6,367,003				\$ 6,139,542

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2022, 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	21,192	16,093	-	37,285
Equipment and Furniture	81,490	-	-	81,490
Total other capital assets	170,955	16,093	-	187,048
Less accumulated depreciation for:				
Buildings	65,969	1,365		67,334
Leasehold improvements	2,372	2,412	-	4,784
Equipment and Furniture	81,490	-	-	81,490
Total accumulated depreciation	149,831	\$ 3,777	\$ -	153,608
Capital assets, net	<u>\$ 25,816</u>			<u>\$ 38,132</u>

Construction Commitments

The County has no active construction project as of June 30, 2022.

Right to Use Leased Assets

The County has recorded one right to use leased asset discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Right to use assets				
Leased building	\$ -	\$ 33,086	\$ -	\$ 33,086
Total right to use assets	-	33,086	-	33,086
Less accumulated amortization for:				
Leased building	-	14,705	-	14,705
Total accumulated amortization	-	14,705	-	14,705
Right to use assets, net	<u>\$ -</u>	<u>\$ 18,381</u>	<u>\$ -</u>	<u>\$ 18,381</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2022, were as follows :

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 148,741	\$ 300,920	\$ 449,661
Emergency Medical Services Fund	21,980	66,598	88,578
Other Governmental	13,294	2,517	15,811
Total Governmental Activities	\$ 184,015	\$ 370,035	\$ 554,050
Business-Type Activities			
Sanitation	\$ 80,157	\$ 3,413	\$ 83,570
Water	2,674	18,001	20,675
Total Business-Type Activities	\$ 82,831	\$ 21,414	\$ 104,245

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

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

Contributions. Contribution provisions are established by General Statute 128 30 and may be amended only by the North Carolina General Assembly. The Washington County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Washington County's contractually required contribution rate for the year ended June 30, 2022, was 11.90% of compensation for law enforcement officers and 11.35% 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 \$682,982 for the year ended June 30, 2022.

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, 2022

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

At June 30, 2022, the County reported a liability of \$1,131,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022, the County's proportion was 0.0738% (measured as of June 30, 2021), which was a decrease of 0.0028% from its proportion measured as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$463,348. At June 30, 2022, 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	\$ 360,113	\$ -
Changes of assumptions	711,152	-
Net difference between projected and actual earnings on pension plan investments	-	1,617,213
Changes in proportion and differences between County Contributions and proportionate share of contributions	4,055	37,571
County contributions subsequent to the measurement date	682,982	-
Total	\$ 1,758,302	\$ 1,654,784

\$682,982 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	\$ 82,985
2024	(42,009)
2025	(125,563)
2026	(494,877)
Total	\$ (579,464)

Actuarial Assumptions . The total pension liability as of June 30, 2022 was determined by the December 31, 2021 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Inflation	2.50
Salary Increases	3.25% to 8.25%, which includes a 3.25% inflation and productivity factor
Investment Rate of Return	6.5 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 review for LGERS for the period January 1, 2015 through December 31, 2019.

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, 2022 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>	

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 4,394,125	\$ 1,131,947	\$ (1,552,635)

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.

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2020, the date of the most recent actuarial valuation the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Active plan members	19
Total	<u>20</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2020 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	2.25 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, 2020 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.

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.

Washington County, North Carolina
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For the Year Ended June 30, 2022

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, 2022, the County reported a total pension liability of \$330,627. The total pension liability was measured as of June 30, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$32,170.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 85,277	\$ 9,531
Difference between expected and actual experience	4,768	48,399
Benefit payments and administrative expenses subsequent to the measurement date	5,741	-
Total	\$ 95,786	\$ 57,930

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, 2023. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 7,127
2024	3,475
2025	9,840
2026	11,375
2027	2,302
Thereafter	(2,004)
Total	\$ 32,115

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 2.25 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 (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

Washington County, North Carolina
Notes to the Financial Statements
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	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)	
Total pension liability	\$ 356,225	\$ 330,627	\$ 306,959	

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

	<u>2022</u>
Beginning balance	\$ 337,089
Service Cost	24,611
Interest	6,395
Experience differences	(18,008)
Assumption changes	(7,978)
Benefit payments	(11,482)
Ending balance of the total pension liability	<u>\$ 330,627</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at June 30, 2020 (measurement date) to 2.25 percent at June 30, 2021 (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.

The actuarial assumptions used in the December 31, 2020 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022 were \$297,800 which consisted of \$34,427 from the County for law enforcement officers and \$134,810 from the County for non law enforcement employees. The employee's contributions were \$128,564.

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.

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 \$745 for the year ended June 30, 2022.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

At June 30, 2022, the County reported an asset of \$14,258 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2021, the County's proportion was 0.0742%, which was a decrease of 0.0042% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$1,424. At June 30, 2022, 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	\$ 152	\$ 173
Changes of assumptions	1,040	-
Net difference between projected and actual earnings on pension plan investments		44
Changes in proportion and differences between County Contributions and proportionate share of contributions	1,152	307
County contributions subsequent to the measurement date	745	-
Total	\$ 3,089	\$ 524

\$745 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June				
2023	\$	964		
2024		557		
2025		(33)		
2026		332		
Total	\$	1,820		

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25% - 8.25%
Investment Rate of	3.00%, 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, 2020 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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, 2022 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.00%. 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.

Washington County, North Carolina
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Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 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 one percentage point lower (2.00 percent) or one percentage point higher (4.00 percent) than the current rate:

	1% Decrease <u>(2.00%)</u>	Discount Rate <u>(3.00%)</u>	1% Increase <u>(4.00%)</u>
County's proportionate share of the net pension liability (asset)	(11,325)	(14,258)	(16,722)

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%

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:

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

<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.

At January 1, 2022, the Pension Plan’s membership consisted of:

Retirees receiving benefits	80
Terminated plan members entitled to deferred benefits	88
Total	168

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2021 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2021. In the employer financial statements, the County used a measurement date for the net pension liability of June 30, 2021.

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

Mortality	Pre-Retirement - Base Table: RP-2014 Total Dataset Improvement Scale: Prior Year MP-2019 for 2020; Current Year MP-2020 for 2021 Projection Period: Fully Generational Post-Retirement - RP-2014 Total Dataset with adjustments for Males for ages 50-78, 124% for Males 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	3.00%, net of investment expenses, including inflation
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. 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, 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%

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 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, 2023 (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 (3.00%) was applied to year 1 - 3 (1/1/2021 - 12/31/2023) of projected benefit payments, as well as those funded benefit payments during 2022 and a bond rate of 2.16% was applied to benefit payments thereafter. The bond rate of 2.18% is from the Bond Buyer General Obligation 20-year Municipal Bond Index. The discount rate used to measure total pension liability has changed from 2.22% as of June 30, 2020 to 2.18% as of June 30, 2018. 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, 2022, measured as of June 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2021	\$ 6,027,554	\$ 93,981	\$ 5,933,573
Changes for the year:			
Interest	130,488	-	130,488
Differences between expected and actual experience	(65,495)	-	(65,495)
Assumption Changes	(28,829)	-	(28,829)
Contributions - employer	-	320,000	(320,000)
Net investment income (loss)	-	-	-
Benefits payments	(301,049)	(301,049)	-
Administrative expenses	-	-	-
Net changes	(264,885)	18,951	(283,836)
Balances at June 30, 2022	\$ 5,762,669	\$ 112,932	\$ 5,649,737

The Plan's fiduciary net position as a percentage of the total pension liability 1.96%

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

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 expense of \$47,550. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 15,006	\$ -
Total	<u>\$ 15,006</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	
2023	\$ 9,540
2024	3,145
2025	1,494
2026	827
Total	<u>\$ 15,006</u>

Plan Disclosures

The County's total pension liability as of June 30, 2021, for the Hospital Plan, was determined by an actuarial valuation as of January 1, 2022 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2022.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Mortality	Base Table: PubG-2010 Amount-Weighted General Table with the following adjustments: Rates for male members multiplied by 105.5% at all ages. Rates for female members are multiplied by 95% for ages under 76, increased by 1% for each age up to age 90 and by 110% for all ages greater than 89.
Salary Increases	0% Plan was frozen on March 2, 2007
Long-term expected rate of return on investments	1.15%
Discount Rate	3.54%

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, 2022 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, 2022, the annual money weighted rate of return on investments of the Hospital Pension trust fund, net of investment expense, was 0.0%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total pension liability was 3.54%. 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 60% of the required contribution for years 1 through 4. The 60% is based on an average of actual contributions compared to the actuarially determined contribution made over the last five years. After year 4, 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2025 (or 4 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 (greater of 3.00% or bond rate of 3.54%) was applied to year 1 - 4 (1/1/22 - 12/31/25) of projected benefit payments, as well as those funded benefit payments during 2026 and a bond rate of 3.54% was applied to benefit payments thereafter.

Net Pension Liability of the County. The components of the net pension liability of the County at June 30, 2022 were as follows:

Total Pension Liability	\$ 4,878,044
Plan Fiduciary Net Position	<u>118,344</u>
Net Pension Liability	<u>\$ 4,759,700</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	2.43%

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

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the County, calculated using the discount rate of 3.54%, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate:

	1% Decrease <u>(2.54%)</u>	Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
County's net pension liability	\$ 5,375,690	\$ 4,759,700	\$ 4,253,848

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

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

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Notes to the Financial Statements
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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>HOSPITAL</u>	<u>Total</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 1,131,947	\$ (14,258)	\$ -	\$ 5,649,737	\$ 6,767,426
Proportionate of the Net Pension Liability (Asset)	0.0738%	0.0742%	n/a	n/a	n/a
Total Pension Liability	-	-	330,627	-	330,627
Pension Expense	463,348	1,424	32,170	47,550	544,492

	<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	360,113	152	4,768	-	365,033
Changes of assumptions	711,152	1,040	85,277	-	797,469
Net difference between project and actual earnings on plan investments	-	-	-	15,006	15,006
Changes in proportion and differences between contributions and proportionate share of contributions	4,055	1,152	-	-	5,207
Benefit payments and administrative costs paid subsequent to the measurement date	682,982	745	5,741	-	689,468

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>HOSPITAL</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>					
Difference between expected and actual experience	-	173	48,399	-	48,572
Changes of assumptions	-	-	9,531	-	9,531
Net difference between projected and actual earnings on plan investments	1,617,213	44	-	-	1,617,257
Changes in proportion and differences between contributions and proportionate share of contributions	37,571	307	-	-	37,878

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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.

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

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

Contributions . By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay as you go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 6.68% through January 2022, and then 5.90% for February 2022 through June 2022, which amounted to \$399,734.

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, 2022, the County reported a liability of \$9,376,916 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the County's proportion was 0.0338%, which was an increase over the prior year proportion by 0.00400%.

For the year ended June 30, 2021, the County recognized OPEB revenue of \$320,707 and noncapital contributions of \$56,718. At June 30, 2022, 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, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,360	\$ 174,548
Changes of assumptions	766,951	2,278,794
Net difference between projected and actual earnings on pension plan investments	-	4,797
Changes in proportion and differences between County Contributions and proportionate share of contributions	495,833	597,764
County contributions subsequent to the measurement date	399,734	-
Total	\$ 1,717,878	\$ 3,055,903

The amount reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date, of \$399,734, will be recognized as an increase of the net OPEB liability in the year ending June 30, 2023. 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	
2023	\$ 1,082,977
2024	615,458
2025	35,442
2026	150,207
2027	(146,325)
Total	\$ 1,737,759

Actuarial Assumptions. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of December 31, 2020 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, 2021:

Inflation Rate	3.00%
Salary increases based on service:	Law Enforcement Officers: 8.10% grading down to 3.50%; General Employees: 3.50% to 7.55%
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	
Medical	6.00% grading down to 5.00% by 2026 for non-MA coverage; 5.0% for MA coverage
Prescription drug	9.50% grading down to 5.00% by 2030
Administrative costs	3.00%
Post-Retirement Mortality Rates	The Plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general employee, or law enforcement officer) and health status (i.e. disabled or not disabled). The current mortality rates are based on published tables and 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
Notes to the Financial Statements
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Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.16%. 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 2.16% rate is based on the Bond Buyer 20 year General Obligation Index as of June 30, 2021.

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 (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 11,153,705	\$ 9,376,916	\$ 7,937,916

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	\$ 7,593,720	\$ 9,376,916	\$ 11,742,489

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
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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

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Pensions - difference between expected and actual experience		
LGERS	\$ 360,113	\$ -
Register of Deeds	152	173
LEOSSA	4,768	48,399
OPEB	55,360	174,548
Changes of Assumptions		
LGERS	711,152	-
Register of Deeds	1,040	-
LEOSSA	85,277	9,531
OPEB	766,951	2,278,794
Pensions - difference between projected and actual investment		
LGERS	-	1,617,213
Register of Deeds	-	44
Hospital	15,006	-
OPEB	-	4,797
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	4,055	37,571
Register of Deeds	1,152	307
OPEB	495,833	597,764

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Deferred Outflows and Inflows of Resources (continued)

Contributions to pension plan in current fiscal year		
LGERS	682,982	-
Register of Deeds	745	-
Benefit payments/administration costs paid subsequent to the measurement date		
LEOSSA	5,741	-
OPEB	399,734	-
Deferred charges on refunding (Water)	45,407	
Prepaid taxes (General)	-	78,479
Taxes receivable, net (General)	-	749,075
	<u>\$ 3,635,468</u>	<u>\$ 5,596,695</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 (which is subject to change as the County expands different portions of its landfill site for use) as of each balance sheet date. The \$1,414,247 reported as landfill closure and post closure care liability at June 30, 2022 represents a cumulative amount reported to date based on the use of 70.9% percent of the total estimated capacity of the landfill. Due primarily to the recent expansion of the County's landfill capacity, 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 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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 monthly, and 80/20 plan is a minimum of \$50 monthly for Comprehensive Major Medical Plan. As of June 30, 2022, the County had 150 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, 2022 was North Carolina State Health Plan for medical.

6. Contingent Liabilities

At June 30, 2022, 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

7. Long-Term Obligations

a. Lease Liability

On 07/01/2021, Washington County, NC entered into a 27 month lease as Lessee for the use of 204 & 204B East Water Street. An initial lease liability was recorded in the amount of \$33,086. As of 06/30/2022, the value of the lease liability is \$18,601. Washington County is required to make monthly fixed payments of \$1,225 for October 2021 thru September 30, 2022, increasing to \$1,250 for October 1, 2022 thru September 30, 2023. The lease has an interest rate of 0.5930%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$33,086 with accumulated amortization of \$14,705 is included in the Right to Use asset note. Washington County has 1 extension option(s), each for 12 months.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 14,855	\$ 70	\$ 14,925
2024	3,746	4	3,750
	<u>\$ 18,601</u>	<u>\$ 74</u>	<u>\$ 18,675</u>

b. 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. \$ -

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. 43,212

Total serviced by the General Fund

\$ 43,212

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 43,212	\$ 972	\$ 44,184
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
Total	\$ 43,212	\$ 972	\$ 44,184

c. 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.

	\$ 335,910
Total Revolving Loan	\$ 335,910

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

Year Ending <u>June 30</u>	Business-type Activities	
	Revolving Loans	
	Principal	Interest
2023	\$ 27,992	\$ -
2024	27,992	-
2025	27,992	-
2026	27,992	-
2027	27,992	-
2028-2032	139,962	-
2033-2037	55,988	-
Total	\$ 335,910	\$ -

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

d. 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, 2022 was \$494,537. 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, 2022 was \$2,637,771. 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 July 2021, the County issued a \$3,427,000 direct placement water revenue bond with a term of 12 years to refund both the previously refunded \$776,180 and \$4,140,000 water revenue advance refunding bonds. The interest rate on the bonds is 2.08% and is payable annually on June 1. The balance due at June 30, 2022 was \$3,164,000. 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. As a result of the refunding, the County will recognize \$319,333 in savings.

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, 2022, is as follows:

Operating Revenues	\$ 1,398,690	
Operating Expenses*	749,739	
Operating income	<u>648,951</u>	
Nonoperating revenues (expenses)**	<u>8,218</u>	
Income available for debt service	657,169	
Debt service, principal and interest paid (Revenue Bond only)	\$ 341,504	
All debt service (excluding interest included in nonoperating expenditures above)		\$ 369,496
Debt service coverage ratio	192.43%	177.86%

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Revenue Bonds (continued)

*Per rate covenants, this does not include depreciation expense of \$258,924.

**Does not include revenue bond interest paid of \$78,504.

Year Ending June 30	Business-type Activities Revenue Bonds		
	Principal	Interest	Total
	2023	\$ 259,000	\$ 66,128
2024	264,000	60,715	324,715
2025	270,000	55,197	325,197
2026	276,000	49,554	325,554
2027	282,000	43,786	325,786
2028-2032	1,495,000	128,222	1,623,222
2033-2037	318,000	6,646	324,646
Total	\$ 3,164,000	\$ 410,248	\$ 3,574,248

e. 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, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct purchase agreements	\$ 114,458	\$ -	\$ 71,246	\$ 43,212	\$ 43,212
Lease Liability	-	33,086	14,485	18,601	14,855
Net pension liability - LGERS	2,561,443	-	1,502,473	1,058,970	-
Net pension liability - Hospital	5,933,573	-	283,836	5,649,737	-
Total pension liability - LEOSSA	337,089	-	6,462	330,627	-
Compensated absences	480,709	75,094	5,345	550,458	137,615
Net OPEB liability	7,734,303	1,038,083	-	8,772,386	-
Total	\$ 17,161,575	\$ 1,146,263	\$ 1,883,847	\$ 16,423,991	\$ 195,682
Business-type Activities:					
Revenue bonds	\$ 3,357,147	\$ 3,427,000	\$ 3,620,147	\$ 3,164,000	\$ 259,000
Direct borrowing agreement	363,902	-	27,993	335,909	27,992
Closure & post-closure liability	1,364,717	49,530	-	1,414,247	-
Net pension liability - LGERS	176,516	-	103,540	72,976	-
Net OPEB liability	532,992	71,538	-	604,530	-
Compensated absences	32,670	4,074	-	36,744	9,186
Total	\$ 5,827,944	\$ 3,552,142	\$ 3,751,680	\$ 5,628,406	\$ 296,178

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2022 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sanitation Fund	Water Fund	\$ 547,603
General Fund	Water Fund	48,459
		<u>\$ 596,062</u>

The above balances resulted from the County using the General Fund as the Central Depository Fund instead as opposed to separately reflecting cash balances for each respective fund.

Interfund transfers:

Transfer from General Fund to Emergency Medical Services Fund to provide resources for services.	\$ 45,905
Transfer from General Fund to Airport Fund to provide resources for services.	95,997
Transfer from General Fund to Revaluation Fund to accumulate resources for future revaluations.	40,000
Transfer from General Fund to Projects/Grant Fund to provide local matches required for the project.	30,000
Transfer from the Single Family Rehab fund to the General Fund to transfer remaining funds to close out the project.	25,293
Transfer from the American Rescue Fund to the General Fund to transfer grant proceeds for revenue replacement.	1,361,100
Transfer from the American Rescue Fund to the Emergency Medical Services Fund to transfer grant proceeds for revenue replacement.	<u>338,082</u>
	<u>\$ 1,936,377</u>

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 19,674,592	\$ 6,139,542
less: long-term debt	(61,813)	(3,499,909)
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 19,612,779</u>	<u>\$ 2,639,633</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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:

Total Fund Balance - General Fund	\$ 12,093,361
Less:	
Nonspendable (Prepays)	135,735
Stabilization by State Statute	1,276,007
Tax revaluation	85,838
Hospital pension plan	500,571
Subsequent year's expenditures	3,854,430
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	\$ 6,240,780

The County had no outstanding encumbrances at June 30, 2022.

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, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$192,479 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 201 E. 3rd Street, Plymouth, NC 27962.

The County also participates in a joint venture to operate Martin, Tyrell, Washington Health Department with two other local governments. The County government appoints certain board members to the board of the Health Department per State statute. The County has an ongoing financial responsibility for the joint venture because the Health Department's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2022.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Joint Ventures (continued)

In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$219,281 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, 2022. 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 \$10,461 to the Commission during the fiscal year ended June 30, 2022.

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 \$3,782 to the Authority during the fiscal year ended June 30, 2022.

NOTE VI: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Coronavirus Disease (COVID-19)

During FY20, 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 FY21, FY22, and FY23 operations and financial results including the receipt of considerable special revenues from state and federal sources which are required to be spent according to a variety of evolving state and federal rules and regulations applicable to such funding. Management believes the County is taking appropriate actions to mitigate negative impacts. 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 14, 2022, the date the financial statements were available to be issued.

NOTE VIII: Prior Period Adjustment

The County's third party landfill engineering consultant made an error in its original calculations and report submitted to the County and relied upon in the County's preparation of its FY21 Audit regarding total estimated landfill capacity and related postclosure cost. The error was made due to the engineer's failure to take the County's most recent landfill cell expansion into account as part of the capacity and post closure calculations and final report. As a result of correcting this error, for FY22 the County was required to record a prior period adjustment in the landfill fund that decreased the beginning liability balance, thereby increasing net position in the landfill fund by \$613,133.

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
- ~ 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
- ~ Schedule of County Contributions - Retiree Health Benefit Fund

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

Local Government Employees' Retirement System					
	2022	2021	2020	2019	2018
County's proportion of the net pension liability (asset) (%)	0.07381%	0.07662%	0.07759%	0.08395%	0.09239%
County's proportion of the net pension liability (asset) (\$)	\$ 1,131,947	\$ 2,737,959	\$ 2,118,922	\$ 1,991,581	\$ 1,411,463
County's covered payroll	\$ 5,897,855	\$ 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	19.19%	48.94%	37.88%	36.46%	24.92%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%
	2017	2016	2015	2014	
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, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Nine Fiscal Years

Local Government Employees' Retirement System					
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 682,982	\$ 604,026	\$ 506,719	\$ 438,370	\$ 415,080
Contributions in relation to the contractually required contribution	682,982	604,026	506,719	438,370	415,080
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 6,092,504	\$ 5,897,855	\$ 5,594,658	\$ 5,594,314	\$ 5,461,694
Contributions as a percentage of covered payroll	11.21%	10.24%	9.06%	7.84%	7.60%
	2017	2016	2015	2014	
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, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportionate share of the net pension liability (asset) %	0.0742%	0.0784%	0.0735%	0.0856%	0.1319%
County's proportionate share of the net pension liability (asset) \$	\$ (14,258)	\$ (17,965)	\$ (14,518)	\$ (14,170)	\$ (22,512)
Plan fiduciary net position as a percentage of the total pension liability	156.53%	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, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's required contribution	\$ 745	\$ 891	\$ 751	\$ 3,964	\$ 732
Contributions in relation to contractually required contribution	745	891	751	3,964	732
Contribution deficiency (excess)	<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	1,146	981	986	799	
Contribution deficiency (excess)	<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, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	2022	2021	2020
Beginning Balance	\$ 337,089	\$ 227,178	\$ 204,301
Service Cost	24,611	15,733	17,056
Interest on the total pension liability	6,395	7,219	7,402
Differences between expected and actuarial experience in the measurement of the total pension liability	(18,008)	(16,042)	(6,171)
Changes of assumptions and other inputs	(7,978)	114,483	6,504
Benefit payments	(11,482)	(11,482)	(1,914)
Ending balance of total pension liability	<u>\$ 330,627</u>	<u>\$ 337,089</u>	<u>\$ 227,178</u>
	2019	2018	2017
Beginning Balance	\$ 241,776	\$ 181,532	\$ 162,914
Service Cost	15,492	15,660	16,885
Interest on the total pension liability	7,640	7,007	5,816
Differences between expected and actuarial experience in the measurement of the total pension liability	(53,800)	22,838	-
Changes of assumptions and other inputs	(6,807)	14,739	(4,083)
Benefit payments	-	-	-
Ending balance of total pension liability	<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, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 330,627	\$ 337,089	\$ 227,178
Covered payroll	697,595	732,551	761,006
Total pension liability as a percentage of covered payroll	47.40%	46.02%	29.85%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 204,301	\$ 241,776	\$ 181,532
Covered payroll	670,259	808,505	780,374
Total pension liability as a percentage of covered payroll	30.48%	29.90%	23.26%

Notes to the schedules:

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

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

Washington County, North Carolina
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Hospital Employee's Pension Fund
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability										
Interest on total pension liability	\$ 122,432	\$ 130,488	\$ 176,272	\$ 168,692	\$ 152,817	\$ 155,151	\$ 170,440	\$ (5,142)	\$ 361,544	\$ 93,162
Assumption changes	(884,414)	(28,829)	877,648	731,966	(390,245)	-	1,206,409	-	-	-
Benefit payments, including refunds of employee contributions	(294,662)	(301,049)	(311,979)	(259,077)	(240,197)	(244,897)	-	-	-	-
Differences between expected and actual experience	172,019	(65,495)	94,630	62,128	(5,590)	13,300	18,685	-	-	-
Net change in total pension liability	(884,625)	(264,885)	836,571	703,709	(483,215)	(76,446)	1,395,534	(5,142)	361,544	93,162
Total pension liability - beginning	<u>5,762,669</u>	<u>6,027,554</u>	<u>5,190,983</u>	<u>4,487,274</u>	<u>4,970,489</u>	<u>5,046,935</u>	<u>3,651,401</u>	<u>3,656,543</u>	<u>3,294,999</u>	<u>3,201,837</u>
Total pension liability - ending (a)	<u>\$ 4,878,044</u>	<u>\$ 5,762,669</u>	<u>\$ 6,027,554</u>	<u>\$ 5,190,983</u>	<u>\$ 4,487,274</u>	<u>\$ 4,970,489</u>	<u>\$ 5,046,935</u>	<u>\$ 3,651,401</u>	<u>\$ 3,656,543</u>	<u>\$ 3,294,999</u>
Plan fiduciary net position										
Contributions employer	\$ 300,000	\$ 320,000	\$ 330,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 61,142
Net investment income	74	-	62	-	-	17,875	53,517	(12,484)	89,132	139,082
Benefit payments, including refunds of employee contributions	(294,662)	(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	5,412	18,951	18,275	(259,077)	(240,197)	(228,524)	(198,394)	(255,816)	(47,595)	96
Plan fiduciary net position - beginning	<u>112,932</u>	<u>93,981</u>	<u>75,706</u>	<u>334,783</u>	<u>574,980</u>	<u>803,504</u>	<u>1,001,898</u>	<u>1,257,714</u>	<u>1,305,309</u>	<u>1,305,213</u>
Plan fiduciary net position - ending (b)	<u>\$ 118,344</u>	<u>\$ 112,932</u>	<u>\$ 93,981</u>	<u>\$ 75,706</u>	<u>\$ 334,783</u>	<u>\$ 574,980</u>	<u>\$ 803,504</u>	<u>\$ 1,001,898</u>	<u>\$ 1,257,714</u>	<u>\$ 1,305,309</u>
County's net pension liability - ending (a) - (b)	<u>\$ 4,759,700</u>	<u>\$ 5,649,737</u>	<u>\$ 5,933,573</u>	<u>\$ 5,115,277</u>	<u>\$ 4,152,491</u>	<u>\$ 4,395,509</u>	<u>\$ 4,243,431</u>	<u>\$ 2,649,503</u>	<u>\$ 2,398,829</u>	<u>\$ 1,989,690</u>
Plan fiduciary net position as a percentage of the total pension liability	2.43%	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	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	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.

**Washington County, North Carolina
Schedule of County Contributions
Hospital Employee's Pension Fund
Last Nine Fiscal Years***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 308,116	\$ 310,927	\$ 318,370	\$ 303,418	\$ 277,031
Contributions in relation to the actuarially required contribution	300,000	320,000	330,192	-	-
Contribution deficiency (excess)	<u>\$ 8,116</u>	<u>\$ (9,073)</u>	<u>\$ (11,822)</u>	<u>\$ 303,418</u>	<u>\$ 277,031</u>
County's covered payroll	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a
	<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, North Carolina
 Schedule of Pension Investment Returns
 Hospital Employee's Pension Fund
 Last Six Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual money weighted rate of return, net of investment expenses for the County's Hospital Authority Pension Plan.	0.06%	0.00%	0.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expenses for the County's Hospital Authority Pension Plan.	0.00%	0.00%	2.59%

Notes to the schedules:

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

Washington County, North Carolina
Schedule of the County's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund (OPEB Plan)
Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB liability (%)	0.033802%	0.029802%	0.030073%
County's proportion of the net OPEB liability (asset) (\$)	\$ 9,376,916	\$ 8,267,296	\$ 9,514,836
County's covered payroll	5,897,855	5,594,658	5,645,459
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	159.0%	147.8%	168.5%
Plan fiduciary net position as a percentage of the total OPEB liability	7.72%	4.40%	4.40%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability (%)	0.029742%	0.033430%	0.030390%
County's proportion of the net OPEB liability (asset) (\$)	\$ 8,473,050	\$ 10,959,935	\$ 13,222,163
County's covered payroll	5,083,569	5,057,138	4,890,138
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	166.7%	216.7%	270.4%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%

Notes to the schedules:

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

Washington County, North Carolina
Schedule of County Contributions
Retiree Health Benefit Fund (OPEB Plan)
Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 399,734	\$ 393,938	\$ 359,540
Contributions in relation to the contractually required contribution	399,734	393,938	359,540
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 6,092,504	\$ 5,897,855	\$ 5,594,658
Contributions as a percentage of covered payroll	6.6%	6.7%	6.4%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 353,971	\$ 330,432	\$ 328,714
Contributions in relation to the contractually required contribution	353,971	330,432	328,714
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 5,645,459	\$ 5,083,569	\$ 5,057,138
Contributions as a percentage of covered payroll	6.3%	6.5%	6.5%

Notes to the schedules:

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

MAJOR FUNDS

General Fund

Emergency Medical Services Fund

American Rescue Plan Fund

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Property taxes	\$ 8,365,725	\$ 8,392,953	\$ 27,228
Tax penalties and interest	99,500	117,331	17,831
Total ad valorem taxes	<u>8,465,225</u>	<u>8,510,284</u>	<u>45,059</u>
Other Taxes and Licenses			
Privilege and beer licenses	600	705	105
Gross receipts tax	700	689	(11)
Total other taxes and licenses	<u>1,300</u>	<u>1,394</u>	<u>94</u>
Sales Tax			
Article 44 one-half of one percent	935,000	1,070,603	135,603
Article 40 one-half of one percent	630,000	733,472	103,472
Article 42 one-half of one percent	200,000	229,333	29,333
Redistribution	303,204	350,721	47,517
Total sales tax	<u>2,068,204</u>	<u>2,384,129</u>	<u>315,925</u>
Unrestricted Intergovernmental Revenues			
Beer and wine tax	31,914	27,567	(4,347)
ABC Board profit distribution	-	-	-
Cable franchise fees	12,000	10,198	(1,802)
Payments in lieu of taxes	13,000	12,704	(296)
Total unrestricted intergovernmental	<u>56,914</u>	<u>50,469</u>	<u>(6,445)</u>
Restricted Intergovernmental Revenues			
State grants	295,665	265,355	(30,310)
Federal grants	4,019,836	3,334,528	(685,308)
Court facility fees	22,000	15,368	(6,632)
ABC bottle taxes	3,000	3,867	867
Total restricted intergovernmental	<u>4,340,501</u>	<u>3,619,118</u>	<u>(721,383)</u>
Permits and Fees			
Building permits	46,500	51,921	5,421
Officer and sheriff fees	26,500	25,131	(1,369)
Gun permits	17,080	19,390	2,310
Register of deeds	67,500	77,627	10,127
Cost Allocation	90,000	90,000	-
Total charges for services	<u>247,580</u>	<u>264,069</u>	<u>16,489</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, 2022

	Budget	Actual	Variance Positive (Negative)
Sales and Services			
Concessions	26,400	50,208	23,808
Animal adoption fees	500	53	(447)
School resource officer fees	120,590	77,915	(42,675)
Jail fees	29,000	93,448	64,448
Election fees	25,057	20,331	(4,726)
Tax collection fees	4,000	4,037	37
Senior citizens funds	4,518	6,985	2,467
Recreation fees	6,442	4,295	(2,147)
Total sales and services	<u>216,507</u>	<u>257,272</u>	<u>40,765</u>
Investment Earnings	6,000	29,797	23,797
Miscellaneous			
Administrative reimbursement	3,500	3,500	-
Contributions	122	122	-
Insurance proceeds	5,496	19,128	13,632
Sale of fixed assets	30,500	53,252	22,752
Miscellaneous	-	106,546	106,546
Total miscellaneous revenues	<u>39,618</u>	<u>182,548</u>	<u>142,930</u>
Total Revenues	<u>\$ 15,441,849</u>	<u>\$ 15,299,080</u>	<u>\$ (142,769)</u>
Expenditures			
General Government:			
Governing Board			
Governing board fees	\$ 58,166	\$ 57,919	\$ 247
Operating expenditures	93,084	45,453	47,631
Total	<u>151,250</u>	<u>103,372</u>	<u>47,878</u>
Administration			
Salaries and benefits	321,098	314,346	6,752
Operating expenditures	265,597	237,081	28,516
Total	<u>586,695</u>	<u>551,427</u>	<u>35,268</u>
Elections			
Salaries and benefits	132,776	107,589	25,187
Operating expenditures	69,904	61,556	8,348
Capital Outlay	63,309	59,622	3,687
Total	<u>265,989</u>	<u>228,767</u>	<u>37,222</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, 2022

	Budget	Actual	Variance Positive (Negative)
Finance			
Salaries and benefits	265,071	261,973	3,098
Operating expenditures	121,072	101,010	20,062
Total	<u>386,143</u>	<u>362,983</u>	<u>23,160</u>
Tax Administration			
Salaries and benefits	284,572	281,860	2,712
Operating expenditures	68,380	62,451	5,929
Capital Outlay	80,000	-	80,000
Total	<u>432,952</u>	<u>344,311</u>	<u>88,641</u>
Legal and Professional			
Contracted services	410,000	328,214	81,786
Total	<u>410,000</u>	<u>328,214</u>	<u>81,786</u>
Register of Deeds			
Salaries and benefits	126,924	117,153	9,771
Operating expenditures	23,525	16,376	7,149
Capital outlay	22,800	6,209	16,591
Total	<u>173,249</u>	<u>139,738</u>	<u>33,511</u>
Facility Services			
Salaries and benefits	280,272	260,026	20,246
Operating expenditures	458,122	388,982	69,140
Capital outlay	289,857	222,454	67,403
Total	<u>1,028,251</u>	<u>871,462</u>	<u>156,789</u>
Information Technology			
Salaries and benefits	80,484	78,920	1,564
Operating expenditures	44,698	28,852	15,846
Capital outlay	79,693	48,817	30,876
Total	<u>204,875</u>	<u>156,589</u>	<u>48,286</u>
Geographic Information			
Salaries and benefits	61,628	61,341	287
Operating expenditures	11,100	7,122	3,978
Total	<u>72,728</u>	<u>68,463</u>	<u>4,265</u>
Total General Government	<u>3,712,132</u>	<u>3,155,326</u>	<u>556,806</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, 2022

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff			
Salaries and benefits	1,267,028	1,111,908	155,120
Operating expenditures	298,633	230,968	67,665
Capital outlay	209,711	205,529	4,182
Total	<u>1,775,372</u>	<u>1,548,405</u>	<u>226,967</u>
Communications E911			
Salaries and benefits	455,602	388,425	67,177
Operating expenditures	53,141	38,058	15,083
Capital outlay	114,302	57,151	57,151
Total	<u>623,045</u>	<u>483,634</u>	<u>139,411</u>
Detention Center			
Salaries and benefits	669,025	563,576	105,449
Operating expenditures	464,306	296,612	167,694
Total	<u>1,133,331</u>	<u>860,188</u>	<u>273,143</u>
School Resource Officer - Union			
Salaries and benefits	57,029	56,619	410
Operating expenditures	3,852	3,792	60
Total	<u>60,881</u>	<u>60,411</u>	<u>470</u>
School Resource Officer - Creswell			
Salaries and benefits	58,204	2,390	55,814
Operating expenditures	3,950	-	3,950
Total	<u>62,154</u>	<u>2,390</u>	<u>59,764</u>
School Resource Officer - Plymouth			
Salaries and benefits	55,730	50,988	4,742
Operating expenditures	3,950	3,357	593
Total	<u>59,680</u>	<u>54,345</u>	<u>5,335</u>
Fire Protection			
Operating expenditures	383,987	383,987	-
Total	<u>383,987</u>	<u>383,987</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, 2022

	Budget	Actual	Variance Positive (Negative)
Emergency Management			
Salaries and benefits	82,111	79,265	2,846
Operating expenditures	35,256	23,724	11,532
Capital outlay	36,495	33,700	2,795
Total	<u>153,862</u>	<u>136,689</u>	<u>17,173</u>
Planning and Inspections			
Salaries and benefits	149,103	146,238	2,865
Operating expenditures	72,475	13,343	59,132
Total	<u>221,578</u>	<u>159,581</u>	<u>61,997</u>
Medical Examiner			
Contracted services	20,000	15,500	4,500
Total	<u>20,000</u>	<u>15,500</u>	<u>4,500</u>
Forestry			
County contribution	104,186	77,016	27,170
Total	<u>104,186</u>	<u>77,016</u>	<u>27,170</u>
Total Public Safety	<u>4,598,076</u>	<u>3,782,146</u>	<u>815,930</u>
Economic and Physical Development:			
Cooperative Extension Service			
Salaries and benefits	130,870	128,873	1,997
Operating expenditures	13,436	12,545	891
Total	<u>144,306</u>	<u>141,418</u>	<u>2,888</u>
Soil and Water Conservation			
Salaries and benefits	52,733	52,170	563
Operating expenditures	8,069	5,264	2,805
Total	<u>60,802</u>	<u>57,434</u>	<u>3,368</u>
Total Economic and Physical Development	<u>205,108</u>	<u>198,852</u>	<u>6,256</u>
Human services:			
Contribution to District Health Department	219,281	219,281	-

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	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	88,007	74,391	13,616
Total	<u>88,007</u>	<u>74,391</u>	<u>13,616</u>
Juvenile Justice			
Operating expenditures	97,015	86,621	10,394
Total	<u>97,015</u>	<u>86,621</u>	<u>10,394</u>
Social Services Administration			
Salaries and benefits	3,190,981	3,032,670	158,311
Operating expenditures	460,415	396,347	64,068
Total	<u>3,651,396</u>	<u>3,429,017</u>	<u>222,379</u>
Social Services			
Economic support	1,106,119	809,304	296,815
Total	<u>1,106,119</u>	<u>809,304</u>	<u>296,815</u>
Social Services Transportation			
Operating expenditures	218,887	156,383	62,504
Capital outlay	80,951	-	80,951
Total	<u>299,838</u>	<u>156,383</u>	<u>143,455</u>
Community Alternatives Program			
Operating expenditures	5,000	2,715	2,285
Total	<u>5,000</u>	<u>2,715</u>	<u>2,285</u>
Veterans Service Officer			
Salaries and benefits	10,888	8,567	2,321
Operating expenditures	2,000	789	1,211
Total	<u>12,888</u>	<u>9,356</u>	<u>3,532</u>
Total Human Services	<u>5,509,544</u>	<u>4,817,068</u>	<u>692,476</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, 2022

	Budget	Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation			
Salaries and benefits	85,707	77,517	8,190
Operating expenditures	80,349	62,540	17,809
Total	<u>166,056</u>	<u>140,057</u>	<u>25,999</u>
Senior Citizens Center			
Salaries and benefits	142,648	129,874	12,774
Operating expenditures	90,888	69,695	21,193
Total	<u>233,536</u>	<u>199,569</u>	<u>33,967</u>
Library			
Contribution to regional library	192,479	192,479	-
Total	<u>192,479</u>	<u>192,479</u>	<u>-</u>
Total Cultural and Recreational	<u>592,071</u>	<u>532,105</u>	<u>59,966</u>
Education:			
Public School			
Current Expense	1,747,000	1,735,000	12,000
Total Education	<u>1,747,000</u>	<u>1,735,000</u>	<u>12,000</u>
Debt service:			
Principal	14,485	14,486	(1)
Interest and fees	141	139	2
Total debt service	<u>14,626</u>	<u>14,625</u>	<u>1</u>
Total expenditures	<u>16,625,990</u>	<u>14,235,122</u>	<u>2,390,868</u>
Revenue over (under) expenditures	<u>(1,184,141)</u>	<u>1,063,958</u>	<u>2,248,099</u>
Other financing sources (uses):			
Lease liabilities issued	33,086	33,086	-
Transfers In	1,362,957	1,386,393	23,436
Transfers Out	(211,902)	(211,902)	-
Total other financing sources (uses)	<u>1,184,141</u>	<u>1,207,577</u>	<u>23,436</u>
Net change in fund balance	<u>\$ -</u>	<u>2,271,535</u>	<u>\$ 2,271,535</u>
Fund balance, beginning of year		<u>9,735,988</u>	
Fund balance, end of year		<u>\$ 12,007,523</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, 2022**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 135	\$ 135
Total revenues	<u>-</u>	<u>135</u>	<u>135</u>
Expenditures			
General Government:			
Tax Revaluation	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>-</u>	<u>135</u>	<u>135</u>
Other financing sources (uses):			
Transfers In	40,000	40,000	-
Reserve for reappraisal	(40,000)	-	40,000
Appropriated Fund Balance	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Net change in fund balance	<u>\$ -</u>	<u>40,135</u>	<u>\$ 40,135</u>
Fund balance, beginning		<u>45,703</u>	
Fund balance, ending		<u>\$ 85,838</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental	\$ 130,000	\$ -	\$ (130,000)
Sales and Services	1,549,900	1,710,743	160,843
Investment earnings	-	2,073	2,073
Total revenues	<u>1,679,900</u>	<u>1,712,816</u>	<u>32,916</u>
Expenditures:			
Human Services			
EMS - Washington County	1,997,996	1,803,719	194,277
Transport - Washington County	265,301	237,005	28,296
Total human services	<u>2,263,297</u>	<u>2,040,724</u>	<u>222,573</u>
Debt Service			
Principal retirement	71,246	71,245	1
Interest	2,582	2,581	1
Total debt service	<u>73,828</u>	<u>73,826</u>	<u>2</u>
Total expenditures	<u>2,337,125</u>	<u>2,114,550</u>	<u>222,575</u>
Revenues over (under) expenditures	<u>(657,225)</u>	<u>(401,734)</u>	<u>255,491</u>
Other Financing Sources			
Transfers in	383,987	383,987	-
Sale of Fixed Assets	1,000	-	(1,000)
Designated for future appropriations	272,238	-	(272,238)
Total Other Financing Sources	<u>657,225</u>	<u>383,987</u>	<u>(273,238)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(17,747)</u>	<u>\$ (17,747)</u>
Fund balance, beginning		<u>919,394</u>	
Fund balance, ending		<u>\$ 901,647</u>	

Washington County, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental					
American Rescue Plan Act of 2021	\$ 1,699,182	\$ -	\$ 1,699,182	\$ 1,699,182	\$ -
Total revenues	<u>1,699,182</u>	<u>-</u>	<u>1,699,182</u>	<u>1,699,182</u>	<u>-</u>
Expenditures:					
Human Services					
First Responder Services	401,737	-	-	-	401,737
General Administration Services	1,297,445	-	-	-	1,297,445
Total expenditures	<u>1,699,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,182</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,699,182</u>	<u>1,699,182</u>	<u>1,699,182</u>
Other financing sources:					
Transfer to General Fund	-	-	(1,361,100)	(1,361,100)	(1,361,100)
Transfer to EMS Fund	-	-	(338,082)	(338,082)	(338,082)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(1,699,182)</u>	<u>(1,361,100)</u>	<u>(1,361,100)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 338,082</u>	<u>\$ 338,082</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</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, 2022

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 872,190	\$ 1,430,176	\$ 2,302,366
Accounts receivable (net)	7,801	-	7,801
Due from other governments	15,409	176,640	192,049
Restricted Cash	102,770	-	102,770
Total assets	<u>\$ 998,170</u>	<u>\$ 1,606,816</u>	<u>\$ 2,604,986</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 238	\$ 13,056	\$ 13,294
Accrued Liabilities	2,517	-	2,517
Unspent CARES Act Funds	102,770	-	102,770
Total liabilities	<u>105,525</u>	<u>13,056</u>	<u>118,581</u>
Fund balances:			
Restricted:			
Public Safety	406,253	-	406,253
Education	-	1,246,258	1,246,258
Economic and Physical Development	369,408	347,502	716,910
Human services	116,984	-	116,984
Total fund balances	<u>892,645</u>	<u>1,593,760</u>	<u>2,486,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 998,170</u>	<u>\$ 1,606,816</u>	<u>\$ 2,604,986</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, 2022

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:			
Other taxes and license	\$ 185,908	\$ -	\$ 185,908
Sales Tax	-	658,344	658,344
Restricted intergovernmental	616,293	-	616,293
Sales and Services	65,015	-	65,015
Total revenues	<u>867,216</u>	<u>658,344</u>	<u>1,525,560</u>
Expenditures:			
Public safety	245,030	-	245,030
Human services	183,994	-	183,994
Economic and physical development	541,724	-	541,724
Education	-	488,055	488,055
Total expenditures	<u>970,748</u>	<u>488,055</u>	<u>1,458,803</u>
Total Expenditures	<u>970,748</u>	<u>488,055</u>	<u>1,458,803</u>
Revenues over (under) expenditures	<u>(103,532)</u>	<u>170,289</u>	<u>66,757</u>
Other financing sources (uses):			
Transfers in (out)	100,704	-	100,704
Total other financing sources (uses)	<u>100,704</u>	<u>-</u>	<u>100,704</u>
Net change in fund balance	(2,828)	170,289	167,461
Fund balance, beginning	<u>895,473</u>	<u>1,423,471</u>	<u>2,318,944</u>
Fund balances, ending	<u>\$ 892,645</u>	<u>\$ 1,593,760</u>	<u>\$ 2,486,405</u>

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2022

	Emergency Telephone System Fund	Drainage Fund	Airport Fund	NCHFA SFR Loan Pool	CRF Pandemic Recovery Fund
ASSETS					
Cash and cash equivalents	\$ 383,524	\$ 224,793	\$ 96,953	\$ -	\$ -
Accounts receivable (net)	7,801	-	-	-	-
Due from other governments	14,968	-	441	-	-
Restricted cash	-	-	-	-	-
Total assets	<u>\$ 406,293</u>	<u>\$ 224,793</u>	<u>\$ 97,394</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND					
Liabilities:					
Accounts payable	\$ 40	\$ -	\$ 198	\$ -	\$ -
Accrued Liabilities	-	-	2,517	-	-
Unspent Grant Funds	-	-	-	-	-
Total liabilities	<u>40</u>	<u>-</u>	<u>2,715</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Public Safety	406,253	-	-	-	-
Economic and Physical	-	224,793	94,679	-	-
Human Services	-	-	-	-	-
Total fund balances	<u>406,253</u>	<u>224,793</u>	<u>94,679</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 406,293</u>	<u>\$ 224,793</u>	<u>\$ 97,394</u>	<u>\$ -</u>	<u>\$ -</u>

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2022

	Representative Payee Fund	Grant Project Fund	Opioid Settlement Fund	Total
ASSETS				
Cash and cash equivalents	\$ 116,984	\$ 49,936	\$ -	\$ 872,190
Accounts receivable (net)	-	-	-	7,801
Due from other governments	-	-	-	15,409
Restricted cash	-	84,270	18,500	102,770
Total assets	<u>\$ 116,984</u>	<u>\$ 134,206</u>	<u>\$ 18,500</u>	<u>\$ 998,170</u>
LIABILITIES AND FUND				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 238
Accrued Liabilities	-	-	-	2,517
Unspent Grant Funds	-	84,270	18,500	102,770
Total liabilities	<u>-</u>	<u>84,270</u>	<u>18,500</u>	<u>105,525</u>
Fund Balances:				
Restricted:				
Public Safety	-	-	-	406,253
Economic and Physical	-	49,936	-	369,408
Human Services	116,984	-	-	116,984
Total fund balances	<u>116,984</u>	<u>49,936</u>	<u>-</u>	<u>892,645</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 116,984</u>	<u>\$ 134,206</u>	<u>\$ 18,500</u>	<u>\$ 998,170</u>

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year ended June 30, 2022

	Emergency Telephone System Fund	Drainage Fund	Airport Fund	NCHFA SFR Loan Pool	CRF Pandemic Recovery Fund
Revenues:					
Other taxes and licenses	\$ 93,614	\$ 92,294	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	-	420
Sales and Services	-	-	65,015	-	-
Total revenues	<u>93,614</u>	<u>92,294</u>	<u>65,015</u>	<u>-</u>	<u>420</u>
Expenditures:					
Public safety	245,030	-	-	-	-
Human services	-	-	-	-	420
Economic and physical development	-	39,301	143,589	-	-
Total expenditures	<u>245,030</u>	<u>39,301</u>	<u>143,589</u>	<u>-</u>	<u>420</u>
Revenues over (under) expenditures	(151,416)	52,993	(78,574)	-	-
Other financing sources (uses):					
Transfers in (out)	-	-	95,997	(25,293)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>95,997</u>	<u>(25,293)</u>	<u>-</u>
Net change in fund balances	(151,416)	52,993	17,423	(25,293)	-
Fund balance, beginning	<u>557,669</u>	<u>171,800</u>	<u>77,256</u>	<u>25,293</u>	<u>-</u>
Fund balances, ending	<u>\$ 406,253</u>	<u>\$ 224,793</u>	<u>\$ 94,679</u>	<u>\$ -</u>	<u>\$ -</u>

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year ended June 30, 2022

	Representative Payee Fund	Grant Project Fund	Opioid Settlement Fund	Total
Revenues:				
Other taxes and licenses	\$ -	\$ -	\$ -	\$ 185,908
Restricted intergovernmental	257,103	358,770	-	616,293
Sales and Services	-	-	-	65,015
Total revenues	<u>257,103</u>	<u>358,770</u>	<u>-</u>	<u>867,216</u>
Expenditures:				
Public safety	-	-	-	245,030
Human services	183,574	-	-	183,994
Economic and physical development	-	358,834	-	541,724
Total expenditures	<u>183,574</u>	<u>358,834</u>	<u>-</u>	<u>970,748</u>
Revenues over (under) expenditures	73,529	(64)	-	(103,532)
Other financing sources (uses):				
Transfers in (out)	-	30,000	-	100,704
Total other financing sources (uses)	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>100,704</u>
Net change in fund balances	73,529	29,936	-	(2,828)
Fund balance, beginning	<u>43,455</u>	<u>20,000</u>	<u>-</u>	<u>895,473</u>
Fund balances, ending	<u>\$ 116,984</u>	<u>\$ 49,936</u>	<u>\$ -</u>	<u>\$ 892,645</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	\$ 93,614	\$ 93,614	\$ -
Total revenues	<u>93,614</u>	<u>93,614</u>	<u>-</u>
Expenditures:			
Public Safety	111,399	76,860	34,539
Capital Outlay	290,658	168,170	122,488
Total expenditures	<u>402,057</u>	<u>245,030</u>	<u>157,027</u>
Revenues over (under) expenditures	<u>(308,443)</u>	<u>(151,416)</u>	<u>157,027</u>
Other Financing Sources			
Transfers In	-	-	-
Appropriated Fund Balance	308,443	-	(308,443)
Total Other Financing Sources	<u>308,443</u>	<u>-</u>	<u>(308,443)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(151,416)</u>	<u>\$ (151,416)</u>
Fund balance, beginning		<u>557,669</u>	
Fund balance, ending		<u>\$ 406,253</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and Licenses	\$ 102,507	\$ 92,294	\$ (10,213)
Restricted intergovernmental	125,172	-	(125,172)
Investment earnings	-	-	-
Total revenues	<u>227,679</u>	<u>92,294</u>	<u>(135,385)</u>
Expenditures:			
Economic and Physical Development	<u>246,172</u>	<u>39,301</u>	<u>206,871</u>
Total expenditures	<u>246,172</u>	<u>39,301</u>	<u>206,871</u>
Revenues over (under) expenditures	<u>(18,493)</u>	<u>52,993</u>	<u>71,486</u>
Other Financing Sources			
Appropriated Fund Balance	<u>18,493</u>	-	<u>(18,493)</u>
Total Other Financing Sources	<u>18,493</u>	-	<u>(18,493)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>52,993</u>	<u>\$ 52,993</u>
Fund balance, beginning		<u>171,800</u>	
Fund balance, ending		<u>\$ 224,793</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and Services	\$ 77,000	\$ 65,015	\$ (11,985)
Restricted Intergovernmental	9,000	-	(9,000)
Total revenues	<u>86,000</u>	<u>65,015</u>	<u>(20,985)</u>
Expenditures:			
Economic and Physical Development	158,597	143,589	15,008
Total expenditures	<u>158,597</u>	<u>143,589</u>	<u>15,008</u>
Revenues over (under) expenditures	<u>(72,597)</u>	<u>(78,574)</u>	<u>(5,977)</u>
Other Financing Sources (Uses):			
Transfer in (out)	95,997	95,997	-
Designated for future appropriation	(23,400)	-	23,400
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>72,597</u>	<u>95,997</u>	<u>23,400</u>
Net Change in Fund Balance	<u>\$ -</u>	17,423	<u>\$ 17,423</u>
Fund balance, beginning		<u>77,256</u>	
Fund balance, ending		<u>\$ 94,679</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, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Retriected Intergovernmental	\$ -	\$ 396,574	\$ -	\$ 396,574	\$ 396,574
Total revenues	<u>-</u>	<u>396,574</u>	<u>-</u>	<u>396,574</u>	<u>396,574</u>
Expenditures:					
Economic & Physical Development	-	396,574	-	396,574	(396,574)
Total expenditures	<u>-</u>	<u>396,574</u>	<u>-</u>	<u>396,574</u>	<u>(396,574)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Transfers out	(25,293)	-	(25,293)	(25,293)	-
Appropriated Fund Balance	25,293	-	-	-	(25,293)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(25,293)</u>	<u>(25,293)</u>	<u>(25,293)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(25,293)</u>	<u>\$ (25,293)</u>	<u>\$ (25,293)</u>
Fund balance, beginning			<u>25,293</u>		
Fund balance, ending			<u>\$ -</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, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Retricted Intergovernmental	\$ -	\$ 723,465	\$ 420	\$ 723,885	\$ 723,885
Total revenues	<u>-</u>	<u>723,465</u>	<u>420</u>	<u>723,885</u>	<u>723,885</u>
Expenditures:					
Human Services					
CRF Expenses	-	6,782	-	6,782	(6,782)
Medical Expense	-	45,835	-	45,835	(45,835)
Public Health Expense	420	139,434	420	139,854	(139,434)
Payroll Expense	-	397,220	-	397,220	(397,220)
Public Health Measure Expense	-	60,730	-	60,730	(60,730)
Other	-	17,465	-	17,465	(17,465)
Municipalities	-	55,999	-	55,999	(55,999)
Total expenditures	<u>420</u>	<u>723,465</u>	<u>420</u>	<u>723,885</u>	<u>(723,465)</u>
Revenues over (under) expenditures	<u>(420)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420</u>
Other Financing Sources					
Appropriated Fund Balance	420	-	-	-	(420)
Total Other Financing Sources	<u>420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(420)</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 276,000	\$ 257,103	\$ (18,897)
Total revenues	<u>276,000</u>	<u>257,103</u>	<u>(18,897)</u>
Expenditures:			
Human Services			
Payments made for the benefit of			
beneficiaries	<u>276,000</u>	<u>183,574</u>	<u>92,426</u>
Total expenditures	<u>276,000</u>	<u>183,574</u>	<u>92,426</u>
Revenues over (under) expenditures	<u>-</u>	<u>73,529</u>	<u>73,529</u>
Other Financing Sources (Uses):			
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>73,529</u>	<u>\$ 73,529</u>
Fund balance, beginning, as previously reported		<u>43,455</u>	
Fund balance, ending		<u>\$ 116,984</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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Dept of Commerce - Agape	\$ 380,000	\$ -	\$ 358,770	\$ 358,770	\$ (21,230)
USDA RBDG Grant - Bay	181,301	-	-	-	(181,301)
Local Match					
Agape - Local Match Donation	-	10,000	-	10,000	10,000
Total revenues	<u>561,301</u>	<u>10,000</u>	<u>358,770</u>	<u>368,770</u>	<u>(192,531)</u>
Expenditures:					
Economic and Physical Development					
Agape - Clinic Project #2587	380,000	-	358,770	358,770	21,230
USDA RBDG Grant - Bay					
Brothers	181,301	-	-	-	181,301
Agape - Local Match Donation	20,000	-	64	64	19,936
Total expenditures	<u>581,301</u>	<u>-</u>	<u>358,834</u>	<u>358,834</u>	<u>222,467</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>10,000</u>	<u>(64)</u>	<u>9,936</u>	<u>29,936</u>
Other financing sources:					
Transfer from General Fund	<u>30,000</u>	<u>10,000</u>	<u>30,000</u>	<u>40,000</u>	<u>10,000</u>
Total other financing sources	<u>30,000</u>	<u>10,000</u>	<u>30,000</u>	<u>40,000</u>	<u>10,000</u>
Revenues and other sources over (under) expenditures	<u>\$ 10,000</u>	<u>\$ 20,000</u>	29,936	<u>\$ 49,936</u>	<u>\$ 39,936</u>
Fund balances, beginning			<u>20,000</u>		
Fund balances, ending			<u>\$ 49,936</u>		

**Washington County, North Carolina
Opioid Settlement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental					
Opioid Settlement Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Health and Human Services					
Opioid addiction treatment	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</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, 2022

	School Capital Outlay Fund	Airport Grant Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,082,674	\$ 347,502	\$ 1,430,176
Due from other governments	176,640	-	176,640
Total assets	<u>\$ 1,259,314</u>	<u>\$ 347,502</u>	<u>\$ 1,606,816</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,056	\$ -	\$ 13,056
Total liabilities	<u>13,056</u>	<u>-</u>	<u>13,056</u>
Fund balances:			
Restricted:			
Education	1,246,258	-	1,246,258
Economic and Physical Development	-	347,502	347,502
Total fund balances	<u>1,246,258</u>	<u>347,502</u>	<u>1,593,760</u>
Total liabilities and fund balances	<u>\$ 1,259,314</u>	<u>\$ 347,502</u>	<u>\$ 1,606,816</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, 2022

	School Capital Outlay Fund	Airport Grant Fund	Total
Revenues:			
Sales tax - restricted	\$ 658,344	\$ -	\$ 658,344
Total revenues	<u>658,344</u>	<u>-</u>	<u>658,344</u>
Expenditures:			
Education	488,055	-	488,055
Capital outlay	-	-	-
Total expenditures	<u>488,055</u>	<u>-</u>	<u>488,055</u>
Revenues over (under) expenditures	170,289	-	170,289
Other financing sources (uses):			
Transfers In	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	170,289	-	170,289
Fund balances, beginning	<u>1,075,969</u>	<u>347,502</u>	<u>1,423,471</u>
Fund balances, ending	<u>\$ 1,246,258</u>	<u>\$ 347,502</u>	<u>\$ 1,593,760</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, 2022

	Budget	Actual	Variance Over (Under)
Revenues:			
Local Option Sales Tax - Restricted	\$ 570,000	\$ 658,344	\$ 88,344
Total revenues	<u>570,000</u>	<u>658,344</u>	<u>88,344</u>
Expenditures:			
Education	509,906	488,055	(21,851)
Total expenditures	<u>509,906</u>	<u>488,055</u>	<u>(21,851)</u>
Revenues over (under) expenditures	<u>60,094</u>	<u>170,289</u>	<u>110,195</u>
Other financing sources:			
Designated for future appropriation	(60,094)	-	60,094
Appropriated Fund Balance	-	-	-
Total other financing sources	<u>(60,094)</u>	<u>-</u>	<u>60,094</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>170,289</u>	<u>\$ 170,289</u>
Fund balances, beginning		<u>1,075,969</u>	
Fund balances, ending		<u>\$ 1,246,258</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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental	\$ 661,000	\$ 8,663,259	\$ -	\$ 8,663,259	\$ 8,002,259
Total revenues	<u>661,000</u>	<u>8,663,259</u>	<u>-</u>	<u>8,663,259</u>	<u>8,002,259</u>
Expenditures:					
Capital Outlay	676,000	8,450,040	-	8,450,040	(7,774,040)
Total expenditures	<u>676,000</u>	<u>8,450,040</u>	<u>-</u>	<u>8,450,040</u>	<u>(7,774,040)</u>
Revenues over (under) expenditures	<u>(15,000)</u>	<u>213,219</u>	<u>-</u>	<u>213,219</u>	<u>228,219</u>
Other financing sources:					
Transfers In	-	134,283	-	134,283	134,283
Appropriated Fund Balance	15,000	-	-	-	(15,000)
Total other financing sources	<u>15,000</u>	<u>134,283</u>	<u>-</u>	<u>134,283</u>	<u>119,283</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 347,502</u>	<u>-</u>	<u>\$ 347,502</u>	<u>\$ 347,502</u>
Fund balances, beginning			<u>347,502</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$ 1,444,083	\$ 1,427,214	\$ (16,869)
Restricted Intergovernmental	3,500	3,723	223
Total Revenues	<u>1,447,583</u>	<u>1,430,937</u>	<u>(16,646)</u>
Expenditures:			
Landfill and Collections	1,416,561	1,323,627	92,934
Capital Outlay	102,191	12,092	90,099
Total Expenditures	<u>1,518,752</u>	<u>1,335,719</u>	<u>183,033</u>
Revenues over Expenditures	<u>(71,169)</u>	<u>95,218</u>	<u>166,387</u>
Other Financing Sources (Uses):			
Transfers In	-	-	-
Designated for Future Appropriation	71,169	-	(71,169)
Total Other Financing Sources (Uses)	<u>71,169</u>	<u>-</u>	<u>(71,169)</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>95,218</u>	<u>\$ 95,218</u>

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

Capital outlay	12,092
Depreciation Expense	(6,348)
Increase (decrease) in Estimated Postclosure Costs	(151,721)
(Increase) decrease in deferred outflows - pension	(2,654)
(Increase) decrease in deferred outflows - OPEB	(4,772)
Increase (decrease) in deferred inflows - pension	19,902
Increase (decrease) in deferred inflows - OPEB	(18,699)
Increase (decrease) in net pension liability	(19,979)
Increase (decrease) in net OPEB liability	13,804
Increase (decrease) in compensated absences	381
	<u>381</u>
Change in net position	<u>\$ (62,776)</u>

Washington County, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
For The Fiscal Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 1,395,000	\$ 1,388,212	\$ (6,788)
Restricted intergovernmental	127,041	-	(127,041)
Taps and connection fees	10,000	10,478	478
Investment earnings	400	7,224	6,824
Miscellaneous	-	-	-
Total Revenues	<u>1,532,441</u>	<u>1,405,914</u>	<u>(126,527)</u>
Expenditures:			
Treatment plant	295,773	259,876	35,897
Operations maintenance	705,453	441,693	263,760
Capital Outlay	113,903	49,902	64,001
Debt service	91,764	364,375	(272,611)
Total Expenditures	<u>1,206,893</u>	<u>1,115,846</u>	<u>91,047</u>
Revenues over Expenditures	<u>325,548</u>	<u>290,068</u>	<u>(35,480)</u>
Other Financing Sources (Uses):			
Payment to refunded bond escrow agent	-	(3,357,147)	(3,357,147)
Refunding Revenue bonds issued	-	3,427,000	3,427,000
Designated for Future Appropriation	(34,555)	-	34,555
Total Other Financing Sources (Uses)	<u>(34,555)</u>	<u>69,853</u>	<u>104,408</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ 290,993</u>	359,921	<u>\$ 68,928</u>
Reconciliation form budgetary basis (modified) accrual to full accrual:			
Capital outlay		49,902	
Payments of debt service principal		290,993	
Payment to refunded bond escrow agent		3,357,147	
Refunding Revenue bonds issued		(3,427,000)	
Deprecation expense		(258,924)	
Amortization of deferred charges		(4,128)	
(Increase) decrease in deferred outflows - pension		(11,102)	
(Increase) decrease in deferred outflows - OPEB		(19,961)	
Increase (decrease) in deferred inflows - pension		83,235	
Increase (decrease) in deferred inflows - OPEB		(78,208)	
Increase (decrease) in net pension liability		(83,561)	
Increase (decrease) in net OPEB liability		57,734	
Increase (decrease) in compensated absences		3,693	
Change in net position		<u>\$ 319,741</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, 2022

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
ASSETS			
Cash and cash equivalents	\$ 29,736	\$ 15,969	\$ 45,705
Taxes receivable for other governments, net	29,693	-	29,693
Total assets	<u>\$ 59,429</u>	<u>\$ 15,969</u>	<u>\$ 75,398</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other governments	47,780	-	47,780
Total liabilities	<u>47,780</u>	<u>-</u>	<u>47,780</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	11,649	15,969	27,618
Total net position	<u>\$ 11,649</u>	<u>\$ 15,969</u>	<u>\$ 27,618</u>

Washington County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2022

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS			
Ad valorem taxes for other governments	\$ 465,287	\$ -	\$ 465,287
Collections on behalf of inmates	-	77,103	77,103
Total additions	<u>465,287</u>	<u>77,103</u>	<u>542,390</u>
DEDUCTIONS			
Tax distributions to other governments	459,715	-	459,715
Payments on behalf of inmates	-	83,009	83,009
Total deductions	<u>459,715</u>	<u>83,009</u>	<u>542,724</u>
Net increase (decrease) in fiduciary net position	5,572	(5,906)	(334)
Net position, beginning, as previously reported	6,077	21,875	27,952
Net position, ending	<u>\$ 11,649</u>	<u>\$ 15,969</u>	<u>\$ 27,618</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, 2022

ASSETS	
Cash and cash equivalents	\$ 173,127
Accounts receivable (net)	23,505
Total assets	<u>\$ 196,962</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 3,881
Total liabilities	<u>3,881</u>
Fund balances:	
Restricted:	
Stabilization by State Statute	23,835
Unassigned	169,246
Total fund balances	<u>193,081</u>
Total liabilities and fund balances	<u>\$ 196,962</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, 2022

REVENUES	
Occupancy Taxes	\$ 162,693
Total Revenues	<u>162,693</u>
EXPENDITURES	
Salaries and benefits	27,931
Advertising	36,634
Operating expenditures	<u>80,810</u>
Total Expenditures	<u>145,375</u>
Revenues over (under) expenditures	17,318
Fund balances, beginning	<u>175,763</u>
Fund balances, ending	<u>\$ 193,081</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, 2022

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy Taxes	\$ 161,682	\$ 162,693	\$ 1,011
Total Revenues	<u>161,682</u>	<u>162,693</u>	<u>1,011</u>
EXPENDITURES			
Salaries and benefits	29,632	27,931	1,701
Advertising	69,528	36,634	32,894
Operating expenditures	94,822	80,810	14,012
Total Expenditures	<u>193,982</u>	<u>145,375</u>	<u>48,607</u>
Revenues over (under) expenditures	<u>(32,300)</u>	<u>17,318</u>	<u>49,618</u>
Other financing sources:			
Appropriated fund balance	32,300	-	(32,300)
Total other financing sources	<u>32,300</u>	<u>-</u>	<u>(32,300)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 17,318</u>	<u>\$ 17,318</u>
Fund balances, beginning		<u>175,763</u>	
Fund balances, ending		<u>\$ 193,081</u>	

OTHER SCHEDULES

This section includes additional information on property taxes.

Washington County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
June 30, 2022

	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	\$ 962,871,767	0.84000	\$ 8,088,123	\$ 7,130,821	\$ 957,302
Public service levy	62,730,066	0.84000	526,933	526,933	-
Discoveries	3,563,095	0.84000	29,930	29,930	-
Releases	<u>(16,307,583)</u>	0.84000	<u>(146,816)</u>	<u>(136,984)</u>	<u>(9,832)</u>
Totals	<u>\$ 1,012,857,345</u>		<u>8,498,170</u>	<u>7,550,700</u>	<u>947,470</u>
Net levy			8,498,170	7,550,700	947,470
Uncollected taxes at June 30, 2022			<u>350,656</u>	<u>350,656</u>	<u>-</u>
Current year's taxes collected			<u>\$ 8,147,514</u>	<u>\$ 7,200,044</u>	<u>\$ 947,470</u>
Current levy collection percentage			<u>95.87%</u>	<u>95.36%</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, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina, as of and for the year ended June 30, 2022, 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 14, 2022. 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*.

Report on 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies as items [2022-001] that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Washington County's Response to Findings

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 14, 2022



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

Independent Auditors' Report

To the Board of County Commissioners
Washington County, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Washington County's major federal programs for the year ended June 30, 2022. Washington County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Washington County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Washington County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Washington County federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Washington County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Washington County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Washington County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2022-002, 2022-003, 2022-004, and 2022-005] to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Washington County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Washington County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Washington County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Washington County's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 14, 2022



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

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

Independent Auditors' Report

To the Board of County Commissioners
Washington County, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Washington County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Washington County's major State programs for the year ended June 30, 2022. Washington County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Washington County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Washington County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Washington County State programs.

Members

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Washington County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Washington County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Washington County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 14, 2022

Washington County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
21.027	State and Local Fiscal Recovery Funds
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major State programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes no

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I. Summary of Auditors' Results (continued)

Identification of major State programs:

Program Name
Building Reuse Program

Section II. Financial Statement Findings

Finding: 2022-001

Prior Period Adjustment

MATERIAL WEAKNESS

Criteria: Management should have a system in place to verify that information provided in closure - post closure plan reports accurately reflects the activity of the County.

Condition: The County's third party landfill engineering consultant made an error in its original calculations and report submitted to the County and relied upon in the County's preparation of its FY21 Audit regarding total estimated landfill capacity and related postclosure cost. The error was made due to the engineer's failure to take the County's most recent landfill cell expansion into account as part of the capacity and post closure calculations and final report. As a result of correcting this error, for FY22 the County was required to record a prior period adjustment in the landfill fund that decreased the beginning liability balance, thereby increasing net position in the landfill fund by \$613,133.

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

Cause: The County's third party landfill engineering consultant failed to take the County's most recent landfill cell expansion into account as part of the capacity and post closure calculations and final report in fiscal year 21.

Recommendation: The County should review the third party company provided reports closely to ensure accurate information are reflected in the reports.

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

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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: 2022-002 Inaccurate Information Entry

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 of a total of 178,430 Medicaid claims 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, 2021-002.

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

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

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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

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

Finding: 2022-003 Inaccurate Resources Information Entry

SIGNIFICANT DEFICENCY

Eligibility

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

Condition: There were 11 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 of a total of 178,430 Medicaid claims 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, 2021-003.

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

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

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

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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

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

Finding: 2022-004 Inadequate Request for Information

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.
Condition:	There were 9 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 of a total of 178,430 Medicaid claims 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 applicants 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, 2021-004.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources and income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding.

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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

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

Finding: 2022-005 **IV-D Cooperation with Child Support**

SIGNIFICANT DEFICENCY

Eligibility

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

Condition: There were 2 errors discovered during our procedures that referrals between Department of Social Services (DSS) and Child Support Agencies were not made.

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

Context: We examined 60 of a total of 178,430 Medicaid claims 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 North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not eligible.

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

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

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

Section IV - State Award Findings and Question Costs

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

SIGNIFICANT DEFICENCY: Finding 2022-002, 2022-003, 2022-004 and 2022-005 also apply to State requirements and State Awards.

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, 2022

Section II. Financial Statement Findings

Finding: 2022-001

Name of Contact Person: Missy Dixon, Finance Officer

Corrective Action: The County originally noticed and brought the potential error in its landfill engineering report to the attention of its landfill engineering consultant prior to being informed that the data was correct and relying upon that data for the FY21 audit. In the future, whenever the landfill capacity is under expansion, the County will scrutinize closure-post closure plans received from its landfill engineering consultant more carefully, and where the County disagrees with the plan data, the County will engage a second engineering consultant to verify and validate the plan data.

Proposed Completion Date: Immediately

Section III. Federal Award Findings and Questioned Costs

Finding: 2022-002

Name of Contact Person: Tammy Mixon, Medicaid Supervisor

Corrective Action: Four of the eight errors occurred prior to corrective training conducted by the Agency from August 24, 2021 as a result of the previous year findings, and the Agency notes that two of those subsequently became correct due to COVID 19 waivers obtained after the relevant audit period. During COVID the agency was under constant changes in local and state policy and procedures making workers more vulnerable to oversights. The Agency has obtained training materials from the Operation Support Team (OST) for the State of NC for training to correct the additional errors. These findings were discussed in the monthly Medicaid meeting in September 2022. Second party review form was also updated to capture in-kind income for the prevention of future errors.

Proposed Completion Date: The training occurred on August 30, 2022 and September 7, 2022. Second party review form was made available for use October 1, 2022.

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

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Corrective Action Plan
For the Year Ended June 30, 2022

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

Finding: 2022-003

Name of Contact Person: Tammy Mixon, Medicaid Supervisor

Corrective Action: Of the eleven cases found the agency consents these are repeat findings, however two of the eleven cases during this timeframe would be correct, due to changes in COVID rules as it relates to eligibility. During COVID the agency was under constant changes in policy and procedure from DHB, therefore making workers more vulnerable to oversights.

The majority of the findings have been discussed in our September 2022 Monthly Medicaid Meeting. The additional findings will be discussed in the next monthly Medicaid meeting. A training will occur in the month of November, 2022 to fully insure the issues are addressed. These items will be reinforced during monthly Medicaid Staff meetings.

Proposed Completion Date: This will be discussed in next monthly Medicaid meeting in October 2022. Training will occur in November 2022 or sooner.

Finding: 2022-004

Name of Contact Person: Tammy Mixon, Medicaid Supervisor

Corrective Action: Of the nine cases found as errors during this audit, 100% of the errors were found prior to the agency having an opportunity to train based on the findings from previous fiscal year audit. The findings occurred during the timeframe prior to training from previous period findings.

This has been discussed in our monthly Medicaid meeting on August 24, 2021. As a result of that meeting and discussions of the findings, a line was added to the agency's second party review form to look for errors regarding the worker's check of all electronic sources, as well as the documentation on the file of such checks.

Proposed Completion Date: This was discussed in monthly Medicaid meeting held on August 24, 2021. The second party review form was changed and implemented for use September 1, 2021.

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

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Corrective Action Plan
For the Year Ended June 30, 2022

Section III. Federal Award Findings and Questioned Costs

Finding: 2022-005

Name of Contact Person: Tammy Mixon, Medicaid Supervisor

Corrective Action: There were two errors related to this finding. Of the two, one of the errors was related to a case that was processed and paid in December 2021 by the State, but was for a claim with a date of service of January 2019. The eligibility decision related to this particular claim was completed in 2018 prior to our previous corrective actions. We consider the error related to this case already corrected. For the other case error training was completed FY 2020-2021, also findings were reviewed during a Medicaid meeting on September 1, 2022.

Proposed Completion Date: This training has been completed during FY 2020-2021. Reinforcement of the training continued during monthly Medicaid meeting on September 1, 2022.

Section IV - State Award Findings and Question Costs

Corrective Actions for Finding 2022-002, 2022-003, 2022-004, and 2022-005 also apply to State Award Findings.

Washington County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022

Finding: 2021-001
Status: Corrected

Finding: 2021-002
Status: This finding is not corrected, repeated as 2022-002

Finding: 2021-003
Status: This finding is not corrected, repeated as 2022-003

Finding: 2021-004
Status: This finding is not corrected, repeated as 2022-004

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	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		\$ 276,840	\$ -	\$ -	\$ 276,839
FNS - ARPA	10.561		17,151	-	-	-
FNS - CAA	10.561		6,299	-	-	-
Total U.S. Dept. of Agriculture			<u>300,290</u>	<u>-</u>	<u>-</u>	<u>276,839</u>
U.S. Department of Justice						
Passed-through the North Carolina Department of Public Safety						
2021 Byrne Assistance Grant	16.738		20,870	-	-	-
Total U.S. Department of Justice			<u>20,870</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Treasury						
State and Local Fiscal Recovery Funds						
	21.027		1,699,182	-	-	-
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Coronavirus Relief Fund	21.019		420	-	-	-
Total U.S. Department of Treasury			<u>1,699,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Election Assistance Commission						
Passed-through N.C. State Board of Elections						
HAVA Election Security Grants	90.404		34,574	-	-	-
Total U.S. Election Assistance Commission			<u>34,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services						
Services:						
Child Care Development Cluster:						
Child Care Development Fund - Administration	93.596		80,066	-	-	-
Total Child Care Development Cluster			<u>80,066</u>	<u>-</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families (TANF):						
Temporary Assistance for Needy Families - Work First	93.558		356,387	-	-	134,907
Total Temporary Assistance for Needy Families Cluster			<u>356,387</u>	<u>-</u>	<u>-</u>	<u>134,907</u>
Foster Care and Adoption Cluster						
Foster Care - Title IV-E	93.658		124,526	16,814	-	75,257
Foster Care	N/A		10,567	-	-	2,524
Total Foster Care and Adoption Cluster			<u>135,093</u>	<u>16,814</u>	<u>-</u>	<u>77,781</u>
Medical Assistance Program	93.778		623,531	239	-	219,376
Social Services Block Grant:						
Social Services Block Grant - Adult Protective Service	93.667		19,791	-	-	-
Social Services Block Grant - In Home Services	93.667		2,085	-	-	298
Social Services Block Grant - Other Services and Training	93.667		124,426	-	-	41,475
Total Social Services Block Grant			<u>146,302</u>	<u>-</u>	<u>-</u>	<u>41,773</u>
Promoting Safe and Stable Families	93.556		7,063	-	-	-

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Low-Income Home Energy Assistance Program:						
Crisis Intervention Payments	93.568		30,857	-	-	-
Low Income Energy Admin	93.568		12,984	-	-	-
Low Income Home Energy Assistance Program	93.568		223,949	-	-	-
LIEAP ARPA	93.568		132,986	-	-	-
LIEAP ARPA ADM	93.568		18,052	-	-	-
LIHWAP ADM	93.568		8,948	-	-	-
LIHWAP CAA	93.568		49,267	-	-	-
Total Low-Income Home Energy Assistance Program			477,043	-	-	-
Permanency Planning - Service & Admin	93.645		7,627	-	-	2,542
Chafee Foster Care Independence Program	93.674		4,447	820	-	-
Child Support Enforcement	93.563		249,346	-	-	128,451
Children's Health Insurance Program - N.C. Health Choice	93.767		6,858	235	-	1,304
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		101,113	-	-	-
Special Programs for the Aging - Title III Part C						
Nutrition Services	93.045		52,088	-	-	-
Total Aging Cluster			153,201	-	-	-
Total U.S. Department of Health and Human Services			2,246,964	18,108	-	606,134
U.S. Department of Homeland Security						
Passed through North Carolina Department of Public Safety						
Hazard Mitigation Grant Program	97.039		39,286	-	-	-
Emergency Management Program Fund	97.042		33,700	-	-	-
Total U.S. Department of Homeland Security			72,986	-	-	-
U.S. Department of Transportation						
Public Transportation for Nonurbanized Areas						
DOT-11						
Washington County, Admin	20.509	36233.107.23.1	34,231	2,139	-	-
COVID- 19 Washington County, Operating	20.509	49233.65.1.2	49,157	-	-	-
Total Public Transportation for Nonurbanized Areas			83,388	2,139	-	-
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs						
DOT-14						
20.526	44637.45.2.4		12,439	1,554	-	-
Total U.S. Department of Transportation			95,827	3,693	-	-
TOTAL FEDERAL AWARDS			4,471,113	21,801	-	882,973
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			\$ -	\$ 10,693	\$ -	\$ -

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	4,950	-	-
County Founded Programs			-	-	-	557,270
Non-Allocating County Costs			-	-	-	452,720
CSE Disaster Non-reimbursable			-	-	-	125
Foster Care At Risk Maximization			-	2,062	-	736
SFHF Maximization			-	2,713	-	2,713
State Foster Care Home			-	15,980	-	15,241
IV B EFT Chaf Independent Living			-	25,000	-	-
Total North Carolina Department of Health and Human Services			-	61,398	-	1,028,805
North Carolina Department of Environmental Quality						
Scrap Tire Program			-	3,723	-	-
Quality			-	3,723	-	-
North Carolina Department of Transportation						
ROAP Cluster						
Rural General Public Program (RGP)		DOT-16CL	-	52,781	-	-
Elderly and Disabled Transportation Assistance Program (EDTAP)		DOT-16CL	-	41,511	-	-
Employment Transportation Assistance Program (EMPL)		DOT-16CL	-	3,354	-	-
Total ROAP Cluster			-	97,646	-	-
North Carolina Department of Military and Veterans Affairs						
Veterans Service			-	2,109	-	-
Veterans Affairs			-	2,109	-	-
North Carolina Department of Public Safety						
Tier II Grant			-	1,000	-	-
Juvenile Crime Prevention Program						
JCPC Administration			-	3,188	-	-
Roanoke Area Youth			-	53,124	-	5,312
Washington County Youth			-	23,182	-	1,815
Total Juvenile Crime Prevention Program			-	79,494	-	7,127
Total North Carolina Department of Public Safety			-	80,494	-	7,127
North Carolina Department of Insurance						
SHIIP Grant			-	3,700	-	-
Total North Carolina Department of Insurance			-	3,700	-	-
North Carolina Department of Commerce						
Rural Economic Development Division						
Building Reuse Program			-	358,770	-	64
Total North Carolina Department of Commerce			-	358,770	-	64
TOTAL STATE AWARDS			-	607,840	-	1,035,996
TOTAL FEDERAL AND STATE AWARDS			\$ 4,471,113	\$ 629,641	\$ -	\$ 1,918,969

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal	State/ Pass-through	Federal (Direct & Pass-through)	State	Provided to	Local
	Assistance Listing No.	Grantor's Number	Expenditures	Expenditures	Subrecipients	Expenditures

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Washington County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Washington County, it is not intended to and does not present the financial position, changes in net position or cash flows of Washington County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

<u>Program Title</u>	<u>AL No.</u>	<u>Federal</u>	<u>State</u>
Supplemental Nutrition Assistance Program	10.551	\$ 9,511,028	\$ -
Special Supplemental Nutrition Program for Women Infant and C	10.557	251,219	-
Temporary Assistance for Needy Families - PEAFF	93.558	23,000	-
Temporary Assistance for Needy Families	93.558	65,799	-
Adoption Assistance	93.659	80,797	15,028
Children's Health Insurance Program	93.767	162,385	36,307
Medical Assistance Program	93.778	27,163,854	10,472,087
State / County Special Assistance program		-	71,061