



WASHINGTON COUNTY

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ANNUAL FINANCIAL REPORT



For Year Ended - June 30, 2024

WASHINGTON COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2024

WASHINGTON COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2024

COUNTY MANAGER

Curtis S. Potter

BOARD OF COUNTY COMMISSIONERS

Ann C. Keyes - Chair

Carol V. Phelps

Tracey Johnson

John Spruill

Julius Walker, Jr.

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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Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

INDEPENDENT AUDITORS' REPORT

Members of the Board of Commissioners
Washington County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina (the "County"), as of and for the year ended June 30, 2024, 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, 2024, 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 Travel and Tourism 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 the Washington County ABC Board and Travel and Tourism Authority 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.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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 *Government 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 *Government 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 83-93, 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 22, 2024 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 22, 2024

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, 2024. 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, 2024:

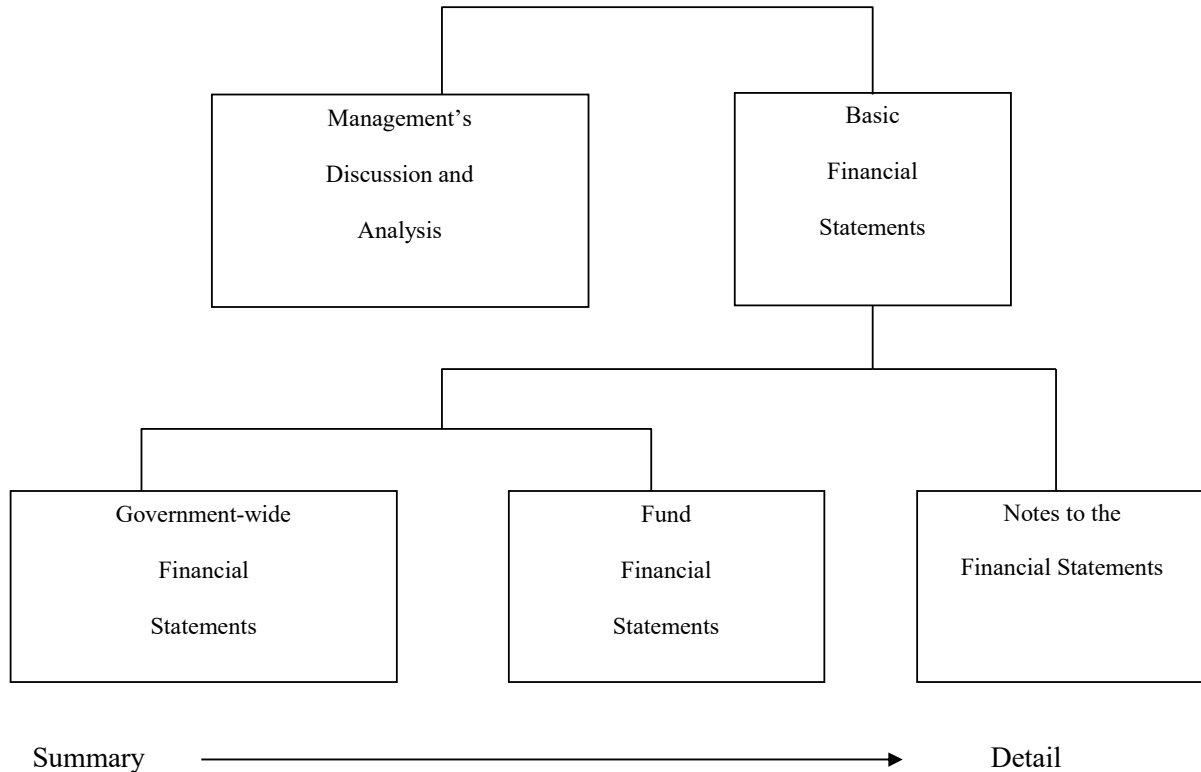
- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$71,123,106 (*total net position*).
- The County's total net position increased by \$41,459,055 over the prior fiscal year ended June 30, 2023. This was primarily because the County received \$1.4m in interest earnings and \$37m in Needs Based grant funds for School Capital Projects that are capitalized. There was also a prior period restatement that resulted in an increase in net position of the governmental activities of \$741,911 as a result of the change in accounting principles associated with the Opioid Settlement Funds.
- The County's governmental funds reported combined ending fund balances of \$27,715,134 after a net decrease of \$8,600,348 over the prior fiscal year ended June 30, 2023. Approximately 65.44% or \$18,137,977 of this total amount is nonspendable, restricted, committed, or assigned for a particular purpose.
- Unassigned fund balance for the County's General Fund was \$9,577,157 or approximately 59.18% of the combined \$15,418,966 in total general fund expenditures and \$765,023 in transfers out of the general fund.
- The County's total long term debt and liabilities decreased by \$77,083 from the prior fiscal year ended June 30, 2023 and is described in more detail within Note III(B) to the financial statements.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

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

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Washington County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 83 of this report.

Government-Wide Financial Analysis

WASHINGTON COUNTY'S NET POSITION
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 50,870,094	\$ 44,534,007	\$ 4,028,192	\$ 3,622,097	\$ 54,898,286	\$ 48,156,104
Capital assets	70,864,594	22,340,191	6,125,350	5,957,441	76,989,944	28,297,632
Total assets	121,734,688	66,874,198	10,153,542	9,579,538	131,888,230	76,453,736
Total deferred outflows of resources	4,568,110	4,687,272	346,773	358,395	4,914,883	5,045,667
Long-term liabilities outstanding	35,679,442	36,594,796	5,215,562	5,405,896	40,895,004	42,000,692
Other liabilities	20,659,573	5,943,593	889,664	589,956	21,549,237	6,533,549
Total liabilities	56,339,015	42,538,389	6,105,226	5,995,852	62,444,241	48,534,241
Total deferred inflows of resources	3,037,728	3,794,301	198,038	248,721	3,235,766	4,043,022
Net position:						
Net investment in capital assets	59,642,862	20,343,359	3,204,426	2,744,524	62,847,288	23,087,883
Restricted	6,021,421	6,432,419	-	-	6,021,421	6,432,419
Unrestricted	1,261,772	(1,546,998)	992,625	948,836	2,254,397	(598,162)
Total net position	\$ 66,926,055	\$ 25,228,780	\$ 4,197,051	\$ 3,693,360	\$ 71,123,106	\$ 28,922,140

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The County’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$71,123,106 (total net position) as of June 30, 2024. The County’s total net position increased by \$41,459,055 during the fiscal year ended June 30, 2024. One of the largest portions \$62,847,288 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 \$6,021,421 portion of the County’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,254,397 is unrestricted.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

WASHINGTON COUNTY'S CHANGES IN NET POSITION
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,438,343	\$ 2,732,182	\$ 3,085,653	\$ 2,900,555	\$ 5,523,996	\$ 5,632,737
Operating grants and contributions	4,358,921	4,461,317	277,434	5,763	4,636,355	4,467,080
Capital grants and contributions	38,273,374	2,346,721	-	-	38,273,374	2,346,721
General revenues:						
Property taxes	8,917,663	9,963,963	-	-	8,917,663	9,963,963
Local option sales tax	3,524,666	3,260,173	-	-	3,524,666	3,260,173
Other taxes	342,998	333,182	-	-	342,998	333,182
Interest earnings	1,476,221	512,587	8,717	10,615	1,484,938	523,202
Miscellaneous	55,385	102,559	-	-	55,385	102,559
Total revenues	59,387,571	23,712,684	3,371,804	2,916,933	62,759,375	26,629,617
Expenses:						
General government	3,669,107	3,343,883	-	-	3,669,107	3,343,883
Public safety	4,017,908	3,434,366	-	-	4,017,908	3,434,366
Economic and physical development	559,882	643,040	-	-	559,882	643,040
Human services	6,945,411	5,997,001	-	-	6,945,411	5,997,001
Cultural and recreation	670,900	626,100	-	-	670,900	626,100
Education	2,135,000	2,148,298	-	-	2,135,000	2,148,298
Interest on long-term debt	333,999	97,956	-	-	333,999	97,956
Sanitation	-	-	1,661,792	1,638,476	1,661,792	1,638,476
Water	-	-	1,306,321	1,148,665	1,306,321	1,148,665
Total expenses	18,332,207	16,290,644	2,968,113	2,787,141	21,300,320	19,077,785
Increase (decrease) before transfers and special items	41,055,364	7,422,040	403,691	129,792	41,459,055	7,551,832
Transfers	(100,000)	(35,000)	100,000	35,000	-	-
Special item	-	(758,892)	-	-	-	(758,892)
Change in net position	40,955,364	6,628,148	503,691	164,792	41,459,055	6,792,940
Net position, beginning	25,228,780	18,512,576	3,693,360	3,528,568	28,922,140	22,041,144
Prior Period Adj / Restatements	741,911	88,056	-	-	741,911	88,056
Net position, beginning, as restated	25,970,691	18,600,632	3,693,360	3,528,568	29,664,051	22,129,200
Net position, ending	\$ 66,926,055	\$ 25,228,780	\$ 4,197,051	\$ 3,693,360	\$ 71,123,106	\$ 28,922,140

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities: Governmental activities increased the County's net position by \$40,955,364 accounting for approximately 98.79% of the total net position increase. Key elements of this increase are as follows:

- Continued diligence in the collection of property taxes. The collection percentage in the current year shows a significant increase to 93.99% over the prior year amount of 80.15%.
- \$1,484,938 received in interest earnings along with continued increases in the amount of overall sales tax.
- \$37,343,156 received of Needs Based Grant Funding to fund the building of a new school that is capitalized on the County's books until the associated debt is paid off.
- 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 \$503,691 accounting for approximately 1.21% of the total net position increase. Key elements of this increase are as follows:

- Increase in charges for services partially due to slow but steady growth in the number of water customers.
- Grant funding of \$254,333 received to cover water project expenses.

County's Funds Financial Analysis

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

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

The General Fund is the chief operating fund of Washington County. At the end of the fiscal year ended June 30, 2024, the County's total General Fund fund balance reached \$14,163,982 which is a \$592,580 or 4.37% increase over the \$13,571,402 total General Fund restated 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 \$9,577,157 or approximately 59.18% of the combined \$15,418,966, in total general fund expenditures and \$765,023 in transfers out of the general fund for the fiscal year ended June 30, 2024. Total fund balance represents approximately 87.52% of that same amount.

The Grant Project Fund is also a major governmental fund. The Grant Project Fund reported an increase of \$161,233. Additionally, revenues of \$3,334,816 have been received but are unearned at year end.

The School Capital Outlay Fund is also a major governmental fund. The School Capital Outlay Fund reported a decrease of \$9,764,431 as a result of receiving loan proceeds in the prior year that were spent in the current year. Additionally, revenues of \$8,580,038 have been received but are unearned at year end.

WASHINGTON COUNTY, NORTH CAROLINA
 MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased total budgeted revenues by \$764,643 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 \$992,625. The total increase in net position for these funds was \$503,691. Net position in the Water Fund increased by \$474,381 primarily due to an increase in revenues and grant funding for projects, while net position in the Sanitation Fund increased by \$29,310, primarily due to a transfer from the General Fund of \$100,000.

- For the fiscal year ended June 30, 2024 the monthly water rates increased from \$24 to \$26 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, 2024, the solid waste user fee increased from \$300 to \$335 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, 2024, totals \$76,653,333 (net of accumulated depreciation/amortization). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

**WASHINGTON COUNTY'S CAPITAL ASSETS
 (net of depreciation/amortization)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,371,800	\$ 2,371,800	\$ 330,158	\$ 330,158	\$ 2,701,958	\$ 2,701,958
Buildings and improvements	13,223,681	13,611,054	5,255,690	5,503,418	18,479,371	19,114,472
Machinery and equipment	1,291,407	1,209,790	126,354	74,653	1,417,761	1,284,443
Vehicles	1,463,887	1,049,417	76,537	49,212	1,540,424	1,098,629
Construction in progress	52,506,926	4,076,046	-	-	52,506,926	4,076,046
Right to use assets	6,893	22,084	-	-	6,893	22,084
Total	\$ 70,864,594	\$ 22,340,191	\$ 5,788,739	\$ 5,957,441	\$ 76,653,333	\$ 28,297,632

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset transactions during the year include:

- Sheriff: 4 New Vehicles; 11 New Panasonic Toughbooks
- Emergency Management: All Terrain Vehicle and Enclosed Trailer; 1 Ford F-250; EOC Generator Replacement
- EMS: 1 QRV; 2 New Lucas Devices
- DSS: 4 New Vehicles; Roof and Floor Replacement
- Recreation: 2024 International IC Bus
- Education: School Construction
- Water: 2023 Chevrolet Silverado; Well #1 Rehab

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, 2024, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of \$2,641,000, all of which will be repaid from future water revenues.

WASHINGTON COUNTY'S OUTSTANDING DEBT

Figure 5

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Direct Placement agreements	\$ 19,796,000	\$ 19,796,000	\$ -	\$ -	\$ 19,796,000	\$ 19,796,000
Revenue bonds	-	-	2,641,000	2,905,000	2,641,000	2,905,000
Direct Borrowing agreements	-	-	279,924	307,917	279,924	307,917
Lease liability	-	3,746	-	-	-	3,746
Closure & post-closure costs	-	-	1,774,222	1,674,462	1,774,222	1,674,462
Compensated absences	455,760	534,412	25,788	29,733	481,548	564,145
Net pension liability (LGERS)	4,218,240	4,191,569	290,691	288,852	4,508,931	4,480,421
Total pension liability (LEOSSA)	287,084	273,057	-	-	287,084	273,057
Net pension liability (Hospital)	4,701,201	4,759,700	-	-	4,701,201	4,759,700
Net OPEB liability	7,377,097	7,173,661	508,376	494,357	7,885,473	7,668,018
Total	\$ 36,835,382	\$ 36,732,145	\$ 5,520,001	\$ 5,700,321	\$ 42,355,383	\$ 42,432,466

Washington County’s total debt and liabilities decreased by \$77,083 during the past fiscal year primarily due to increases in closure / post-closure costs and OPEB liabilities offset by principal payments on outstanding debt.

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 2024 Tiers Memo published by the NC Department of Commerce unless otherwise indicated.
 - The County continues to face a population decline threat. The 2020 Census revealed a 16.8% decrease in population from 2010 to 2020, with an April 2020 est. population of 11,003. In recent years this decline appears to be slowing due to in-migration. July Census estimates over the last three years (10,892 in 2021; 10,828 in 2022; and 10,713 in 2023) reflect a slower average annual decline of less than 1%.
 - The est. median annual household income increased 10% from \$38,704 in 2020 to \$42,582 in 2021.
 - According to the US Census Bureau's July 1, 2023 estimates, Washington County's estimated overall poverty level (persons in poverty) increased 0.4% from its previous estimate of 20.7% to 21.1%.
 - The estimated average annual unemployment decreased 0.59% from 5.48% for the year ending September 2022 to 4.89% for the year ending September 2023.
 - The County's overall statewide economic distress ranking continues to improve steadily from 5th most distressed in 2022, to 6th in 2023, and 8th in 2024.
- **Agricultural Indicators:** Agriculture continues to serve as one of the County's primary economic strengths. According to the 2023 edition of the annual "NC Agricultural Statistics" or 2023 Ag Stat Book for the 2022 crop year, agricultural operations within the County generated an estimated \$92,223,755 in combined cash receipts compared to \$96,615,995 in combined cash receipts from the previous year. \$82,001,599 was generated by Crops, and \$6,237,696 was generated by Livestock, Dairy, and Poultry. The County ranked 47th in total statewide cash receipts compared to 42nd the previous 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. One additional project which has received approval is expected to utilize an additional 4,813 acres to generate an additional 484MW of solar energy. Although not universally popular, each acre of farmland developed into a solar farm currently yields higher average annual tax revenues for the county than it would if left in deferred use agricultural status. However this does not account for indirect economic loss sustained by the community due to the lack of agricultural operations associated with tending each lost acre of farmland.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

- **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 are expanding.

In addition to continuing to support the primary care and ancillary services rural medical clinic in Creswell, NC which has been operated by FQHCC Roanoke Chowan Community Healthcare Services on county property since FY17, in FY22 Washington County also assisted FQHCC Agape Health Services with financing the renovation of its new location in downtown Plymouth, NC which is now open for business.

- **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 water system.
- **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 consolidated PK12 combined school facility. Together \$53.5M in combined state/federal grant funding has been secured to combine with a \$20M loan undertaken by the County in FY22 to fund this project which is now under construction with an anticipated substantial completion date of December 2024.
- **Other:** Washington County secured almost \$4M in combined state grant funding to construct a new Emergency Management & Training Operations Center (EMTOC) in Plymouth. In addition to serving as the County's primary Emergency Operations Center, it will also serve as the new primary location for 911 dispatching and Plymouth based EMS services. The training room will also permit multiple agencies to conduct continuing education and cross training activities for the continued betterment of Washington County and safety of its citizens. Construction is expected to be completed by FY26.

Budget Highlights for Fiscal Year Ending June 30, 2025

Government Activities:

The FY25 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 FY25 General Fund budget as originally adopted for FY25 was \$19,160,709 compared to the final total amended General Fund expenditures budget for FY24 of \$17,793,138 and included \$535,255 in available fund balance for use in offsetting a variety of capital improvement items. For FY25:

- From the General Fund, \$1,735,000 was allocated to the Washington County School System for current expenses, representing the same amount allocated in the prior fiscal year.

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

- From the School Capital Outlay Fund, \$100,000 was allocated for general School Capital Outlay representing a 75% reduction from the prior fiscal year. This decrease was negotiated as part of facilitating the construction of the new consolidated PK12 School Facility pursuant to a funding agreement with the Washington County School System. For FY25 the County also allocated \$1,837,800 to make its first full annual principal and interest payment toward its local debt service on a \$20M loan obligation the County incurred in FY22 to help finance the new PK12 facility. This represents a \$1,406,742 increase over the \$431,058 allocated in FY24 for a partial interest only payment toward the same debt service.
- From the General Fund, \$260,000 was allocated to offset the anticipated expense of a 2.5% countywide cost of living adjustment.
- From the General Fund, several major (over \$50,000) capital projects were funded including: \$500,000 for courthouse repairs; \$112,000 for 2 Sheriff Vehicles.
- Major interfund transfers out of the General Fund included: \$700,000 to Fund21 School Capital Outlay to help cover annual debt service on the PK12 school facility; \$450,000 to Fund40 for the Retirement Pension Plan for former Washington County Hospital Employees; \$399,620 to Fund37 for EMS (representing 4 collected cents of projected tax revenue); \$99,905 to the Airport Fund (representing 1 collected cent of projected tax revenue), \$70,000 to Fund58 Special Projects & Grants (representing \$40,000 in roof repair reserves, \$20,000 in hvac repair reserves, and \$10,000 in PARTF project match); \$50,000 to the Sanitation Fund to offset rising scrap tire prices; and \$40,000 to the Revaluation Fund.

Business Type Activities:

Water: The original FY25 combined Funds 35 (Water Treatment & Operations - \$1,827,541) and Fund 36 (Water Capital Projects \$6,540,918) budgets total \$8,368,459 representing a slight decrease from the FY24 budget total of \$8,542,228 primarily due to the completion of some of the work on one of the major VUR/ARP grant funded water capital projects budgeted in Fund 36.

The base rate did not change from FY 24 to FY 25 but the consumption rate was adjusted from \$13 to \$15 per thousand gallons.

Landfill: The original FY25 Sanitation Fund budget totals \$1,680,954 which is a very slight increase from the original FY24 budget of \$1,663,189. For FY25:

- The annual solid waste user fee was increased \$15 to \$350 per account to attempt to recoup annual losses and rising scrap tire recycling costs.
- The Residential Use Credit for landfill tipping remained unchanged from FY24 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, 2024

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Washington Travel and Tourism Authority	Washington County ABC
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 20,325,181	\$ 2,854,675	\$ 23,179,856	\$ 170,600	\$ 373,262
Taxes receivable (net)	2,995,498	-	2,995,498	-	-
Accounts receivables (net)	307,039	616,918	923,957	18,538	-
Due from other governments	5,694,137	193,807	5,887,944	-	-
Internal balances	19,798	(19,798)	-	-	-
Prepaid items	121,318	-	121,318	-	-
Inventories	-	203,049	203,049	-	227,113
Restricted cash and cash equivalents	20,831,148	179,541	21,010,689	-	-
Restricted opioid receivable, net	71,919	-	71,919	-	-
Total current assets	50,366,038	4,028,192	54,394,230	189,138	600,375
Non-current assets:					
Net pension asset	10,458	-	10,458	-	-
Restricted opioid receivable, net	493,598	-	493,598	-	-
Capital assets:					
Non-depreciable	54,878,726	666,769	55,545,495	-	-
Depreciable, net of depreciation	15,978,975	5,458,581	21,437,556	-	54,467
Right to use assets, net of amortization	6,893	-	6,893	217	-
Total capital assets	70,864,594	6,125,350	76,989,944	217	54,467
Total non-current assets	71,368,650	6,125,350	77,494,000	217	54,467
Total assets	\$ 121,734,688	\$ 10,153,542	\$ 131,888,230	\$ 189,355	\$ 654,842
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 2,675,596	\$ 179,204	\$ 2,854,800	\$ -	\$ 37,477
OPEB related items	1,892,514	130,418	2,022,932	-	-
Deferred charges on refunding	-	37,151	37,151	-	-
Total deferred outflows of resources	\$ 4,568,110	\$ 346,773	\$ 4,914,883	\$ -	\$ 37,477
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 7,189,408	\$ 381,896	\$ 7,571,304	\$ 4,033	\$ 39,268
Accrued liabilities	386,871	19,402	406,273	-	215,039
Customer deposits	-	179,541	179,541	-	-
Interest payable	-	4,386	4,386	-	-
Unspent Grant Proceeds	11,927,354	-	11,927,354	-	-
Current portion of long-term liabilities	1,155,940	304,439	1,460,379	-	-
Total current liabilities	20,659,573	889,664	21,549,237	4,033	254,307
Long-term liabilities:					
Due in more than one year	35,679,442	5,215,562	40,895,004	-	85,461
Total long-term liabilities	35,679,442	5,215,562	40,895,004	-	85,461
Total liabilities	\$ 56,339,015	\$ 6,105,226	\$ 62,444,241	\$ 4,033	\$ 339,768
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	\$ 79,854	\$ -	\$ 79,854	\$ -	\$ -
Pension related items	312,742	15,755	328,497	-	14,343
OPEB related items	2,645,132	182,283	2,827,415	-	-
Total deferred inflows of resources	\$ 3,037,728	\$ 198,038	\$ 3,235,766	\$ -	\$ 14,343
NET POSITION					
Net investment in capital assets	\$ 59,642,862	\$ 3,204,426	\$ 62,847,288	\$ -	\$ 54,467
Restricted for:					
Stabilization by State Statute	1,197,867	-	1,197,867	18,538	-
Register of Deeds pension plan	10,458	-	10,458	-	-
Public safety	390,569	-	390,569	-	-
Education	1,457,584	-	1,457,584	-	-
Economic and physical development	1,561,273	-	1,561,273	-	-
Human Services	1,403,670	-	1,403,670	-	-
Capital improvements	-	-	-	-	50,000
Working capital	-	-	-	-	45,549
Unrestricted (deficit)	1,261,772	992,625	2,254,397	166,784	188,192
Total net position	\$ 66,926,055	\$ 4,197,051	\$ 71,123,106	\$ 185,322	\$ 338,208

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, 2024

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	\$ 3,669,107	\$ 264,596	\$ 110,098	\$ -	\$ (3,294,413)	\$ -	\$ (3,294,413)	\$ -	\$ -	
Public safety	4,017,908	2,082,257	375,456	-	(1,560,195)	-	(1,560,195)	-	-	
Economic and physical development	559,882	80,722	174,350	930,218	625,408	-	625,408	-	-	
Human services	6,945,411	7,669	3,699,017	-	(3,238,725)	-	(3,238,725)	-	-	
Education	2,135,000	-	-	37,343,156	35,208,156	-	35,208,156	-	-	
Cultural and recreation	670,900	3,099	-	-	(667,801)	-	(667,801)	-	-	
Interest on long-term debt	333,999	-	-	-	(333,999)	-	(333,999)	-	-	
Total governmental activities	<u>18,332,207</u>	<u>2,438,343</u>	<u>4,358,921</u>	<u>38,273,374</u>	<u>26,738,431</u>	<u>-</u>	<u>26,738,431</u>	<u>-</u>	<u>-</u>	
Business-type activities:										
Sanitation	1,661,792	1,585,001	6,101	-	-	(70,690)	(70,690)	-	-	
Water	1,306,321	1,500,652	271,333	-	-	465,664	465,664	-	-	
Total business-type activities	<u>2,968,113</u>	<u>3,085,653</u>	<u>277,434</u>	<u>-</u>	<u>-</u>	<u>394,974</u>	<u>394,974</u>	<u>-</u>	<u>-</u>	
Total primary government	<u>21,300,320</u>	<u>5,523,996</u>	<u>4,636,355</u>	<u>38,273,374</u>	<u>26,738,431</u>	<u>394,974</u>	<u>27,133,405</u>	<u>-</u>	<u>-</u>	
Component Units:										
Travel and Tourism Authority	192,030	-	-	-	-	-	-	(192,030)	-	
Washington County ABC Board	1,299,429	1,186,860	-	-	-	-	-	-	(112,569)	
Total component units	<u>\$ 1,491,459</u>	<u>\$ 1,186,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(192,030)</u>	<u>(112,569)</u>	
General revenues:										
Ad valorem taxes					8,917,663	-	8,917,663	-	-	
Sales and use taxes					3,524,666	-	3,524,666	-	-	
Occupancy taxes					-	-	-	177,221	-	
Other taxes					342,998	-	342,998	-	-	
Investment earnings					1,476,221	8,717	1,484,938	-	1,120	
Miscellaneous					55,385	-	55,385	-	45	
Total general revenues excluding transfers and special items					<u>14,316,933</u>	<u>8,717</u>	<u>14,325,650</u>	<u>177,221</u>	<u>1,165</u>	
Transfers					(100,000)	100,000	-	-	-	
Total general revenues, transfers, and special items					<u>14,216,933</u>	<u>108,717</u>	<u>14,325,650</u>	<u>177,221</u>	<u>1,165</u>	
Change in net position					40,955,364	503,691	41,459,055	(14,809)	(111,404)	
Net position, beginning, as previously reported					25,228,780	3,693,360	28,922,140	200,131	449,612	
Prior Period Adjustment (see Note VIII)					741,911	-	741,911	-	-	
Net position, beginning, as restated					<u>25,970,691</u>	<u>3,693,360</u>	<u>29,664,051</u>	<u>200,131</u>	<u>449,612</u>	
Net position, end of year					<u>\$ 66,926,055</u>	<u>\$ 4,197,051</u>	<u>\$ 71,123,106</u>	<u>\$ 185,322</u>	<u>\$ 338,208</u>	

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

Washington County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

	Major			Non-Major	Total Governmental Funds
	General Fund	Grant Project Fund	School Capital Outlay Fund	Nonmajor Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 13,281,005	\$ 1,119,207	\$ 3,795,509	\$ 2,129,460	\$ 20,325,181
Taxes receivable, net	2,616,013	-	-	-	2,616,013
Accounts receivable	70,548	-	32,855	203,636	307,039
Due from other governments	1,080,245	9,270	3,699,777	904,845	5,694,137
Due from other funds	47,074	-	-	-	47,074
Restricted cash and cash equivalents	178,238	3,334,816	17,154,306	163,788	20,831,148
Restricted opioid receivable, net	-	-	-	565,517	565,517
Prepaid expenses	121,318	-	-	-	121,318
Total assets	\$ 17,394,441	\$ 4,463,293	\$ 24,682,447	\$ 3,967,246	\$ 50,507,427
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 199,180	\$ 7,308	\$ 6,070,557	\$ 912,363	\$ 7,189,408
Due to other funds	-	-	-	27,276	27,276
Accrued liabilities	322,912	-	-	63,959	386,871
Unspent Grant Proceeds	12,500	3,334,816	8,580,038	-	11,927,354
Total liabilities	534,592	3,342,124	14,650,595	1,003,598	19,530,909
DEFERRED INFLOWS OF RESOURCES					
Reserve for taxes receivable	2,616,013	-	-	-	2,616,013
Prepaid taxes	79,854	-	-	-	79,854
Opioid receivable, net	-	-	-	565,517	565,517
Total deferred inflows of resources	2,695,867	-	-	565,517	3,261,384
Fund balances:					
Nonspendable:					
Prepaid expenses	121,318	-	-	-	121,318
Restricted:					
Stabilization by State Statute	1,197,867	-	-	-	1,197,867
Public Safety	-	-	-	390,569	390,569
Human Services	-	-	-	1,403,670	1,403,670
Opioid Settlement	-	-	-	163,788	163,788
Education	-	-	10,031,852	-	10,031,852
Economic and physical development	-	1,121,169	-	440,104	1,561,273
Committed:					
Tax revaluation	178,238	-	-	-	178,238
Assigned:					
Hospital pension plan	2,554,147	-	-	-	2,554,147
Subsequent year's expenditures	535,255	-	-	-	535,255
Unassigned:	9,577,157	-	-	-	9,577,157
Total fund balances	14,163,982	1,121,169	10,031,852	2,398,131	27,715,134
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,394,441	\$ 4,463,293	\$ 24,682,447	\$ 3,967,246	\$ 50,507,427

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, 2024

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

Total Fund Balance - Governmental Funds	\$ 27,715,134
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	70,857,701
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,893
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	379,485
Net Pension Asset	10,458
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	762,511
ROD	658
Pension related deferrals	
LGERS	1,837,927
ROD	5,944
LEOSSA	49,428
HOSPITAL	6,972
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	12,156
Benefit payments for the OPEB plan paid subsequent to the measurement date	419,821
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	
Taxes receivable	2,616,013
Opioid receivable	565,517
Pension Related Deferrals	
LGERS	(228,623)
ROD	(3,303)
LEOSSA	(80,816)
OPEB related deferrals	(1,172,439)
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	(19,796,000)
Compensated absences	(455,760)
Net OPEB Liability	(7,377,097)
Net Pension Liability	(8,919,441)
Total Pension Liability	(287,084)
Net position of governmental activities	<u>\$ 66,926,055</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, 2024

	<u>Major</u>			<u>Non-Major</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Grant Project Fund</u>	<u>School Capital Outlay Fund</u>	<u>Nonmajor Governmental Funds</u>	
REVENUES					
Property taxes	\$ 8,412,556	\$ -	\$ -	\$ -	\$ 8,412,556
Other taxes	1,567	-	-	237,156	238,723
Sales taxes	2,790,396	-	734,270	-	3,524,666
Unrestricted intergovernmental	100,393	-	-	-	100,393
Restricted intergovernmental	3,809,841	258,620	37,343,156	1,389,244	42,800,861
Permits and fees	256,652	-	-	-	256,652
Sales and services	243,623	-	-	1,823,165	2,066,788
Investment earnings	1,038,891	579	433,372	3,379	1,476,221
Miscellaneous	122,650	-	-	1,920	124,570
Total revenues	<u>16,776,569</u>	<u>259,199</u>	<u>38,510,798</u>	<u>3,454,864</u>	<u>59,001,430</u>
EXPENDITURES					
Current:					
General government	3,425,707	-	-	-	3,425,707
Public safety	3,998,828	84,270	-	68,094	4,151,192
Economic and physical development	218,202	180,029	-	292,912	691,143
Human services	5,276,207	-	-	2,252,060	7,528,267
Education	1,735,000	-	400,000	-	2,135,000
Cultural and recreational	748,272	-	-	-	748,272
Capital outlay	-	-	47,444,171	930,218	48,374,389
Debt service:					
Principal retirements	16,334	-	-	-	16,334
Interest and fiscal charges	416	-	431,058	-	431,474
Total expenditures	<u>15,418,966</u>	<u>264,299</u>	<u>48,275,229</u>	<u>3,543,284</u>	<u>67,501,778</u>
Excess (deficiency) of revenues over expenditures	<u>1,357,603</u>	<u>(5,100)</u>	<u>(9,764,431)</u>	<u>(88,420)</u>	<u>(8,500,348)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	166,333	-	-	166,333
Transfers out	(765,023)	-	-	498,690	(266,333)
Total other financing sources and uses	<u>(765,023)</u>	<u>166,333</u>	<u>-</u>	<u>498,690</u>	<u>(100,000)</u>
Net change in fund balance	592,580	161,233	(9,764,431)	410,270	(8,600,348)
Fund balance, beginning	13,571,402	959,936	19,796,283	1,930,433	36,258,054
Prior Period Restatement - change in accounting principle (see note VIII)	-	-	-	57,428	57,428
Fund balance, beginning, as restated	<u>13,571,402</u>	<u>959,936</u>	<u>19,796,283</u>	<u>1,987,861</u>	<u>36,315,482</u>
Fund balances-ending	<u>\$ 14,163,982</u>	<u>\$ 1,121,169</u>	<u>\$ 10,031,852</u>	<u>\$ 2,398,131</u>	<u>\$ 27,715,134</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, 2024

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

Net changes in fund balances - total governmental funds	\$ (8,600,348)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	49,772,247
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	(1,202,691)
Gain (Loss) on Disposals - amount by which cost exceeded accumulated depreciation on retired assets	(29,962)
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.	(15,191)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	763,169
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	12,156
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	419,821
Contributions to the Hospital Pension Plan	240,000
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	16,334
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)	97,475
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	78,652
County's portion of collective pension expense	(1,357,193)
OPEB (Expense) Revenue	374,754
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	323,918
Increase (decrease) in opioid settlement receivable	(118,966)
Increase (decrease) in accrued taxes receivable	181,189
Total changes in net position of governmental activities	<u><u>\$ 40,955,364</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, 2024

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property taxes	\$ 8,830,484	\$ 8,830,484	\$ 8,412,556	\$ (417,928)
Other taxes and licenses	1,200	1,200	1,567	367
Sales tax	2,513,000	2,513,000	2,790,396	277,396
Unrestricted intergovernmental	83,500	104,588	100,393	(4,195)
Restricted intergovernmental	3,901,182	4,160,798	3,809,841	(350,957)
Permits and fees	248,000	261,755	256,652	(5,103)
Sales and services	331,341	346,518	243,623	(102,895)
Investment earnings	250,000	320,393	1,031,016	710,623
Miscellaneous	4,500	65,723	122,650	56,927
Total revenues	<u>16,163,207</u>	<u>16,604,459</u>	<u>16,768,694</u>	<u>164,235</u>
Expenditures				
Current:				
General government	4,240,550	4,148,055	3,425,707	722,348
Public safety	4,609,635	5,023,990	3,998,828	1,025,162
Economic and physical development	238,355	241,733	218,202	23,531
Human services	5,484,538	5,686,415	5,276,207	410,208
Cultural and recreational	776,370	806,718	748,272	58,446
Intergovernmental:				
Education	1,735,000	1,735,000	1,735,000	-
Contingency	40,000	40,847	-	40,847
Debt service:				
Principal retirements	-	-	16,334	(16,334)
Interest	-	-	416	(416)
Total expenditures	<u>17,124,448</u>	<u>17,682,758</u>	<u>15,418,966</u>	<u>2,263,792</u>
Revenues over (under) expenditures	<u>(961,241)</u>	<u>(1,078,299)</u>	<u>1,349,728</u>	<u>2,428,027</u>
Other financing sources (uses):				
Transfers out	(598,690)	(805,023)	(805,023)	-
Appropriated fund balance	1,559,931	1,883,322	-	(1,883,322)
Total other financing sources (uses)	<u>961,241</u>	<u>1,078,299</u>	<u>(805,023)</u>	<u>(1,883,322)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>544,705</u>	<u>\$ 544,705</u>
Fund balances:				
Beginning of year, July 1			<u>13,441,039</u>	
End of year, June 30			<u>\$ 13,985,744</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes				
Investment Earnings			7,875	
Transfer from General Fund			40,000	
Fund balance, beginning of year			<u>130,363</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 14,163,982</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, 2024

	School Capital Outlay Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Sales tax	\$ 655,000	\$ 655,000	\$ 734,270	\$ 79,270
Restricted intergovernmental	49,140,219	47,820,142	37,343,156	(10,476,986)
Investment earnings	-	366,662	433,372	66,710
Total revenues	<u>49,795,219</u>	<u>48,841,804</u>	<u>38,510,798</u>	<u>(10,331,006)</u>
Expenditures				
Intergovernmental:				
Education	49,540,220	67,283,136	47,844,171	19,438,965
Debt service:				
Interest	431,058	496,189	431,058	65,131
Total expenditures	<u>49,971,278</u>	<u>67,779,325</u>	<u>48,275,229</u>	<u>19,504,096</u>
Revenues over (under) expenditures	<u>(176,059)</u>	<u>(18,937,521)</u>	<u>(9,764,431)</u>	<u>9,173,090</u>
Other financing sources (uses):				
Installment purchase proceeds	19,763,500	-	-	-
Appropriated fund balance	<u>(19,587,441)</u>	<u>18,937,521</u>	<u>-</u>	<u>(18,937,521)</u>
Total other financing sources (uses)	<u>176,059</u>	<u>18,937,521</u>	<u>-</u>	<u>(18,937,521)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(9,764,431)</u>	<u>\$ (9,764,431)</u>
Fund balances:				
Beginning of year, July 1			<u>19,796,283</u>	
End of year, June 30			<u>\$ 10,031,852</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, 2024

Exhibit 6

	Sanitation Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,060,476	\$ 1,794,199	\$ 2,854,675
Accounts receivable (net)	427,128	189,790	616,918
Due from other governments	2,077	191,730	193,807
Inventories	-	203,049	203,049
Due from other funds	314,828	-	314,828
Restricted - cash and cash equivalents	-	179,541	179,541
Total current assets	<u>1,804,509</u>	<u>2,558,309</u>	<u>4,362,818</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	294,294	372,475	666,769
Depreciable (net)	33,252	5,425,329	5,458,581
Total noncurrent assets	<u>327,546</u>	<u>5,797,804</u>	<u>6,125,350</u>
Total assets	<u>2,132,055</u>	<u>8,356,113</u>	<u>10,488,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	34,579	144,625	179,204
OPEB related items	25,165	105,253	130,418
Deferred charges on refunding	-	37,151	37,151
Total deferred outflows of resources	<u>59,744</u>	<u>287,029</u>	<u>346,773</u>
LIABILITIES			
Current liabilities:			
Accounts payable	127,959	253,937	381,896
Accrued liabilities	1,621	17,781	19,402
Accrued interest payable	-	4,386	4,386
Customer deposits	-	179,541	179,541
Due to other funds	11,243	323,383	334,626
Compensated absences payable	48	6,400	6,447
Bonds payable	-	270,000	270,000
Note payable	-	27,992	27,992
Total current liabilities	<u>140,871</u>	<u>1,083,420</u>	<u>1,224,290</u>
Noncurrent liabilities:			
Bonds payable	-	2,371,000	2,371,000
Note payable	-	251,932	251,932
Landfill post-closure	1,774,222	-	1,774,222
Compensated absences payable	143	19,199	19,341
Net pension liability	56,091	234,600	290,691
Net OPEB liability	98,095	410,281	508,376
Total noncurrent liabilities	<u>1,928,551</u>	<u>3,287,012</u>	<u>5,215,562</u>
Total liabilities	<u>2,069,421</u>	<u>4,370,431</u>	<u>6,439,852</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	3,040	12,715	15,755
OPEB related items	35,173	147,110	182,283
Total deferred inflows of resources	<u>38,213</u>	<u>159,825</u>	<u>198,038</u>
NET POSITION			
Net investment in capital assets	327,546	2,876,880	3,204,426
Unrestricted	(243,381)	1,236,006	992,625
Total net position	<u>\$ 84,165</u>	<u>\$ 4,112,886</u>	<u>\$ 4,197,051</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, 2024

	Sanitation Fund	Water Fund	Totals
Revenues:			
Operating Revenues:			
Charges for Services	\$ 1,585,001	\$ 1,478,829	\$ 3,063,830
Tap and connection fees	-	21,823	21,823
Total Operating Revenues	<u>1,585,001</u>	<u>1,500,652</u>	<u>3,085,653</u>
Expenditures:			
Operating Expenses:			
Landfill and collections	1,654,719	-	1,654,719
Treatment plant	-	202,070	202,070
Operations and maintenance	-	765,263	765,263
Depreciation	7,073	272,584	279,657
Total Expenditures	<u>1,661,792</u>	<u>1,239,917</u>	<u>2,901,709</u>
Operating income (loss)	<u>(76,791)</u>	<u>260,735</u>	<u>183,944</u>
Nonoperating Revenues (Expenses)			
Restricted intergovernmental	6,101	271,333	277,434
Grant expenditures	-	(2,000)	(2,000)
Investment earnings	-	8,717	8,717
Interest Expense	-	(64,404)	(64,404)
Total Nonoperating Revenues (Expenses)	<u>6,101</u>	<u>213,646</u>	<u>219,747</u>
Income (Loss) before transfers	(70,690)	474,381	403,691
Transfers in	100,000	-	100,000
Change in net position	<u>29,310</u>	<u>474,381</u>	<u>503,691</u>
Total net position, beginning	<u>54,855</u>	<u>3,638,505</u>	<u>3,693,360</u>
Total net position, ending	<u>\$ 84,165</u>	<u>\$ 4,112,886</u>	<u>\$ 4,197,051</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 Year Ended June 30, 2024

	Sanitation Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,483,030	\$ 1,478,481	\$ 2,961,511
Payments to suppliers	(1,445,759)	(575,567)	(2,021,326)
Payments to employees	(74,103)	(407,940)	(482,043)
Net cash provided (used) by operating activities	<u>(36,832)</u>	<u>494,974</u>	<u>458,142</u>
Cash flows from noncapital financing activities			
Restricted intergovernmental receipts	6,101	106,729	112,830
Grant expenditures	-	(2,000)	(2,000)
Transfers in	100,000	-	100,000
Due to / from	(377,840)	232,492	(145,348)
Net cash provided (used) by noncapital financial activities	<u>(271,739)</u>	<u>337,221</u>	<u>65,482</u>
Cash flows from capital and related financing activities:			
Purchases and acquisition of capital assets	(9,674)	(378,893)	(388,567)
Principal payments on long-term debt	-	(291,993)	(291,993)
Interest paid and bond issuance cost	-	(60,714)	(60,714)
Net cash provided (used) by capital and related financing activities	<u>(9,674)</u>	<u>(731,600)</u>	<u>(741,274)</u>
Cash flows from investing activities:			
Interest received	-	8,717	8,717
Net cash provided (used) by investing activities	<u>-</u>	<u>8,717</u>	<u>8,717</u>
Net increase (decrease) in cash and cash equivalents	(318,245)	109,312	(208,933)
Cash and cash equivalents, July 1	<u>1,378,721</u>	<u>1,864,428</u>	<u>3,243,149</u>
Cash and cash equivalents, June 30	<u>\$ 1,060,476</u>	<u>\$ 1,973,740</u>	<u>\$ 3,034,216</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (76,791)</u>	<u>\$ 260,735</u>	<u>\$ 183,944</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	\$ 7,073	\$ 272,584	\$ 279,657
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(101,972)	(29,681)	(131,653)
(Increase) decrease in inventory	-	(173,424)	(173,424)
(Increase) decrease in deferred outflows - pension	2,294	9,595	11,889
(Increase) decrease in deferred outflows - OPEB	(848)	(3,547)	(4,395)
Increase (decrease) in accounts payable	41,548	181,447	222,995
Increase (decrease) in accrued liabilities	(491)	1,122	631
Increase (decrease) in post-closure liability	99,760	-	99,760
Increase (decrease) in compensated absences payable	(685)	(3,260)	(3,945)
Increase (decrease) in net pension liability	355	1,484	1,839
Increase (decrease) in OPEB liability	2,705	11,314	14,019
Increase (decrease) in deferred inflows - pension	2,643	11,056	13,699
Increase (decrease) in deferred inflows - OPEB	(12,423)	(51,959)	(64,382)
Increase (decrease) in customer deposits	-	7,508	7,508
Total adjustments	<u>39,959</u>	<u>234,239</u>	<u>274,198</u>
Net cash provided (used) by operating activities	<u>\$ (36,832)</u>	<u>\$ 494,974</u>	<u>\$ 458,142</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, 2024

	Pension Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 77,750	\$ 43,619
Taxes receivable for other governments, net	-	28,797
Total Assets	<u>\$ 77,750</u>	<u>\$ 72,416</u>
Liabilities		
Due to other governments	\$ -	\$ 45,043
Total liabilities	<u>-</u>	<u>45,043</u>
Net position		
Restricted for:		
Pension benefits	77,750	-
Individuals, organizations, and other governments	-	27,373
Total fiduciary net position	<u>\$ 77,750</u>	<u>\$ 27,373</u>

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

Washington County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	Pension Trust Fund	Custodial Funds
Additions		
Employer contributions	\$ 300,000	\$ -
Ad valorem taxes for other governments	-	480,078
Collections on behalf of inmates	-	49,457
Total Additions	<u>300,000</u>	<u>529,535</u>
Deductions		
Benefit payments	288,174	-
Tax distributions to other governments	-	474,105
Payments on behalf of inmates	-	57,328
Total Deductions	<u>288,174</u>	<u>531,433</u>
Net increase in fiduciary net position	11,826	(1,898)
Net position, beginning	<u>65,924</u>	<u>29,271</u>
Net position, ending	<u>\$ 77,750</u>	<u>\$ 27,373</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, 2024

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, 2024

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 **Grant Project Fund** accounts for administering various grant funds received.

The **School Capital Outlay Fund** accounts for funds restricted for school capital purposes.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

The County reports the following major enterprise funds:

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

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

Additionally, the County reports the following fund types:

Trust Funds. Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Hospital Pension Trust Fund accounts for the accumulation of resources in an irrevocable trust to be used for pension benefits for the retirees of the former Washington County Hospital Authority, Inc.

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

Non-major funds. The County maintains seven legally budgeted non-major funds. The Emergency Telephone System, Drainage, Airport, Emergency Medical Services Fund, Representative Payee Funds, and Opioid Settlement Fund are reported as non-major special revenue funds. Airport Grant Fund is reported as a nonmajor capital project fund.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization 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 leases and IT subscriptions 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, 2024

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, Representative Payee Fund, Travel & Tourism Fund, Emergency Telephone Fund, Grants Project Fund, Tax Mapping and Revaluation Fund, and the Opioid Settlement Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Water Grant Project 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 County, TTA, and ABC Board's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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 amount of unspent resources obtained from the Opioid Settlement are restricted to use for specific purposes (i.e., opioid remediation). Accordingly, the assets from the settlement that remain on hand are reported as restricted assets. In addition to the restricted cash shown below, opioid receivables, net, of \$565,517 related to the settlement are also reported as restricted assets. So, until the amounts are assigned to use for a specific purpose they are reported as restricted assets.

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	\$ 178,238
Grant Project Fund	Unspent Grant Proceeds	3,334,816
School Capital Fund	Unspent Grant Proceeds	8,580,038
School Capital Fund	Unspent Loan Proceeds	8,574,268
Opioid Settlement Fund	Unexpended Settlement Proceeds	163,788
Total Governmental Activities		\$ 20,831,148
Business-type Activities		
Water Fund	Customer deposits	\$ 179,541
Total Business-type Activities		\$ 179,541
Total Restricted Cash		\$ 21,010,689

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, 2023. 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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. While this is the first year that the County reports a receivable for the amount to be received related to the Opioid Settlement the County has estimated an allowance for uncollectible accounts even in the absence of historical data to serve as the basis of the calculation. The County believes this is prudent given the term over which these amounts are to be paid and the possibility that corporations party to the settlement may experience bankruptcy or going concern issues. The initial allowance estimate has been established as a flat 10% of the outstanding receivable balance.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Capital Assets (continued)

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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

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

8. Deferred outflows/inflows of resources

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

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Deferred outflows/inflows of resources (continued)

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

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. 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 is front loaded. The County received \$62,428 as part of this settlement in Fiscal Years 2022 and 2023. 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Opioid Settlement Funds (continued)

The significance of this issue resulted in guidance being provided to state and local governments to help ensure that there was consistency in the accounting and financial reporting of these funds. The guidance provided that because of the restrictions on the use of the fund's revenue should not be recognized until the funds were expended. The County expended \$5,000 in FY22 and FY23, leaving \$57,428 that was received on hand at June 30, 2023. In such cases the guidance specified that the cash on hand should be reported as an asset offset by an amount for unearned revenues, a liability. The result was that amounts were only presented on the balance sheet of governmental funds and the statement of net position for governmental activities.

As the litigation progressed and more settlements were finalized, the conclusion on the appropriate accounting and financial reporting also evolved. While there are cases where the appropriate guidance to apply is for government-mandated or voluntary nonexchange transactions, there are other cases where it is appropriate to apply the guidance for exchange and exchange-like transactions.

A similarity was recognized with the Tobacco Settlement that occurred in the early 2000's. The GASB issued a technical bulletin in 2004 to provide recognition guidance for those revenues. The technical bulletin stated that "tobacco settlement revenues are exchange transactions, based on the notion that the payments are made to the settling states in exchange for their agreement to release the tobacco companies from present and future litigation."

Accordingly, going forward it is no longer appropriate to use a single approach to the accounting and financial reporting of the opioid settlement activity. Instead, it will be necessary to determine whether to apply the guidance for exchange and exchange-like transactions or to apply the guidance for government-mandated or voluntary nonexchange transactions.

In cases where the unit is a party to the litigation and the opioid settlement, the guidance for exchange and exchange-like transactions is appropriate. In a more traditional exchange/exchange-like transaction the recognition takes place at the point where one party incurs an obligation to pay the other party for goods or services that they were provided. In the opioid settlement activity, the time the settlement is finalized is the point at which the company incurs a liability to pay the unit and the unit has an enforceable claim to receive amounts from the company.

Thus far, the amounts the County has received or will receive qualify as an exchange or exchange-like transaction. Accordingly, it was necessary to record prior period adjustments for the activity that occurred in the prior fiscal year. See Note VIII Change in Accounting Principle for additional discussion about those adjustments.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Opioid Settlement Funds (continued)

In FY24 the County applied the exchange and exchange-like transactions guidance to these transactions. Accordingly, the cash received during the year of \$132,185 was recognized in the Opioid Settlement Major Special Revenue Fund. Because all funding was previously recognized for Governmental Activities, the revenue on the government-wide statements will be decreased for amounts previously recognized. This amount was calculated as follows:

		<u>Governmental</u> <u>Activities</u>
<u>Accrual basis of accounting</u>		
County's Share of NC's Unpaid Aggregate Settlements through FY 24	\$ 628,352	
Less: Allowance for uncollectible accounts	(62,835)	
Opioid Settlement receivable at June 30, 2024	\$ 565,517	
County's Share of NC's Unpaid Aggregate Settlements through FY 23	760,537	
Less: Allowance for uncollectible accounts	(76,054)	
Opioid Settlement receivable at June 30, 2023	684,483	
Accrual basis revenue previously recognized		<u>\$ (118,966)</u>

12. 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 \$50,000 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. All funds have been expended as of the end of FY23. All revenue replacement funds have been transferred to the appropriate funds.

In FY23, part of 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 received \$72,294 as part of the Local Assistance and Tribal Consistency Fund. All funds were expended as of the end of FY23.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

13. 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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

Restricted for Opioid Settlements - portion of fund balance restricted for opioid recovery.

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.

**Restricted net position in Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of the Register of Deeds' Pension Plan of \$14,415 and unspent debt proceeds of \$8,574,268 that are not included for full accrual accounting and therefore will not be restricted on Exhibit 1.

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, 2024

14. 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.

15. 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.

16. 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, 2024

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, 2024, The County's deposits had a carrying amount of \$31,001,243 and a bank balance of \$31,668,220. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remaining balance of \$31,168,220 was covered by collateral held under the Pooling Method. The County had cash on hand totaling \$1,150.

At June 30, 2024, the carrying amount of deposits for Washington County Travel and Tourism Authority was \$170,600. The Authority is part of the Central Depository account of the County, so all bank balances are reported as County balances.

At June 30, 2024, the carrying amount of deposits for Washington County ABC Board was \$372,062, and the bank balance was \$437,587. \$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, 2024

2. Investments

As of June 30, 2024, 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	\$ 13,232,921	\$13,232,921	\$ -	\$ -
Total:		\$ 13,232,921	\$13,232,921	\$ -	\$ -

*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, 2024, 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, 2024

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>
2020	\$ 1,204,433	\$ 394,448	\$ 1,598,881
2021	1,171,837	278,311	1,450,148
2022	1,174,108	173,182	1,347,290
2023	1,174,712	67,546	1,242,258
Total	<u>\$ 4,725,090</u>	<u>\$ 913,487</u>	<u>\$ 5,638,577</u>

4. Receivables

Receivables at the government-wide level at June 30, 2024, 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	\$ 70,548	\$ 2,926,731	\$ 379,485	\$ 1,080,245	\$ 4,457,009
Grant Project Fund	-	-	-	9,270	9,270
School Capital Fund	-	-	32,855	3,699,777	3,732,632
Other Governmental	2,605,088	-	-	904,845	3,509,933
Total Receivables	<u>2,675,636</u>	<u>2,926,731</u>	<u>412,340</u>	<u>5,694,137</u>	<u>11,708,844</u>
Less allowance for uncollectible	(2,401,452)	(310,718)	-	-	(2,712,170)
Total - Governmental Activities	<u>\$ 274,184</u>	<u>\$ 2,616,013</u>	<u>\$ 412,340</u>	<u>\$ 5,694,137</u>	<u>\$ 8,996,674</u>
Business-type Activities					
Sanitation	\$ 488,070	\$ -	\$ -	\$ 2,077	\$ 490,147
Water	320,960	-	-	191,730	512,690
Total Receivables	<u>809,030</u>	<u>-</u>	<u>-</u>	<u>193,807</u>	<u>1,002,837</u>
Allowance for doubtful accounts	(192,112)	-	-	-	(192,112)
Total - Business-type Activities	<u>\$ 616,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,807</u>	<u>\$ 810,725</u>

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

Local Option Sales Tax, Other DOR Revenues	\$ 1,678,388
Sales Tax Refund	866,186
NCVTS	94,393
School Needs Based Grant Proceeds	2,750,000
NCDEQ Grants	164,604
Other Grants	498,977
Total - Due from other Governments	<u>\$ 6,052,548</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

5. Capital Assets

Capital asset activity for the County for the year ended June 30, 2024 is as follows:

<u>Governmental Activities:</u>	Beginning				Ending
	Balances	Increases	Decreases	Transfers	Balances
Capital assets not being depreciated:					
Land	\$ 2,371,800	\$ -	\$ -	\$ -	\$ 2,371,800
Construction in Progress	4,076,046	48,491,168	60,288	-	52,506,926
Total capital assets not being depreciated	6,447,846	48,491,168	60,288	-	54,878,726
Capital assets being depreciated:					
Buildings & Improvements	18,319,361	156,665	-	-	18,476,026
Machinery and equipment	2,702,360	373,801	-	-	3,076,161
Vehicles	3,006,120	810,901	151,141	18,340	3,684,220
Total capital assets being depreciated	24,027,841	1,341,367	151,141	18,340	25,236,407
Less accumulated depreciation for:					
Buildings & Improvements	4,708,307	544,038	-	-	5,252,345
Machinery and equipment	1,492,570	292,184	-	-	1,784,754
Vehicles	1,956,703	366,469	121,179	18,340	2,220,333
Total accumulated depreciation	8,157,580	1,202,691	121,179	18,340	9,257,432
Total capital assets being depreciated, net	15,870,261	138,676	29,962	-	15,978,975
Capital assets being amortized:					
Right to use assets:					
Leased building	33,086	-	33,086	-	-
IT subscriptions	23,943	-	897	-	23,046
Total capital assets being amortized:	57,029	-	33,983	-	23,046
Less accumulated amortization for:					
Leased building	29,409	3,677	33,086	-	-
IT subscriptions	5,536	11,514	897	-	16,153
Total accumulated amortization	34,945	15,191	33,983	-	16,153
Total capital assets being amortized, net	22,084	(15,191)	-	-	6,893
Governmental Activities capital asset, net	\$ 22,340,191	\$ 48,614,653	\$ 90,250	\$ -	\$ 70,864,594

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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

Governmental Activities

General government	\$ 479,541
Public Safety	492,917
Economic development	37,731
Human services	142,124
Recreation	65,569
	\$ 1,217,882

Business-type activities:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Sanitation Fund:					
Capital assets not being depreciated:					
Land	\$ 294,294	\$ -	\$ -	\$ -	\$ 294,294
Total capital assets not being depreciated	294,294	-	-	-	294,294
Other capital assets:					
Furniture and equipment	327,582	9,674	-	-	337,256
Vehicles	4,999	-	-	-	4,999
Total other capital assets	332,581	9,674	-	-	342,255
Less accumulated depreciation for:					
Furniture and equipment	296,931	7,073	-	-	304,004
Vehicles	4,999	-	-	-	4,999
Total accumulated depreciation	301,930	\$ 7,073	\$ -	\$ -	309,003
Total Sanitation capital assets, net	\$ 324,945				\$ 327,546
Water Fund:					
Capital assets not being depreciated:					
Land	\$ 35,864	\$ -	\$ -	\$ -	\$ 35,864
Construction in process	-	336,611	-	-	336,611
Total capital assets not being depreciated:	35,864	336,611	-	-	372,475
Other capital assets:					
Plant and distribution systems	11,165,089	-	-	-	11,165,089
Furniture and equipment	214,636	57,002	-	-	271,638
Vehicles	221,331	44,279	-	(18,340)	247,270
Total other capital assets	11,601,056	101,281	-	(18,340)	11,683,997
Less accumulated depreciation for:					
Plant and distribution systems	5,661,671	247,728	-	-	5,909,399
Furniture and equipment	170,634	7,902	-	-	178,536
Vehicles	172,119	16,954	-	(18,340)	170,733
Total accumulated depreciation	6,004,424	\$ 272,584	\$ -	\$ (18,340)	6,258,668
Total Water Fund capital assets, net	5,632,496				5,797,804
Business-type activities capital assets, net	\$ 5,957,441				\$ 6,125,350

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Discretely presented component units:

Activity for the Travel and Tourism Authority for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets being amortized:					
Right to use assets:					
IT subscriptions	\$ 600	\$ -	\$ -	\$ -	\$ 600
Total capital assets being	600	-	-	-	600
Less accumulated amortization for:					
IT subscriptions	83	300	-	-	383
Total accumulated amortization	83	300	-	-	383
Total capital assets being amortized, net	\$ 517	\$ (300)	\$ -	\$ -	\$ 217

Activity for the ABC Board for the year ended June 30, 2024, 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	50,670	-	-	50,670
Equipment and Furniture	102,322	-	-	102,322
Total other capital assets	221,265	-	-	221,265
Less accumulated depreciation for:				
Buildings	68,273	-	-	68,273
Leasehold improvements	9,518	4,957	-	14,475
Equipment and Furniture	84,576	4,166	-	88,742
Total accumulated depreciation	162,367	\$ 9,123	\$ -	171,490
Capital assets, net	\$ 63,590			\$ 54,467

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Construction Commitments

The County has several active construction projects as of June 30, 2024. These projects include the Construction of a new PK12 School Facility, an Airfield Lighting Project, Airport Obstruction Removal, Emergency Management Training and Operations Center Project, Water SCADA Improvement Project, Pea Ridge Water Transmission Main Project, and Roper Interconnection Project.

Project	Spent-to-date	Remaining Commitment
PK 12 School Facility Construction	\$ 51,338,613	\$ 24,640,767
Airport Airfield Lighting Project	1,017,440	533,293
Airport Obstruction Removal Project	79,640	43,373
EM Training and Operations Center Project	71,232	4,413,599
Water SCADA Improvement Project	222,362	8,888
Pea Ridge Transmission Main Project	109,669	5,231,832
Roper Interconnection Project	29,680	927,760

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2024, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	\$ 199,180	\$ 322,912	\$ 522,092
Grant Project Fund	7,308	-	7,308
School Capital Project Fund	6,070,557	-	6,070,557
Other Governmental	912,363	63,959	976,322
Total Governmental Activities	\$ 7,189,408	\$ 386,871	\$ 7,576,279
Business-Type Activities			
Sanitation	\$ 127,959	\$ 1,621	\$ 129,580
Water	253,937	17,781	271,718
Total Business-Type Activities	\$ 381,896	\$ 19,402	\$ 401,298

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024, was 14.04% of compensation for law enforcement officers and 12.91% 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 \$815,058 for the year ended June 30, 2024.

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

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

At June 30, 2024, the County reported a liability of \$4,508,931 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the County’s proportion was 0.0681% (measured as of June 30, 2023), which was a decrease of 0.0113% from its proportion measured as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the County recognized pension expense of \$1,240,496. At June 30, 2024, 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	\$ 502,428	\$ 10,816
Changes of assumptions	191,604	-
Net difference between projected and actual earnings on pension plan investments	1,206,787	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	63,765	233,562
County contributions subsequent to the measurement date	815,058	-
Total	\$ 2,779,642	\$ 244,378

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

\$815,058 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$ 639,933
2026	299,520
2027	729,723
2028	51,030
Total	<u>\$ 1,720,206</u>

Actuarial Assumptions. The total pension liability as of June 30, 2024 was determined by the December 31, 2023 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

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 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, 2022 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, 2023 are summarized in the following table:

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of</u>
Fixed Income	33%	2.4%
Global Equity	38%	6.9%
Real Estate	8%	6.0%
Alternatives	8%	8.6%
Credit	7%	5.3%
Inflation Protection	6%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 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 (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 7,811,546	\$ 4,508,931	\$ 1,789,909

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2022, the date of the most recent actuarial valuation the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Active plan members	16
Total	<u>17</u>

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, 2022 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	4.00 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, 2022 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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.

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, 2024, the County reported a total pension liability of \$287,084. The total pension liability was measured as of June 30, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the County recognized pension expense of \$12,192.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 45,944
Difference between expected and actual experience	49,428	34,872
Benefit payments and administrative expenses subsequent to the measurement date	12,156	-
Total	\$ 61,584	\$ 80,816

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

The County paid \$12,156 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, 2025. 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:	
2025	\$ (2,102)
2026	(567)
2027	(9,640)
2028	(13,946)
2029	(5,094)
Thereafter	(39)
Total	<u><u>\$ (31,388)</u></u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 309,178	\$ 287,084	\$ 266,738

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

	2024
Beginning balance	\$ 273,057
Service Cost	14,879
Interest	11,521
Experience differences	(6,837)
Assumption changes	5,946
Benefit payments	(11,482)
Ending balance of the total pension liability	<u><u>\$ 287,084</u></u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31 percent at June 30, 2022 (measurement date) to 4.00 percent at June 30, 2023 (measurement date).

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

Washington County, North Carolina
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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, 2022 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$319,375 which consisted of \$34,089 from the County for law enforcement officers and \$148,958 from the County for non-law enforcement employees. The employee's contributions were \$136,328.

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.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$658 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of \$10,458 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023, the County's proportion was 0.087%, which was an increase of 0.0221% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$1,771. At June 30, 2024, 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	\$ -	\$ 463
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,312	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	632	2,840
County contributions subsequent to the measurement date	658	-
Total	\$ 6,602	\$ 3,303

Washington County, North Carolina
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\$658 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June	
2025	\$ 431
2026	333
2027	1,542
2028	335
Total	<u>\$ 2,641</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 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%, including inflation and productivity factor
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, 2022 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. 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.

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The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset liability and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class and is 100% invested in the Bond Index External Investment Pool. The long term expected real rate of return for the Bond Index Investment Pool as of June 30, 2022 is 0.78%.

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.

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)	(7,139)	(10,458)	(13,257)

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):

Washington County, North Carolina
Notes to the Financial Statements
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<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:

<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.

Washington County, North Carolina
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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, 2024 the Pension Plan's membership consisted of:

Retirees receiving benefits	79
Terminated plan members entitled to deferred benefits	85
Total	164

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

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

Employer Disclosures

The County's total pension liability, used to measure the net pension liability, for the Hospital plan was determined by an actuarial valuation as of January 1, 2022 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2022. In the employer financial statements, the County used a measurement date for the net pension liability of June 30, 2022.

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

Mortality	Pre-Retirement - Pub-2010 Amounted-Weighted General Mortality Table Improvement Scale: Prior Year MP-2019 for 2020; Current Year MP-2020 for 2021; MP-2021 for 2022 and 2023 Projection Period: Fully Generational Post-Retirement - Base Table: PubG-2010 Amount Weighed General Table with the following adjustments: Rates for male members are 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. Improvement Scale: MP-2019 for 2020; MP-2020 for 2021; MP-2021 for 2022 and 2023
Salary Increases	0% - Plan was frozen on March 2, 2007
Long-term expected rate of return on investments	3.37%, net of investment expenses, including inflation
Discount Rate	3.65%

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

Washington County, North Carolina
Notes to the Financial Statements
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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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
US Treasuries (Cash equivalents)	0.81%

Discount rate. The discount rate used to measure the total pension liability was 3.65%. The projection of cash flows used to determine the discount rate assume that Pension contributions will be made according to their established funding policy to contribute the actuarially determined contribution. Furthermore, it is assumed that the plan sponsor will deposit 100% of the required contribution. After year 27, 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, 2048 (or 26 years out). At that point in time, the plan's expected fiduciary net position will be insufficient to satisfy all benefit payments. Therefore, the long-term expected rate of return on pension plan investments (greater of 3.00% or bond rate of 3.65%) was applied to years 1 - 26 (1/1/2023 - 12/31/2048) of projected benefit payments, as well as those funded payments during 2049 and 2050, and a bond rate of 3.65% was applied to benefit payments thereafter.

The discount rate used to measure total pension liability has changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023. The reason for this decrease is the increase 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, 2024, measured as of June 30, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2023	\$ 4,878,044	\$ 118,344	\$ 4,759,700
Changes for the year:			
Interest	167,552	-	167,552
Differences between expected and actual experience	72,257	-	72,257
Assumption Changes	(58,308)	-	(58,308)
Contributions - employer	-	240,000	(240,000)
Net investment income (loss)	-	-	-
Benefits payments	(292,420)	(292,420)	-
Administrative expenses	-	-	-
Net changes	(110,919)	(52,420)	(58,499)
Balances at June 30, 2024	\$ 4,767,125	\$ 65,924	\$ 4,701,201

Washington County, North Carolina
Notes to the Financial Statements
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The Plan's fiduciary net position as a percentage of the total pension liability 1.38%

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 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
County's net pension liability	\$ 5,280,394	\$ 4,701,201	\$ 4,222,973

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

For the fiscal year ended June 30, 2023, the County recognized pension expense of \$182,709. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 6,972	\$ -
Total	\$ 6,972	\$ -

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

Year Ended June		
2025	\$	2,827
2026		2,160
2027		1,331
2028		654
Total	\$	6,972

Plan Disclosures

The County's total pension liability as of June 30, 2023, for the Hospital Plan, was determined by an actuarial valuation as of January 1, 2024 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2024.

Washington County, North Carolina
Notes to the Financial Statements
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Actuarial Assumptions. The following actuarial assumptions, applied to all periods included in the measurement.

Mortality	Base Table: Pub-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	3.69%
Discount Rate	3.93%

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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
US Treasuries (Cash equivalents)	1.23%

Rate of return. For the year ended June 30, 2024, 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 3.93%. The projection of cash flows used to determine the discount rate assume that Pension contributions will be made according to their established funding policy to contribute the actuarially determined contribution. Furthermore, it is assumed that the plan sponsor will deposit 100% of the required contribution. After year 29, 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, 2051 (or 28 years out). At that point in time, the plan's expected fiduciary net position will be insufficient to satisfy all benefit payments. Therefore, the long-term expected rate of return on pension plan investments (greater of 3.00% or bond rate of 3.93%) was applied to years 1 - 28 (1/1/2024 - 12/31/2051) of projected benefit payments, as well as those funded payments during 2052, and a bond rate of 3.93% was applied to benefit payments thereafter.

The discount rate used to measure total pension liability has changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024. The reason for this increase is the increase in the bond rate.

Washington County, North Carolina
Notes to the Financial Statements
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Net Pension Liability of the County. The components of the net pension liability of the County at June 30, 2024 were as follows:

Total Pension Liability	\$ 4,480,511
Plan Fiduciary Net Position	77,750
Net Pension Liability	<u>\$ 4,402,761</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	1.74%

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 3.93%, 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 (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease <u>(2.93%)</u>	Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
County's net pension liability	\$ 4,924,100	\$ 4,402,761	\$ 3,969,557

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

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>HOSPITAL</u>	<u>Total</u>
Proportionate share of the Net Pension Liability (Asset)	\$ 4,508,931	\$ (10,458)	\$ -	\$ 4,701,201	\$ 9,199,674
Proportionate of the Net Pension Liability (Asset)	0.0681%	0.0870%	n/a	n/a	n/a
Total Pension Liability	-	-	287,084	-	287,084
Pension Expense (Revenue)	1,240,496	1,771	12,192	182,709	1,437,168

Washington County, North Carolina
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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>HOSPITAL</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>					
Differences between expected and actual experience	502,428	-	49,428	-	551,856
Changes of assumptions	191,604	-	-	-	191,604
Net difference between project and actual earnings on plan investments	1,206,787	5,312	-	6,972	1,219,071
Changes in proportion and differences between contributions and proportionate share of contributions	63,765	632	-	-	64,397
Benefit payments and administrative costs paid subsequent to the measurement date	815,058	658	12,156	-	827,872
<u>Deferred Inflows of Resources</u>					
Difference between expected and actual experience	10,816	463	34,872	-	46,151
Changes of assumptions	-	-	45,944	-	45,944
Changes in proportion and differences between contributions and proportionate share of contributions	233,562	2,840	-	-	236,402

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.

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

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

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

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

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 7.14%, which amounted to \$448,752.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024, the County reported a liability of \$7,885,474 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 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, 2023, the County's proportion was 0.02959%, which was a decrease over the prior year proportion by 0.0027%.

For the year ended June 30, 2024, the County recognized OPEB revenue of \$390,220 and noncapital contributions of \$10,359. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,835	\$ 7,726
Changes of assumptions	854,237	2,103,781
Net difference between projected and actual earnings on pension plan investments	62,993	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	570,115	715,908
County contributions subsequent to the measurement date	448,752	-
Total	<u>\$ 2,022,932</u>	<u>\$ 2,827,415</u>

The amount reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date, of \$448,752, will be recognized as an increase of the net OPEB liability in the year ending June 30, 2025. 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	
2025	\$ (426,580)
2026	(539,214)
2027	(249,514)
2028	(37,927)
2029	-
Total	<u>\$ (1,253,235)</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Actuarial Assumptions. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of December 31, 2022 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, 2023:

Inflation Rate	2.50%
Salary increases based on service:	Law Enforcement Officers: 8.10% grading down to 3.50%; General Employees: 3.25% to 8.05%
Investment Rate of Return	6.50%
Healthcare Cost Trend Rates	
Medical	6.50% grading down to 5.00% by 2029
Prescription drug	10% grading down to 5.00% by 2033
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.

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.65%. 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 3.65% was used as the discount rate used to measure the total OPEB liability. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	\$ 9,301,827	\$ 7,885,474	\$ 6,731,040

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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%	Current Trend Rates (6.5% Medical, 7.25% Rx, 3.0% Admin)	1%	
	Decrease in Trend Rates		Increase in Trend Rates	
Total OPEB liability	\$ 6,509,752	\$ 7,885,474	\$ 9,658,292	

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.

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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

3. Deferred Outflows and Inflows of Resources

Following are the deferred inflows of resources that are reported in the government-wide financial statements at June 30, 2024:

	<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	\$ 502,428	\$ 10,816
Register of Deeds	-	463
LEOSSA	49,428	34,872
OPEB	86,835	7,726
Changes of Assumptions		
LGERS	191,604	-
Register of Deeds	-	-
LEOSSA	-	45,944
OPEB	854,237	2,103,781
Pensions - difference between projected and actual investment		
LGERS	1,206,787	-
Register of Deeds	5,312	-
Hospital	6,972	-
OPEB	62,993	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	63,765	233,562
Register of Deeds	632	2,840
OPEB	570,115	715,908
Contributions to pension plan in current fiscal year		
LGERS	815,058	-
Register of Deeds	658	-
Benefit payments/administration costs paid subsequent to the measurement date		
LEOSSA	12,156	-
OPEB	448,752	-
Deferred charges on refunding (Water)	37,151	-
Prepaid taxes (General)	-	79,854
Government-wide deferred outflows and inflows	<u>\$ 4,914,883</u>	<u>\$ 3,235,766</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Following are the deferred inflows of resources that are reported in the governmental fund financial statements at June 30, 2024:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Prepaid taxes (General)	\$ -	\$ 79,854
Taxes receivable, net (General)	-	2,616,013
Restricted opioid settlement receivable, net (Special Revenue)	-	565,517
Governmental Funds deferred outflows and inflows	\$ -	\$ 3,261,384

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 \$1,774,222 reported as landfill closure and post-closure care liability at June 30, 2024 represents a cumulative amount reported to date based on the use of 76.4% percent of the total estimated capacity of the landfill. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$2 million for any one occurrence, general, professional, and employment practices liability coverage of \$5 million per occurrence auto physical damage coverage for owned autos at actual cash value, crime coverage of \$500,000 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 is individually bonded for \$1,000,000. The Tax Collector is individually bonded for \$100,000. 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.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024, the County had 141 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, 2024 was North Carolina State Health Plan for medical.

6. Contingent Liabilities

At June 30, 2024, the County is a plaintiff in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

7. Long-Term Obligations

a. Leases

The County has entered into agreements to lease certain property or equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The right to use asset for leases in general, is discussed in more detail in the right to use asset section of the notes. The specific leases for Person County that apply to GASB 87 are summarized as follows:

On 07/01/2021, the County 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 06/30/2024, the value of the lease liability is \$0. The 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 value of the right to use asset as of 06/30/2024 of \$33,086 with accumulated amortization of \$33,086 has been retired from the Capital Asset note as Right to Use leased buildings.

b. Installment Purchases

Installment purchases serviced by the County are as follows:

The County entered into a direct placement installment purchase in May 23 to finance a school construction project. Payments are due annually on December 1 at an interest rate of 4.02% and mature in 2042. The property 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) take possession of the mortgaged property, with or without legal action; (b) lease the mortgaged property; (c) collect all rents and profits from the mortgaged property; and (d) after deducting all costs of collection and administration expenses, apply the net rents and profits to the payment of necessary maintenance and insurance costs, and then apply all remaining amounts to the County's account and in reduction of the Payment Obligations.

	\$ 19,796,000
Total serviced by the General Fund	<u>\$ 19,796,000</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Installment purchases (continued)

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,042,000	\$ 795,799	\$ 1,837,799
2026	1,042,000	753,911	1,795,911
2027	1,042,000	712,022	1,754,022
2028	1,042,000	670,134	1,712,134
2029	1,042,000	628,246	1,670,246
2030-2034	5,210,000	2,512,902	7,722,902
2035-2039	5,210,000	1,465,692	6,675,692
2040-2044	4,166,000	418,603	4,584,603
Total	<u>\$ 19,796,000</u>	<u>\$ 7,957,309</u>	<u>\$ 27,753,309</u>

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.

	\$ 279,925
Total Revolving Loan	<u>\$ 279,925</u>

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

Year Ending June 30	Business-type Activities	
	Revolving Loans	
	Principal	Interest
2025	\$ 27,992	\$ -
2026	27,992	-
2027	27,992	-
2028	27,992	-
2029	27,992	-
2030-2034	139,964	-
Total	<u>\$ 279,924</u>	<u>\$ -</u>

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

d. Revenue Bonds

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, 2024 was \$2,641,000. 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, 2024, is as follows:

Operating Revenues	\$ 1,500,652	
Operating Expenses*	967,333	
Operating income	533,319	
Nonoperating revenues (expenses)**	274,361	
Income available for debt service	807,680	
Debt service, principal and interest paid (Revenue Bond only)	\$ 324,715	
All debt service (excluding interest included in nonoperating expenditures above)		\$ 352,707
Debt service coverage ratio	248.74%	228.99%

*Per rate covenants, this does not include depreciation expense of \$272,584.

**Does not include revenue bond interest paid of \$60,715.

Year Ending June 30	Business-type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2025	\$ 270,000	\$ 55,197	\$ 325,197
2026	276,000	49,554	325,554
2027	282,000	43,786	325,786
2028	287,000	37,892	324,892
2029	293,000	31,893	324,893
2030-2034	1,233,000	65,083	1,298,083
Total	\$ 2,641,000	\$ 283,405	\$ 2,924,405

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

e. Subscription Liability

The County implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions) effective July 1, 2022. The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

On 09/26/2022, the County entered into a 36 month subscription for the use of Network Solutions - Web Domain. An initial subscription liability was recorded in the amount of \$123. As of 06/30/2024, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$123. The subscription has an interest rate of 2.6430%. The value of the right to use asset as of 06/30/2024 of \$123 with accumulated amortization of \$72 is included in the Capital Asset Schedule above as IT Subscriptions.

On 02/01/2023, the County entered into a 24 month subscription for the use of DebtBook Platform. An initial subscription liability was recorded in the amount of \$22,338. As of 06/30/2024, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$9,750. The subscription has an interest rate of 3.2750%. The value of the right to use asset as of 06/30/2024 of \$22,338 with accumulated amortization of \$15,823 is included in the Capital Asset Schedule above as IT Subscriptions.

On 07/01/2022, the County entered into a 13 month subscription for the use of Zix Software. An initial subscription liability was recorded in the amount of \$898. As of 06/30/2024, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$961. The subscription has an interest rate of 2.0700%. The value of the right to use asset as of 06/30/2024 of \$897 with accumulated amortization of \$897 was shown as a retirement of IT Subscriptions in the Capital Asset Schedule above.

On 03/05/2023, the County entered into a 36 month subscription for the use of Watchguard Security Suite. An initial subscription liability was recorded in the amount of \$585. As of 06/30/2024, the value of the subscription liability is \$0. The County is required to make annual fixed payments of \$624. The subscription has an interest rate of 3.2140%. The value of the right to use asset as of 06/30/2024 of \$585 with accumulated amortization of \$258 is included in the Capital Asset Schedule above as IT Subscriptions.

The following subscription agreement was recorded in the Washington Travel & Tourism Authority (TTA), which is a discretely presented component unit:

On 03/22/2023, the Travel and Tourism Authority (TTA) entered into a 24 month subscription for the use of GoDaddy - Managed SSL (TTA). An initial subscription liability was recorded in the amount of \$600. As of 06/30/2024, the value of the subscription liability is \$0. The TTA is required to make annual fixed payments of \$600. The subscription has an interest rate of 3.2750%. The value of the right to use asset as of 06/30/2024 of \$600 with accumulated amortization of \$382 is included in the Capital Asset Schedule above as IT Subscriptions.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

f. Long-Term Obligation Activity:

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2024:

	Beginning			Ending	Current Portion
	Balance	Increases	Decreases	Balance	of Balance
Governmental Activities:					
Direct purchase agreements	\$ 19,796,000	\$ -	\$ -	\$ 19,796,000	\$ 1,042,000
Lease Liability	3,746	-	3,746	-	-
IT Subscription Liability	12,588	-	12,588	-	-
Net pension liability - LGERS	4,191,569	26,671	-	4,218,240	-
Net pension liability - Hospital	4,759,700	-	58,499	4,701,201	-
Total pension liability - LEOSSA	273,057	14,027	-	287,084	-
Compensated absences	534,412	-	78,652	455,760	113,940
Net OPEB liability	7,173,661	203,436	-	7,377,097	-
Total	\$ 36,744,733	\$ 244,134	\$ 153,485	\$ 36,835,382	\$ 1,155,940

	Beginning			Ending	Current Portion
	Balance	Increases	Decreases	Balance	of Balance
Business-type Activities:					
Revenue bonds	\$ 2,905,000	\$ -	\$ 264,000	\$ 2,641,000	\$ 270,000
Direct borrowing agreement	307,917	-	27,993	279,924	27,992
Closure & post-closure liability	1,674,462	99,760	-	1,774,222	-
Net pension liability - LGERS	288,852	1,839	-	290,691	-
Net OPEB liability	494,357	14,019	-	508,376	-
Compensated absences	29,733	-	3,945	25,788	6,447
Total	\$ 5,700,321	\$ 115,618	\$ 295,938	\$ 5,520,001	\$ 304,439

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

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2024 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sanitation Fund	Water Fund	\$ 314,828
General Fund	Water Fund	8,555
General Fund	EMS Fund	27,276
General Fund	Sanitation Fund	11,243
		\$ 361,902

The above balances resulted from the Central Depository fund covering expenditures.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Interfund transfers:

Transfer from General Fund to Emergency Medical Services Fund to provide resources for services.	\$ 398,952
Transfer from General Fund to Airport Fund to provide resources for services.	99,738
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.	166,333
Transfer from General Fund to Sanitation Fund to provide resources for services.	100,000
	\$ 805,023

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 70,864,594	\$ 6,125,350
less: long-term debt	(19,796,000)	(2,920,924)
add: unexpended debt proceeds	8,574,268	-
Net investment in capital assets	\$ 59,642,862	\$ 3,204,426

E. Fund Balance

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

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

<u>Total Fund Balance - General Fund</u>	\$ 14,163,982
Less:	
Nonspendable (Prepays)	121,318
Stabilization by State Statute	1,197,867
Tax revaluation	178,238
Hospital pension plan	2,554,147
Subsequent year's expenditures	535,255
Working Capital / Fund Balance Policy	-
<u>Remaining Fund Balance</u>	\$ 9,577,157

The County had no outstanding encumbrances at June 30, 2024.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$205,000 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-Tyrrell-Washington District 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, 2024.

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-eight 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, 2024. 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 \$9,583 to the Commission during the fiscal year ended June 30, 2024.

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 \$3,974 to the Authority during the fiscal year ended June 30, 2024.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

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.

NOTE VII: Subsequent Events

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through November 22, 2024, the date the financial statements were available to be issued.

NOTE VIII: Change in Accounting Principle

In the prior fiscal year, the County received money from the Opioid Settlement. At that time the appropriate accounting and financial reporting guidance was thought to be that for government-mandated and voluntary nonexchange transactions. As such revenue recognition could only occur when all eligibility requirements were met. The incurrence of qualifying expenditures was among the eligibility requirements. The County did not incur any qualifying expenditures during FY23. Accordingly, no revenue was recognized. See Note I.D.11 Opioid Settlement Funds for further discussion of this nationwide settlement.

During FY24 the conclusion for the appropriate accounting and financial reporting guidance evolved. Instead of a single approach being applicable to the activity, there was realization that the approach needed to be more nuanced. Based on the facts and circumstances of the different distribution methods of the funds, it was determined that the appropriate guidance is either that for exchange and exchange-like transactions or that for government-mandated or voluntary nonexchange transactions.

After reviewing the method through which the County received the resources it was determined that the activity should have followed the guidance for exchange and exchange-like transactions. As a result, it was necessary for the County to record prior period adjustments in FY24 for a change in accounting principle.

As an exchange/exchange-like transaction the County should have recognized revenue when they obtained a legal claim to the resources. For the opioid settlement the County obtains a claim to the resources on an accrual basis as settlements are finalized. On the modified accrual basis of accounting the resources must also be measurable and available for revenue recognition to occur.

In the prior years, the County received a cash payment of \$62,428, and spent \$5,000 on eligible expenditures. This amount qualified for revenue recognition on both an accrual and modified accrual basis of accounting. It was also necessary to determine if any additional revenue should have been recognized on an accrual basis in FY23. Given that settlements had reached \$26 billion in FY23 it was necessary to determine the portion of that amount related to the County and recognize an additional prior period adjustment for that amount.

Washington County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2024

Following are the prior period adjustments for this change in accounting principle:

	<u>Governmental</u> <u>Activities</u>	
<u>Accrual basis of accounting</u>		
Net position, beginning, as previously reported	\$ 25,228,780	
Prior period adjustment - change in accounting principle - Revenue for cash received	57,428	
Prior period adjustment - change in accounting principle - County's share of NC's Unpaid Aggregate Settlements thru FY 23, net of allowance for uncollectible accounts of \$76,054	<u>684,483</u>	
Net Position, beginning, as restated	<u><u>\$ 25,970,691</u></u>	
	<u>Opioid Settlement - Major Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Modified accrual basis of accounting</u>		
Fund balances, beginning, as previously reported	\$ 164	\$ 36,258,054
Prior period adjustment - change in accounting principle - Revenue for cash received that was measurable and available	<u>57,428</u>	<u>57,428</u>
Net Position, beginning, as restated	<u><u>\$ 57,592</u></u>	<u><u>\$ 36,315,482</u></u>

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 -
- ~ 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 Ten Fiscal Years

Local Government Employees' Retirement System					
	2024	2023	2022	2021	2020
County's proportion of the net pension liability (asset) (%)	0.06808%	0.07942%	0.07381%	0.07662%	0.07759%
County's proportion of the net pension liability (asset) (\$)	\$ 4,508,931	\$ 4,480,422	\$ 1,131,947	\$ 2,737,959	\$ 2,118,922
County's covered payroll	\$ 6,119,952	\$ 6,092,504	\$ 5,897,855	\$ 5,594,658	\$ 5,594,314
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.68%	73.54%	19.19%	48.94%	37.88%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%
	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) (%)	0.08395%	0.09239%	0.09387%	0.09047%	0.09456%
County's proportion of the net pension liability (asset) (\$)	\$ 1,991,581	\$ 1,411,463	\$ 1,992,236	\$ 406,024	\$ (557,664)
County's covered payroll	\$ 5,461,694	\$ 5,663,037	\$ 5,676,046	\$ 5,785,207	\$ 5,669,505
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.46%	24.92%	35.10%	7.02%	-9.84%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

* 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 Ten Fiscal Years

Local Government Employees' Retirement System					
	2024	2023	2022	2021	2020
Contractually required contribution	\$ 815,058	\$ 746,145	\$ 682,982	\$ 604,026	\$ 506,719
Contributions in relation to the contractually required contribution	815,058	746,145	682,982	604,026	506,719
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 6,285,040	\$ 6,119,952	\$ 6,092,504	\$ 5,897,855	\$ 5,594,658
Contributions as a percentage of covered payroll	12.97%	12.19%	11.21%	10.24%	9.06%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 438,370	\$ 415,080	\$ 420,354	\$ 382,194	\$ 411,341
Contributions in relation to the contractually required contribution	438,370	415,080	420,354	382,194	411,341
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 5,594,314	\$ 5,461,694	\$ 5,663,037	\$ 5,676,046	\$ 5,785,207
Contributions as a percentage of covered payroll	7.84%	7.60%	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 Ten Fiscal Years*

	2024	2023	2022	2021	2020
County's proportionate share of the net pension liability (asset) %	0.0870%	0.0650%	0.0742%	0.0784%	0.0735%
County's proportionate share of the net pension liability (asset) \$	\$ (10,458)	\$ (8,602)	\$ (14,258)	\$ (17,965)	\$ (14,518)
Plan fiduciary net position as a percentage of the total pension liability	135.74%	139.04%	156.53%	173.62%	164.11%
	2019	2018	2017	2016	2015
County's proportionate share of the net pension liability (asset) %	0.0856%	0.1319%	0.1201%	0.1233%	0.0979%
County's proportionate share of the net pension liability (asset) \$	\$ (14,170)	\$ (22,512)	\$ (22,452)	\$ (28,562)	\$ (22,192)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%

* 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 Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's required contribution	\$ 658	\$ 777	\$ 745	\$ 891	\$ 751
Contributions in relation to contractually required contribution	658	777	745	891	751
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's required contribution	\$ 3,964	\$ 732	\$ 1,146	\$ 981	\$ 986
Contributions in relation to contractually required contribution	3,964	732	1,146	981	986
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 273,057	\$ 330,627	\$ 337,089	\$ 227,178
Service Cost	14,879	22,354	24,611	15,733
Interest on the total pension liability	11,521	7,310	6,395	7,219
Differences between expected and actuarial experience in the measurement of the total pension liability	(6,837)	(31,598)	(18,008)	(16,042)
Changes of assumptions and other inputs	5,946	(44,154)	(7,978)	114,483
Benefit payments	(11,482)	(11,482)	(11,482)	(11,482)
Ending balance of total pension liability	<u>\$ 287,084</u>	<u>\$ 273,057</u>	<u>\$ 330,627</u>	<u>\$ 337,089</u>
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 204,301	\$ 241,776	\$ 181,532	\$ 162,914
Service Cost	17,056	15,492	15,660	16,885
Interest on the total pension liability	7,402	7,640	7,007	5,816
Differences between expected and actuarial experience in the measurement of the total pension liability	(6,171)	(53,800)	22,838	-
Changes of assumptions and other inputs	6,504	(6,807)	14,739	(4,083)
Benefit payments	(1,914)	-	-	-
Ending balance of total pension liability	<u>\$ 227,178</u>	<u>\$ 204,301</u>	<u>\$ 241,776</u>	<u>\$ 181,532</u>

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

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 287,084	\$ 273,057	\$ 330,627	\$ 337,089
Covered payroll	678,291	710,132	697,595	732,551
Total pension liability as a percentage of covered payroll	42.32%	38.45%	47.40%	46.02%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 6,504	\$ 204,301	\$ 241,776	\$ 181,532
Covered payroll	761,006	670,259	808,505	780,374
Total pension liability as a percentage of covered payroll	0.85%	30.48%	29.90%	23.26%

Notes to the schedules:

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

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability										
Interest on total pension liability	\$ 168,788	\$ 167,552	\$ 122,432	\$ 130,488	\$ 176,272	\$ 168,692	\$ 152,817	\$ 155,151	\$ 170,440	\$ (5,142)
Assumption changes	(136,150)	(58,308)	(884,414)	(28,829)	877,648	731,966	(390,245)	-	1,206,409	-
Benefit payments, including refunds of employee contributions	(288,174)	(292,420)	(294,662)	(301,049)	(311,979)	(259,077)	(240,197)	(244,897)	-	-
Differences between expected and actual experience	(31,078)	72,257	172,019	(65,495)	94,630	62,128	(5,590)	13,300	18,685	-
Net change in total pension liability	(286,614)	(110,919)	(884,625)	(264,885)	836,571	703,709	(483,215)	(76,446)	1,395,534	(5,142)
Total pension liability - beginning	4,767,125	4,878,044	5,762,669	6,027,554	5,190,983	4,487,274	4,970,489	5,046,935	3,651,401	3,656,543
Total pension liability - ending (a)	\$ 4,480,511	\$ 4,767,125	\$ 4,878,044	\$ 5,762,669	\$ 6,027,554	\$ 5,190,983	\$ 4,487,274	\$ 4,970,489	\$ 5,046,935	\$ 3,651,401
Plan fiduciary net position										
Contributions - employer	\$ 300,000	\$ 240,000	\$ 300,000	\$ 320,000	\$ 330,192	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	74	-	62	-	-	17,875	53,517	(12,484)
Benefit payments, including refunds of employee contributions	(288,174)	(292,420)	(294,662)	(301,049)	(311,979)	(259,077)	(240,197)	(244,897)	(235,999)	(223,043)
Administrative expenses	-	-	-	-	-	-	-	(1,502)	(15,912)	(20,289)
Net change in plan fiduciary net position	11,826	(52,420)	5,412	18,951	18,275	(259,077)	(240,197)	(228,524)	(198,394)	(255,816)
Plan fiduciary net position - beginning	65,924	118,344	112,932	93,981	75,706	334,783	574,980	803,504	1,001,898	1,257,714
Plan fiduciary net position - ending (b)	\$ 77,750	\$ 65,924	\$ 118,344	\$ 112,932	\$ 93,981	\$ 75,706	\$ 334,783	\$ 574,980	\$ 803,504	\$ 1,001,898
County's net pension liability - ending (a) - (b)	\$ 4,402,761	\$ 4,701,201	\$ 4,759,700	\$ 5,649,737	\$ 5,933,573	\$ 5,115,277	\$ 4,152,491	\$ 4,395,509	\$ 4,243,431	\$ 2,649,503
Plan fiduciary net position as a percentage of the total pension liability	1.74%	1.38%	2.43%	1.96%	1.56%	1.46%	7.46%	11.57%	15.92%	27.44%
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 Ten Fiscal Years**

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 170,528	\$ 242,441	\$ 308,116	\$ 310,927	\$ 318,370
Contributions in relation to the actuarially required contribution	300,000	240,000	300,000	320,000	330,192
Contribution deficiency (excess)	<u>\$ (129,472)</u>	<u>\$ 2,441</u>	<u>\$ 8,116</u>	<u>\$ (9,073)</u>	<u>\$ (11,822)</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
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 303,418	\$ 277,031	\$ 242,902	\$ 225,979	\$ 202,714
Contributions in relation to the actuarially required contribution	-	-	-	-	100,000
Contribution deficiency (excess)	<u>\$ 303,418</u>	<u>\$ 277,031</u>	<u>\$ 242,902</u>	<u>\$ 225,979</u>	<u>\$ 102,714</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

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 Eight Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expenses for the County's Hospital Authority Pension Plan.	0.00%	0.00%	0.06%	0.00%
	<u>2020</u>	<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%	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 Eight Fiscal Years

	2024	2023	2022	2021
County's proportion of the net OPEB liability (%)	0.029592%	0.032291%	0.033802%	0.029802%
County's proportion of the net OPEB liability (asset) (\$)	\$ 7,885,474	\$ 7,668,018	\$ 9,376,916	\$ 8,267,296
County's covered payroll	6,119,952	6,092,504	5,897,855	5,594,658
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	128.8%	125.9%	159.0%	147.8%
Plan fiduciary net position as a percentage of the total OPEB liability	10.73%	10.58%	7.72%	4.40%
	2020	2019	2018	2017
County's proportion of the net OPEB liability (%)	0.030073%	0.029742%	0.033430%	0.030390%
County's proportion of the net OPEB liability (asset) (\$)	\$ 9,514,836	\$ 8,473,050	\$ 10,959,935	\$ 13,222,163
County's covered payroll	5,645,459	5,083,569	5,057,138	4,890,138
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	168.5%	166.7%	216.7%	270.4%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

Notes to the schedules:

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

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

	2024	2023	2022	2021
Contractually required contribution	\$ 448,752	\$ 421,665	\$ 399,734	\$ 393,938
Contributions in relation to the contractually required contribution	448,752	421,665	399,734	393,938
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 6,285,040	\$ 6,119,952	\$ 6,092,504	\$ 5,897,855
Contributions as a percentage of covered payroll	7.140%	6.890%	6.561%	6.679%
	2020	2019	2018	2017
Contractually required contribution	\$ 359,540	\$ 353,971	\$ 330,432	\$ 328,714
Contributions in relation to the contractually required contribution	359,540	353,971	330,432	328,714
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 5,594,658	\$ 5,645,459	\$ 5,083,569	\$ 5,057,138
Contributions as a percentage of covered payroll	6.426%	6.270%	6.500%	6.500%

Notes to the schedules:

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

MAJOR FUNDS

General Fund

Grants Project Fund

School Capital Outlay 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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Property taxes	\$ 8,728,984	\$ 8,295,965	\$ (433,019)
Tax penalties and interest	101,500	116,591	15,091
Total ad valorem taxes	<u>8,830,484</u>	<u>8,412,556</u>	<u>(417,928)</u>
Other Taxes and Licenses			
Privilege and beer licenses	700	800	100
Gross receipts tax	500	767	267
Total other taxes and licenses	<u>1,200</u>	<u>1,567</u>	<u>367</u>
Sales Tax			
Article 44 one-half of one percent	1,100,000	1,310,559	210,559
Article 40 one-half of one percent	778,000	771,074	(6,926)
Article 42 one-half of one percent	235,000	269,206	34,206
Article 46	-	26	26
Redistribution	400,000	439,531	39,531
Total sales tax	<u>2,513,000</u>	<u>2,790,396</u>	<u>277,396</u>
Unrestricted Intergovernmental Revenues			
Beer and wine tax	35,000	32,848	(2,152)
ABC Board profit distribution	46,088	46,088	-
Cable franchise fees	10,000	8,194	(1,806)
Payments in lieu of taxes	13,500	13,263	(237)
Total unrestricted intergovernmental	<u>104,588</u>	<u>100,393</u>	<u>(4,195)</u>
Restricted Intergovernmental Revenues			
State grants	689,494	658,477	(31,017)
Federal grants	3,449,504	3,132,306	(317,198)
Court facility fees	18,000	15,176	(2,824)
ABC bottle taxes	3,800	3,882	82
Total restricted intergovernmental	<u>4,160,798</u>	<u>3,809,841</u>	<u>(350,957)</u>
Permits and Fees			
Building permits	44,000	51,444	7,444
Officer and sheriff fees	21,500	25,849	4,349
Gun permits	13,755	14,640	885
Register of deeds	82,500	64,719	(17,781)
Cost Allocation	100,000	100,000	-
Total charges for services	<u>261,755</u>	<u>256,652</u>	<u>(5,103)</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, 2024

	Budget	Actual	Variance Positive (Negative)
Sales and Services			
Concessions	37,300	43,183	5,883
Animal adoption fees	-	-	-
School resource officer fees	151,241	38,789	(112,452)
Jail fees	119,000	116,282	(2,718)
Election fees	24,107	26,913	2,806
Tax collection fees	4,000	5,164	1,164
Senior citizens funds	8,011	7,669	(342)
Recreation fees	2,859	5,623	2,764
Total sales and services	<u>346,518</u>	<u>243,623</u>	<u>(102,895)</u>
Investment Earnings	320,393	1,031,016	710,623
Miscellaneous			
Administrative reimbursement	4,500	4,500	-
Contributions	309	586	277
Insurance proceeds	59,915	63,208	3,293
Sale of fixed assets	-	11,655	11,655
Miscellaneous	999	42,701	41,702
Total miscellaneous revenues	<u>65,723</u>	<u>122,650</u>	<u>56,927</u>
Total Revenues	<u>\$ 16,604,459</u>	<u>\$ 16,768,694</u>	<u>\$ 164,235</u>
Expenditures			
General Government:			
Governing Board			
Governing board fees	\$ 58,166	\$ 57,830	\$ 336
Operating expenditures	99,414	82,319	17,095
Total	<u>157,580</u>	<u>140,149</u>	<u>17,431</u>
Administration			
Salaries and benefits	686,611	424,321	262,290
Operating expenditures	448,763	393,270	55,493
Capital Outlay	31,209	31,208	1
Total	<u>1,166,583</u>	<u>848,799</u>	<u>317,784</u>
Elections			
Salaries and benefits	135,827	128,616	7,211
Operating expenditures	67,400	58,631	8,769
Total	<u>203,227</u>	<u>187,247</u>	<u>15,980</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, 2024

	Budget	Actual	Variance Positive (Negative)
Finance			
Salaries and benefits	332,720	329,257	3,463
Operating expenditures	134,430	105,055	29,375
Total	<u>467,150</u>	<u>434,312</u>	<u>32,838</u>
Tax Administration			
Salaries and benefits	404,142	309,906	94,236
Operating expenditures	85,130	56,425	28,705
Capital Outlay	168,768	122,752	46,016
Total	<u>658,040</u>	<u>489,083</u>	<u>168,957</u>
Hospital Pension			
Legal and Professional	50,000	-	50,000
Contracted services	330,000	329,323	677
Total	<u>380,000</u>	<u>329,323</u>	<u>50,677</u>
Register of Deeds			
Salaries and benefits	138,724	135,308	3,416
Operating expenditures	24,300	18,733	5,567
Total	<u>163,024</u>	<u>154,041</u>	<u>8,983</u>
Facility Services			
Salaries and benefits	314,805	310,436	4,369
Operating expenditures	453,494	401,047	52,447
Capital outlay	670	670	-
Total	<u>768,969</u>	<u>712,153</u>	<u>56,816</u>
Information Technology			
Salaries and benefits	84,265	84,136	129
Operating expenditures	58,200	37,224	20,976
Capital outlay	30,000	-	30,000
Total	<u>172,465</u>	<u>121,360</u>	<u>51,105</u>
Geographic Information			
Operating expenditures	11,017	9,240	1,777
Total	<u>11,017</u>	<u>9,240</u>	<u>1,777</u>
Total General Government	<u>4,148,055</u>	<u>3,425,707</u>	<u>722,348</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, 2024

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff			
Salaries and benefits	1,339,920	1,185,523	154,397
Operating expenditures	302,474	200,806	101,668
Capital outlay	214,196	213,189	1,007
Total	<u>1,856,590</u>	<u>1,599,518</u>	<u>257,072</u>
Communications E911			
Salaries and benefits	516,778	410,763	106,015
Operating expenditures	51,859	35,613	16,246
Capital outlay	109,462	-	109,462
Total	<u>678,099</u>	<u>446,376</u>	<u>231,723</u>
Detention Center			
Salaries and benefits	759,392	664,960	94,432
Operating expenditures	480,979	343,488	137,491
Total	<u>1,240,371</u>	<u>1,008,448</u>	<u>231,923</u>
School Resource Officer - Union			
Salaries and benefits	72,312	65,952	6,360
Operating expenditures	6,750	2,879	3,871
Total	<u>79,062</u>	<u>68,831</u>	<u>10,231</u>
School Resource Officer - Creswell			
Salaries and benefits	65,027	2,617	62,410
Operating expenditures	6,700	-	6,700
Total	<u>71,727</u>	<u>2,617</u>	<u>69,110</u>
School Resource Officer - Plymouth			
Salaries and benefits	71,675	2,343	69,332
Operating expenditures	6,700	-	6,700
Total	<u>78,375</u>	<u>2,343</u>	<u>76,032</u>
Fire Protection			
Operating expenditures	438,952	398,952	40,000
Total	<u>438,952</u>	<u>398,952</u>	<u>40,000</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, 2024

	Budget	Actual	Variance Positive (Negative)
Emergency Management			
Salaries and benefits	84,579	84,548	31
Operating expenditures	87,467	68,321	19,146
Capital outlay	60,935	60,702	233
Total	<u>232,981</u>	<u>213,571</u>	<u>19,410</u>
Planning and Inspections			
Salaries and benefits	156,542	156,200	342
Operating expenditures	83,750	7,849	75,901
Total	<u>240,292</u>	<u>164,049</u>	<u>76,243</u>
Medical Examiner			
Contracted services	12,650	12,100	550
Total	<u>12,650</u>	<u>12,100</u>	<u>550</u>
Forestry			
County contribution	94,891	82,023	12,868
Total	<u>94,891</u>	<u>82,023</u>	<u>12,868</u>
Total Public Safety	<u>5,023,990</u>	<u>3,998,828</u>	<u>1,025,162</u>
Economic and Physical Development:			
Cooperative Extension Service			
Salaries and benefits	146,055	142,313	3,742
Operating expenditures	19,127	16,942	2,185
Total	<u>165,182</u>	<u>159,255</u>	<u>5,927</u>
Soil and Water Conservation			
Salaries and benefits	67,301	52,305	14,996
Operating expenditures	9,250	6,642	2,608
Total	<u>76,551</u>	<u>58,947</u>	<u>17,604</u>
Total Economic and Physical Development	<u>241,733</u>	<u>218,202</u>	<u>23,531</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, 2024

	Budget	Actual	Variance Positive (Negative)
Mental Health			
Mental health operations	43,240	43,240	-
Total	43,240	43,240	-
Drug Court			
Operating expenditures	89,238	83,716	5,522
Total	89,238	83,716	5,522
Juvenile Justice			
Operating expenditures	96,743	70,664	26,079
Total	96,743	70,664	26,079
Social Services Administration			
Salaries and benefits	3,245,623	3,126,625	118,998
Operating expenditures	637,547	589,794	47,753
Capital outlay	214,900	214,122	778
Total	4,098,070	3,930,541	167,529
Social Services			
Economic support	724,060	541,747	182,313
Total	724,060	541,747	182,313
Social Services Transportation			
Operating expenditures	160,183	134,821	25,362
Total	410,183	384,053	26,130
Community Alternatives Program			
Operating expenditures	5,000	2,885	2,115
Total	5,000	2,885	2,115
Veterans Service Officer			
Operating expenditures	600	80	520
Total	600	80	520
Total Human Services	5,686,415	5,276,207	410,208

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation			
Salaries and benefits	93,612	89,270	4,342
Operating expenditures	210,934	191,644	19,290
Capital outlay	41,548	18,553	22,995
Total	<u>346,094</u>	<u>299,467</u>	<u>46,627</u>
Senior Citizens Center			
Salaries and benefits	161,270	156,874	4,396
Operating expenditures	94,354	86,931	7,423
Total	<u>255,624</u>	<u>243,805</u>	<u>11,819</u>
Library			
Contribution to regional library	205,000	205,000	-
Total	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Total Cultural and Recreational	<u>806,718</u>	<u>748,272</u>	<u>58,446</u>
Education:			
Public School			
Current Expense	1,735,000	1,735,000	-
Total Education	<u>1,735,000</u>	<u>1,735,000</u>	<u>-</u>
Debt service:			
Principal	-	16,334	(16,334)
Interest and fees	-	416	(416)
Total debt service	<u>-</u>	<u>16,750</u>	<u>(16,750)</u>
Total expenditures	<u>17,682,758</u>	<u>15,418,966</u>	<u>2,263,792</u>
Revenue over (under) expenditures	<u>(1,078,299)</u>	<u>1,349,728</u>	<u>2,428,027</u>
Other financing sources (uses):			
Transfers Out	(805,023)	(805,023)	-
Appropriated Fund Balance	1,883,322	-	(1,883,322)
Total other financing sources (uses)	<u>1,078,299</u>	<u>(805,023)</u>	<u>(1,883,322)</u>
Net change in fund balance	<u>\$ -</u>	544,705	<u>\$ 544,705</u>
Fund balance, beginning of year		<u>13,441,039</u>	
Fund balance, end of year		<u>\$ 13,985,744</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 7,875	\$ 7,875
Total revenues	<u>-</u>	<u>7,875</u>	<u>7,875</u>
Revenue over (under) expenditures	<u>-</u>	<u>7,875</u>	<u>7,875</u>
Other financing sources (uses):			
Transfers In	40,000	40,000	-
Reserve for reappraisal	(40,000)	-	40,000
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Net change in fund balance	<u>\$ -</u>	<u>47,875</u>	<u>\$ 47,875</u>
Fund balance, beginning		<u>130,363</u>	
Fund balance, ending		<u>\$ 178,238</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, 2024

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Out Project		
Revenues:						
Restricted Intergovernmental						
Dept of Commerce - Agape Grant	\$ -	\$ 400,000	\$ -	\$ (400,000)	\$ -	\$ -
Dept of Commerce - Motorsports Grant	199,877	73,044	63,559	-	136,603	(63,274)
OSBM SCIF - SL 2021-180	3,000,000	-	-	-	-	(3,000,000)
OSBM SCIF - SL 2021-180, Sec 40.8	250,000	-	66,132	-	66,132	(183,868)
DPS-WCSO Dir Approp S.L. 2021.180	84,270	-	84,270	-	84,270	-
NC OSBM HB 103	44,659	81,341	44,659	-	126,000	81,341
Weyerhaeuser Giving Grant	2,000	-	-	-	-	(2,000)
Local Match						
Agape - Local Match Donation	-	10,000	-	-	10,000	10,000
Interest Earned	11,777	-	579	-	579	(11,198)
Total revenues	<u>3,592,583</u>	<u>564,385</u>	<u>259,199</u>	<u>(400,000)</u>	<u>423,584</u>	<u>(3,168,999)</u>
Expenditures:						
Economic and Physical Development						
Agape - Clinic Project #2587	-	400,000	-	(400,000)	-	-
Agape - Local Match Donation	-	64	-	-	64	(64)
Dept of Commerce - Motorsports Grant	199,877	73,044	63,559	-	136,603	63,274
Equipment - HB 103	44,659	81,341	44,659	-	126,000	(81,341)
OSBM SCIF - SL 2021-180	3,900,000	-	5,100	-	5,100	3,894,900
OSBM SCIF - SL 2021-180, Sec 40.8	250,000	-	66,132	-	66,132	183,868
Weyerhaeuser Giving Grant	2,000	-	-	-	-	2,000
Capital Reserves - Roofs	120,000	-	-	-	-	120,000
Capital Reserves - HVACs	27,107	-	-	-	-	27,107
PARTF Grant Local Match	59,226	-	-	-	-	59,226
Expenditure of Interest Earned	11,777	-	579	-	579	11,198
Public Safety						
DPS -Dir Approp S.L. 2021-180	84,270	-	84,270	-	84,270	-
Total expenditures	<u>4,698,916</u>	<u>554,449</u>	<u>264,299</u>	<u>(400,000)</u>	<u>418,748</u>	<u>4,280,168</u>
Revenues over (under) expenditures:	<u>(1,106,333)</u>	<u>9,936</u>	<u>(5,100)</u>	<u>-</u>	<u>4,836</u>	<u>1,111,169</u>
Other financing sources:						
Transfer from General Fund	166,333	650,000	166,333	-	816,333	650,000
Transfer from Airport Grants Fund	-	300,000	-	-	300,000	300,000
Appropriated Fund Balance	940,000	-	-	-	-	(940,000)
Total other financing sources	<u>1,106,333</u>	<u>950,000</u>	<u>166,333</u>	<u>-</u>	<u>1,116,333</u>	<u>10,000</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 959,936</u>	<u>161,233</u>	<u>\$ -</u>	<u>\$ 1,121,169</u>	<u>\$ 1,121,169</u>
Fund balances, beginning			<u>959,936</u>			
Fund balances, ending			<u>\$ 1,121,169</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, 2024

	Budget	Actual	Variance Over (Under)
Revenues:			
Local Option Sales Tax - Restricted	\$ 655,000	\$ 734,270	\$ 79,270
Lottery - Needs Based Grant	47,820,142	37,343,156	(10,476,986)
Investment earnings	366,662	433,372	66,710
Total revenues	<u>48,841,804</u>	<u>38,510,798</u>	<u>(10,331,006)</u>
Expenditures:			
Education			
Capital Allocations to BOE	400,000	400,000	-
Capital Outlay			
School Project Expenses	66,883,136	47,444,171	(19,438,965)
Debt Service			
Interest Expense	496,189	431,058	(65,131)
Total expenditures	<u>67,779,325</u>	<u>48,275,229</u>	<u>(19,504,096)</u>
Revenues over (under) expenditures	<u>(18,937,521)</u>	<u>(9,764,431)</u>	<u>9,173,090</u>
Other financing sources:			
Appropriated Fund Balance	18,937,521	-	(18,937,521)
Total other financing sources	<u>18,937,521</u>	<u>-</u>	<u>(18,937,521)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(9,764,431)</u>	<u>\$ (9,764,431)</u>
Fund balances, beginning		<u>19,796,283</u>	
Fund balances, ending		<u>\$ 10,031,852</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, 2024

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,081,958	\$ 47,502	\$ 2,129,460
Accounts receivable (net)	203,636	-	203,636
Due from other governments	18,084	886,761	904,845
Restricted cash	163,788	-	163,788
Restricted opioid receivable, net	565,517	-	565,517
Total assets	<u>\$ 3,032,983</u>	<u>\$ 934,263</u>	<u>\$ 3,967,246</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 25,602	\$ 886,761	\$ 912,363
Due to other funds	27,276	-	27,276
Accrued liabilities	63,959	-	63,959
Total liabilities	<u>116,837</u>	<u>886,761</u>	<u>1,003,598</u>
Deferred Inflows:			
Opioid receivable	565,517	-	565,517
Total deferred inflows	<u>565,517</u>	<u>-</u>	<u>565,517</u>
Fund balances:			
Restricted:			
Public safety	390,569	-	390,569
Economic and physical development	392,602	47,502	440,104
Human services	1,403,670	-	1,403,670
Opioid settlement	163,788	-	163,788
Total fund balances	<u>2,350,629</u>	<u>47,502</u>	<u>2,398,131</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,032,983</u>	<u>\$ 934,263</u>	<u>\$ 3,967,246</u>

Washington County, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:			
Other taxes and license	\$ 237,156	\$ -	\$ 237,156
Restricted intergovernmental	459,026	930,218	1,389,244
Sales and services	1,823,165	-	1,823,165
Investment earnings	3,379	-	3,379
Total revenues	<u>2,524,646</u>	<u>930,218</u>	<u>3,454,864</u>
Expenditures:			
Public safety	68,094	-	68,094
Human services	2,252,060	-	2,252,060
Economic and physical development	292,912	-	292,912
Capital outlay	-	930,218	930,218
Total expenditures	<u>2,613,066</u>	<u>930,218</u>	<u>3,543,284</u>
Revenues over (under) expenditures	<u>(88,420)</u>	<u>-</u>	<u>(88,420)</u>
Other financing sources (uses):			
Transfers in (out)	498,690	-	498,690
Total other financing sources (uses)	<u>498,690</u>	<u>-</u>	<u>498,690</u>
Net change in fund balance	410,270	-	410,270
Fund balance, beginning	<u>1,882,931</u>	<u>47,502</u>	<u>1,930,433</u>
Prior Period Restatement - change in accounting principle (see note VIII)	<u>57,428</u>	<u>-</u>	<u>57,428</u>
Fund balance, beginning, as restated	<u>1,940,359</u>	<u>47,502</u>	<u>1,987,861</u>
Fund balances, ending	<u><u>\$ 2,350,629</u></u>	<u><u>\$ 47,502</u></u>	<u><u>\$ 2,398,131</u></u>

**Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2024**

	Emergency Telephone System Fund	Drainage Fund	Airport Fund	Emergency Medical Services Fund	Representative Payee Fund	Opioid Settlement Fund	Total
ASSETS							
Cash and cash equivalents	\$ 377,714	\$ 312,720	\$ 78,922	\$ 1,218,217	\$ 94,385	\$ -	\$ 2,081,958
Accounts receivable (net)	9,969	-	780	192,887	-	-	203,636
Due from other governments	2,932	-	3,589	11,563	-	-	18,084
Restricted cash	-	-	-	-	-	163,788	163,788
Restricted opioid receivable, net	-	-	-	-	-	565,517	565,517
	<u>\$ 390,615</u>	<u>\$ 312,720</u>	<u>\$ 83,291</u>	<u>\$ 1,422,667</u>	<u>\$ 94,385</u>	<u>\$ 729,305</u>	<u>\$ 3,032,983</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 46	\$ -	\$ 440	\$ 24,631	\$ 485	\$ -	25,602
Due to other funds	-	-	-	27,276	-	-	27,276
Accrued liabilities	-	-	2,969	60,990	-	-	63,959
Total liabilities	<u>46</u>	<u>-</u>	<u>3,409</u>	<u>112,897</u>	<u>485</u>	<u>-</u>	<u>116,837</u>
Deferred Inflows:							
Opioid receivable	-	-	-	-	-	565,517	565,517
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,517</u>	<u>565,517</u>
Fund Balances:							
Restricted:							
Public safety	390,569	-	-	-	-	-	390,569
Economic and physical development	-	312,720	79,882	-	-	-	392,602
Human services	-	-	-	1,309,770	93,900	-	1,403,670
Opioid settlement	-	-	-	-	-	163,788	163,788
Total fund balances	<u>390,569</u>	<u>312,720</u>	<u>79,882</u>	<u>1,309,770</u>	<u>93,900</u>	<u>163,788</u>	<u>2,350,629</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 390,615</u>	<u>\$ 312,720</u>	<u>\$ 83,291</u>	<u>\$ 1,422,667</u>	<u>\$ 94,385</u>	<u>\$ 729,305</u>	<u>\$ 3,032,983</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, 2024

	Emergency Telephone System Fund	Drainage Fund	Airport Fund	Emergency Medical Services Fund	Representative Payee Fund	Opioid Settlement Fund	Total
Revenues:							
Other taxes and licenses	\$ 118,952	\$ 118,204	\$ -	\$ -	\$ -	\$ -	\$ 237,156
Restricted intergovernmental	-	-	-	128,442	198,399	132,185	459,026
Sales and services	-	-	80,722	1,742,443	-	-	1,823,165
Investment earnings	-	-	-	3,138	-	241	3,379
Miscellaneous	-	-	235	1,500	185	-	1,920
Total revenues	<u>118,952</u>	<u>118,204</u>	<u>80,957</u>	<u>1,875,523</u>	<u>198,584</u>	<u>132,426</u>	<u>2,524,646</u>
Expenditures:							
Public safety	68,094	-	-	-	-	-	68,094
Human services	-	-	-	2,012,788	213,042	26,230	2,252,060
Economic and physical development	-	76,284	216,628	-	-	-	292,912
Total expenditures	<u>68,094</u>	<u>76,284</u>	<u>216,628</u>	<u>2,012,788</u>	<u>213,042</u>	<u>26,230</u>	<u>2,613,066</u>
Revenues over (under) expenditures	50,858	41,920	(135,671)	(137,265)	(14,458)	106,196	(88,420)
Other financing sources (uses):							
Transfers in (out)	-	-	99,738	398,952	-	-	498,690
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>99,738</u>	<u>398,952</u>	<u>-</u>	<u>-</u>	<u>498,690</u>
Net change in fund balances	50,858	41,920	(35,933)	261,687	(14,458)	106,196	410,270
Fund balance, beginning	<u>339,711</u>	<u>270,800</u>	<u>115,815</u>	<u>1,048,083</u>	<u>108,358</u>	<u>164</u>	<u>1,882,931</u>
Prior Period Restatement - change in accounting principle (see note VIII)	-	-	-	-	-	57,428	57,428
Fund balance, beginning, as restated	<u>339,711</u>	<u>270,800</u>	<u>115,815</u>	<u>1,048,083</u>	<u>108,358</u>	<u>57,592</u>	<u>1,940,359</u>
Fund balances, ending	<u>\$ 390,569</u>	<u>\$ 312,720</u>	<u>\$ 79,882</u>	<u>\$ 1,309,770</u>	<u>\$ 93,900</u>	<u>\$ 163,788</u>	<u>\$ 2,350,629</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and License	\$ 118,952	\$ 118,952	\$ -
Total revenues	<u>118,952</u>	<u>118,952</u>	<u>-</u>
Expenditures:			
Public Safety	83,094	51,714	31,380
Capital Outlay	35,858	16,380	19,478
Total expenditures	<u>118,952</u>	<u>68,094</u>	<u>50,858</u>
Revenues over (under) expenditures	<u>-</u>	<u>50,858</u>	<u>50,858</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>50,858</u>	<u>\$ 50,858</u>
Fund balance, beginning		<u>339,711</u>	
Fund balance, ending		<u>\$ 390,569</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and Licenses	\$ 100,172	\$ 118,204	\$ 18,032
	<u>100,172</u>	<u>118,204</u>	<u>18,032</u>
Expenditures:			
Economic and Physical Development	123,000	76,284	46,716
Total expenditures	<u>123,000</u>	<u>76,284</u>	<u>46,716</u>
Revenues over (under) expenditures	<u>(22,828)</u>	<u>41,920</u>	<u>64,748</u>
Other Financing Sources			
Appropriated Fund Balance	22,828	-	(22,828)
Total Other Financing Sources	<u>22,828</u>	<u>-</u>	<u>(22,828)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>41,920</u>	<u>\$ 41,920</u>
Fund balance, beginning		<u>270,800</u>	
Fund balance, ending		<u>\$ 312,720</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and services	\$ 116,000	\$ 80,722	\$ (35,278)
Miscellaneous	-	235	235
	<u>116,000</u>	<u>80,957</u>	<u>(35,043)</u>
Expenditures:			
Economic and physical development	245,693	216,628	29,065
Total expenditures	<u>245,693</u>	<u>216,628</u>	<u>29,065</u>
Revenues over (under) expenditures	<u>(129,693)</u>	<u>(135,671)</u>	<u>(5,978)</u>
Other Financing Sources (Uses):			
Transfer in (out)	99,738	99,738	-
Designated for future appropriation	(20,000)	-	20,000
Appropriated fund balance	49,955	-	(49,955)
Total Other Financing Sources (Uses)	<u>129,693</u>	<u>99,738</u>	<u>(29,955)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(35,933)</u>	<u>\$ (35,933)</u>
Fund balance, beginning		<u>115,815</u>	
Fund balance, ending		<u>\$ 79,882</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental	\$ 150,000	\$ 128,442	\$ (21,558)
Sales and Services	1,688,825	1,742,443	53,618
Investment earnings	-	3,138	3,138
Miscellaneous	1,500	1,500	-
	<u>1,840,325</u>	<u>1,875,523</u>	<u>35,198</u>
Expenditures:			
Human Services			
EMS - Washington County	2,091,905	1,842,298	249,607
Transport - Washington County	316,587	170,490	146,097
Total human services	<u>2,408,492</u>	<u>2,012,788</u>	<u>395,704</u>
Total expenditures	<u>2,408,492</u>	<u>2,012,788</u>	<u>395,704</u>
Revenues over (under) expenditures	<u>(568,167)</u>	<u>(137,265)</u>	<u>430,902</u>
Other Financing Sources			
Transfers in	398,952	398,952	-
Designated for future appropriations	169,215	-	(169,215)
Total Other Financing Sources	<u>568,167</u>	<u>398,952</u>	<u>(169,215)</u>
Net Change in Fund Balances	<u>\$ -</u>	261,687	<u>\$ 261,687</u>
Fund balance, beginning		<u>1,048,083</u>	
Fund balance, ending		<u>\$ 1,309,770</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 195,000	\$ 198,399	\$ 3,399
Miscellaneous	-	185	185
Total revenues	<u>195,000</u>	<u>198,584</u>	<u>3,584</u>
Expenditures:			
Human Services			
Payments made for the benefit of beneficiaries	<u>245,000</u>	<u>213,042</u>	<u>31,958</u>
Total expenditures	<u>245,000</u>	<u>213,042</u>	<u>31,958</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(14,458)</u>	<u>35,542</u>
Other Financing Sources (Uses):			
Appropriated Fund Balance	<u>50,000</u>	-	<u>(50,000)</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	-	<u>(50,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(14,458)</u>	<u>\$ (14,458)</u>
Fund balance, beginning		<u>108,358</u>	
Fund balance, ending		<u>\$ 93,900</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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Opioid Settlement Fund	\$ 189,613	\$ 62,428	\$ 132,185	\$ 194,613	\$ 5,000
Investment earnings	404	164	241	405	1
Total revenues	<u>190,017</u>	<u>62,592</u>	<u>132,426</u>	<u>195,018</u>	<u>5,001</u>
Expenditures:					
Health and Human Services					
Opioid addiction treatment	26,230	5,000	26,230	31,230	(5,000)
Contingency	163,787	-	-	-	163,787
Total expenditures	<u>190,017</u>	<u>5,000</u>	<u>26,230</u>	<u>31,230</u>	<u>158,787</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 57,592</u>	106,196	<u>\$ 163,788</u>	<u>\$ 163,788</u>
Fund balances, beginning			164		
Prior period restatement - change in accounting principle (see Note VIII)			<u>57,428</u>		
Fund balances, ending			<u>\$ 163,788</u>		

CAPITAL PROJECT FUNDS

Capital Project 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, 2024

	Airport Grant Fund	Total
ASSETS		
Cash and cash equivalents	\$ 47,502	\$ 47,502
Due from other governments	886,761	886,761
Total assets	\$ 934,263	\$ 934,263
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 886,761	\$ 886,761
Total liabilities	886,761	886,761
Fund balances:		
Restricted:		
Economic and Physical Development	47,502	47,502
Total fund balances	47,502	47,502
Total liabilities and fund balances	\$ 934,263	\$ 934,263

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, 2024

	Airport Grant Fund	Total
Revenues:		
Restricted intergovernmental	\$ 930,218	\$ 930,218
Total revenues	930,218	930,218
Expenditures:		
Capital outlay	930,218	930,218
Total expenditures	930,218	930,218
Net change in fund balances	-	-
Fund balances, beginning	47,502	47,502
Fund balances, ending	\$ 47,502	\$ 47,502

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental	\$ 2,516,470	\$ 8,830,122	\$ 930,218	\$ 9,760,340	\$ 7,243,870
Total revenues	<u>2,516,470</u>	<u>8,830,122</u>	<u>930,218</u>	<u>9,760,340</u>	<u>7,243,870</u>
Expenditures:					
Capital Outlay	2,533,137	8,616,903	930,218	9,547,121	(7,013,984)
Total expenditures	<u>2,533,137</u>	<u>8,616,903</u>	<u>930,218</u>	<u>9,547,121</u>	<u>(7,013,984)</u>
Revenues over (under) expenditures	<u>(16,667)</u>	<u>213,219</u>	<u>-</u>	<u>213,219</u>	<u>229,886</u>
Other financing sources:					
Transfers In	-	134,283	-	134,283	134,283
Transfers out	-	(300,000)	-	(300,000)	(300,000)
Appropriated Fund Balance	16,667	-	-	-	(16,667)
Total other financing sources	<u>16,667</u>	<u>(165,717)</u>	<u>-</u>	<u>(165,717)</u>	<u>(182,384)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 47,502</u>	<u>-</u>	<u>\$ 47,502</u>	<u>\$ 47,502</u>
Fund balances, beginning			<u>47,502</u>		
Fund balances, ending			<u>\$ 47,502</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 Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$ 1,544,773	\$ 1,585,001	\$ 40,228
Restricted Intergovernmental	3,500	6,101	2,601
Total Revenues	<u>1,548,273</u>	<u>1,591,102</u>	<u>42,829</u>
Expenditures:			
Landfill and Collections	1,669,127	1,549,000	120,127
Capital Outlay	18,000	9,674	8,326
Total Expenditures	<u>1,687,127</u>	<u>1,558,674</u>	<u>128,453</u>
Revenues over Expenditures	<u>(138,854)</u>	<u>32,428</u>	<u>171,282</u>
Other Financing Sources (Uses):			
Transfers In	100,000	100,000	-
Designated for Future Appropriation	38,854	-	(38,854)
Total Other Financing Sources (Uses)	<u>138,854</u>	<u>100,000</u>	<u>(38,854)</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>132,428</u>	<u>\$ 132,428</u>

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

Capital outlay	9,674
Depreciation Expense	(7,073)
Increase (decrease) in Estimated Postclosure Costs	(99,760)
(Increase) decrease in deferred outflows - pension	2,294
(Increase) decrease in deferred outflows - OPEB	(848)
Increase (decrease) in deferred inflows - pension	2,643
Increase (decrease) in deferred inflows - OPEB	(12,423)
Increase (decrease) in net pension liability	355
Increase (decrease) in net OPEB liability	2,705
Increase (decrease) in compensated absences	(685)
Change in net position	<u>\$ 29,310</u>

Washington County, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 1,453,000	\$ 1,478,829	\$ 25,829
Restricted intergovernmental	195,090	17,000	(178,090)
Taps and connection fees	8,500	21,823	13,323
Investment earnings	7,500	8,717	1,217
Total Revenues	<u>1,664,090</u>	<u>1,526,369</u>	<u>(137,721)</u>
Expenditures:			
Treatment plant	233,808	202,070	31,738
Operations maintenance	923,217	607,921	315,296
Capital Outlay	531,585	315,584	216,001
Grant expenditures	17,000	2,000	15,000
Debt service	352,708	352,269	439
Total Expenditures	<u>2,058,318</u>	<u>1,479,844</u>	<u>578,474</u>
Revenues over Expenditures	<u>(394,228)</u>	<u>46,525</u>	<u>440,753</u>
Other Financing Sources (Uses):			
Designated for Future Appropriation	394,228	-	(394,228)
Total Other Financing Sources (Uses)	<u>394,228</u>	<u>-</u>	<u>(394,228)</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>46,525</u>	<u>\$ 46,525</u>
Reconciliation form budgetary basis (modified) accrual to full accrual:			
Capital outlay		298,543	
Payments of debt service - principal		291,993	
Deprecation expense		(272,584)	
Amortization of deferred charges		(4,128)	
Gain (loss) on disposal of assets		-	
(Increase) decrease in deferred outflows - pension		9,595	
(Increase) decrease in deferred outflows - OPEB		(3,547)	
Increase (decrease) in deferred inflows - pension		11,056	
Increase (decrease) in deferred inflows - OPEB		(51,959)	
Increase (decrease) in net pension liability		1,484	
Increase (decrease) in net OPEB liability		11,314	
Increase (decrease) in compensated absences		(3,260)	
Restricted Intergovernmental - Water Project Fund		254,333	
Project Expenses not capitalized		<u>(114,984)</u>	
Change in net position		<u>\$ 474,381</u>	

**Washington County, North Carolina
Water Grants Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
NCDEQ Grant - Asset Inventory	\$ 237,000	\$ -	\$ 114,984	\$ 114,984	\$ (122,016)
NCDEQ Grant - Vur Pea Ridge					
Water Trans Grant	5,457,000	-	109,669	109,669	(5,347,331)
NCDEQ Grant - ROPER					
Connection Grant	970,200	-	29,680	29,680	(940,520)
Total revenues	<u>6,664,200</u>	<u>-</u>	<u>254,333</u>	<u>254,333</u>	<u>(6,409,867)</u>
Expenditures:					
NCDEQ Grant - Asset Inventory	237,000	-	114,984	114,984	122,016
NCDEQ Grant - Vur Pea Ridge					
Water Trans Grant	5,457,000	-	109,669	109,669	5,347,331
NCDEQ Grant - ROPER					
Connection Grant	970,200	-	29,680	29,680	940,520
Total expenditures	<u>6,664,200</u>	<u>-</u>	<u>254,333</u>	<u>254,333</u>	<u>6,409,867</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances, beginning			<u>-</u>		
Fund balances, ending			<u>\$ -</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, 2024

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 29,801	\$ 13,818	\$ 43,619
Taxes receivable for other governments, net	28,797	-	28,797
Total assets	<u>58,598</u>	<u>13,818</u>	<u>72,416</u>
LIABILITIES			
Due to other governments	45,043	-	45,043
Total liabilities	<u>45,043</u>	<u>-</u>	<u>45,043</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	13,555	13,818	27,373
Total net position	<u>\$ 13,555</u>	<u>\$ 13,818</u>	<u>\$ 27,373</u>

Washington County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2024

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
ADDITIONS			
Ad valorem taxes for other governments	\$ 480,078	\$ -	\$ 480,078
Collections on behalf of inmates	-	49,457	49,457
Total additions	<u>480,078</u>	<u>49,457</u>	<u>529,535</u>
DEDUCTIONS			
Tax distributions to other governments	474,105	-	474,105
Payments on behalf of inmates	-	57,328	57,328
Total deductions	<u>474,105</u>	<u>57,328</u>	<u>531,433</u>
Net increase (decrease) in fiduciary net position	5,973	(7,871)	(1,898)
Net position, beginning, as previously reported	7,582	21,689	29,271
Net position, ending	<u>\$ 13,555</u>	<u>\$ 13,818</u>	<u>\$ 27,373</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, 2024

ASSETS	
Cash and cash equivalents	\$ 170,600
Accounts receivable (net)	18,538
Total assets	<u>\$ 189,138</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 4,033
Total liabilities	<u>4,033</u>
Fund balances:	
Restricted:	
Stabilization by State Statute	18,538
Unassigned	166,567
Total fund balances	<u>185,105</u>
Total liabilities and fund balances	<u>\$ 189,138</u>
Amounts reported for the Washington County Travel and Tourism Authority (Exhibit 1) are different because:	
Total Fund Balance, Travel and Tourism Authority	\$ 185,105
Right to use leased assets used in governmental activities are not financial resources and are therefore not reported in the funds (shown net of accumulated amortization)	<u>217</u>
Net position of the Travel and Tourism Authority	<u>\$ 185,322</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, 2024

REVENUES	
Occupancy taxes	\$ 177,221
Total Revenues	<u>177,221</u>
EXPENDITURES	
Salaries and benefits	41,639
Advertising	63,809
Operating expenditures	86,282
Total Expenditures	<u>191,730</u>
Change in net position	(14,509)
Fund balances, beginning	<u>199,614</u>
Fund balances, ending	<u>\$ 185,105</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:	
Net change in fund balance	\$ (14,509)
Reconciling items:	
Amortization expense, the allocation of those assets over the lease term, that is recorded on the statement of activities but not the fund statements.	<u>(300)</u>
Total changes in net position of governmental activities	<u>\$ (14,809)</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, 2024

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy Taxes	\$ 160,000	\$ 177,221	\$ 17,221
Total Revenues	<u>160,000</u>	<u>177,221</u>	<u>17,221</u>
EXPENDITURES			
Salaries and Benefits	43,410	41,639	1,771
Advertising	141,300	63,809	77,491
Operating Expenditures	93,925	86,282	7,643
Total Expenditures	<u>278,635</u>	<u>191,730</u>	<u>86,905</u>
Revenues over (under) expenditures	<u>(118,635)</u>	<u>(14,509)</u>	<u>104,126</u>
Other financing sources:			
Appropriated Fund Balance	118,635	-	(118,635)
Total Other Financing Sources	<u>118,635</u>	<u>-</u>	<u>(118,635)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(14,509)</u>	<u>\$ (14,509)</u>
Fund balances, beginning		<u>199,614</u>	
Fund balances, ending		<u>\$ 185,105</u>	

OTHER SCHEDULES

This section includes additional information on property taxes.

Washington County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 8,681,049	\$ 8,159,264	\$ 521,785
2022-2023	1,968,776	73,881	126,893	1,915,764
2021-2022	169,618	2,415	48,573	123,460
2020-2021	78,715	-	14,477	64,238
2019-2020	81,422	-	11,250	70,172
2018-2019	48,849	-	5,812	43,037
2017-2018	44,153	1,746	4,004	41,895
2016-2017	32,136	-	4,245	27,891
2015-2016	48,225	1,749	5,801	44,173
2014-2015	75,615	5,294	6,593	74,316
2013-2014	21,192	-	21,192	-
Totals	<u>\$ 2,568,701</u>	<u>\$ 8,766,134</u>	<u>\$ 8,408,104</u>	<u>\$ 2,926,731</u>
				<u>(310,718)</u>
				<u>\$ 2,616,013</u>
<u>Reconciliation with revenues:</u>				
				\$ 8,412,556
				(116,591)
				47,232
				40,320
				<u>24,587</u>
				<u>\$ 8,408,104</u>

Washington County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
June 30, 2024

	County - Wide		Total Levy		
			Property	and Credits	Property
	Valuation	Rate	Amount of Levy	Excluding Registered Motor Vehicles	Motor Vehicles
Original levy:					
General Fund - Real Property	\$ 721,923,120	0.84000	\$ 6,064,154	\$ 6,064,154	\$ -
General Fund - Personal Property	126,587,931	0.84000	1,063,339	1,063,339	-
General Fund - Motor Vehicles	122,368,418	0.84000	1,027,895	-	1,027,895
Total	<u>970,879,469</u>		<u>8,155,388</u>	<u>7,127,493</u>	<u>1,027,895</u>
Public service levy					
General Fund - Real Property	82,353,041	0.84000	691,766	691,766	-
Total	<u>82,353,041</u>		<u>691,766</u>	<u>691,766</u>	<u>-</u>
Discoveries					
Current Year Taxes	2,756,548	0.84000	23,155	23,155	-
Total	<u>2,756,548</u>		<u>23,155</u>	<u>23,155</u>	<u>-</u>
Abatements / Releases					
General Fund - Real Property	(10,470,238)	0.84000	(87,950)	(87,950)	-
General Fund - Motor Vehicles	(1,389,524)	0.84000	(11,672)	-	(11,672)
Elderly Exemption	(10,671,155)	0.84000	(89,638)	(89,638)	-
Total	<u>(22,530,917)</u>		<u>(189,260)</u>	<u>(177,588)</u>	<u>(11,672)</u>
Totals	<u>\$ 1,033,458,141</u>		<u>8,681,049</u>	<u>7,664,826</u>	<u>1,016,223</u>
Net levy			8,681,049	7,664,826	1,016,223
Uncollected taxes at June 30, 2024			521,785	521,785	-
Current year's taxes collected			<u>\$ 8,159,264</u>	<u>\$ 7,143,041</u>	<u>\$ 1,016,223</u>
Current levy collection percentage			<u>93.99%</u>	<u>93.19%</u>	<u>100.00%</u>

Compliance Section





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

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

**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, 2024, 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 22, 2024. The financial statements of the Washington County ABC Board and Washington County Travel and Tourism Authority 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.

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

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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*.

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 22, 2024



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

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

Fax (910) 642-5958

Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

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, 2024. 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, 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, 2024.

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.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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 [2024-001, 2024-002 and 2024-003] 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 22, 2024



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

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

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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, 2024. 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, 2024.

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.

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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 State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2024-001, 2024-002 and 2024-003] 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 22, 2024

Washington County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material Weakness(es) identified? ___yes ___X_no
- Significant Deficiency(s) identified? ___yes ___X_none reported

Noncompliance material to financial statements noted ___yes ___X_no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? ___yes ___X_no
- Significant Deficiency(s) identified? ___X_yes ___none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___X_yes ___no

Identification of major federal programs:

<u>Assistance Listing #</u>	<u>Program Name</u>
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? ___X_yes ___no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ___yes ___X_no
- Significant Deficiency(s) identified? ___X_yes ___none reported

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

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

Washington County, North Carolina
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

Section I. Summary of Auditors' Results (continued)

Identification of major State programs:

Program Name
 Medical Assistance Program
 State Aid to Airports
 Public School Building Capital Fund - Needs Based Grant

Dollar threshold used to determine a State major program \$ 500,000

Auditee qualified as State low-risk auditee? X yes no

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

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

Finding: 2024-001 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 3 errors discovered during our procedures where resources were incorrectly calculated or were not properly documented in the case file. Of these 3 errors, one was determined to be an eligibility error with known questioned costs.
Questioned Costs:	The knowns and likely questioned costs due to the potential ineligible recipients mentioned above were below the threshold for reporting; therefore the questioned costs will not be included in the finding.
Context:	We examined 60 cases from of a total of 179,397 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.

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-002.

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. See Corrective Action Plan in the following section.

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)
AL#: 93.778

Finding: 2024-002 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 5 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.

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

Context: We examined 60 cases from of a total of 179,397 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, 2023-003.

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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

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. See Corrective Action Plan in the following section.

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: 2024-003 Inaccurate Information Entry

SIGNIFICANT DEFICENCY

Eligibility

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

Condition: There were 5 errors discovered during our procedures where income or household size was incorrectly calculated or inaccurate information was entered into the case file.

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

Context: We examined 60 cases from of a total of 179,397 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.

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 correct income and/or household size calculations, proper information is included in the case file, and necessary procedures are taken when determining eligibility. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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

Views of responsible
officials and planned
corrective actions:

The County agrees with the finding. See Corrective Action Plan in the following section.

Section IV - State Award Findings and Question Costs

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

SIGNIFICANT DEFICENCY: Finding 2024-001, 2024-002, and 2024-003 also apply to State requirements and State Awards.

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

COMMISSIONERS:
ANN C. KEYES, CHAIR
CAROL V. PHELPS, VICE-CHAIR
TRACEY A. JOHNSON
JOHN C. SPRUILL
JULIUS WALKER, JR.



POST OFFICE BOX 1007
PLYMOUTH, NORTH CAROLINA 27962
OFFICE (252) 793-5823

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

CATHERINE "MISSY" DIXON
FINANCE OFFICER
mdixon@washconc.org

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

Corrective Action Plan
For the Year Ended June 30, 2024

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

Finding: 2024-001 Inaccurate Resources Information Entry

Name of Contact Person: Lynn Swett, Human Services Deputy Director

Corrective Action: Staff will be re-trained on effective date of change, and how to verify those dates are correct in NC FAST before the continuation of case processing. Policy and procedures will be used to ensure staff are trained appropriately. The agency recently put in place a Lead Worker for Adult Medicaid who will second party cases. Second party reviews will continue to occur to ensure dates are correct in NC FAST.

Proposed Completion Date: Trainings will be completed by December 31, 2024.

Finding: 2024-002 Inadequate Request for Information

Name of Contact Person: Lynn Swett, Human Services Deputy Director

Corrective Action: The agency is adjusting to new rules exiting COVID protocols. Staff are to be re-trained on the application of resources, when to request additional information, where to scan additional information requested and the policies surrounding when to request those resources in regards to eligibility. The agency recently put in place a Lead Worker for Adult Medicaid who will second party cases. Second party reviews will continue to occur to ensure information is gathered timely when needed and entered in appropriate locations.

Proposed Completion Date: Trainings will be completed by December 31, 2024.

Finding: 2024-003 Inaccurate Information Entry

Name of Contact Person: Lynn Swett, Human Services Deputy Director

COUNTY OF WASHINGTON
BOARD OF COMMISSIONERS

COMMISSIONERS:
ANN C. KEYES, CHAIR
CAROL V. PHELPS, VICE-CHAIR
TRACEY A. JOHNSON
JOHN C SPRULL
JULIUS WALKER, JR.



POST OFFICE BOX 1007
PLYMOUTH, NORTH CAROLINA 27962
OFFICE (252) 793-5823

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

CATHERINE "MISSY" DIXON
FINANCE OFFICER
mdixon@washconc.org

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

Corrective Action Plan
For the Year Ended June 30, 2024

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

Corrective Action: The agency is adjusting to new rules exiting COVID protocols. Staff are to be re-trained on the application of resources and the policies surrounding those resources in regards to eligibility. The agency recently put in place a Lead Worker for Adult Medicaid who will second party cases. Second party reviews will continue to occur to ensure accuracy on information entered.

Proposed Completion Trainings will be completed by December 31, 2024.
Date:

Section IV - State Award Findings and Question Costs

Corrective Actions for Finding 2024-001, 2024-002, and 2024-003 also apply to State Award Findings.

Washington County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

Finding: 2023-001
Status: Corrected.

Finding: 2023-002
Status: Repeated as finding 2024-001

Finding: 2023-003
Status: Repeated as finding 2024-002

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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
FEDERAL AWARDS					
U.S. Department of Agriculture					
Passed –through the North Carolina Department of Health and Human Services:					
SNAP Cluster					
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			\$ 7,212	\$ -	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			380,787	-	-
Total SNAP			<u>387,999</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Agriculture			<u>387,999</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation					
Passed-through North Carolina Department of Transportation					
Airport Improvement Program	20.106	36237.40.15.1	123,096	-	-
Total Airport Improvement Program			<u>123,096</u>	<u>-</u>	<u>-</u>
Public Transportation for Nonurbanized Areas					
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	DOT-11 36233.107.24.1	16,534	1,033	-
Formula Grants for Rural Areas and Tribal Transit Program - Admin	20.509	DOT-11 36233.107.25.1	62,132	3,884	-
Total Public Transportation for Nonurbanized Areas			<u>78,666</u>	<u>4,917</u>	<u>-</u>
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	DOT-14 44637.55.2.3	191,280	23,910	-
Total U.S. Department of Transportation			<u>393,042</u>	<u>28,827</u>	<u>-</u>
U.S. Department of Treasury					
Passed through N.C. Dept. of Environment Quality					
Coronavirus State and Local Fiscal Recovery Funds	21.027	VUR-AIA-D- ARP-0008	114,984	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	VUR-D-ARP- 0104	109,669	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	VUR-D-ARP- 0103	29,680	-	-
Total Coronavirus State and Local Fiscal Recovery Funds			<u>254,333</u>	<u>-</u>	<u>-</u>
Local Assistance and Tribal Consistency (LACTF)	21.032		72,294	-	-
Total U.S. Department of Treasury			<u>326,627</u>	<u>-</u>	<u>-</u>
U.S. Department of Health and Human Services					
Passed through N.C. Dept. of Health and Human Services:					
Child Care Development Cluster:					
Child Care Development Fund - Administration	93.596		73,445	-	-
Total Child Care Development Cluster			<u>73,445</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families - Work First	93.558		359,795	-	-

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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
Foster Care and Adoption Cluster					
Foster Care - Title IV-E	93.658		90,395	4,967	-
Foster Care - Title IV-E - Benefit Payments	93.658		23,107	8,075	-
Total Foster Care and Adoption Cluster			113,502	13,042	-
Medical Assistance Program	93.778		606,611	40,658	-
Social Service Block Grant - Other Service and Training	93.667		121,983	-	-
Division of Social Services:					
Social Services Block Grant					
State In Home Service Fund	93.667		3,977	-	-
State Adult Day Care	93.667		11,985	-	-
COVID-19 - State Adult Day Care	93.667		-	309	-
Total Social Services Block Grant			137,945	309	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556		2,293	-	-
Low-Income Home Energy Assistance Program:					
Crisis Intervention Program	93.568		(3,448)	-	-
Weatherization Assistance and Heating and Air Repair	93.568		16,861	-	-
COVID - 19 Weatherization Assistance and Heating and Air Repair	93.568		14,439	-	-
Total Low-Income Home Energy Assistance Program			27,852	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645		9,202	-	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood					
Administrative and Services	93.674		3,696	924	-
Benefit Payments	93.674		30	-	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			3,726	924	-
Child Support Enforcement	93.563		179,160	-	-
Children's Health Insurance Program - N.C. Health Choice	93.767		50,085	463	-
Medicare Enrollment Assistance Program	93.071		3,189	-	-
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		41,185	2,423	-
Special Programs for the Aging - Title III Part C					
Nutrition Services	93.045		59,033	3,473	-
ARPA - Special Programs for the Aging - Title III Part C					
Nutrition Services	93.045		18,624	3,287	-
Nutrition Services Incentive Program (NSIP)	93.053		6,705	-	-
Total Aging Cluster			125,547	9,183	-
Division of Public Health					
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323		4,628	-	-
Total U.S. Department of Health and Human Services			1,696,980	64,579	-

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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
U.S. Department of Homeland Security					
Passed through N.C. Dept. of Public Safety					
Emergency Management Program Fund	97.042		39,698	-	-
Total U.S. Department of Homeland Security			<u>39,698</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,844,346</u>	<u>\$ 93,406</u>	<u>\$ -</u>
STATE AWARDS					
N.C. Dept. of Health and Human Services					
Passed through Albemarle Commission Council of Governments:					
Division of Aging and Adult Services					
Senior Center General Purpose Funding			\$ -	\$ 3,718	\$ -
State Appropriation - In Home Services			-	43,456	-
Total Division of Aging and Adult Services			<u>-</u>	<u>47,174</u>	<u>-</u>
Division of Social Services					
Administration					
State Child Welfare - State Protective Services			-	6,760	-
Direct Benefit Payments					
State Foster Home			-	12,027	-
State Foster Home Fund (SFHF) Maximization			-	6,409	-
Foster Care at Risk Maximization			-	2,447	-
Total Division of Social Service			<u>-</u>	<u>27,643</u>	<u>-</u>
Total N.C. Dept of Health and Human Services			<u>-</u>	<u>74,817</u>	<u>-</u>
N.C. Dept. of Environmental Quality					
Washington County Recreation Bus Replacement		61543VW	-	110,098	-
Division of Waste Management					
Scrap Tire Program			-	6,101	-
Total N.C. Dept of Environmental Quality			<u>-</u>	<u>116,199</u>	<u>-</u>
N.C. Dept of Transportation					
ROAP Cluster					
Rural General Public Program (RGP)		DOT-16CL 36228.22.12.1	-	56,660	-
Elderly and Disabled Transportation Assistance Program (EDTAP)		DOT-16CL 36220.10.12.1	-	64,783	-
Employment Transportation Assistance Program (EMPL)		DOT-16CL 36236.11.11.1	-	3,962	-
Total ROAP Cluster			<u>-</u>	<u>125,405</u>	<u>-</u>
State Aid to Airports		DOT-8 36244.53.7.1	-	807,121	-
Total N.C. Dept of Transportation			<u>-</u>	<u>932,526</u>	<u>-</u>
N.C. Dept. of Public Safety					
Tier II Grant			-	1,000	-
Emergency Management Capacity Building Competitive Grant		SL 2021-180	-	47,690	-
State Capital Infrastructure Fund		2021-2023	-	84,270	-

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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
Juvenile Crime Prevention Program					
JCPC Administration			-	3,686	-
Roanoke Area Youth			-	52,707	-
Washington County Youth			-	8,183	-
Total Juvenile Crime Prevention Program			-	64,576	-
Total N.C. Dept. of Public Safety			-	197,536	-
N.C. Department of Insurance					
SHIIP Grant			-	7,818	-
Total N.C. Department of Insurance			-	7,818	-
N.C. Department of Commerce					
State Fiscal Recovery Funds - Motorsport Industry Support Grant			-	63,559	-
Total N.C. Department of Commerce			-	63,559	-
N.C. Department of Public Instruction					
Public School Building Capital Fund - Needs Based Grant			-	38,202,937	-
Total N.C. Department of Public Instruction			-	38,202,937	-
N.C. Office of State Budget & Management					
General Fund Appropriation		20643	-	44,659	-
State Capital Infrastructure Fund		20641	-	66,132	-
Total N.C. Office of Management and Budget			-	110,791	-
TOTAL STATE AWARDS			-	39,706,183	-
Other Financial Assistance:					
NC Dept of Justice					
Opioiid Settlement Fund (Note 6)			-	26,230	-
TOTAL FEDERAL AND STATE AWARDS			\$ 2,844,346	\$ 39,825,819	\$ -

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, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Washington County, it is not intended to and does not present the financial position, changes in net position or cash flows of Washington County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

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
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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	\$ 5,088,418	\$ -
Special Supplemental Nutrition Program for Women Infant and Children	10.557	271,202	-
Temporary Assistance for Needy Families	93.558	40,772	-
Refugee Assistance Payment	93.566	472	-
Adoption Assistance	93.659	81,458	19,996
Medical Assistance Program	93.778	34,594,343	12,349,290
State / County Special Assistance program	N/A	-	95,236

Note 6: Opioid Settlement Fund

The NC Department of Justice does not consider Opioid Settlement Funds either Federal or State Financial assistance since they are from a settlement with private major drug companies. Since these funds are subject to the State Single Audit Implementation Act, they are reported as "Other Financial Assistance" on the SEFSA, and considered State Awards for State single audit requirements.