

PASQUOTANK COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT
SHERI SMALL, FINANCE OFFICER

PASQUOTANK COUNTY, NORTH CAROLINA

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INTRODUCTORY SECTION

COMMISSIONERS

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



COUNTY MANAGER
Sparty Hammett

COUNTY ATTORNEY
R. Michael Cox

CLERK TO THE BOARD
Lynn B. Scott

COUNTY OF PASQUOTANK

Post Office Box 39
Elizabeth City, North Carolina 27907-0039
(252)335-0865
Fax (252)335-0866

The Board of County Commissioners
Pasquotank County, North Carolina

December 8, 2020

We are pleased to present the comprehensive annual financial report (CAFR) of Pasquotank County for the fiscal year ended June 30, 2020. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Thompson, Price, Scott, Adams & Co. P.A. and that firm's unmodified opinion is included in the financial section of this report. The County Finance Office, however, has prepared the report, and is responsible for the accuracy of the data and for the completeness and fairness of its presentation, including all disclosures. We believe that the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

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

Description of the County

Pasquotank County is located in the northeastern section of North Carolina and is bordered on three sides by water: the Pasquotank River to the east, the Albemarle Sound to the south, and the Little River to the west. The City of Elizabeth City is the County seat and is centrally located within the County. Pasquotank Precinct was created in 1672 from Albemarle County, the original County of North Carolina. Pasquotank Precinct was named for a tribe of Native Americans who inhabited the area. Pasquotank Precinct became a County in 1738 and is one of the four oldest counties in North Carolina. In 1793, the General Assembly authorized a town at the narrows of the Pasquotank River to be known as Redding which later changed its name to Elizabeth City. The County is known for being the site of many first events in the state. In 1660, the first known land deed in North Carolina was executed and is preserved in the Pasquotank County Courthouse; in 1665, the first Grand Assembly (the precursor to today's General Legislative Assembly) in North Carolina convened in the County; the Culpepper Rebellion, the first armed revolt against England occurred in 1677; and the first public school in North Carolina was established in the County in 1705. Pasquotank County has a land area of 229 square miles and a population of 39,790.

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

Economic Conditions and Outlook

The economy of Pasquotank County remained about the same over the past year. The local unemployment rate was 7.1%, the state unemployment rate was 7.7% and the national rate was 11.2% at the end of fiscal year 2020. Major industries in Pasquotank County include Sentara Albemarle Medical Center, Hoffer Flow Controls, Inc., TCOM, J.W. Jones Lumber Company, and Universal Forest Products. The largest employers in Pasquotank County; however, continue to be government facilities such as the U.S. Coast Guard, the Elizabeth City-Pasquotank County Public School System, the Pasquotank Correctional Institute, Elizabeth City State University, College of the Albemarle, Pasquotank County, and Elizabeth City. Pasquotank County continues to have a diversified employment base, although it is somewhat dominated by governmental jobs.

Pasquotank County approved 12 new residential lots during the 2019-20 year. The total number of new home permits issued in the County were 62. Permits for new modular and manufactured homes issued in the County were 30.

Pasquotank County issued 27 commercial construction permits during this period consisting mainly of additions and renovations to existing buildings including a complete renovation of a dilapidated strip mall. Permits for wireless communication tower including one new tower, was 6. Drakes Farm and Garden's new location was completed, as well as a new asphalt plant for Barnhill Construction. A new location for Balance's Fire was also permitted and a majority of the project is complete.

Major Initiatives

The Board agreed to contract with Green Engineering to perform a comprehensive evaluation and master plan for the Water and Wastewater System in the amount of \$117,800.

Pasquotank County's 911 back-up center was completed as part of the Martin County Regional Communications Center.

The Water Department began the campaign to transfer to automated meter reading.

Emergency Medical Services began its participation in the Community Partnership Paramedicine Program covering Pasquotank and Camden counties.

Register of Deeds entered into an agreement to allow electronic recording (E-Recording) of Satisfactions.

The three-year simulcast paging project was completed this year. The system will allow public safety personnel to receive pages on their pagers more effectively and eliminate any dead zones.

Financial Information

Accounting

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

Internal Control

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

Long-term Financial Planning

Pasquotank County borrowed \$468,000 in the 2019-20 year. The funds were borrowed to fund vehicles for county departments.

Other Information

Independent Audit

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pasquotank County for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty-second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Sparty Hammett
County Manager



Sheri Small
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pasquotank County
North Carolina**

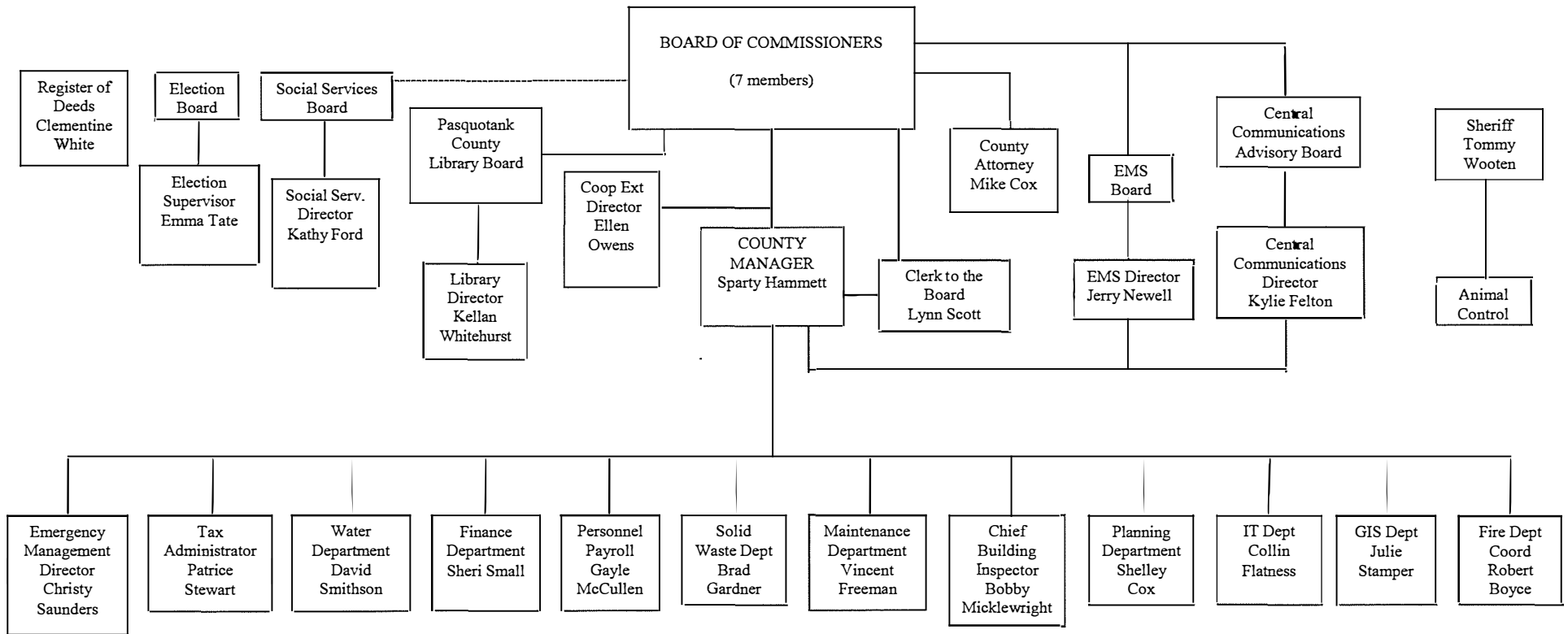
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**PASQUOTANK COUNTY GOVERNMENT
FY 2019-20**



PASQUOTANK COUNTY, NORTH CAROLINA

PRINCIPAL OFFICIALS
JUNE 30, 2020

BOARD OF COMMISSIONERS

Jeff Dixon, Chairman

Lloyd E. Griffin, III Vice-Chairman
Frankie Meads
Barry Overman

Charles Jordan
Cecil Perry
Sean Lavin

Lynn Scott, Clerk to the Board
R. Michael Cox, County Attorney

Office of the County Manager
Sparty Hammett, County Manager

Tommy S. Wooten, II, Sheriff
Kathy Ford, Director,
Department of Social Services
David Smithson, Supervisor, Water Department
Christy Saunders,
Emergency Management Coordinator
Gerald E. Newell, Director,
Emergency Medical Services
Clementine White, Register of Deeds
Ellen Owens, Director, Agricultural
Extension Service
Kylie Felton, Interim Central Communications
Director

Patrice Stewart, Tax Administrator
Gayle McCullen, Personnel Director
Sheri Small, Finance Officer
Collin Flatness, IT Manager
Bobby Micklewright, Building Inspector
Emma Tate, Election Supervisor
Shelley Cox, County Planner
Vincent Freeman, Maintenance Supervisor
Kellen Whitehurst, Librarian,
Pasquotank County Library
Brad Gardner, Solid Waste Director
Robert Boyce, Fire Department
Coordinator

FINANCIAL SECTION



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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina, as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pasquotank County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Albemarle Hospital Authority or EC-PC Tourism Development Authority which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Albemarle Hospital Authority and Tourism Development Authority is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Albemarle Hospital Authority and EC-PC Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinions, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, schedules of the Changes in Total Pension Liability and Total Pension Liability as a percentage of covered payroll, Other Postemployment Benefits' Schedules of changes in the Total OPEB Liability and related ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and County Contributions and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Pasquotank County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020 on our consideration of Pasquotank County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pasquotank County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
November 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pasquotank County (the "County"), we offer readers Pasquotank County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

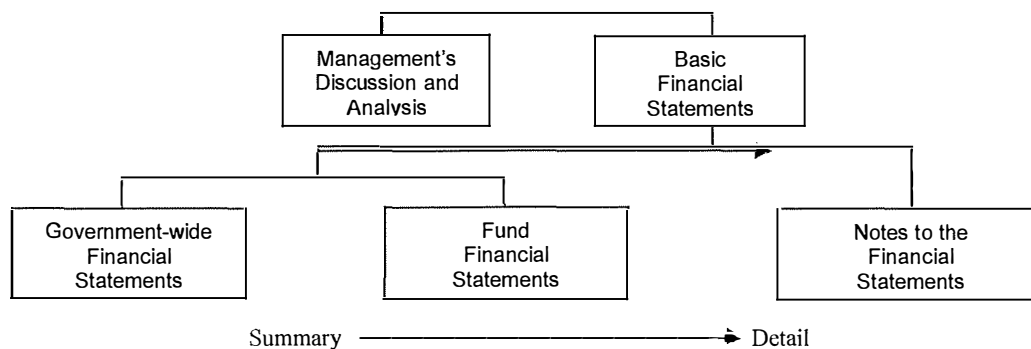
- The assets and deferred outflows of resources of Pasquotank County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$43,355,824 (net position).
- On the government-wide statements, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the governmental activities at the close of the fiscal year by \$14,667,412. The governmental activities' net assets are impacted considerably by the certificates of participation (COPS) and the qualified school construction bonds (QSCB) that the County has issued on behalf of the Elizabeth City-Pasquotank County Board of Education to fund capital projects. Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of County funds, installment purchase, bank qualified debt, certificates of participation, and qualified school construction bonds. The assets are not reflected in the County's financial statements and the full amount of the long-term debt \$10,053,198, is reflected in the County's financial statements. Under North Carolina law, the County is also responsible for capital and maintenance cost at College of the Albemarle. As of June 30, 2020 the outstanding debt relating to the expansion of Building A totaled \$1,499,400. The assets are not reflected in the County's financial statements.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$27,434,630, an increase of \$10,210,140 in comparison with the prior year. Approximately 67 percent of this total amount or \$18,290,062 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,290,062 or approximately 35.24 percent of total general fund expenditures for the fiscal year. The County appropriated \$700,000 for the 2020-2021 budget.
- The County's total debt decreased by \$5,700,616 during the current fiscal year, due to fiscal year principal payments exceeding new debt.
- The County has an "A+" bond rating (Standard & Poor's Investor Services) and a rating of 80 from North Carolina Municipal Council, Inc.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the agency fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's major and non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, taxation and records, human services, education, and public safety. Property and other taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water, sewer, and landfill services offered by the County. The final category is the component units. Although both component units are legally separate from the County, the County appoints the majority of the board members on the Elizabeth City-Pasquotank County Tourism Development Authority. The Hospital is important to the County because of the lease arrangement the Hospital has with the County.

The government-wide financial statements are on Pages 19 and 20 of this report.

Fund Financial Statements

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

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

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

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

Agency Funds – Agency funds are used to account for assets the County holds on behalf of others. The County has six agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 31 – 70 of this report.

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

Government-wide Financial Analysis

Pasquotank County's Net Position

	Governmental Activities		Business-type Activities		Totals		Percent Change 19-20
	2020	2019	2020	2019	2020	2019	
Current and other assets	\$ 33,061,954	\$ 21,778,160	\$ 17,288,770	\$ 16,950,816	\$ 50,350,724	\$ 38,728,976	30.00%
Capital assets	37,918,691	39,119,557	23,656,408	24,179,690	61,575,099	63,299,247	2.72%
Total assets	<u>70,980,645</u>	<u>60,897,717</u>	<u>40,945,178</u>	<u>41,130,506</u>	<u>111,925,823</u>	<u>102,028,223</u>	9.70%
Total deferred outflows of resources	3,405,963	3,758,396	394,590	417,167	3,800,553	4,175,563	-8.98%
Long-term liabilities/schools	10,053,198	13,090,339	-	-	10,053,198	13,090,339	-23.20%
Long-term liabilities/other	21,212,896	22,602,580	9,362,228	10,155,920	30,575,124	32,758,500	-6.66%
Other Liabilities	25,906,152	24,027,995	3,043,811	2,962,760	28,949,963	26,990,755	7.26%
Total liabilities	<u>57,172,246</u>	<u>59,720,914</u>	<u>12,406,039</u>	<u>13,118,680</u>	<u>69,578,285</u>	<u>72,839,594</u>	-4.48%
Total deferred inflows of resources	2,546,950	2,539,919	245,317	245,937	2,792,267	2,785,856	23.00%
Net position:							
Net investment in capital assets	18,848,095	18,396,347	14,337,180	14,023,770	33,185,275	32,420,117	2.36%
Restricted/Bonds	6,741,831	6,267,194			6,741,831	6,267,194	7.57%
Unrestricted	<u>(10,922,514)</u>	<u>(22,268,261)</u>	<u>14,351,232</u>	<u>14,159,286</u>	<u>3,428,718</u>	<u>(8,108,975)</u>	142.40%
Total net position	<u>\$ 14,667,412</u>	<u>\$ 2,395,280</u>	<u>\$ 28,688,412</u>	<u>\$ 28,183,056</u>	<u>\$ 43,355,824</u>	<u>\$ 30,578,336</u>	41.82%

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources by \$43,355,824 as of June 30, 2020. The County's net position increased by \$12,777,488 for the fiscal year ended June 30, 2020. Net position is reported in three categories: Net investment in capital assets of \$33.1 million, Restricted of \$6.7 million and Unrestricted of \$3.4 million.

The net investment in capital assets is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and infrastructure), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At June 30, 2020 the increase in this category of net position is due to a decrease in debt related to assets.

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

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

As with many counties in the State of North Carolina, the County's Governmental Activities show a deficit in unrestricted net position due primarily to the portion of the County's outstanding debt incurred for the Elizabeth City-Pasquotank County Board of Education (the "school system"). Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds, certificates of participation, and qualified zone academy bonds. The assets are funded by the County; however, they are owned and utilized by the school system. Since the County, the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$10.0 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. The school debt is collateralized by a deed of trust granting, among other things, a first lien of record on the Project, including the land constituting a part of the Project, all other buildings, structures, improvements and fixtures thereon and all appurtenances thereto of any nature whatsoever, excluding mobile or modular classrooms located on the Site at any time, subject to Permitted Encumbrances. Accordingly, the County makes installment payments under the Installment Financing Agreement for payment of the debt. Neither the certificates nor the County's obligation to make payments under the Installment Financing Agreement constitute a pledge of the County's faith and credit within the meaning of any constitutional provision. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The deficit in unrestricted net position in the Governmental Activities decreased this year by \$11,345,747 due primarily to the receipt of the escrow funds from the Albemarle Hospital Authority and Sentara Albemarle Medical Center in the amount of \$8,107,375. The remainder amount of the difference can be attributed to the funding for school projects being deferred to the 2020-2021 year. Revenues for the Governmental Activities also came in marginally over budget due to grant reimbursements, and therefore; the costs being delayed until the 2020-2021 year. The County increased fund balance by \$10,210,140, the issuance of debt in the amount of \$468,000 allowed the County to spread the costs of capital assets over a five year period. The decrease in the deficit is reflected below:

- The deferral of school projects to 2020-2021 by \$2.2 million
- The receipt of the escrow funds from Albemarle Hospital Authority and Sentara Albemarle Medical Center in the amount of \$8.1 million

Pasquotank County Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,786,367	\$ 7,461,236	\$ 11,247,941	\$ 11,324,654	\$ 19,034,308	\$ 18,785,890
Operating grants and contributions	7,288,386	7,173,501	305,475	219,372	7,593,861	7,392,873
Capital grants and contributions	40,000	40,000	104,200	167,000	144,200	207,000
General revenues:						
Property taxes	25,889,311	25,636,964			25,889,311	25,636,964
Other taxes	12,740,752	11,287,429			12,740,752	11,287,429
Other general revenues	8,914,237	796,211	278,666	355,130	9,192,903	1,151,341
Total revenues	62,659,053	52,395,341	11,936,282	12,066,156	74,595,335	64,461,497
Expenses:						
General government	5,256,251	4,932,781			5,256,251	4,932,781
Public safety	15,772,823	15,012,070			15,772,823	15,012,070
Environmental protection		5,885			0	0
Economic and physical development	2,721,749	2,735,419			2,721,749	2,735,419
Human services	8,476,419	8,288,700			8,476,419	8,288,700
Cultural and recreational	2,112,493	1,976,225			2,112,493	1,976,225
Education	15,056,749	15,446,494			15,056,749	15,446,494
Interest on long-term debt	1,090,437	1,290,935			1,090,437	1,290,935
Water system			5,877,501	5,704,690	5,877,501	5,704,690
Landfill operations			5,453,425	4,848,660	5,453,425	4,848,660
Total expenses	50,486,921	49,688,509	11,330,926	10,553,350	61,817,847	60,235,974
Increase in net position before transfers	12,172,132	2,706,832	605,356	1,512,806	12,777,488	4,225,523
Transfers in (out)	100,000	100,000	(100,000)	(100,000)		
Increase (decrease) in net position	12,272,132	2,806,832	505,356	1,412,806	12,777,488	4,219,638
Net position July 1	2,395,280	(411,552)	28,183,056	26,770,250	30,578,336	26,358,698
Net position June 30	\$ 14,667,412	\$ 2,395,280	\$ 28,688,412	\$ 28,183,056	\$ 43,355,824	\$ 30,578,336

Governmental activities: Governmental activities increased the County's net position by \$12,272,132. Key elements of this increase are as follows:

- The collection of current year taxes came in approximately \$164,000 more than anticipated
- School capital projects in the amount of \$2.2 million were deferred to 2020-2021
- Land transfer tax collections came in higher than anticipated by approximately \$195,000
- Receipt of the escrow funds in the amount of \$8.1 million

Business-type activities: Business-type activities increased the County's net position by only \$505,356 as compared to an increase of \$1,412,806 in the prior year. The difference between the two years of \$907,450 can be attributed to the following:

- The Water System was unable to charge late fees due to the Governor's order. This created a decrease in revenue of approximately \$10,000.
- One of the largest water consumers lost a large part of their business due to the Governor's orders to shut down restaurants. The consumption was cut by 25% from March-June. This reduction affected water sales as well as sewer billing.
- Revenues for the Landfill Fund were over prior year by approximately \$550,000; however, expenses were also over prior year by approximately \$600,000, resulting in an increase in net position of \$154,732.
- Interest expense was reduced this year by approximately \$25,000 as compared to last year

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Pasquotank County's fund balance available in the General Fund was \$18,290,062 while total fund balance increased to \$26,664,406 from \$16,797,994 at June 30, 2020. The County currently has an available fund balance of approximately 35.24 percent of total General Fund expenses, while total fund balance represents approximately 51 percent of that same amount.

At June 30, 2020, the governmental funds of the County reported a combined fund balance of \$27,434,630, an approximate 59 percent increase from last year. The primary reason for this increase is due to the receipt of the escrow funds from the Albemarle Hospital Authority and Sentara Albemarle Medical Center of \$8.1 million.

General Fund Budgetary Highlights: The County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$11,170,526 or approximately 22%. The increase is a result of funds in the amount of \$400,000 received from Perquimans and Camden counties, \$2.1 million for school capital rolled over from the 2018-2019 year, and \$8.1 million in escrow fund received from Albemarle Hospital Authority and Sentara Albemarle Medical Center.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Landfill Fund is \$2,361,236 at the end of the fiscal year and for the Water System Fund equaled \$11,989,996. The increase in net position for the Landfill Fund was \$154,732. The increase in net position in the Water System Fund was \$350,624.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$61,575,099 (net of accumulated depreciation) a decrease of \$1,724,147 from last year. These assets include construction in progress, land, buildings, automotive equipment, office and other equipment, and water and sewer lines. The net decrease is a result of assets added that were less than annual depreciation. Additional information on the County's capital assets can be found in Note 3 pages 45 – 46.

Pasquotank County's Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 5,641,249	\$ 5,646,249	\$ 1,247,627	\$ 1,247,627	\$ 6,888,876	\$ 6,893,876
Buildings	27,474,110	29,000,834	10,174,100	10,652,443	37,648,210	39,653,277
Transfer station			57,798	57,798	57,798	57,798
Infrastructure	1,140,739	1,256,391	11,056,111	11,724,834	12,196,850	12,981,225
Furniture and fixtures	1,460,198	603,717			1,460,198	603,717
Machinery and equipment			315,277	172,293	315,277	172,293
Vehicles and motorized equipment	2,202,395	2,107,580	407,204	256,574	2,609,599	2,364,154
Construction in progress		504,786	398,291	68,120	398,291	572,906
Total net capital assets	\$ 37,918,691	\$ 39,119,557	\$ 23,656,408	\$ 24,179,689	\$ 61,575,099	\$ 63,299,246

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

Long-term Debt: As of June 30, 2020, the County has \$39,982,453 in outstanding debt that is related to the construction of a reverse osmosis water treatment facility, capital improvements, construction of a new library and public safety building, construction of a new jail, and additional schools built on behalf of the Elizabeth City-Pasquotank School Board. The County has several installment notes outstanding. A summary of total long-term debt is shown in below:

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2018
Revenue bonds	\$ 23,935,751	\$ 26,265,587	\$ 9,319,228	\$ 10,155,920	\$ 9,319,228	\$ 10,155,920
Direct borrowing installment purchase					23,935,751	26,265,587
Certificates of Participation		1,545,000				1,545,000
Qualified School Construction Bonds	933,333	1,066,667			933,333	1,066,667
Advance Refundings	5,794,141	6,649,895			5,794,141	6,649,895
Total	\$ 30,663,225	\$ 35,527,149	\$ 9,319,228	\$ 10,155,920	\$ 39,982,453	\$ 45,683,069

During the past fiscal year the County's total debt decreased by \$5,700,616 or 12.48%. The County issued \$468,000 in new debt in the 2019-2020 year. The new debt was to finance the purchase of a new ambulance, a fire coordinator vehicle, a fleet vehicle, and several patrol cars.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$236,641,928. Additional information regarding the County's long-term debt can be found in Note 3 on pages 62 - 67 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in the County was at 7.1% on June 30, 2020, compared with a national rate of 11.2% and a State rate of 7.7%.
- COVID-19 has had a small impact on the revenue streams the County depends upon to carry out the business of the County. Sales Tax has not seen a significant decrease; collections are currently trending above prior year. Management continues to monitor the various revenue streams.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The County has approved a \$48.6 million general fund budget for fiscal year 2021 which represents a decrease of \$353,299 or approximately .72% less over fiscal year 2020. The County's tax rate for the 2020-2021 budget year remains at \$.77 per \$100. The valuation is projected to be \$3,341,838,450, an increase in the tax base of approximately \$33,760,915. The County kept the school current expense budget the same at \$11,364,000 and decreased the capital budget by \$425,000. The decrease in capital funding for the school system is in anticipation of rolling over approximately \$2.1 million in unspent funds from the 2019-2020 fiscal year. College of the Albemarle's current expense budget is the same as last year, \$1,735,000 and \$770,000 was appropriated for capital projects, an increase of \$70,000.

Business – type Activities: The Landfill Fund's budget includes plans to upgrade and improve several convenience sites, as well as to purchase a trailer and resurface the transfer station's floor. The Water System's budget includes the purchase of several vehicles, a continuation of implementing remote read meters and various improvements to the system.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Pasquotank County, North Carolina

Statement of Net Position
June 30, 2020

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Albemarle Hospital Authority	EC-PC Tourism Development Authority
ASSETS					
Cash and cash equivalents	\$ 21,633,442	\$ 14,274,941	\$ 35,908,383	\$ 698,994	\$ 930,459
Receivables (net)	3,397,327	1,097,838	4,495,165		
Other receivables	4,698,249	34,329	4,732,578		62,570
Inventories		212,400	212,400		
Prepaid items	10,213		10,213		2,876
Restricted cash and cash equivalents	3,254,092	1,417,084	4,671,176		
Prepaid trustee fees on debt issuance		7,013	7,013		
Other assets		245,165	245,165		
Net pension asset-register of deeds	68,631		68,631		
Capital assets:					
Land, improvements, and construction in progress	5,641,249	1,645,918	7,287,167		
Other capital assets, net of depreciation	32,277,442	22,010,490	54,287,932		39,022
Total capital assets	37,918,691	23,656,408	61,575,099	-	39,022
Total assets	70,980,645	40,945,178	111,925,823	698,994	1,034,927
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan-LGERS	2,880,054	328,538	3,208,592		27,392
Pension plan-LEOSSA	252,742		252,742		
Pension plan-register of deeds	12,257		12,257		
Other post employment benefits	206,321	66,052	272,373		
Unamortized bond refunding difference	54,589		54,589		
Total deferred outflows of resources	3,405,963	394,590	3,800,553	-	27,392
LIABILITIES					
Accounts payable and accrued expenses	648,937	329,768	978,705	900	14,901
Other liabilities	469,233		469,233	188,928	
Liabilities to be paid from restricted assets		87,735	87,735		
Accrued interest	318,596	81,685	400,281		
Prepaid rents	892,439		892,439		
Prepaid health services	300,000		300,000		
CARES funds	897,950		897,950		
Note receivable-City of Elizabeth City		245,165	245,165		
Long-term liabilities:					
Due within one year	4,215,489	904,897	5,120,386		
Due in more than one year	27,050,605	8,457,331	35,507,936		
Compensated absences	398,424	74,271	472,695		4,270
Other post employment benefits	16,018,457	1,717,460	17,735,917		
Net pension liability-LGERS	4,686,486	507,727	5,194,213		24,578
Total pension liability-LEOSSA	1,275,630		1,275,630		
Total liabilities	57,172,246	12,406,039	69,578,285	189,828	43,749
DEFERRED INFLOWS OF RESOURCES					
Prepaid Taxes	145,322		145,322		
Other post employment benefits	2,207,848	245,317	2,453,165		
Pension plan-register of deeds	3,310		3,310		
Pension plan-LEOSSA	92,974		92,974		
Pension plan-LGERS	97,496		97,496		8,450
Total deferred inflows of resources	2,546,950	245,317	2,792,267	-	8,450
NET POSITION					
Net investment in capital assets	18,848,095	14,337,180	33,185,275		39,022
Restricted for:					
Stabilization by State Statute	5,975,413		5,975,413		75,070
Register of deeds	28,979		28,979		
Unspent debt proceeds	40,031		40,031		
Law enforcement	46,485		46,485		
Emergency telephone system	650,923		650,923		
Unrestricted (deficit)	(10,922,514)	14,351,232	3,428,718	509,166	896,028
Total net position	\$ 14,667,412	\$ 28,688,412	\$ 43,355,824	\$ 509,166	\$ 1,010,120

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

Pasquotank County, North Carolina

Statement of Activities

For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Albemarle Hospital Authority	EC-PC Tourism Development Authority
Primary government:									
Governmental Activities:									
General government	\$ 5,256,251	\$ 2,139,723	\$ 333,926		\$ (2,782,602)	\$	\$ (2,782,602)		
Public safety	15,772,823	5,557,720	1,399,334		(8,815,769)		(8,815,769)		
Environmental protection	-	5,130			5,130		5,130		
Economic and physical development	2,721,749	26,443	682,129		(2,013,177)		(2,013,177)		
Human services	8,476,419	41,432	4,471,797		(3,963,190)		(3,963,190)		
Cultural and recreation	2,112,493	15,919	5,050	40,000	(2,051,524)		(2,051,524)		
Education	15,056,749		396,150		(14,660,599)		(14,660,599)		
Interest on long-term debt	1,090,437				(1,090,437)		(1,090,437)		
Total governmental activities	50,486,921	7,786,367	7,288,386	40,000	(35,372,168)	-	(35,372,168)		
Business-type activities:									
Landfill	5,453,425	5,459,705	182,892	20,000		209,172	209,172		
Water and Sewer	5,877,501	5,788,236	122,583	84,200		117,518	117,518		
Total business-type activities	11,330,926	11,247,941	305,475	104,200	-	326,690	326,690		
	\$ 61,817,847	\$ 19,034,308	\$ 7,593,861	\$ 144,200	(35,372,168)	326,690	(35,045,478)		
Component unit:									
Albemarle Hospital	\$ 26,453	\$ -	\$ -	\$ -			\$ (26,453)	\$ -	
EC-PC Tourism Development Authority	544,835							(544,835)	
Total component units	\$ 571,288	\$ -	\$ -	\$ -			(26,453)	(544,835)	
General revenues:									
Taxes:									
Property taxes, levied for general purpose					25,889,311		25,889,311		
Local option sales tax					10,489,784		10,489,784		
Other taxes and licenses					2,250,968		2,250,968		630,307
Investment earnings, unrestricted					284,240	215,096	499,336	1,404	7,067
Unrestricted intergovernmental					105,157		105,157		
Albemarle Hospital Authority-Escrow					8,107,375		8,107,375		
Miscellaneous, unrestricted					417,465	63,570	481,035		
Total general revenues, excluding transfers					47,544,300	278,666	47,822,966	1,404	637,374
Transfers					100,000	(100,000)	-		
Total general revenues and transfers					47,644,300	178,666	47,822,966	1,404	637,374
Change in net position					12,272,132	505,356	12,777,488	(25,049)	92,539
Net position--beginning					2,395,280	28,183,056	30,578,336	534,215	917,581
Net position--ending					\$ 14,667,412	\$ 28,688,412	\$ 43,355,824	\$ 509,166	\$ 1,010,120

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

Pasquotank County, North Carolina

Balance Sheet
 Governmental Funds
 June 30, 2020

Exhibit 3
 Page 1 of 2

	Major	Non-Major	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 20,880,668	\$ 752,774	\$ 21,633,442
Receivables (net):			
Taxes	1,816,753		1,816,753
Assessments	7,650	740	8,390
Other	4,402,268	33,892	4,436,160
Emergency medical services	1,192,515		1,192,515
Sales taxes	262,089	-	262,089
Restricted cash and cash equivalents	3,254,092		3,254,092
Prepaid items	10,213		10,213
Total assets	<u>\$ 31,826,248</u>	<u>\$ 787,406</u>	<u>\$ 32,613,654</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 632,495	\$ 16,442	\$ 648,937
Prepaid revenues	2,090,389		2,090,389
Miscellaneous liabilities	469,233		469,233
Total liabilities	<u>3,192,117</u>	<u>16,442</u>	<u>3,208,559</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	145,322		145,322
Unavailable taxes receivable	1,816,753		1,816,753
Unavailable assessments receivable	7,650	740	8,390
Total deferred inflows of resources	<u>1,969,725</u>	<u>740</u>	<u>1,970,465</u>
Fund balances:			
Nonspendable:			
Prepaid items	10,213		10,213
Restricted:			
Stabilization by State statute	5,941,521	33,892	5,975,413
Register of deeds	28,979		28,979
Unspent debt proceeds	40,031		40,031
Law enforcement		46,485	46,485
Emergency telephone system		650,923	650,923
Committed:			
Tax Revaluation	261,963		261,963
School capital needs	1,391,637		1,391,637
Drainage		22,525	22,525
Library		16,399	16,399
Assigned:			
Subsequent year's expenditures	700,000		700,000
Unassigned:	18,290,062		18,290,062
Total fund balances	<u>26,664,406</u>	<u>770,224</u>	<u>27,434,630</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,826,248</u>	<u>\$ 787,406</u>	

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

(continued)

Pasquotank County, North Carolina

Balance Sheet
Governmental Funds
June 30, 2020

Exhibit 3
Page 2 of 2

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

Total fund balance, Governmental funds	27,434,630
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	37,918,691
Other long-term assets are not available to pay current-period expenditures and therefore are unavailable in the funds.	379,669
Net pension asset	68,631
Deferred outflows of resources related to pensions are not reported in the funds	2,880,054
Deferred outflows of resources related to LEOSA are not reported in the funds	252,742
Deferred outflows of resources related to OPEB are not reported in the funds	206,321
Deferred outflows of resources related to ROD are not reported in the funds	12,257
Difference related to advance refunding	54,589
Net pension liability	(4,686,486)
Total OPEB liability	(16,018,457)
Total pension liability	(1,275,630)
Deferred inflows of resources for taxes and special assessments receivable	1,825,143
Deferred inflows of resources related to pensions are not reported in the funds	(193,780)
Deferred inflows of resources related to OPEB are not reported in the funds	(2,207,848)
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(31,983,114)</u>
Net position of governmental activities	<u>\$ 14,667,412</u>

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

Pasquotank County, North Carolina

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2020

	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 25,709,465	\$ -	\$ 25,709,465
Assessments		4,975	4,975
Local option sales taxes	10,489,784		10,489,784
Other taxes and licenses	2,258,035		2,258,035
Unrestricted intergovernmental	103,186		103,186
Restricted intergovernmental	5,697,787	404,296	6,102,083
Restricted other	511,350	714,832	1,226,182
Permits and fees	424,802		424,802
Sales and services	5,009,476		5,009,476
Investment earnings	279,148	5,092	284,240
Albemarle Hospital Authority-Escrow	8,107,375		8,107,375
Miscellaneous	2,756,443	13,044	2,769,487
Total revenues	<u>61,346,851</u>	<u>1,142,239</u>	<u>62,489,090</u>
EXPENDITURES			
Current:			
General government	4,252,964		4,252,964
Public safety	12,876,356	229,216	13,105,572
Economic and physical development	1,934,558	649,365	2,583,923
Human services	7,834,724		7,834,724
Cultural and recreational	1,917,938	3,162	1,921,100
Intergovernmental:			
Education	15,050,967		15,050,967
Capital outlay	1,557,263	59,264	1,616,527
Debt service:			
Principal	5,331,924		5,331,924
Interest and other charges	1,149,249		1,149,249
Total expenditures	<u>51,905,943</u>	<u>941,007</u>	<u>52,846,950</u>
Excess (deficiency) of revenues over expenditures	<u>9,440,908</u>	<u>201,232</u>	<u>9,642,140</u>
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	100,000		100,000
Issuance of debt	468,000		468,000
Total other financing sources and (uses)	<u>568,000</u>		<u>568,000</u>
Net change in fund balance	10,008,908	201,232	10,210,140
Fund balances-beginning	16,797,994	426,496	17,224,490
Prior period adjustment	(142,496)	142,496	-
Fund balances-beginning restated	16,655,498	568,992	17,224,490
Fund balances-ending	<u>\$ 26,664,406</u>	<u>\$ 770,224</u>	<u>\$ 27,434,630</u>

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

Pasquotank County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances in Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$ 10,210,140
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period	(1,183,233)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(17,632)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,104,527
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	43,717
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	206,321
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	187,596
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,876,614
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(3,155,918)</u>
Total changes in net position of governmental activities	<u>\$ 12,272,132</u>

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

Pasquotank County, North Carolina

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 25,463,500	\$ 25,545,400	25,709,465	\$ 164,065
Local option sales tax	9,495,200	9,495,200	10,489,784	994,584
Other taxes and licenses	1,407,000	2,045,965	2,258,035	212,070
Unrestricted intergovernmental	99,000	99,000	103,186	4,186
Restricted intergovernmental	5,467,104	7,231,741	5,697,787	(1,533,954)
Restricted other	490,000	508,350	511,350	3,000
Permits and fees	405,500	405,500	424,802	19,302
Sales and services	5,091,355	5,095,355	5,009,476	(85,879)
Investment earnings	185,400	218,605	279,148	60,543
Albemarle Hospital Authority-Escrow		8,107,449	8,107,375	(74)
Miscellaneous	2,053,865	2,575,885	2,756,443	180,558
Total revenues	<u>50,157,924</u>	<u>61,328,450</u>	<u>61,346,851</u>	<u>18,401</u>
Expenditures				
Current:				
General government	4,417,944	6,018,227	4,635,659	1,382,568
Public safety	13,554,619	14,374,627	14,032,309	342,318
Economic and physical development	2,031,057	2,106,717	1,934,558	172,159
Human services	8,304,533	8,385,066	7,853,339	531,727
Cultural and recreational	2,086,024	2,086,024	1,917,938	168,086
Intergovernmental:				
Education	15,924,000	17,310,644	15,050,967	2,259,677
Reserve funds	1,326,554	9,428,515		9,428,515
Debt service:				
Principal retirement	5,310,055	5,310,055	5,331,924	(21,869)
Interest and other charges	1,147,261	1,149,261	1,149,249	12
Total expenditures	<u>54,102,047</u>	<u>66,169,136</u>	<u>51,905,943</u>	<u>14,263,193</u>
Revenues over (under) expenditures	<u>(3,944,123)</u>	<u>(4,840,686)</u>	<u>9,440,908</u>	<u>14,281,594</u>
Other financing sources (uses):				
Issuance of debt	1,844,123	1,246,123	468,000	(778,123)
Transfer in (out)	100,000	100,000	100,000	
Fund balance appropriated	2,000,000	3,494,563		(3,494,563)
Total other financing sources (uses)	<u>3,944,123</u>	<u>4,840,686</u>	<u>568,000</u>	<u>(4,272,686)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>10,008,908</u>	<u>\$ 10,008,908</u>
Fund balances:				
Fund balance, beginning			16,797,994	
Prior period adjustment			(142,496)	
Fund balance, beginning , restated			16,655,498	
Fund balance, ending (Exhibit 4)			<u>\$ 26,664,406</u>	

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

Pasquotank County, North Carolina

Exhibit 6

Statement of Net Position

Proprietary Funds

June 30, 2020

	Enterprise Funds		
	Landfill Fund	Water System Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,809,842	\$ 11,465,099	\$ 14,274,941
Accounts receivables, net	631,023	466,815	1,097,838
Other receivables	25,432	8,897	34,329
Cash reserve-current year debt payment		195,007	195,007
Prepaid trustee fees on debt issuance		7,013	7,013
Cash reserve-customer deposits	1,625	86,110	87,735
Inventories	18,384	194,016	212,400
Total current assets	<u>3,486,306</u>	<u>12,422,957</u>	<u>15,909,263</u>
Noncurrent assets:			
Cash-Debt service reserve-trustee		1,134,342	1,134,342
Note receivable-City of Elizabeth City		245,165	245,165
Capital assets:			
Land, improvements, and construction in progress	489,048	1,156,870	1,645,918
Other capital assets, net of depreciation	1,017,685	20,992,805	22,010,490
Total capital assets	<u>1,506,733</u>	<u>22,149,675</u>	<u>23,656,408</u>
Total noncurrent assets	<u>1,506,733</u>	<u>23,529,182</u>	<u>25,035,915</u>
Total assets	<u>4,993,039</u>	<u>35,952,139</u>	<u>40,945,178</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension plan-LGERS	137,828	190,710	328,538
Other post employment benefits	11,235	54,817	66,052
Total deferred outflows of resources	<u>149,063</u>	<u>245,527</u>	<u>394,590</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	255,794	73,974	329,768
Liabilities payable from restricted assets:			
Customer deposits	1,625	86,110	87,735
Accrued interest payable		81,685	81,685
Compensated absences, current	23,000	20,000	43,000
Current portion, long-term debt		861,897	861,897
Total current liabilities	<u>280,419</u>	<u>1,123,666</u>	<u>1,404,085</u>
Noncurrent liabilities:			
Compensated absences	28,144	46,127	74,271
Net pension liability	213,001	294,726	507,727
Other post employment benefits liability	654,442	1,063,018	1,717,460
Note receivable-City of Elizabeth City		245,165	245,165
Noncurrent portion, long-term debt		8,457,331	8,457,331
Total noncurrent liabilities	<u>895,587</u>	<u>10,106,367</u>	<u>11,001,954</u>
Total liabilities	<u>1,176,006</u>	<u>11,230,033</u>	<u>12,406,039</u>
DEFERRED INFLOWS OF RESOURCES:			
Other post employment benefits	98,127	147,190	245,317
Total deferred inflows of resources	<u>98,127</u>	<u>147,190</u>	<u>245,317</u>
NET POSITION			
Net investment in capital assets	1,506,733	12,830,447	14,337,180
Unrestricted	2,361,236	11,989,996	14,351,232
Total net position	<u>\$ 3,867,969</u>	<u>\$ 24,820,443</u>	<u>\$ 28,688,412</u>

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

Pasquotank County, North Carolina

Exhibit 7

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2020

	Enterprise Funds		
	Landfill Fund	Water System Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,862,297	\$ 3,862,401	\$ 6,724,698
Water sales-reverse osmosis plant		1,830,552	1,830,552
Solid waste fees	2,501,772		2,501,772
Service fees and penalties	42,829	90,052	132,881
Other operating revenue	52,807	5,231	58,038
Total operating revenues	<u>5,459,705</u>	<u>5,788,236</u>	<u>11,247,941</u>
OPERATING EXPENSES			
Water plant operations		3,006,962	3,006,962
Reverse osmosis plant operations		753,480	753,480
Waste water treatment plant operations		138,240	138,240
Professional services		68,199	68,199
Administrative services		338,665	338,665
Depreciation and amortization	170,315	1,219,028	1,389,343
Transfer station	126,739		126,739
Landfill operations	2,798,998		2,798,998
Convenience sites	2,280,452		2,280,452
Total operating expenses	<u>5,376,504</u>	<u>5,524,574</u>	<u>10,901,078</u>
Operating income (loss)	<u>83,201</u>	<u>263,662</u>	<u>346,863</u>
NONOPERATING REVENUES (EXPENSES)			
State grants	6,187		6,187
N C Department of Revenue:			
Tire disposal fee tax	54,109		54,109
Solid waste disposal tax	20,984		20,984
Payment from the City of Elizabeth City		122,583	122,583
FEMA	101,612		101,612
Trustee fees		(3,008)	(3,008)
Sale of assets	160	13,914	14,074
Insurance proceeds	6,405	-	6,405
Tower rental fees		43,091	43,091
Other post employment benefits	(29,518)	5,793	(23,725)
Net pension costs	(47,403)	(65,591)	(112,994)
Interest paid on long-term debt		(290,121)	(290,121)
Interest and investment revenue	38,995	176,101	215,096
Total nonoperating revenue (expenses)	<u>151,531</u>	<u>2,762</u>	<u>154,293</u>
Income before capital contributions and transfers	234,732	266,424	501,156
Capital contributions	20,000	84,200	104,200
Transfers (to) from other funds	(100,000)		(100,000)
Change in net position	<u>154,732</u>	<u>350,624</u>	<u>505,356</u>
Total net position - beginning	3,713,237	24,469,819	28,183,056
Total net position - ending	<u>\$ 3,867,969</u>	<u>\$ 24,820,443</u>	<u>\$ 28,688,412</u>

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

Pasquotank County, North Carolina

Exhibit 8

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2020

	Landfill Fund	Water System Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 2,890,685	\$ 5,858,753	\$ 8,749,438
Cash received from solid waste fees	2,492,786		2,492,786
Cash paid for goods and services	(4,038,867)	(3,105,867)	(7,144,734)
Cash paid to employees for services	(1,091,173)	(1,314,560)	(2,405,733)
Customer deposits (net)		10,620	10,620
Other operating revenue	96,603	172,933	269,536
Net cash provided by (used by) operating activities	<u>350,034</u>	<u>1,621,879</u>	<u>1,971,913</u>
Cash flows from noncapital financing activities			
Proceeds from State grants-operating	7,987		7,987
Proceeds from City		122,583	122,583
Insurance proceeds	6,405		6,405
Federal emergency management agency	101,612		101,612
N C Department of Revenue:			
Proceeds for tire disposal tax	56,483		56,483
Proceeds for solid waste disposal tax	21,126		21,126
Transfer out to capital reserve	(100,000)		(100,000)
Net cash provided by (used by) noncapital financing activities	<u>93,613</u>	<u>122,583</u>	<u>216,196</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(264,311)	(600,901)	(865,212)
Sale of assets	160	13,914	14,074
Trustee fees		(3,008)	(3,008)
System development fees		84,200	84,200
NCDEQ	20,000		20,000
Principal paid on bonds		(836,692)	(836,692)
Interest paid on bonds		(297,455)	(297,455)
Proceeds from tower rental		43,091	43,091
Net cash provided by (used by) capital and related financing activities	<u>(244,151)</u>	<u>(1,596,851)</u>	<u>(1,841,002)</u>
Cash flows from investing activities:			
Interest on investments	38,995	179,778	218,773
Net cash used by investing activities	<u>38,995</u>	<u>179,778</u>	<u>218,773</u>
Net increase (decrease) in cash and cash equivalents			
	238,491	327,389	565,880
Cash and cash equivalents, July 1	2,572,976	12,553,169	15,126,145
Cash and cash equivalents, June 30	<u>\$ 2,811,467</u>	<u>\$ 12,880,558</u>	<u>\$ 15,692,025</u>
(Landfill includes reserves of \$1,625)			
(Water System includes cash reserves of \$195,007			
\$86,110 and \$1,134,342			

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

(continued)

Pasquotank County, North Carolina

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2020

Exhibit 8
(continued)

	Landfill Fund	Water System Fund	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating (loss) income	\$ 83,201	\$ 263,662	\$ 346,863
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	170,315	1,218,178	1,388,493
Amortization		850	850
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	28,388	165,800	194,188
(Increase) decrease in other receivables	(13,026)	77,576	64,550
(Increase) decrease in inventory	7,256	(169,493)	(162,237)
Increase (decrease) in accounts payable and accrued liabilities	67,906	46,754	114,660
Increase (decrease) in customer deposits		10,620	10,620
Increase (decrease) in accrued vacation pay	5,994	7,932	13,926
Total adjustments	<u>266,833</u>	<u>1,358,217</u>	<u>1,625,050</u>
Net cash provided by (used by) operating activities	<u>\$ 350,034</u>	<u>\$ 1,621,879</u>	<u>\$ 1,971,913</u>

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

Pasquotank County, North Carolina

Exhibit 9

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 56,350
Liabilities and Net Position	
Liabilities:	
Miscellaneous liabilities	\$ 7,880
Intergovernmental payable	47,720
Due to Health Department	<u>750</u>
Total liabilities	<u>56,350</u>
Net position:	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

PASQUOTANK COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Albemarle Hospital

Albemarle Hospital (the "Hospital") was a County-owned public hospital located in Elizabeth City, North Carolina through September 27, 2000. Effective September 28, 2000, the Hospital became a public authority (the "Authority") established under North Carolina general statutes. The real estate and equipment used by the Hospital were leased to the Authority by Pasquotank County for a term of fifteen years. The Authority, through the operations of the Hospital, provides medical facilities, inpatient and outpatient services to the residents of Pasquotank County and surrounding counties. The Authority's commissioners are appointed by the County's Board of Commissioners. The County does not have the authority to designate the management of the Hospital, nor does it have the authority to review or approve the Hospital's budget. Contracting authority rests with the Authority board. The County does not control the collection or disbursement of Hospital funds. A significant financing arrangement exists between the Hospital and the County; in which the County owns all of the real estate and equipment used by the Hospital (see Note 4). The Hospital is presented at September 30, 2019, as if it were a proprietary fund.

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

As part of the transfer of the Authority's lease of facilities to SARMC \$7,697,490 was transferred to SunTrust as trustee for an escrow account for the purpose of insuring that funds are available to pay certain liabilities of the health system and amounts owed to landlords. The funds, in the amount of \$8,107,375, were disbursed to Pasquotank County in December 2019.

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

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

Elizabeth City-Pasquotank County Tourism Development Authority

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

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

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

Pasquotank County Industrial Facilities and Pollution Control Financing Authority

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the City Tax Collection Fund, which accounts for funds that are billed and collected by the County for the City of Elizabeth City but are not revenues to the County; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Elizabeth City-Pasquotank Board of Education; the Health Department Fund, which accounts for septic tank inspection fees collected by the County on behalf of the Albemarle Regional Health Services; and the Deed of Trust Fee Fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

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

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

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

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

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

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

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

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

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

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

C. Budgetary Data

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

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

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

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets and Assets Limited as to Use

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

Pasquotank County Restricted Cash

Governmental Activities

General Fund:

Debt service reserve	\$ 553,617
Unspent debt proceeds	40,031
Hospital contingency	1,500,531
CARES funds	897,950
Tax revaluation	<u>261,963</u>
Total Governmental Activities	<u>\$ 3,254,092</u>

Business-Type Activities

Water System:

Debt service reserve-current	\$ 195,007
Debt service reserve-per bond covenant	1,134,342
Customer deposits	86,110

Landfill Fund:

Customer deposits	<u>1,625</u>
Total Business-type Activities	<u>\$ 1,417,084</u>

Total Restricted Cash \$ 4,671,176

4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

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

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

7. Capital assets

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

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

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the

statements of net position.

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

10. Compensated Absences

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

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

Restricted for unspent debt proceeds – Portion of fund balance that represents unexpended loan proceeds for vehicle purchases for County departments.

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

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

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

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

Committed for drainage - Portion of fund balance that can only be used for the improvement and maintenance of the Newland drainage district.

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

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

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

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

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance.

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

12. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"); and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the

fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose the HCB recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(12,767,218) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 80,744,227
Less accumulated depreciation	(42,825,536)
Net pension asset	68,631
Contributions to the pension plan in the current fiscal year	1,104,527
Benefit payments and pension administration costs for LEOSSA	43,717
Contributions to OPEB plan in the current year	206,321
Deferred charges related to the issuance of debt included in the government-wide statement of net position but are not current financial resources	54,589
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	379,669
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,825,143
Pension related deferrals	1,803,029
OPEB related deferrals	(2,207,848)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds and installment financing	(30,663,225)
Premium on issuance of bonds	(87,869)
Compensated absences	(913,424)
Unfunded pension obligation	(1,275,630)
Net pension liability-LGERS	(4,686,486)
Other postemployment benefits	(16,018,457)

Accrued interest payable (318,596)

Total adjustment \$ (12,767,218)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$2,061,992 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,616,527
Cost of disposed asset not recorded in fund statements	(17,632)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,799,760)
New debt issued during the year is recorded as a source of funds on the fund Statements: it has no effect on the statement of activities-it affects only the Government-wide statement of position	(468,000)
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.	5,331,924
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,104,527
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(88,205)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	35,497
Amortization of bond issuance deferred charges	(10,625)
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	43,717
Other postemployment benefits	(618,381)
County's portion of collective pension expense	(2,278,508)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Amortization of charge related to advance refunding	23,315
Reversal of deferred inflows of resources – taxes receivable recorded at July 1, 2019	(2,016,576)
Recording of deferred inflows of resources – taxes receivable at June 30, 2020	2,196,422
Reversal of deferred assessments recorded at July 1, 2019	(640)
Recording of assessments deferred in the funds statement June 30, 2020	8,390
Total adjustment	<u>\$ 2,061,992</u>

Note 2 - Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

There were no significant violations of finance related legal and contractual provisions at June 30, 2020.

B. Excess of Expenditures over Appropriations

There were two significant violations of finance related legal and contractual provisions at June 30, 2020. The first was an overage in the principal retirement in the General Fund. A County vehicle, which had a lien, was declared totaled by the insurance company. The proceeds from the insurance claim, in the amount of \$24,042, went to the bank; therefore reducing the outstanding balance. The second violation relates to the Occupancy Tax Fund. Proceeds received by the County are required to be passed to the Elizabeth City-Pasquotank Tourism Development authority. Revenues came in over the estimated budget and therefore were passed through to the Authority as per local ordinance.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, the TDA, and Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County's Board of Commissioners has adopted a formal investment policy based on G.S.159-30, but omitting several of the investment options allowed by this statute. The TDA and the Hospital has no formal policy and therefore uses G.S. 159-30 in its entirety.

At June 30, 2020, the County's deposits had a carrying amount of \$10,946,855 and a bank balance of \$9,851,346. Of the bank balance, \$2,003,077 was covered by federal depository insurance, and the rest was covered by collateral held under the pooling method. At June 30, 2020, the County had \$2,825 cash on hand. At June 30, 2020 the Agency Funds had a carrying amount and bank balance of \$56,350. At June 30, 2020, the TDA's deposits had a carrying value of \$495,756 and a bank

balance of \$505,951. Of the bank balance, \$250,000 was covered by federal depository insurance and \$255,951 was covered by collateral held under the pooling method. At September 30, 2019 the Hospital's deposits had a carrying value of \$698,994 and a bank balance of \$698,994. Of the bank balance \$250,000 was covered by federal depository insurance, \$448,994 was covered by collateral under the pooling method.

2. Investments

As of June 30, 2020, the County's investments consisted of \$12,528,257 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. As of June 30, 2020, the County had \$17,101,622 in the North Carolina Capital Management Trust Term Portfolio. The Term Portfolio is not rated. The weighted average maturity for the Term Portfolio is .15 years. At June 30, 2020, the TDA's investments consisted of \$434,703 in the North Carolina Capital Management Trust's Government Portfolio. Neither the County nor the TDA have a policy on credit risk.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years. The TDA has no policy with regard to interest rate risk.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. As of June 30, 2020, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The County's investment in the North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the United States government and agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended. The TDA has no policy with regard to credit risk.

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

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

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

<u>Year</u> <u>Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,690,019	\$ 401,379	\$ 2,091,398
2018	1,584,154	233,663	1,817,817
2019	1,586,960	91,250	1,678,210
2020	<u>1,592,375</u>		<u>1,592,375</u>
Total	\$ <u>6,453,508</u>	\$ <u>726,292</u>	\$ <u>7,179,800</u>

4. Receivables

Receivables at the government-wide level at June 30, 2020, were as follows:

	Accounts	Taxes and Related Accrued Interest	Special Assessments	Due From Other Governments	Other	Total
Governmental Activities:						
General	\$ 2,100,973	\$ 2,444,161	\$ 7,650	\$ 4,273,189	\$ 391,369	\$ 9,217,342
Other governmental			740	33,691		34,431
Total Receivables	2,100,973	2,444,161	8,390	4,306,880	391,369	9,251,773
Allowance for Doubtful Accounts	(908,458)	(247,739)				(1,156,197)
Total Governmental Activities	\$ 1,192,515	\$ 2,196,422	\$ 8,390	\$ 4,306,880	\$ 391,369	\$ 8,095,576
Business-type Activities:						
Landfill	\$ 679,090	\$	\$	\$ 25,432	\$	\$ 704,522
Water System	596,490			7,355	1,542	605,387
Total Receivables	1,275,580			32,787	1,542	1,309,909
Allowance for Doubtful Accounts	(177,742)					(177,742)
Total Business-type Activities	\$ 1,097,838	\$	\$	\$ 32,787	\$ 1,542	\$ 1,132,167

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

	Governmental	Business-type
Local option sales tax	\$2,870,807	\$ -
City of Elizabeth City	9,093	7,355
Camden County	3,316	
Perquimans County	225	
Currituck County	670	
Federal Emergency Management Agency	275,811	
State of North Carolina:		
Department of Transportation	216,687	
Department of Public Instruction	102,700	
Department of Environmental Quality		3,200
Department of Revenue	106,620	
Department of Agriculture and Consumer Services	3,443	
Department of Health and Human Services	683,817	
Information Technology Service	33,691	
Solid Waste Disposal Tax		10,142
Scrap Tire Disposal Tax		12,090
Total	<u>\$4,306,880</u>	<u>\$ 32,787</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,646,249	\$	\$ 5,000	\$ 5,641,249
Construction in progress	504,786		504,786	-
Total assets not being depreciated	<u>6,151,035</u>	-	<u>509,786</u>	<u>5,641,249</u>
Capital assets being depreciated:				
Buildings	55,832,884	57,815	164,239	55,726,460
Furniture, fixtures and office equipment	7,722,084	1,391,095	125,815	8,987,364
Vehicles and motorized equipment	7,651,778	661,053	561,637	7,751,194
Infrastructure	2,626,610	11,350		2,637,960
Total assets being depreciated	<u>73,833,356</u>	<u>2,121,313</u>	<u>851,691</u>	<u>75,102,978</u>
Less accumulated depreciation for:				
Buildings	26,832,050	1,584,539	164,239	28,252,350
Furniture and fixtures	7,118,367	534,614	125,815	7,527,166
Vehicles and motorized equipment	5,544,198	553,605	549,004	5,548,799
Infrastructure	1,370,219	127,002		1,497,221
Total accumulated depreciated	<u>40,864,834</u>	<u>\$ 2,799,760</u>	<u>\$ 839,058</u>	<u>42,825,536</u>
Total capital assets being depreciated, net	<u>32,968,522</u>			<u>32,277,442</u>
Governmental activity capital assets, net	<u>\$ 39,119,557</u>			<u>\$ 37,918,691</u>

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

General government	\$718,593
Public safety	1,690,306
Economic development	80,932
Human Services	163,910
Cultural and recreational	140,237
Education	5,782
Total depreciation expense	<u>\$2,799,760</u>

Discretely presented component unit

EC-PC Tourism Development Authority:

Office equipment and furniture	\$ 16,439
Website and computer software	35,917
Kiosk	5,000
Less accumulated depreciation	<u>(18,334)</u>
Capital assets, net	<u>\$ 39,022</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 470,553	\$	\$	\$ 470,553
Construction in progress	12,615	5,880		18,495
Total assets not being depreciated	<u>483,168</u>	<u>5,880</u>	<u>-</u>	<u>489,048</u>
Capital assets being depreciated:				
Buildings and improvements	947,787			947,787
Transfer station	496,970			496,970
Equipment	964,061			964,061
Vehicles	1,610,089	258,431	9,986	1,858,534
Total assets being depreciated	<u>4,018,907</u>	<u>258,431</u>	<u>9,986</u>	<u>4,267,352</u>
Less accumulated depreciation for:				
Buildings and improvements	500,853	29,168		530,021
Transfer station	439,172			439,172
Equipment	747,579	53,277		800,856
Vehicles	1,401,734	87,870	9,986	1,479,618
Total accumulated depreciated	<u>3,089,338</u>	<u>\$ 170,315</u>	<u>\$ 9,986</u>	<u>3,249,667</u>
Total capital assets being depreciated, net	<u>929,569</u>			<u>1,017,685</u>
Landfill capital assets, net	<u>1,412,737</u>			<u>1,506,733</u>
Water System				
Capital assets not being depreciated:				
Land	777,074			777,074
Construction in progress	55,505	324,291		379,796
Total assets not being depreciated	<u>832,579</u>	<u>324,291</u>	<u>-</u>	<u>1,156,870</u>
Capital assets being depreciated:				
Buildings	14,881,284			14,881,284
Plant and distribution	24,794,058	32,000		24,826,058
Equipment	850,674	244,610	22,860	1,072,424
Vehicles	530,145		10,100	520,045
Total assets being depreciated	<u>41,056,161</u>	<u>276,610</u>	<u>32,960</u>	<u>41,299,811</u>
Less accumulated depreciation for:				
Buildings	4,675,775	449,175		5,124,950
Plant and distribution	13,069,224	700,723		13,769,947
Equipment	894,863	48,349	22,860	920,352
Vehicles	481,926	19,931	10,100	491,757
Total accumulated depreciated	<u>19,121,788</u>	<u>\$ 1,218,178</u>	<u>\$ 32,960</u>	<u>20,307,006</u>
Total capital assets being depreciated, net	<u>21,934,373</u>			<u>20,992,805</u>
Water system capital assets, net	<u>22,766,952</u>			<u>22,149,675</u>
Business-type activities capital assets, net	<u>\$ 24,179,689</u>			<u>\$ 23,656,408</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental activities:					
General	\$ 207,521	\$ 405,424	\$ 318,596	\$ 488,783	\$ 1,420,324
Other governmental	16,442				16,442
Total governmental activities	<u>\$ 223,963</u>	<u>\$ 405,424</u>	<u>\$ 318,596</u>	<u>\$ 488,783</u>	<u>\$ 1,436,766</u>
Business-type activities:					
Landfill	\$ 221,165	\$ 35,854	\$	\$ (1,225)	\$ 255,794
Water system	48,818	24,629	81,685	527	155,659
Total business-type activities	<u>\$ 269,983</u>	<u>\$ 60,483</u>	<u>\$ 81,685</u>	<u>\$ (698)</u>	<u>\$ 411,453</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute six percent (6%) of their annual covered salary. The County and the TDA are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 9.05% and 9.70%, respectively, of annual covered payroll. For the library employees, the current rate for employees not engaged in law enforcement is 9.04% of annual covered payroll. For the emergency medical services employees, the current rate for employees not engaged in law enforcement is 9.01%. The County's contributions to LGERS for the years ended June 30, 2020, was \$1,198,903. The TDA's contributions to LGERS for the year

ended June 30, 2020 was \$14,401. The County's contributions for the library employees to LGERS for the year ended June 30, 2020 was \$34,067. The contributions made by the County and the TDA equaled the required contributions for each year.

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

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

At June 30, 2020, the County reported a liability of \$5,194,213 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020 the County's proportion was .1900% (measured as of June 30, 2019), which was an increase of .0032% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$2,430,484. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 889,381	\$ -
Changes of assumptions	846,571	
Net difference between projected and actual earnings on pension plan investments	126,695	
Changes in proportion and differences between County contributions and proportionate share of contributions	112,974	97,496
County contributions subsequent to the measurement date	1,232,971	
Total	\$ 3,208,592	\$ 97,496

\$1,232,971 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 953,877
2022	291,750
2023	493,370
2024	139,128
2025	-
Thereafter	-

At June 30, 2020, the Authority reported a liability of \$24,578 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Authority's proportion was .001% which was a decrease of .001% from its proportion as of June 30, 2019.

For the year ended June 30, 2020, the Authority recognized pension expense of \$14,401 (fund basis) and pension expense of \$12,041 (government-wide statements). At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,208	\$ -
Changes of assumption	4,006	-
Net difference between projected and actual earnings on pension plan investments	599	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	4,178	8,450
Authority contributions subsequent to measurement date	<u>14,401</u>	<u>-</u>
Total	<u>\$ 27,392</u>	<u>\$ 8,450</u>

\$14,401 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 4,447
2022	349
2023	1,175
2024	(1,430)
2025	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	1% Decrease <u>(6.00%)</u>	Discount Rate (7.00%)	1% Increase <u>(8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$11,880,116	\$ 5,194,213	\$ (362,826)
TDA's proportionate share of the net pension liability (asset)	\$ 56,215	\$ 24,578	\$ (1,718)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Pasquotank County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan of which no stand-alone financial report is issued, that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five or more years of credible service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2018 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>43</u>
Total	<u>49</u>

A separate report was issued for the plan.

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	per annum
Salary increases	3.50 - 7.35%	per annum
Discount rate	3.26%	per annum, compounded annually

The discount rate is based on the S & P Municipal Bond 20-year High Grade Rate Index, as of June 30, 2019.

The actuarial assumptions used in the December 31, 2018 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, 2014.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2014 Total Data Set Employee Mortality Table.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$74,474 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, 2020, the County reported a total pension liability of \$1,275,630. The total pension liability was measured as of June 30, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$122,338.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 143,756	\$ 56,051
Changes of assumptions	65,269	36,923
County benefit payments and administrative expenditures paid subsequent to the measurement date	43,717	
Total	<u>\$ 252,742</u>	<u>\$ 92,974</u>

The County paid \$43,717 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 32,668
2022	32,668
2023	22,550
2024	9,571
2025	18,594
Thereafter	-

Sensitivity of the County's total pension liability to changes in the discount rate. The following represents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease <u>(2.26%)</u>	Discount Rate <u>(3.26%)</u>	1% Increase <u>(4.26%)</u>
Total pension liability	\$ 1,376,072	\$ 1,275,630	\$ 1,183,616

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

	2020
Beginning balance	\$ 1,116,923
Service cost	49,671
Interest on the total pension liability	39,301
Change in benefit terms	-
Difference between expected and actual experience	108,274
Changes in assumptions and other inputs	35,935
Benefit payments	(74,474)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,275,630</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 (measurement date) to 3.26 percent at June 30, 2019 (measurement date).

Changes in benefit terms. There are no changes in benefit terms since the prior measurement date.

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

The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$144,389 which consisted of \$107,876 from the County and \$36,513 from the law enforcement officers.

d. Deferred Compensation Plan

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

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

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Pasquotank County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,606 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$68,631 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was .348%, a decrease of .054% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$8,642. At June 30, 2020, 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	\$ -	\$ 3,310
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	702	
Changes in proportion and differences between County contributions and proportionate share of contributions	7,949	
County contributions subsequent to the measurement date	3,606	
Total	<u>\$ 12,257</u>	<u>\$ 3,310</u>

The \$3,606 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 1,319
2022	3,325
2023	2,054
2024	(1,357)
2025	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (4,624)	\$ 68,631	\$ (4,016)

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for the LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 5,194,213	\$ (68,631)	-	\$ 5,125,582
Proportion of the Net Pension Liability (Asset)	0.1902%	(0.348%)	N/A	
Total Pension Liability	-	-	1,275,630	\$ 1,275,630
Pension Expense	\$ 2,430,484	\$ 8,642	\$ 122,338	\$ 2,561,464

At June 30, 2020 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 889,381	\$ -	\$ 143,756	\$ 1,033,137
Changes of assumptions	846,571		65,269	911,840
Net difference between projected and actual earnings on pension plan investments	126,695	702		127,397
Changes in proportion and differences between County contributions and proportionate share of contributions	112,974	7,949		120,923
County benefit payments and administrative cost paid subsequent to the measurement date	1,232,971	3,606	43,717	1,280,294
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 3,310	\$ 56,051	\$ 59,361
Changes of assumptions			36,923	36,923
Changes in proportion and differences between County contributions and proportionate share of contributions	97,496			97,496

g. Other Postemployment Benefits

Health Care Benefits

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

Benefits Provided. To qualify for benefits retirees of the County must meet any of the unreduced retirement options available through the North Carolina Local Government Retirement System (System) and have twenty-five years of continuous service with the County and retire. The County pays the full cost of the coverage of these benefits. Currently forty-one retirees are eligible for postretirement health benefits. Employees hired on or after January 1, 2015, who meet any of the unreduced retirement options available through the North Carolina Local Government Retirement System (System) and have twenty-five years of continuous service with the County and retire, will be eligible for coverage up until eligible for Medicare. For the fiscal year ended June 30, 2020, the County made payments for postretirement health benefit premiums of \$262,913.

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

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	31	5
Retirees entitled to, but not yet receiving benefits	2	1
Active plan members	<u>269</u>	<u>44</u>
Total	<u><u>302</u></u>	<u><u>50</u></u>

Total OPEB Liability

The County's total OPEB liability of \$17,735,917 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% - 7.75%, including inflation
Discount rate	3.50%
Healthcare cost trend rates	Pre-Medicare – 7.00% Medicare – 5.00%

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	\$ 17,059,777
Changes for the year	
Service cost	669,529
Interest	659,671
Changes of benefit terms	-
Differences between expected and actual experience	(331,460)
Changes in assumptions or other inputs	(116,316)
Benefit payments	(205,284)
Net changes	<u>\$ 676,140</u>
Balance at June 30, 2019	<u>\$ 17,735,917</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014, adopted by LGERS.

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

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 21,122,276	\$ 17,735,917	\$ 15,080,192

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 14,821,662	\$ 17,735,917	\$ 21,533,399

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$914,479. At June 30, 2020, 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	\$ -	\$ 361,167
Changes of assumptions	-	2,091,998
Benefit payments and administrative costs made subsequent to the measurement date	272,373	
Total	\$ 272,373	\$ 2,453,165

\$272,373 reported as deferred outflows of resources related to OPEB resulting from County benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

2020	\$ (431,431)
2021	(431,431)
2022	(431,431)
2023	(431,431)
2024	(431,431)
Thereafter	(296,010)

h. Other Employment Benefits

The County and the Hospital have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County and the Hospital have no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The County considered these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference on refunding of debt	\$ 54,589	\$ -
Changes of assumptions	911,840	2,128,921
Pensions/OPEB-difference between expected and actual experience		420,528
LGERS	889,381	
Register of Deeds		
LEOSSA	143,756	
Pensions-difference between projected and actual investment earnings	127,397	
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	120,923	97,496
Contributions to pension plan in 18-19 fiscal year	1,236,577	
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	43,717	
Benefit payments paid subsequent to the measurement date (OPEB)	272,373	
Prepaid taxes not yet earned (General)		145,322
Total	<u>\$ 3,800,553</u>	<u>\$ 2,792,267</u>

4. Risk Management

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

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

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

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

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

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

5. Contingent Liabilities

At June 30, 2020 the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's position.

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

6. Long-term Obligations

a. General Obligation Indebtedness

General obligation bonds financed by the governmental funds are collateralized by the full faith, credit and taxing power of the County. Principal and interest requirements are appropriated when due. Pasquotank County had no general obligation bonds outstanding at June 30, 2020.

At June 30, 2020 Pasquotank County had a legal debt margin of \$236,641,928.

b. Revenue Bonds

Revenue bonds payable at June 30, 2020 are comprised of the following individual issues:

Primary Government - Water System Fund

\$16,500,000 Water and Sewer Revenue Bonds issued September 30, 2009. Due September and March in various installments through September 2029. Interest rate is 2.99 percent.	\$ 9,319,228
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In September 2009, the County issued \$16,500,000 of direct placement Water and Sewer Revenue Bonds. The proceeds were used to finance a reverse osmosis water treatment plant. In December of 2010, the County was able to have the rate adjusted from 5.02% to 4.37%. In June 2016, the County was able to have the interest rate adjusted from 4.37% to 2.99%. The combination of both of these rate adjustments will result in a total savings of interest over the life of the debt of approximately \$2,000,000. Interest and principal payments are due semi-annually on September 15 and March 15, beginning September 15, 2009, through September 15, 2029. The County has pledged future water and sewer customer revenues, net of specific operating expenses, to repay the \$16,500,000. The taxing power of the County is not pledged for the payment of principal and interest on the revenue bonds, and no owner of a bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property.

Certain financial covenants are contained in the Series 2009 Bond agreements, among the most restrictive of which provide that the Water System Fund maintain a one hundred twenty per centum (120%) of the principal and interest requirements for the current fiscal year. The rates, fees and charges for the use and for the services and facilities furnished shall be revised from time to time to produce sufficient revenues to comply with this requirement. As of June 30, 2020 the Water System's Revenue Bond Coverage was at one hundred and seventy-three per centum (1.73%).

Year ending June 30	Principal	Interest	Total
2021	\$ 861,897	\$ 272,250	\$ 1,134,147
2022	887,860	246,287	1,134,147
2023	914,605	219,541	1,134,146
2024	942,157	191,990	1,134,147
2025	970,538	163,609	1,134,147
2026- 2030	4,742,171	361,489	5,103,660
Total	<u>\$ 9,319,228</u>	<u>\$ 1,455,166</u>	<u>\$10,774,394</u>

c. Certificates of Participation

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

d. Advance Refundings

Series 2012

On December 31, 2012 the County borrowed \$4,748,186 through a bank qualified loan with BB&T at an interest rate of 2.59% to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources to provide for the future payments of principal and interest to the bond holders. As a result the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. The first principal payment was due on June 1, 2015, with interest only payments beginning December 1, 2013. The outstanding balance at June 30, 2020 is \$653,204.

Series 2013

On January 23, 2013 the County borrowed \$6,195,123 through a bank qualified loan with BB&T at an interest rate of 2.59% to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources to provide for the future payments of principal and interest to the bond holders. As a result the refunded Certificates of Participation are considered defeased and the liability has been removed from the governmental activities column of the statement of position. The first principal payment was due on June 1, 2015, with interest only payments beginning December 1, 2013. The outstanding balance at June 30, 2020 is \$5,140,937.

Both the Series 12 and Series 13 are direct borrowing which are secured by Elizabeth City Middle School.

Year Ending June 30	Principal		Combined		Total
	Series 2012	Series 2013	Interest		
2021	\$ 653,204	\$ 191,964	\$ 150,068	\$	995,236
2022		851,936	128,179		980,115
2023		841,251	106,113		947,364
2024		830,289	84,325		914,614
2025 - 2028		2,425,497	104,316		2,529,813
Total	\$ 653,204	\$ 5,140,937	\$ 573,001	\$	6,367,142

e. Installment Purchases

The following installment purchase contracts are considered direct borrowings and are comprised of the following at June 30, 2020:

General Fund

A \$10,000,000 direct borrowing installment purchase contract from PNC Bank for construction of a public safety building and a new library. The property is pledged as collateral for the debt while the debt is outstanding. The note is payable in forty semi-annual payments of \$250,000 principal and interest at 3.87% beginning January 11, 2006. \$ 2,750,000

A \$3,000,000 direct borrowing installment purchase contract from PNC Bank for construction of a public safety building and a new library. The property is pledged as collateral for the debt while the debt is outstanding. The note is payable in forty semi-annual payments of \$75,000 principal and interest at 4.17% beginning July 11, 2006. 900,000

A \$7,000,000 direct borrowing installment purchase contract from PNC Bank for construction of a new jail. The property is pledged as collateral while the debt is outstanding. The note is payable in forty semi-annual payments of \$175,000 principal and interest at 4.32%, beginning May 21, 2007. 2,275,000

A \$6,300,000 direct borrowing installment purchase contract from SunTrust Leasing Corp for a two-story addition to Building A on the Elizabeth City campus of College of the Albemarle (68%) and to renovate the former library building and courthouse (32%). Building A is pledged as collateral while the debt is outstanding. The note is payable in forty semi-annual payments of \$157,500 principal and interest at 2.76%, beginning October 25, 2007. 2,205,000

A \$12,000,000 direct borrowing installment purchase contract from the United States Department of Agriculture Rural Development for construction of a new jail. The property is pledged as collateral while the debt is outstanding. The note is payable in forty annual payments of \$583,920 of principal and interest at 3.75% beginning December 28, 2011. 10,597,185

A \$2,447,000 direct borrowing installment purchase contract from PNC Bank for roof replacement and final payment for the construction of a new jail. Property at 1205 McPherson Street is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$122,350 principal and interest at 2.58%, beginning June 15, 2012. 367,050

A \$870,000 direct borrowing installment purchase contract from BB&T for replacing a portion of the high school's roof, to update the fire alarm system at an elementary school, (74.37%) and to replace the HVAC piping system at a County building (25.63%). Property located at 709 Roanoke Avenue is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$43,500 principal and interest at 2.29% beginning December 17, 2014. 348,000

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

A \$490,000 direct borrowing installment purchase contract from Xenith Bank for a bookmobile, patrol cars, ambulance remount, animal control truck, and a quick response vehicle. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten equal semi-annual payments of \$51,759 including interest at 1.99% beginning August 20, 2018. 275,832

A \$300,000 direct borrowing installment purchase contract from BB&T for chrome books and charging carts for the school system. The chrome books are pledged as collateral while the debt is outstanding. The note is payable in ten equal semi-annual payments of \$31,759 including interest at 2.10% beginning February 28, 2018. 153,916

A \$805,000 direct borrowing installment purchase contract with TowneBank for the purchase of a fire truck, patrol cars, two ambulances and a fleet vehicle. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten semi-annual payments of \$84,824 including interest at 1.90% beginning July 2017. 331,278

A \$435,000 direct borrowing installment purchase contract with TowneBank for the purchase of patrol cars and equipment, an ambulance and a vehicle for inspections. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten semi-annual payments of \$45,974 including interest at 2.01% beginning August 2019. 351,490

A \$1,300,000 direct borrowing installment purchase contract with TowneBank for the HVAC replacement at Northside Elementary School. The property is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$65,000 principal and interest at 2.93%, beginning November 2019. 1,170,000

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

1,743,000

Total General Fund

\$ 23,935,751

Total Direct Borrowing Installment Purchases

\$ 23,935,751

Debt service requirements to maturity are as follows:

Governmental Activities:

Year ending June 30	Principal	Interest	Total
2021	\$ 2,710,273	\$ 806,324	\$ 3,516,597
2022	2,605,121	721,719	3,326,840
2023	2,272,503	642,363	2,914,867
2024	2,175,360	568,727	2,744,087
2025	2,007,556	496,829	2,504,385
2026 – 2030	3,781,408	1,814,607	5,596,015
2031 – 2035	1,452,627	1,466,973	2,919,600
2036 – 2040	1,746,203	1,173,398	2,919,600
2041 – 2045	2,099,110	820,490	2,919,600
2046 – 2050	2,523,339	396,261	2,919,600
2051	562,251	21,084	583,335
Total	<u>\$ 23,935,751</u>	<u>\$ 8,928,775</u>	<u>\$ 32,864,526</u>

f. Qualified School Construction Bonds

Qualified School Construction Bonds (QSCBs) are a United States debt instrument created by Section 1521 of the American Recovery and Reinvestment Act of 2009 and are covered under Section 54F of the Internal Revenue Service code. Elizabeth City-Pasquotank School System along with Pasquotank County; applied for and received approval for Qualified School Construction Bonds in the amount of \$2,000,000 to finance the replacement of the heating, ventilation and air-conditioning systems or equipment at several schools and the resurfacing of the tennis courts and track at the high school. Principal and interest payments at 4.91% are due annually beginning on December 15, 2012 and ending on December 15, 2026. QSCBs allow Counties to borrow at zero percent interest. The County must first make the interest payment and then request a refund of the interest paid. The balance at June 30, 2020 is \$933,333. The bonds are secured by Northeastern High School and Central Elementary School.

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

Year ending June 30	Principal	Interest	Total
2021	\$ 133,333	\$ 45,827	\$ 179,160
2022	133,333	39,280	172,613
2023	133,333	32,733	166,066
2024	133,333	26,187	159,520
2025	133,333	19,640	152,973
2026 - 2027	266,668	19,640	286,308
Total	<u>\$ 933,333</u>	<u>\$ 183,307</u>	<u>\$ 1,116,640</u>

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$19,110,627 relates to assets the County holds title to. Debt in the amount of \$11,552,598 relates to assets in which the County does not hold title to. Unamortized bond refunding differences and unamortized premium on Certificate of Participation are both related to assets in which the County does not hold title to.

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental Activities:					
Direct borrowing installment purchase	\$ 26,265,587	\$ 468,000	\$ 2,797,836	\$ 23,935,751	\$ 2,710,272
Advance refunding	6,649,895		855,754	5,794,141	845,168
Certificates of Participation	1,545,000		1,545,000	-	
Qualified School Construction Bonds	1,066,667		133,334	933,333	133,333
Unamortized premium on COPs	165,770		77,901	87,869	11,716
Compensated absences	825,219	606,585	518,380	913,424	515,000
Post employment benefits	15,384,876	633,581		16,018,457	
Net pension liability (LGERS)	4,011,431	675,055		4,686,486	
Total pension liability (LEOSSA)	1,116,923	158,707		1,275,630	
Total governmental activities	\$ 57,031,368	\$ 2,541,928	\$ 5,928,205	\$ 53,645,091	\$ 4,215,489
Business-type activities					
Revenue bonds	\$ 10,155,920		\$ 836,692	\$ 9,319,228	861,897
Post employment benefits	1,674,901	42,559		1,717,460	
Net pension liability (LGERS)	435,524	72,203		507,727	
Compensated absences	103,345	58,068	44,142	117,271	43,000
Total business-type activities	\$ 12,369,690	\$ 172,830	\$ 880,834	\$ 11,661,686	\$ 904,897

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

From the Landfill Fund to the Capital Reserve fund
to accumulate resources for the future needs of
the Landfill Fund \$100,000

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 37,918,691	\$ 23,656,408
add: unspent debt proceeds	40,031	
less: long-term debt	(19,110,627)	(9,319,228)
Net investment in capital assets	\$ 18,848,095	\$ 14,337,180

E. Fund Balance

Pasquotank County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, county funds. For purposes of fund

balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

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

Total Fund balance-General Fund	\$ 26,664,406
Less:	
Prepaid items	10,213
Register of deeds	28,979
Stabilization by State Statute	5,941,521
Appropriated Fund Balance in 2020-21 Budget	700,000
Unspent debt proceeds	40,031
Tax Revaluation	261,963
School capital needs	1,391,637
Remaining Fund Balance	18,290,062

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

Encumbrances	General Fund	Non-Major Funds
	\$ 84,649	\$ -0-

Note 4 - Jointly Governed Organizations

Albemarle Commission

Albemarle District Jail Commission

Albemarle Mental Health Center

Inter-County Public Transport Authority

Albemarle Regional Health Services

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

Note 5 - Joint Ventures

Elizabeth City-Pasquotank County Regional Airport

The Elizabeth City-Pasquotank County Regional Airport was created in March of 1987 by the City and the County to operate the municipal airport. The City Council and the Board of commissioners each appoint two members of the Airport's governing board; appointment of a fifth member, the chairperson, is alternated between the City and County. All appointments are for two years. The County has an ongoing financial responsibility because it and the City are legally obligated under H.B. 769 Chapter 198 for any operating deficits on a 50/50 basis. The participating governments do not have any equity interest in the Airport, so no equity interest has been reflected in the financial statements at June 30, 2020. Financial statements for the Airport may be obtained at the Airport's office at 1028 Consolidated Road, Elizabeth City, North Carolina, 27909.

Pasquotank County ABC Board

The Pasquotank County ABC Board is a corporate body with powers outlined by G. S. 18B-701. The Pasquotank County Commissioners and the Elizabeth City Council each appoint two members to the ABC Board; the fifth member is appointed jointly by the City and the County. The ABC Board may borrow money in accordance with G.S. 18B-702(b) and the County and City are not responsible for any deficits incurred by the ABC Board. A special act, H.B. 545 Chapter 370 of the North Carolina Legislature, General Assembly of 1947, gives the Pasquotank County ABC Board the authority to divide its profits equally between Pasquotank County and Elizabeth City. There are no ongoing financial interest or responsibilities. Financial statements may be obtained at the ABC Board at 225 South Hughes Boulevard, Elizabeth City, North Carolina, 27909.

Elizabeth City-Pasquotank County Economic Development Commission

The Elizabeth City-Pasquotank County Economic Development Commission is an independent entity formed in 1976 for the purpose of coordinating City and County efforts to attract new industry to the area. The City and County contributed equal amounts to the Commission to purchase and improve 41.4 acres of land for an industrial park, located within the city limits. Proceeds from sales of this property are returned to the City and County on a 50/50 basis. The City and County make annual contributions to the Commission for operating expenses. The County has an ongoing financial responsibility for the joint venture because the Elizabeth City-Pasquotank County Economic Development Commission's continued existence depends on the participating governments' continued financing. The participating governments do not have any equity interest in the Elizabeth City-Pasquotank County Economic Development Commission, so no equity interest has been reflected in the financial statements at June 30, 2020.

In November 1985, the City and County purchased 52.01 acres of land for a second industrial park located outside the corporate city limits. Total cost of this site was \$261,375. Purchase and improvement costs and proceeds from sales are shared equally by the City and County. Pasquotank County contributed \$105,172 and \$105,172 during the years ended June 30, 2020 and 2019, respectively, towards the operating expenses of the Albemarle Economic Development Commission. Financial statements for the Albemarle Economic Development Commission may be obtained at the Commission's office at 405 East Main Street, Elizabeth City, North Carolina, 27909.

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2020, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for debt related to public school capital projects.

Note 7 - Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Note 8 – Lease Agreement

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

Note 9 – Prior Period Adjustment

The \$142,496 prior period adjustment in the General Fund is a result of the E911 Board's review of both the 2018 and 2019 Revenue and Expenditure reports that were finalized in March 2020 and August 2020 respectively. The expenditure that was disallowed was for the same project, an upgrade to the hardware and software related to Vesta phone system. Since the County was not notified until March 2020, the remaining cost of this project was also claimed on the 2019 report.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-1

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
 For the Year Ended June 30, 2020

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

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-2

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,275,630	\$ 1,116,923	\$ 1,204,649	\$ 960,061
Covered payroll	1,958,464	1,960,789	2,090,898	1,886,349
Total pension liability as a percentage of covered payroll	65.13%	56.96%	57.61%	50.90%

Notes to the schedules:

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-3

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2020

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

Notes to Schedule

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

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

PASQUOTANK COUNTY, NORTH CAROLINA

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 Local Government Employees' retirement system
 Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.190%	0.187%	0.194%	0.188%	0.176%	0.176%	0.180%
County's proportionate share of the net pension liability (asset)	\$ 5,194,213	\$ 4,446,955	\$ 2,972,033	\$ 3,997,841	\$ 790,867	\$ (1,035,948)	\$ 2,180,540
County's covered payroll	\$ 12,969,943	\$ 12,530,043	\$ 12,478,909	\$ 12,060,605	\$ 10,815,619	\$ 10,347,999	\$ 9,876,047
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.53%	34.29%	23.82%	33.15%	7.31%	(10.01%)	22.79%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-5

SCHEDULE OF THE COUNTY'S CONTRIBUTIONS

Local Government Employees' retirement system
Last Seven Fiscal Years

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-6

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Register of Deeds' Supplemental Pension Fund
Last Seven Fiscal Years*

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

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-7

SCHEDULE OF THE COUNTY'S CONTRIBUTIONS

Register of Deeds' Supplemental Pension Fund

Last Seven Fiscal Years

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

MAJOR GOVERNMENTAL FUND

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

Page 1 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Ad valorem taxes:			
Taxes	\$ 24,696,000	\$ 24,901,162	\$ 205,162
Taxes, prior years	676,500	590,325	(86,175)
Loss of present-value exemption	6,900	9,555	2,655
Collections on taxes previously written off		4,083	4,083
Advertising fees	6,000	3,835	(2,165)
Penalties and interest	160,000	200,505	40,505
Total	<u>25,545,400</u>	<u>25,709,465</u>	<u>164,065</u>
Local option sales taxes:			
Article 39 one percent	4,120,000	4,271,387	151,387
Article 40 one-half of one percent	2,083,000	2,395,856	312,856
Article 42 one-half of one percent	2,081,000	2,368,112	287,112
Article 44 one-half of one percent		14	14
Article 44 one-half of one percent-HB 524	11,200	15,408	4,208
Article 46 one-fourth of one percent	1,200,000	1,439,007	239,007
Total	<u>9,495,200</u>	<u>10,489,784</u>	<u>994,584</u>
Other taxes and licenses:			
Privilege licenses	2,500	2,960	460
Assessments		190	190
Franchise fees	180,000	156,904	(23,096)
Marriage licenses	6,000	6,200	200
DMV license revocation fees	3,500	2,092	(1,408)
Documentary stamps	163,965	184,318	20,353
Gross receipts tax	85,000	91,509	6,509
In lieu of taxes-Elizabeth City Housing Authority	20,000	33,525	13,525
Real estate transfer tax	1,585,000	1,780,337	195,337
Total	<u>2,045,965</u>	<u>2,258,035</u>	<u>212,070</u>
Unrestricted intergovernmental revenue:			
Beer and wine tax	95,000	95,066	66
Tax refunds-sales tax		2,495	2,495
Tax refunds-gasoline	4,000	5,625	1,625
Total	<u>99,000</u>	<u>103,186</u>	<u>4,186</u>
Restricted intergovernmental revenue:			
State grants	690,749	376,415	(314,334)
Federal grants	5,690,992	4,473,195	(1,217,797)
Jail-Camden/Perquimans	400,000	407,567	7,567
NC Lottery funds	400,000	396,150	(3,850)
Court facility fees	50,000	44,460	(5,540)
Total	<u>7,231,741</u>	<u>5,697,787</u>	<u>(1,533,954)</u>
Restricted other:			
Grants-other	58,350	61,350	3,000
Sentara Albemarle Hospital	450,000	450,000	
Total	<u>508,350</u>	<u>511,350</u>	<u>3,000</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

Page 2 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue (continued):			
Permits and fees:			
Gun Permits	18,000	24,190	6,190
Miscellaneous permits and fees	2,500	4,822	2,322
Officer and sheriff fees	100,000	86,865	(13,135)
Recording Fees	190,000	203,497	13,497
Building permits and inspection fees	95,000	105,428	10,428
Total	<u>405,500</u>	<u>424,802</u>	<u>19,302</u>
Sales and services:			
Ambulance fees	3,345,000	3,267,931	(77,069)
Jail fees	25,000	30,688	5,688
Rents	1,489,755	1,491,848	2,093
Tax collection fees	124,000	125,741	1,741
Library fees	18,600	14,267	(4,333)
Health Department	75,000	55,959	(19,041)
Other sales and services	18,000	23,042	5,042
Total	<u>5,095,355</u>	<u>5,009,476</u>	<u>(85,879)</u>
Investment earnings:	208,605	221,473	12,868
Miscellaneous:			
School Security	196,622	194,367	(2,255)
ABC Board net revenue	200,000	216,000	16,000
Medicaid hold harmless		92,126	92,126
Camden County:			
Central communications	335,565	346,950	11,385
Emergency medical services	545,872	545,872	
City of Elizabeth City:			
Central communications	536,905	555,120	18,215
Animal control	133,012	126,964	(6,048)
Election	39,000	21,874	(17,126)
Law enforcement	2,500	3,594	1,094
Food stamp claims collections	5,135	10,275	5,140
AFDC/TANF/MA/SA/IV-D reimbursements	10,650	6,649	(4,001)
Day care reimbursements	1,000	3,444	2,444
Sale of fixed assets	31,375	33,780	2,405
Insurance proceeds	46,511	74,765	28,254
Other	391,738	424,663	32,925
Total	<u>2,475,885</u>	<u>2,656,443</u>	<u>180,558</u>
Total revenues	<u>53,111,001</u>	<u>53,081,801</u>	<u>(29,200)</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

Page 3 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	69,975	63,395	6,580
Operating expenditures	26,600	20,398	6,202
Total	96,575	83,793	12,782
Administration:			
Salaries and employee benefits	245,144	244,611	533
Operating expenditures	11,600	7,007	4,593
Capital Outlay	30,000	29,860	140
Total	286,744	281,478	5,266
Information technology:			
Salaries and employee benefits	118,022	105,189	12,833
Operating expenditures	275,060	268,214	6,846
Capital outlay	46,400	25,974	20,426
Total	439,482	399,377	40,105
Election board:			
Salaries and employee benefits	138,415	111,567	26,848
Board salaries	14,000	16,330	(2,330)
Operating expenditures	151,250	135,689	15,561
Total	303,665	263,586	40,079
Finance:			
Salaries and employee benefits	193,198	182,857	10,341
Operating expenditures	36,670	35,873	797
Total	229,868	218,730	11,138
Tax administration:			
Salaries and employee benefits	494,365	478,962	15,403
Operating expenditures	147,100	143,134	3,966
Capital Outlay	85,000	79,114	5,886
Total	726,465	701,210	25,255
Legal:			
Salaries and employee benefits	187,259	187,022	237
Operating expenditures	59,875	53,839	6,036
Total	247,134	240,861	6,273
Register of Deeds:			
Salaries and employee benefits	229,395	222,056	7,339
Operating expenditures	14,875	14,745	130
Automation/Preservation	6,000	2,708	3,292
Total	250,270	239,509	10,761

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
General government (continued):			
Human resources:			
Salaries and employee benefits	95,522	95,670	(148)
Operating expenditures	4,150	2,370	1,780
Total	<u>99,672</u>	<u>98,040</u>	<u>1,632</u>
Public buildings:			
Salaries and employee benefits	549,957	554,711	(4,754)
Operating expenditures	741,872	686,340	55,532
Capital outlay	295,339	290,056	5,283
Total	<u>1,587,168</u>	<u>1,531,107</u>	<u>56,061</u>
Court facilities:			
Jury commission	325	323	2
Operating expenditures	50,000	25,310	24,690
Total	<u>50,325</u>	<u>25,633</u>	<u>24,692</u>
Non-Departmental:			
Workers compensation and liability insurance	200,000	175,907	24,093
Operating expenditures	142,865	91,016	51,849
Grant-HMGP-Acquisition	802,111	263,212	538,899
Grant-HMGP-Elevation	112,548	10,900	101,648
Grant-SARF	302,500	3,300	299,200
Grant-COA Boardwalk	100,835	8,000	92,835
Total	<u>1,660,859</u>	<u>552,335</u>	<u>1,108,524</u>
Total general government	<u>5,978,227</u>	<u>4,635,659</u>	<u>1,342,568</u>
Public safety:			
Sheriff:			
Salaries and employee benefits	3,263,770	3,244,024	19,746
Operating expenditures	446,675	444,204	2,471
Capital outlay	355,786	270,746	85,040
Total	<u>4,066,231</u>	<u>3,958,974</u>	<u>107,257</u>
Animal control:			
Salaries and employee benefits	111,875	109,964	1,911
Operating expenditures	24,150	13,963	10,187
SPCA Contract	130,000	130,000	
Total	<u>266,025</u>	<u>253,927</u>	<u>12,098</u>
Jail:			
Professional services	326,725	286,346	40,379
Juvenile services	26,265	11,590	14,675
County's share Tri-County Jail	1,194,297	1,194,297	
Debt service:			
Principal	774,484	774,484	
Interest	541,851	527,562	14,289
Total	<u>2,863,622</u>	<u>2,794,279</u>	<u>69,343</u>

PASQUOTANK COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Public safety (continued):			
School resource officers:			
Salaries and employee benefits	328,065	329,362	(1,297)
Operating expenditures	26,100	21,337	4,763
Total	354,165	350,699	3,466
Building inspector:			
Salaries and employee benefits	206,485	160,452	46,033
Operating expenditures	33,100	28,567	4,533
Capital outlay	26,582	30,560	(3,978)
Total	266,167	219,579	46,588
National Guard	200	200	
Fire and forest protection:			
Salaries & Employee Benefits	38,515	37,206	1,309
Operating expenditures	22,550	18,446	4,104
Capital outlay	30,000	30,039	(39)
Assistance to Forestry service	50,194	43,181	7,013
Assistance to local fire departments	751,688	745,335	6,353
Intercounty assistance	67,850	67,850	
Total	960,797	942,057	18,740
Emergency medical services:			
Salaries and employee benefits	4,207,503	4,210,084	(2,581)
Operating expenditures	602,080	581,139	20,941
Capital outlay	336,554	346,333	(9,779)
Debt service:			
Principal	112,642	112,642	
Interest	8,410	8,410	
Total	5,267,189	5,258,608	8,581
Central communications:			
Salaries and employee benefits	1,088,116	1,082,763	5,353
Operating expenditures	155,105	124,141	30,964
Capital outlay	307,332	270,751	36,581
Total	1,550,553	1,477,655	72,898
Emergency Management:			
Salaries and employee benefits	133,800	132,874	926
Operating expenditures	21,000	15,177	5,823
Capital outlay	40,000	40,791	(791)
Grants-reimbursement	7,976	10,587	(2,611)
Total	202,776	199,429	3,347
Total public safety	15,797,725	15,455,407	342,318

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Economic and physical development:			
Planning and zoning:			
Board salaries	1,200	400	800
Salaries and employee benefits	134,984	128,047	6,937
Operating expenditures	10,684	8,636	2,048
Total	146,868	137,083	9,785
Geographical Information System:			
Salaries and employee benefits	126,130	126,199	(69)
Operating expenditures	3,600	2,062	1,538
Total	129,730	128,261	1,469
Agricultural extension:			
Salaries and employee benefits	229,021	231,957	(2,936)
Operating expenditures	42,940	37,960	4,980
Grant-NCSU	9,850	4,702	5,148
Grant-SHIIP	6,960	6,223	737
Total	288,771	280,842	7,929
Soil and water conservation:			
Salaries and employee benefits	64,255	66,252	(1,997)
Operating expenditures	59,976	32,919	27,057
Total	124,231	99,171	25,060
Community Relations Commission	2,500	1,547	953
Commerce Park	38,400	21,633	16,767
Albemarle Resource Conservation and Development Council	750	750	
Albemarle Commission	35,295	35,295	
Economic Development Commission	105,172	105,172	
Elizabeth City Downtown	5,000	5,000	
YMCA of South Hampton Roads	25,000	25,000	
Incentive Grant	1,185,000	1,074,797	110,203
City of Elizabeth City-Aircraft Taxes	20,000	20,007	(7)
Total economic and physical development	2,106,717	1,934,558	172,159

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Human Services:			
Health:			
Medical Examiner fees	55,000	41,400	13,600
Community Advisory Committee	600	300	300
Assistance to District Health Department	164,875	164,875	
ARPDC-elderly nutrition assistance	69,613	69,613	
ICPTA match	44,900	44,900	
Total	<u>334,988</u>	<u>321,088</u>	<u>13,900</u>
Mental health:			
Children services-Caswell Center	375	375	
Alcoholism - contracted services	85,506	85,506	
Total	<u>85,881</u>	<u>85,881</u>	
Total health	<u>420,869</u>	<u>406,969</u>	<u>13,900</u>
Social services:			
Administration:			
Salaries and employee benefits	5,320,802	5,100,250	220,552
Board salaries	3,500	3,000	500
Operating expenditures	1,142,459	989,140	153,319
Capital outlay	44,000	40,295	3,705
Total	<u>6,510,761</u>	<u>6,132,685</u>	<u>378,076</u>
Special assistance for adults:			
County participation only:			
Aid for the aged	254,945	208,597	46,348
Aid for the permanently and totally disabled	230,055	230,055	
Total	<u>485,000</u>	<u>438,652</u>	<u>46,348</u>
Medicaid program:			
County participation only	<u>10,000</u>	<u>4,028</u>	<u>5,972</u>
Other assistance:			
Aid for the blind	5,620	5,620	
Children's services	21,500	5,142	16,358
Adult services	62,933	35,542	27,391
Transportation services	5,500	8,038	(2,538)
Humanitarian needs	3,500	3,500	
Crisis intervention	212,924	212,924	
TANF emergency assistance	15,000	15,000	
LIEAP program	220,528	220,527	1
Share the warmth program	3,288	400	2,888
Other (JOBS)	35,000	14,819	20,181
Foster care	73,875	61,787	12,088
Adoption assistance	56,414	54,271	2,143
Total	<u>716,082</u>	<u>637,570</u>	<u>78,512</u>
Total social services	<u>7,721,843</u>	<u>7,212,935</u>	<u>508,908</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Human services (continued):			
Kid's First	24,000	24,000	
Albemarle Hopeline	10,000	10,000	
Veterans service officer	2,000	1,447	553
Office of Juvenile Justice Programs-Pass Thru	172,543	172,543	
Office of Juvenile Justice Programs-County match only	13,048	6,900	6,148
Food Bank of the Albemarle	10,000	10,000	
Skills, Inc.	1,000	1,000	
River City Community Development Corporation	3,000		3,000
Office of Juvenile Justice Programs-Administration	563	563	
United Way	2,200	2,200	
Home and Community Care Block Grant-County match only	4,000	4,782	(782)
Total human services	8,385,066	7,853,339	531,727
Cultural and recreational:			
City of Elizabeth City:			
Knobbs Creek Recreation Center	1,111,935	1,028,244	83,691
Senior Citizens Center	261,626	182,652	78,974
Total	1,373,561	1,210,896	162,665
Library:			
Salaries and employee benefits	545,605	544,974	631
Operating expenditures	166,858	162,068	4,790
Debt service:			
Principal	13,318	13,318	
Interest	1,040	1,040	
Total	726,821	721,400	5,421
Total cultural and recreational	2,100,382	1,932,296	168,086

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Education:			
Public Schools, current expense	11,364,000	11,364,000	
Public Schools, capital outlay	3,511,644	1,251,967	2,259,677
Community College, operations appropriation	1,735,000	1,735,000	
Community College, capital appropriation	700,000	700,000	
Total education	<u>17,310,644</u>	<u>15,050,967</u>	<u>2,259,677</u>
Debt service:			
Principal retirement	4,409,611	4,431,480	(21,869)
Interest and fees	600,249	600,249	
Trustee services	12,000	11,988	12
Total debt service	<u>5,021,860</u>	<u>5,043,717</u>	<u>(21,857)</u>
Total expenditures	<u>56,700,621</u>	<u>51,905,943</u>	<u>4,794,678</u>
Revenue over (under) expenditures	<u>(3,589,620)</u>	<u>1,175,858</u>	<u>4,765,478</u>
Other financing sources (uses):			
Transfers from (to) other funds:			
Special revenue funds:			
Capital reserve	188,934	177,359	(11,575)
Reappraisal reserve	(40,000)	(40,000)	
Issuance of debt	1,246,123	468,000	(778,123)
Fund balance appropriated	2,194,563		(2,194,563)
Total other financing sources (uses)	<u>3,589,620</u>	<u>605,359</u>	<u>(2,984,261)</u>
Excess of revenue and other sources over expenditures and other uses	-	1,781,217	1,781,217
Fund balance, beginning of year		<u>15,333,124</u>	
Prior period adjustment		(142,496)	
Fund balance - beginning, restated		<u>15,190,628</u>	
Fund balance, end of year	<u>\$ -</u>	<u>\$ 16,971,845</u>	<u>\$ -</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-2

CAPITAL RESERVE FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 --BUDGET AND ACTUAL--
 FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Sale of land	\$ 100,000	\$ 100,000	\$ -
Investment earnings	10,000	54,980	44,980
Miscellaneous Revenue	8,107,449	8,107,375	(74)
Total revenue	<u>8,217,449</u>	<u>8,262,355</u>	<u>44,906</u>
Expenditures:			
Reserve Funds:			
Medical services	8,101,820		8,101,820
Commerce Park	12,700		12,700
Recreation	155,000		155,000
Landfill	503,000		503,000
Unallocated	655,995		655,995
Revenues over (under) expenditures	<u>9,428,515</u>	<u>-</u>	<u>9,428,515</u>
Other financing sources:			
Transfers in-Landfill Fund	100,000	100,000	
Transfers out-General Fund	(188,934)	(177,359)	11,575
Fund balance appropriated	1,300,000		(1,300,000)
Total other financing sources	<u>1,211,066</u>	<u>(77,359)</u>	<u>(1,288,425)</u>
Excess of revenue over expenditures	\$ <u>-</u>	8,184,996	\$ <u>8,184,996</u>
Fund balance, beginning of year		<u>1,245,602</u>	
Fund balance, end of year		\$ <u><u>9,430,598</u></u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-3

REAPPRAISAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Investment earnings	\$ -	\$ 2,695	\$ 2,695
Expenditures:			
General government:			
Tax listing	40,000		40,000
Total expenditures	40,000	-	40,000
Revenue over (under) expenditures	(40,000)	2,695	42,695
Other financing sources:			
Transfers in:			
General fund	40,000	40,000	
Total other financing sources	40,000	40,000	-
Revenue and other sources over expenditures	\$ -	42,695	\$ 42,695
Fund balance, beginning of year		219,268	
Fund balance, end of year		\$ 261,963	

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

Pasquotank County, North Carolina

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

Schedule C-1

	Special Revenue Funds							
	Emergency Telephone System Fund	Seized Asset Fund	Library Reserve Fund	Drainage Districts Fund	Friends of the Library	Occupancy Tax Fund		Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 667,365	\$ 46,485	\$ 15,093	\$ 22,525	\$ 1,306	\$ -		\$ 752,774
Assessments receivable				740				740
Other receivables	33,691		201					33,892
Total assets	\$ 701,056	\$ 46,485	\$ 15,294	\$ 23,265	\$ 1,306	\$ -		\$ 787,406
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 16,442	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 16,442
Unearned revenue				740				740
Total liabilities	16,442	-	-	740	-	-		17,182
Fund balances:								
Restricted for:								
Stabilization by State statute	33,691		201					33,892
Emergency telephone system	650,923							650,923
Law enforcement		46,485						46,485
Committed for:								
Drainage				22,525				22,525
Library			15,093		1,306			16,399
Unassigned:								
Total fund balances	684,614	46,485	15,294	22,525	1,306	-		770,224
Total liabilities and fund balances	\$ 701,056	\$ 46,485	\$ 15,294	\$ 23,265	\$ 1,306	\$ -		\$ 787,406

Pasquotank County, North Carolina

Schedule C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue Funds							
	Emergency Telephone System Fund	Seized Asset Fund	Library Reserve Fund	Drainage Districts Fund	Friends of the Library	Occupancy Tax Fund	Total Nonmajor Governmental Funds	
REVENUES								
Assessments	\$ -	\$ -	\$ -	\$ 4,975	\$ -	\$ -	\$ 4,975	
Gifts and donations			5,000		50		5,050	
State E911 funds	404,296						404,296	
Restricted-other	60,417					649,365	709,782	
Miscellaneous revenue		12,290		55	699		13,044	
Investment earnings	4,208	553	82	236	13		5,092	
Total revenues	468,921	12,843	5,082	5,266	762	649,365	1,142,239	
EXPENDITURES								
Public safety	253,221	35,259					288,480	
Physical and economic development						649,365	649,365	
Cultural and recreational			2,953		209		3,162	
Total expenditures	253,221	35,259	2,953	-	209	649,365	941,007	
Excess (deficiency) of revenues over expenditures	215,700	(22,416)	2,129	5,266	553	-	201,232	
Net change in fund balances	215,700	(22,416)	2,129	5,266	553	-	201,232	
Fund balances - beginning	326,418	68,901	13,165	17,259	753	-	426,496	
Prior period adjustment	142,496						142,496	
Fund balance - beginning, restated	468,914	68,901	13,165	17,259	753	-	568,992	
Fund balances - ending	\$ 684,614	\$ 46,485	\$ 15,294	\$ 22,525	\$ 1,306	\$ -	\$ 770,224	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-3

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 --BUDGET AND ACTUAL--
 FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
State 911 funds	\$ 404,533	\$ 404,296	\$ (237)
Grant funds	81,001	60,417	(20,584)
Investment earnings	2,000	4,208	2,208
Total revenue	<u>487,534</u>	<u>468,921</u>	<u>(18,613)</u>
Expenditures:			
State 911 funds:			
Telephone	98,000	105,261	(7,261)
Maintenance-equipment	90,000	46,013	43,987
Travel and training	9,000	4,968	4,032
Departmental Supplies	10,000	4,415	5,585
Rent-copier	3,000	555	2,445
Contracted services	20,000	14,588	5,412
Grant-Back-up Center	81,001	59,018	21,983
Capital outlay	<u>246,533</u>	<u>18,403</u>	<u>228,130</u>
Total State 911 fund expenditures	<u>557,534</u>	<u>253,221</u>	<u>304,313</u>
Total Expenditures	<u>557,534</u>	<u>253,221</u>	<u>304,313</u>
Revenue over expenditures	<u>(70,000)</u>	<u>215,700</u>	<u>285,700</u>
Other financing sources (uses):			
Fund balance appropriated	<u>70,000</u>		<u>(70,000)</u>
Total other financing sources (uses):	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
Excess of revenue over (under) expenditures	\$ <u>-</u>	215,700	\$ <u>215,700</u>
Fund balance, beginning of year		326,418	
Prior period adjustment		142,496	
Fund balance - beginning, restated		468,914	
Fund balance, end of year		\$ <u>684,614</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-4

SEIZED ASSET FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

From Inception and for the year ended June 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
Revenue:				
County share - seized assets	\$ 490,100	\$ 515,203	\$ -	\$ 515,203
Bullet proof vest program	6,575	15,573	7,290	22,863
Other revenue	4,825	3,089	5,000	8,089
Investment earnings	13,750	16,359	553	16,912
Total revenue	<u>515,250</u>	<u>550,224</u>	<u>12,843</u>	<u>563,067</u>
Expenditures				
Law enforcement	<u>523,750</u>	<u>481,323</u>	<u>35,259</u>	<u>516,582</u>
Other financing sources:				
Fund balance appropriated	<u>8,500</u>			
Revenue over (under) expenditures	\$ <u>-</u>	<u>68,901</u>	(22,416)	<u>46,485</u>
Fund balance, beginning of year			<u>68,901</u>	
Fund balance, end of year			\$ <u>46,485</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-5

LIBRARY RESERVE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Restricted revenue:			
Gifts and donations	\$ 8,935	\$ 5,000	\$ (3,935)
Miscellaneous revenue			-
Total	<u>8,935</u>	<u>5,000</u>	<u>(3,935)</u>
Investment earnings:	<u>50</u>	<u>82</u>	<u>32</u>
Total Revenue	<u>8,985</u>	<u>5,082</u>	<u>(3,903)</u>
Expenditures			
Operating expenses	8,557	2,376	6,181
Library materials	751	577	174
Total expenditures	<u>9,308</u>	<u>2,953</u>	<u>6,355</u>
Other financing sources:			
Fund balance appropriated	<u>323</u>		<u>(323)</u>
Revenue over expenditures	\$ <u>-</u>	2,129	\$ <u>2,129</u>
Fund balance, beginning of year		<u>13,165</u>	
Fund balance, end of year		\$ <u>15,294</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-6

DRAINAGE DISTRICTS FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2020

	2020		
	Budget	Actual	Variance Positive (Negative)
Revenue:			
Assessments:			
River	\$ 5,300	\$ 4,975	\$ (325)
Penalties, interest & advertising		55	55
Total assessments revenue	<u>5,300</u>	<u>5,030</u>	<u>(270)</u>
Investment earnings:	<u>200</u>	<u>236</u>	<u>36</u>
Total revenue	<u>5,500</u>	<u>5,266</u>	<u>(234)</u>
Expenditures:			
Newland District			
Maintenance	<u>5,500</u>		<u>5,500</u>
Total Newland District	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Total Expenditures	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Revenue over expenditures	<u>\$ -</u>	5,266	<u>\$ 5,266</u>
Fund balance, beginning of year		<u>17,259</u>	
Fund balance, end of year		<u>\$ 22,525</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-7

FRIENDS OF THE LIBRARY FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 --BUDGET AND ACTUAL--
 FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Restricted revenue:			
Gifts and donations	\$ 100	\$ 50	\$ (50)
Book Sales	400	179	(221)
Membership Dues	470	520	50
Miscellaneous revenue	20		(20)
Total	<u>990</u>	<u>749</u>	<u>(241)</u>
Investment earnings:	<u>35</u>	<u>13</u>	<u>(22)</u>
Total Revenue	<u>1,025</u>	<u>762</u>	<u>(263)</u>
Expenditures			
Library materials	500		500
Operating expenses	943	209	734
Total expenditures	<u>1,443</u>	<u>209</u>	<u>1,234</u>
Other financing sources:			
Fund balance appropriated	<u>418</u>		<u>(418)</u>
Revenue under expenditures	<u>\$ -</u>	553	<u>\$ 553</u>
Fund balance, beginning of year		<u>753</u>	
Fund balance, end of year		<u>\$ 1,306</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-8

OCCUPANCY TAX FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Occupancy tax collections	\$ 640,000	\$ 649,365	\$ 9,365
Total Revenue	<u>640,000</u>	<u>649,365</u>	<u>9,365</u>
Expenditures:			
Tourism Development Authority	640,000	649,365	(9,365)
Total Expenditures	<u>640,000</u>	<u>649,365</u>	<u>(9,365)</u>
Revenue over (under) expenditures	\$ <u> -</u>	-	\$ <u> -</u>
Fund balance, beginning of year		<u> -</u>	
Fund balance, end of year		\$ <u> -</u>	

ENTERPRISE FUNDS

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

Major:

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

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 1 of 3

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Operating revenue:			
Tipping fees	\$ 2,684,840	\$ 2,862,297	\$ 177,457
Solid waste fees	2,432,000	2,501,772	69,772
Penalties and interest	17,000	42,829	25,829
Other operating revenue	47,000	50,505	3,505
Total operating revenue	<u>5,180,840</u>	<u>5,457,403</u>	<u>276,563</u>
Non-operating revenue:			
NC Department of Revenue:			
Scrap tire tax	50,000	54,109	4,109
Solid waste disposal tax	18,000	20,984	2,984
Electronics management program	3,000	2,302	(698)
Interest earned	30,000	38,995	8,995
Sale of assets	12,000	160	(11,840)
Insurance proceeds	4,379	6,405	2,026
FEMA	101,612	101,612	-
Grant-reimbursement	30,000	26,187	(3,813)
Total non-operating revenue	<u>248,991</u>	<u>250,754</u>	<u>1,763</u>
Total revenue	<u>5,429,831</u>	<u>5,708,157</u>	<u>278,326</u>
Expenditures:			
Landfill operations:			
Salaries and employee benefits	500,035	516,394	(16,359)
Engineering and lab fees	27,000	15,998	11,002
Contracted services	1,493,112	1,678,111	(184,999)
Utilities and telephone	26,700	20,650	6,050
Supplies and materials	145,600	126,105	19,495
Repairs and maintenance	184,000	148,037	35,963
Other	43,120	27,233	15,887
Indirect Costs:			
Maintenance/Janitorial	18,326	18,326	
Human resources	2,987	2,987	
Administration	7,809	7,809	
Finance office	32,063	32,063	
Solid waste disposal tax	65,000	76,403	(11,403)
Tire disposal	87,000	96,861	(9,861)
Electronics management	30,000	31,811	(1,811)
Total	<u>2,662,752</u>	<u>2,798,788</u>	<u>(136,036)</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 2 of 3

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Convenience Sites:			
Salaries and employee benefits	451,570	494,919	(43,349)
Utilities and telephone	21,500	22,760	(1,260)
Repairs and maintenance	108,379	90,165	18,214
Operating expenses	176,880	132,242	44,638
Landfill fees	1,337,000	1,465,158	(128,158)
Indirect Costs:			
Human resources	9,125	9,125	
Administration	5,205	5,205	
Finance office	15,553	15,553	
Information technology	8,707	8,707	
Total	<u>2,133,919</u>	<u>2,243,834</u>	<u>(109,915)</u>
Transfer station:			
Salaries and employee benefits	79,070	84,764	(5,694)
Repairs and maintenance	42,000	13,862	28,138
Operating expenses	33,500	20,240	13,260
Indirect Costs:			
Human resources	406	406	
Finance office	3,184	3,184	
Total	<u>158,160</u>	<u>122,456</u>	<u>35,704</u>
Other Costs:			
Capital outlay	745,000	264,311	480,689
Under threshold	70,000	41,111	28,889
Total	<u>815,000</u>	<u>305,422</u>	<u>509,578</u>
Total expenditures	<u>5,769,831</u>	<u>5,470,500</u>	<u>299,331</u>
Revenue over (under) expenditures before other financing sources and (uses)	<u>(340,000)</u>	<u>237,657</u>	<u>577,657</u>
Other financing sources (uses):			
Transfers out:			
Capital reserve-future needs	<u>(100,000)</u>	<u>(100,000)</u>	
Total	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Revenue over (under) expenditures and other financing sources and (uses)	<u>\$ -</u>	<u>\$ 137,657</u>	<u>\$ 137,657</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 3 of 3

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenue over expenditures		\$ 137,657	
Reconciling items:			
Capital outlay		264,311	
Increase (decrease) in deferred outflows-OPEB		3,217	
(Increase) decrease in net OPEB liability		(27,239)	
(Increase) decrease in deferred inflows-OPEB		(5,496)	
Increase (decrease) in deferred outflows-pensions		(18,059)	
(Increase) decrease in net pension liability		(30,290)	
(Increase) decrease in deferred inflows-pensions		946	
Depreciation		(170,315)	
Total reconciling items		17,075	
Change in net position		\$ 154,732	

PASQUOTANK COUNTY, NORTH CAROLINA

ENTERPRISE FUND-WATER SYSTEM

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

Schedule D-2

Page 1 of 3

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenue:			
Water sales	\$ 3,600,306	\$ 3,486,978	\$ (113,328)
Water sales-reverse osmosis plant	1,729,270	1,830,552	101,282
Reconnection fees	82,000	60,800	(21,200)
Penalties	40,000	29,252	(10,748)
Miscellaneous revenue	2,000	3,581	1,581
Sewer revenue	480,000	375,423	(104,577)
Other operating revenue	3,000	1,650	(1,350)
Total operating revenue	<u>5,936,576</u>	<u>5,788,236</u>	<u>(148,340)</u>
Non-operating revenue:			
Tower rental	37,500	43,091	5,591
Payment from City of Elizabeth City	122,583	122,583	-
Sale of assets	2,000	13,914	11,914
Interest earned on investments	130,000	175,494	45,494
Total non-operating revenue	<u>292,083</u>	<u>355,082</u>	<u>62,999</u>
Total revenue	<u>6,228,659</u>	<u>6,143,318</u>	<u>(85,341)</u>
Expenditures:			
Water plant operations:			
Salaries and employee benefits	1,080,125	1,057,799	22,326
Utilities	120,000	93,847	26,153
Chemicals	110,000	113,269	(3,269)
Purchases for resale	1,520,000	1,321,049	198,951
Supplies and materials	12,000	7,197	4,803
Gasoline and oil	45,000	42,678	2,322
Other expenses	56,300	20,232	36,068
Repairs and maintenance	211,560	259,532	(47,972)
Telephone	12,500	13,682	(1,182)
Total	<u>3,167,485</u>	<u>2,929,285</u>	<u>238,200</u>
Waste water treatment plant operations:			
Salaries and employee benefits	63,426	60,525	2,901
Utilities	15,000	9,412	5,588
Chemicals	5,000	536	4,464
Supplies and materials	500	43	457
Repairs and maintenance	55,500	22,991	32,509
Treatment by City	85,000	24,168	60,832
Other expenses	17,600	20,565	(2,965)
Total	<u>242,026</u>	<u>138,240</u>	<u>103,786</u>

PASQUOTANK COUNTY, NORTH CAROLINA

ENTERPRISE FUND-WATER SYSTEM

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

Schedule D-2

Page 2 of 3

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Professional services:			
Engineering and lab fees	62,000	62,934	(934)
Legal and audit	5,540	5,265	275
Total	67,540	68,199	(659)
Administrative services:			
Insurance and bonds	22,800	23,626	(826)
Postage	25,000	21,369	3,631
Indirect Costs:			
Human resources	7,929	7,929	
Administration	26,857	26,857	
Finance office	54,249	54,249	
Janitorial/maintenance	23,617	23,617	
Information technology	10,448	10,448	
Central communications	615	615	
Other expenses	154,240	169,955	(15,715)
Total	325,755	338,665	(12,910)
Reverse osmosis plant operations:			
Salaries and employee benefits	188,231	215,827	(27,596)
Utilities	180,000	202,765	(22,765)
Chemicals	160,000	131,658	28,342
Engineering and lab fees	39,000	40,776	(1,776)
Legal and audit	1,000		1,000
Administrative services	11,400	4,082	7,318
Insurance	17,000	16,970	30
Supplies and materials	2,500	2,896	(396)
Repairs and maintenance	87,155	90,715	(3,560)
Gasoline and oil	9,500	2,228	7,272
Telephone	900	3,139	(2,239)
Indirect Costs:			
Human resources	2,121	2,121	
Administration	5,205	5,205	
Finance office	12,784	12,784	
Other expenses	33,410	22,314	11,096
Total	750,206	753,480	(3,274)
Debt service:			
Principal	836,700	836,692	8
Interest	297,447	290,121	7,326
Trustee fees	3,500	3,008	492
Total	1,137,647	1,129,821	7,826

PASQUOTANK COUNTY, NORTH CAROLINA

ENTERPRISE FUND-WATER SYSTEM

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Capital outlay:			
Capitalized:			
Vehicles and equipment	243,564	243,564	-
Well production improvement	508,688	357,337	151,351
Under threshold	310,436	77,677	232,759
Total	<u>1,062,688</u>	<u>678,578</u>	<u>384,110</u>
Total expenditures	<u>6,753,347</u>	<u>6,036,268</u>	<u>717,079</u>
Revenue over (under) expenditures before other financing sources (uses)	<u>(524,688)</u>	<u>107,050</u>	<u>631,738</u>
Other financing sources (uses):			
Fund balance appropriated	449,688		(449,688)
Transfer from capital reserve	<u>75,000</u>	<u>75,000</u>	
Total other financing sources (uses)	<u>524,688</u>	<u>75,000</u>	<u>(449,688)</u>
Revenue over (under) expenditures	<u>\$ -</u>	<u>\$ 182,050</u>	<u>\$ 182,050</u>

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

Revenue over expenditures and other financing sources (uses)	\$ <u>182,050</u>
Reconciling items:	
Principal payments	836,692
Increase (decrease) in deferred outflows-OPEB	17,252
(Increase) decrease in net OPEB liability	(15,320)
(Increase) decrease in deferred inflows-OPEB	3,861
Increase (decrease) in deferred outflows-pension	(24,987)
(Increase) decrease in net pension liability	(41,913)
(Increase) decrease in deferred inflows-pension	1,309
Capital outlay	600,901
Depreciation and amortization	<u>(1,219,028)</u>
Total reconciling items	<u>158,767</u>
Change in net position	<u>\$ 340,817</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-3

WATER AND SEWER CAPITAL RESERVE FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 --BUDGET AND ACTUAL--
 FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
System development fees	\$ 75,000	\$ 84,200	\$ 9,200
Investment earnings		607	607
Total revenue	<u>75,000</u>	<u>84,807</u>	<u>9,807</u>
Expenditures:			
Reserve Funds	<u>75,000</u>		<u>75,000</u>
Revenues over (under) expenditures	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Other financing sources:			
Transfers out	(75,000)	(75,000)	
Fund balance appropriated	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total other financing sources	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Excess of revenue over expenditures	\$ <u>-</u>	9,807	\$ <u>9,807</u>
Fund balance, beginning of year		<u>92,308</u>	
Fund balance, end of year		\$ <u>102,115</u>	

AGENCY FUNDS

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

Social Services Fund - This fund accounts for moneys held by the Social Services Department for the benefit of certain individuals in the County.

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

Fines and Forfeitures Funds – This fund accounts for various legal fines and forfeitures that the County is required to remit to the Elizabeth City-Pasquotank Public School Board of Education.

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

Deed of Trust Fee Fund - This fund accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage, which is remitted to the State Treasurer on a monthly basis.

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule E-1

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Social Services				
Assets:				
Cash and cash equivalents	\$ 9,852	\$ 11,783	13,755	\$ 7,880
Liabilities:				
Miscellaneous liabilities	\$ 9,852	\$ 11,783	\$ 13,755	\$ 7,880
City tax collection				
Assets:				
Cash and cash equivalents	\$ 48,128	\$ 9,368,142	\$ 9,370,906	\$ 45,364
Liabilities:				
City property taxes payable	\$ 44,266	\$ 9,288,923	9,291,100	\$ 42,089
City gross receipt tax payable	3,862	79,219	79,806	3,275
Total liabilities	\$ 48,128	\$ 9,368,142	\$ 9,370,906	\$ 45,364
Fines and forfeitures				
Assets:				
Cash and cash equivalents	\$ -	\$ 134,759	\$ 134,759	\$ -
Liabilities:				
Fines and forfeitures payable	\$ -	\$ 134,759	\$ 134,759	\$ -
Total liabilities	\$ -	\$ 134,759	\$ 134,759	\$ -
Health department fee collections				
Assets:				
Cash and cash equivalents	\$ 792	\$ 19,226	\$ 19,268	\$ 750
Liabilities:				
Due to Health Department	\$ 792	\$ 19,226	\$ 19,268	\$ 750
Deed of Trust Fee Fund				
Assets:				
Cash and cash equivalents	\$ 2,089	\$ 24,564	\$ 24,297	\$ 2,356
Liabilities:				
Due to State Treasurer	\$ 2,089	\$ 24,564	\$ 24,297	\$ 2,356
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 60,861	\$ 9,558,474	\$ 9,562,985	\$ 56,350
Liabilities:				
Miscellaneous liabilities	\$ 9,852	\$ 11,783	\$ 13,755	\$ 7,880
City property taxes payable	44,266	9,288,923	9,291,100	42,089
City gross receipt tax payable	3,862	79,219	79,806	3,275
Fines and forfeitures payable	-	134,759	134,759	-
Due to Health Department	792	19,226	19,268	750
Due to State Treasurer	2,089	24,564	24,297	2,356
Total liabilities	\$ 60,861	\$ 9,558,474	\$ 9,562,985	\$ 56,350

CAPITAL ASSETS

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule F-1

SCHEDULE OF GENERAL CAPITAL ASSETS

BY SOURCE

JUNE 30, 2020

	<u>2020</u>
General Capital Assets:	
Land	\$ 5,641,249
Buildings	55,726,460
Equipment	8,987,364
Vehicles and motorized equipment	7,751,194
Infrastructure	2,637,960
Accumulated depreciation	<u>(42,825,536)</u>
Total general capital assets	<u>\$ 37,918,691</u>
Investment in general capital assets by source:	
Capital Assets Acquired Prior to July 1, 1997:	\$ 21,426,881
Capital Assets Acquired After July 1, 1997:	
General Fund	16,739,117
State Revenue	2,534,835
Federal Revenue	252,664
Installment Purchases	39,790,730
Accumulated depreciation	<u>(42,825,536)</u>
Total investment in general capital assets	<u>\$ 37,918,691</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule F-2

SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2020

Function and Activity	Land	Buildings	Furniture Fixtures and Office Equipment	Vehicles and Motorized Equipment	Land Improvements and Infrastructure	Total
General government						
Administration	\$	\$	\$	\$ 82,217	\$	\$ 82,217
Finance			8,300			8,300
Taxes			335,611	14,644		350,255
Register of deeds			88,000			88,000
Public buildings	1,098,686	14,453,194	260,186	17,594	13,388	15,843,048
Court Facilities			56,764			56,764
Other-unclassified	1,553,553	5,106,618	250,801	11,422		6,922,394
Total general government	<u>2,652,239</u>	<u>19,559,812</u>	<u>999,662</u>	<u>125,877</u>	<u>13,388</u>	<u>23,350,978</u>
Public safety:						
Sheriff			276,694	1,707,872		1,984,566
Jail		23,047,596	459,143			23,506,739
Emergency communications	53,452	12,656	5,008,316			5,074,424
Fire	172,587	440,437	285,922	3,584,007		4,482,953
Emergency management		13,904	33,159	195,105		242,168
Inspections			24,500	73,579		98,079
Emergency medical services	45,150	408,910	1,258,329	1,695,303		3,407,692
Animal Control		11,965		79,767		91,732
Total public safety	<u>271,189</u>	<u>23,935,468</u>	<u>7,346,063</u>	<u>7,335,633</u>		<u>38,888,353</u>
Environmental protection:	<u>200,507</u>					<u>200,507</u>
Total environmental protection	<u>200,507</u>					<u>200,507</u>
Economic and physical development:						
Economic development	1,897,443	1,446,058	33,679	15,203	989,103	4,381,486
Agricultural extension		739,812		23,993		763,805
Total economic and physical development	<u>1,897,443</u>	<u>2,185,870</u>	<u>33,679</u>	<u>39,196</u>	<u>989,103</u>	<u>5,145,291</u>
Human services:						
Health		35,000				35,000
Social services	82,839	4,379,271	207,192	132,027		4,801,329
Total human services	<u>82,839</u>	<u>4,414,271</u>	<u>207,192</u>	<u>132,027</u>		<u>4,836,329</u>
Cultural and recreational:						
Recreational	521,094	651,507	29,417	115,628	1,608,769	2,926,415
Library	15,938	5,211,773	42,999	72,438		5,343,148
Total cultural and recreational	<u>537,032</u>	<u>5,863,280</u>	<u>72,416</u>	<u>188,066</u>	<u>1,608,769</u>	<u>8,269,563</u>
Education:						
Public schools				24,298		24,298
Community College				28,908		28,908
Total education				<u>53,206</u>		<u>53,206</u>
Accumulated depreciation		<u>(28,252,350)</u>	<u>(7,527,167)</u>	<u>(5,548,798)</u>	<u>(1,497,221)</u>	<u>(42,825,536)</u>
Total general capital assets	\$ <u>5,641,249</u>	\$ <u>27,706,351</u>	\$ <u>1,131,845</u>	\$ <u>2,325,207</u>	\$ <u>1,114,039</u>	\$ <u>37,918,691</u>

PASQUOTANK COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2020

Schedule F-3

Function and Activity	General Capital Assets			General Capital Assets
	July 1, 2019	Additions	Deductions	June 30, 2020
General government:				
Administration	\$ 72,703	\$ 29,859	\$ 20,345	\$ 82,217
Finance	8,300			8,300
Taxes	350,255			350,255
Register of deeds	88,000			88,000
Public buildings	15,552,992	290,056		15,843,048
Court facilities	56,764			56,764
Construction in progress	504,786		504,786	-
Other - unclassified	6,870,372	62,780	10,758	6,922,394
Total general government	<u>23,504,172</u>	<u>382,695</u>	<u>535,889</u>	<u>23,350,978</u>
Public safety:				
Sheriff	2,211,709	225,518	452,661	1,984,566
Jail	23,506,739			23,506,739
Emergency communications	4,341,006	786,531	53,113	5,074,424
Fire	4,377,800	120,703	15,550	4,482,953
Emergency management	205,036	37,132		242,168
Inspections	85,670	30,360	17,951	98,079
Emergency medical services	2,992,786	519,759	104,853	3,407,692
Animal control	91,732			91,732
Total public safety	<u>37,812,478</u>	<u>1,720,003</u>	<u>644,128</u>	<u>38,888,353</u>
Environmental protection	200,507			200,507
Total environmental protection	<u>200,507</u>			<u>200,507</u>
Economic and physical development:				
Economic development	4,381,486			4,381,486
Agricultural extension	763,805			763,805
Total economic and physical development	<u>5,145,291</u>		-	<u>5,145,291</u>
Human services:				
Health	199,239		164,239	35,000.00
Social services	4,799,935	18,615	17,221	4,801,329
Total human services	<u>4,999,174</u>	<u>18,615</u>	<u>181,460</u>	<u>4,836,329</u>
Cultural and recreational:				
Recreational	2,926,415			2,926,415
Cultural	5,343,148			5,343,148
Total cultural and recreational	<u>8,269,563</u>	-	-	<u>8,269,563</u>
Education:				
Public schools	24,298			24,298
Community college	28,908			28,908
Total education	<u>53,206</u>	-	-	<u>53,206</u>
Accumulated depreciation	(40,864,834)	(2,799,760)	839,058	(42,825,536)
Total general capital assets	<u>\$ 39,119,557</u>	<u>\$ (678,447)</u>	<u>\$ (522,419)</u>	<u>\$ 37,918,691</u>

GOVERNMENTAL LONG-TERM DEBT OBLIGATIONS

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule G-1

**SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Long-Term Debt			Governmental Long-Term Debt
	July 1, 2019	Additions	Retirements	June 30, 2020
Governmental Long-Term Debt Payable:				
Installment purchases	\$ 26,265,587	\$ 468,000	\$ 2,797,836	\$ 23,935,751
Advance refunding	6,649,895		855,754	5,794,141
Certificates of Participation	1,545,000		1,545,000	-
Qualified School Construction Bonds	1,066,667		133,334	933,333
Unamortized premium on COPS	165,770		77,901	87,869
Vacation payable	825,219	606,585	518,380	913,424
Net Pension Liability-LGERS	4,011,431	675,055		4,686,486
Unfunded other post employment benefits	15,384,876	633,581		16,018,457
Unfunded pension obligation-LEOSSA	1,116,923	158,707		1,275,630
	<u>\$ 57,031,368</u>	<u>\$ 2,541,928</u>	<u>\$ 5,928,205</u>	<u>\$ 53,645,091</u>
By purpose:				
Education	\$ 15,446,152	\$	\$ 3,251,340	\$ 12,194,812
Fire and Public Safety	15,253,801	438,000	1,771,769	13,920,032
General government	4,827,196	30,000	308,815	4,548,381
Unamortized premium on COPS	165,770		77,901	87,869
Net Pension Liability-LGERS	4,011,431	675,055		4,686,486
Other post employment benefits	15,384,876	633,581		16,018,457
Unfunded pension obligation-LEOSSA	1,116,923	158,707		1,275,630
Vacation pay	825,219	606,585	518,380	913,424
	<u>\$ 57,031,368</u>	<u>\$ 2,541,928</u>	<u>\$ 5,928,205</u>	<u>\$ 53,645,091</u>

OTHER SCHEDULES

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

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule H-1

GENERAL FUND
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$	\$ 25,831,246	\$ 24,981,896	\$ 849,350
2018-2019	731,403		320,495	410,908
2017-2018	402,360	506	123,151	279,715
2016-2017	218,185		69,960	148,225
2015-2016	125,015		38,896	86,119
2014-2015	92,915		24,603	68,312
2013-2014	103,233		20,333	82,900
2012-2013	67,692		10,703	56,989
2011-2012	50,648		4,721	45,927
2010-2011	40,129		4,082	36,047
2009-2010	39,533		39,533	-
	<u>\$ 1,871,113</u>	<u>\$ 25,831,752</u>	<u>\$ 25,638,373</u>	2,064,492
Less: allowance for uncollected ad valorem taxes receivable - General Fund				(247,739)
Ad valorem taxes receivable, net				<u>\$ 1,816,753</u>
Reconciliation with revenues:				
Ad valorem taxes, General Fund				<u>\$ 25,709,465</u>
Taxes written off				36,622
Collections on taxes previously written off				(4,083)
Discounts, refunds and releases				110,264
Loss of present value exemption				(9,555)
Advertising fees collected				(3,835)
Interest collected				(200,505)
Total reconciling items				<u>(71,092)</u>
Total collections and credits				<u>\$ 25,638,373</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule H-2

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	County-wide		Total Levy		
	Total Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 3,242,695,667	0.77	\$ 24,961,650	\$ 22,377,040	\$ 2,584,610
Public service companies	78,891,686	0.77	607,466	607,466	
Penalties			2,828	2,828	
Total	<u>3,321,587,353</u>		<u>25,571,944</u>	<u>22,987,334</u>	<u>2,584,610</u>
Discoveries:					
Current year taxes	24,527,542	0.77	196,016	196,016	
Prior year taxes		various	83,853	83,853	
Penalties			16,249	16,249	
Total	<u>24,527,542</u>		<u>296,118</u>	<u>296,118</u>	<u>-</u>
Releases	<u>(4,800,483)</u>		<u>(36,816)</u>	<u>(36,816)</u>	
Total property valuation	<u>\$ 3,341,314,412</u>				
Net levy			25,831,246	23,246,636	2,584,610
Uncollected taxes at June 30, 2020			849,350	849,350	
Current year's tax collections and credits			<u>\$ 24,981,896</u>	<u>\$ 22,397,286</u>	<u>\$ 2,584,610</u>
Current levy collection percentage			<u>96.71%</u>	<u>96.35%</u>	<u>100.00%</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain information to help the reader understand how the County's financial performance and well-being have changes over time.	111
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	116
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	120
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	123
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial Information relates to the services the County provides and the activities It performs.	125

PASQUOTANK COUNTY, NORTH CAROLINA

Table 1

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Governmental Activities:										
Net investment in capital assets	\$ 19,061,023	\$ 18,839,243	\$ 18,432,376	\$ 18,573,062	\$ 18,017,943	\$ 18,137,713	\$ 18,304,840	\$ 18,250,889	\$ 18,396,347	\$ 18,848,095
Restricted	5,017,244	6,859,588	4,737,829	5,281,147	5,478,471	5,428,803	5,412,104	5,290,307	6,267,194	6,741,831
Unrestricted	(25,188,019)	(24,632,815)	(23,595,264)	(22,268,820)	(20,323,040)	(17,848,390)	(16,407,855)	(23,952,748)	(22,268,261)	(10,922,514)
	<u>(1,109,752)</u>	<u>1,066,016</u>	<u>(425,059)</u>	<u>1,585,389</u>	<u>3,173,374</u>	<u>5,718,126</u>	<u>7,309,089</u>	<u>(411,552)</u>	<u>2,395,280</u>	<u>14,667,412</u>
Business-type Activities:										
Net investment in capital assets	\$ 19,129,395	\$ 20,266,898	\$ 16,087,528	\$ 15,794,769	\$ 15,152,613	\$ 14,727,763	\$ 14,493,610	\$ 14,262,845	\$ 14,023,770	\$ 14,337,180
Unrestricted	6,174,037	6,431,666	6,708,445	7,435,642	8,744,802	10,053,020	11,495,605	12,507,405	14,159,286	14,351,232
	<u>\$ 25,303,432</u>	<u>\$ 26,698,564</u>	<u>\$ 22,795,973</u>	<u>\$ 23,230,411</u>	<u>\$ 23,897,415</u>	<u>\$ 24,780,783</u>	<u>\$ 25,989,215</u>	<u>\$ 26,770,250</u>	<u>\$ 28,183,056</u>	<u>\$ 28,688,412</u>
Primary Government:										
Net investment in capital assets	\$ 38,190,418	\$ 39,106,141	\$ 34,519,904	\$ 34,367,831	\$ 33,170,556	\$ 32,865,476	\$ 32,798,450	\$ 32,513,734	\$ 32,420,117	\$ 33,185,275
Restricted	5,017,244	6,859,588	4,737,829	5,281,147	5,478,471	5,428,803	5,412,104	5,290,307	6,267,194	6,741,831
Unrestricted	(19,013,982)	(18,201,149)	(16,886,819)	(14,833,178)	(11,578,238)	(7,795,370)	(4,912,250)	(11,445,343)	(8,108,975)	3,428,718
	<u>\$ 24,193,680</u>	<u>\$ 27,764,580</u>	<u>\$ 22,370,914</u>	<u>\$ 24,815,800</u>	<u>\$ 27,070,789</u>	<u>\$ 30,498,909</u>	<u>\$ 33,298,304</u>	<u>\$ 26,358,698</u>	<u>\$ 30,578,336</u>	<u>\$ 43,355,824</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Table 2

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

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Expenses										
Governmental Activities										
General government	\$ 4,128,307	\$ 4,504,717	\$ 4,371,407	\$ 4,866,691	\$ 4,366,415	\$ 4,497,581	\$ 4,541,625	\$ 4,823,243	\$ 4,932,781	\$ 5,256,251
Public safety	11,394,309	12,115,245	12,153,277	12,767,074	13,043,334	14,267,608	15,013,392	14,694,971	15,012,070	15,772,823
Environmental protection	11,212	4,080	19,000	4,800	14,000		4,075	5,885		
Economic and physical development	1,298,227	1,430,160	1,675,143	1,389,285	1,439,860	1,631,392	1,699,440	2,955,056	2,735,419	2,721,749
Human services	8,984,132	9,408,383	9,028,559	8,661,071	9,003,914	9,562,791	9,443,791	7,931,107	8,288,700	8,476,419
Cultural and recreation	1,544,926	1,865,816	1,661,193	1,670,523	1,770,294	1,782,318	1,828,863	1,861,477	1,976,225	2,112,493
Education	11,138,414	11,333,034	13,416,412	11,426,506	11,974,898	12,543,814	14,566,361	14,407,691	15,446,494	15,056,749
Interest on long-term debt	2,424,192	2,474,996	2,402,853	1,904,302	1,779,981	1,648,469	1,514,601	1,413,622	1,290,935	1,090,437
Total governmental activities expenses	\$ 40,923,719	\$ 43,136,431	\$ 44,727,844	\$ 42,690,252	\$ 43,392,696	\$ 45,933,973	\$ 48,608,073	\$ 48,091,242	\$ 49,688,509	\$ 50,486,921
Business-type activities:										
Landfill	4,141,938	4,396,341	4,381,824	4,336,684	4,321,414	4,423,469	4,556,483	4,576,940	4,848,660	5,453,425
Water and Sewer	2,398,788	2,944,424	5,591,137	5,554,140	5,911,650	5,411,199	5,206,884	5,499,936	5,704,690	5,877,501
Total business-type activities expenses	\$ 6,540,726	\$ 7,340,765	\$ 9,972,961	\$ 9,890,824	\$ 10,233,064	\$ 9,834,668	\$ 9,763,367	\$ 10,076,876	\$ 10,553,350	\$ 11,330,926
Total primary government expenses	\$ 47,464,445	\$ 50,477,196	\$ 54,700,805	\$ 52,581,076	\$ 53,625,760	\$ 55,768,641	\$ 58,371,440	\$ 58,168,118	\$ 60,241,859	\$ 61,817,847
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,684,997	\$ 1,951,827	\$ 1,938,918	\$ 1,887,423	\$ 2,029,493	\$ 1,908,641	\$ 2,513,412	\$ 1,946,979	\$ 1,910,745	\$ 2,139,723
Public safety	3,081,410	3,184,866	4,163,785	3,879,152	4,480,914	5,044,494	5,041,107	4,744,855	5,471,673	5,557,720
Environmental protection		5,244	5,300	5,200	5,184	5,210	5,185	5,161	6,499	5,130
Economic and physical development	10,461	85,787	85,030	77,615	80,216	81,326	12,717	13,256	12,097	26,443
Human services	96,692	77,100	61,948	83,117	56,238	75,894	50,119	62,428	38,575	41,432
Cultural and recreation	136,144	158,493	123,283	31,871	29,197	25,165	23,935	22,571	21,647	15,919
Operating grants and contributions	8,355,095	9,381,415	7,948,607	7,806,257	8,316,899	8,739,444	8,788,995	7,423,181	7,173,501	7,288,386
Capital grants and contributions	35,000	43,000	25,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total governmental activities program revenues	13,399,799	14,887,732	14,351,871	13,810,635	15,038,141	15,920,174	16,475,470	14,258,431	14,674,737	15,114,753

Business-type activities:										
Charges for services:										
Landfill	4,281,866	4,665,273	4,779,675	4,722,863	4,728,688	4,899,681	5,044,292	4,999,796	5,000,974	5,459,705
Water and Sewer	3,268,556	3,182,532	4,599,497	5,214,783	5,970,406	5,559,760	5,640,934	5,882,659	6,323,680	5,788,236
Operating grants and contributions	292,944	478,881	266,061	316,820	289,536	263,650	244,353	249,495	219,372	305,475
Capital grants and contributions	90,731	500,000		27,083					167,000	104,200
Total business-type activities program revenues	7,934,097	8,826,686	9,645,233	10,281,549	10,988,630	10,723,091	10,929,579	11,131,950	11,711,026	11,657,616
Total primary government revenues	\$ 21,333,896	\$ 23,714,418	\$ 23,997,104	\$ 24,092,184	\$ 26,026,771	\$ 26,643,265	\$ 27,405,049	\$ 25,390,381	\$ 26,385,763	\$ 26,772,369
Net (Expense)/Revenue										
Governmental Activities	(27,523,920)	(28,248,699)	(30,375,973)	(28,879,617)	(28,354,555)	(30,013,799)	(32,132,603)	(33,832,811)	(35,013,772)	(35,372,168)
Business-type activities	1,393,371	1,485,921	(327,728)	390,725	755,566	888,423	1,166,212	1,055,074	1,157,676	326,690
Total primary government net (expense)/revenue	\$ (26,130,549)	\$ (26,762,778)	\$ (30,703,701)	\$ (28,488,892)	\$ (27,598,989)	\$ (29,125,376)	\$ (30,966,391)	\$ (32,777,737)	\$ (33,856,096)	\$ (35,045,478)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes, levied for general purpose	\$ 20,293,760	\$ 20,980,483	\$ 21,143,588	\$ 22,424,968	\$ 22,496,725	\$ 22,983,747	\$ 23,471,045	\$ 25,716,094	\$ 25,636,964	\$ 25,889,311
Local option sales tax	6,299,533	6,616,271	6,745,157	6,552,816	7,143,039	7,576,662	7,684,369	7,801,485	9,456,911	10,489,784
Other taxes and licenses	1,293,048	1,160,421	1,135,736	1,331,191	1,059,329	1,459,084	1,556,043	2,347,523	1,830,518	2,250,968
Investment earnings	54,475	66,529	51,099	53,767	86,969	106,796	123,466	180,119	317,233	284,240
Unrestricted intergovernmental	98,843	100,955	94,163	102,098	110,548	101,525	106,073	105,122	104,569	105,157
Albemarle Hospital Authority-Escrow										8,107,375
Special item-gain on sale of beach property		1,199,122								
Special item-transfer to Albemarle Hospital		(799,123)								
Special item-interest earnings							855,939			
Miscellaneous, unrestricted	164,054	720,328	155,687	425,225	238,738	230,737	235,251	494,239	374,409	417,465
Transfers	139,262	139,262	135,781			100,000	100,000	100,000	100,000	100,000
Total Governmental Activities:	\$ 28,342,975	\$ 30,184,248	\$ 29,461,211	\$ 30,890,065	\$ 31,135,348	\$ 32,558,551	\$ 34,132,186	\$ 36,744,582	\$ 37,820,604	\$ 47,644,300
Business-type Activities:										
Investment earnings	16,951	5,663	32,486	40,881	53,284	69,126	79,327	135,355	305,394	215,096
Gain of sale of assets										
Miscellaneous, unrestricted	44,462	42,810	40,710	2,832	17,185	70,443	62,893	48,614	49,736	63,570
Transfers	(139,262)	(139,262)	(135,781)			(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Special item-transfer of sewer line			(3,751,568)							
Total Business-type Activities:	(77,849)	(90,789)	(3,814,153)	43,713	70,469	39,569	42,220	83,969	255,130	178,666
Total primary government	\$ 2,134,577	\$ 3,330,681	\$ (5,056,643)	\$ 2,444,886	\$ 3,606,828	\$ 3,472,744	\$ 3,208,015	\$ 4,050,814	\$ 4,219,638	\$ 12,777,488
Change in Net Position										
Governmental activities	819,055	1,935,549	(914,762)	2,010,448	2,780,793	2,544,752	1,999,583	2,911,771	2,806,832	12,272,132
Business-type activities	1,315,522	1,395,132	(4,141,881)	434,438	826,035	927,992	1,208,432	1,139,043	1,412,806	505,356
Total primary government	\$ 2,134,577	\$ 3,330,681	\$ (5,056,643)	\$ 2,444,886	\$ 3,606,828	\$ 3,472,744	\$ 3,208,015	\$ 4,050,814	\$ 4,219,638	\$ 12,777,488

PASQUOTANK COUNTY, NORTH CAROLINA

Table 3

FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year									
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
General Fund										
Nonspendable	\$ 10,213	\$ 10,439	\$ 11,238	\$ 14,076	\$ 406	\$ 72,325	\$ 369,221	\$ 250,977	\$ 250,564	\$ 339,869
Committed	1,653,600	655,945	175,851	134,241	93,234	52,588	28,929	144,843	216,661	210,503
Restricted	6,010,531	5,871,713	4,755,290	4,812,206	5,096,632	5,150,051	4,970,515	4,240,297	6,108,197	3,877,316
Assigned:										
Subsequent year's expenditures	700,000	700,000	563,860	606,526	611,637	712,643	633,987	550,843	466,531	310,763
Unassigned	18,290,062	9,559,897	9,436,687	8,445,410	6,031,553	5,628,244	4,852,615	4,847,735	4,780,874	4,287,554
Total General Fund	<u>\$ 26,664,406</u>	<u>\$ 16,797,994</u>	<u>\$ 14,942,926</u>	<u>\$ 14,012,459</u>	<u>\$ 11,833,462</u>	<u>\$ 11,615,851</u>	<u>\$ 10,855,267</u>	<u>\$ 10,034,695</u>	<u>\$ 11,822,827</u>	<u>\$ 9,026,005</u>
All other governmental funds										
Restricted:	\$ 33,892	\$ 395,481	\$ 535,017	\$ 599,898	\$ 328,420	\$ 370,457	\$ 497,532	\$ 17,422	\$ 17,422	\$ 39,806
Committed:		31,015	24,391	26,653	19,232	27,786	31,665			
Assigned:										
Subsequent year's expenditures										270,410
Unassigned:										
Special Revenue	736,332						836	717,383	717,383	378,030
Total all other governmental funds	<u>\$ 770,224</u>	<u>\$ 426,496</u>	<u>\$ 559,408</u>	<u>\$ 626,551</u>	<u>\$ 347,652</u>	<u>\$ 398,243</u>	<u>\$ 530,033</u>	<u>\$ 734,805</u>	<u>\$ 734,805</u>	<u>\$ 688,246</u>

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

Table 4

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenues										
Ad valorem taxes and assessments	\$ 20,401,765	\$ 20,996,929	\$ 21,135,591	\$ 22,347,619	\$ 22,471,799	\$ 22,870,523	\$ 23,589,387	\$ 25,696,721	\$ 25,544,139	\$ 25,709,465
Other taxes and licenses	7,598,823	7,781,109	7,885,238	7,887,940	8,212,043	9,039,814	9,244,163	10,156,923	11,300,480	12,752,794
Permits and fees	357,957	406,616	437,223	375,341	481,275	582,538	407,950	405,268	404,548	424,802
Charges for services	3,638,588	3,775,887	4,498,508	4,354,985	4,850,640	4,850,395	4,931,917	4,691,355	5,254,084	5,009,476
Intergovernmental	7,449,731	8,439,374	7,083,115	6,979,502	7,405,974	7,713,972	7,762,526	6,416,266	6,116,196	6,205,269
Investment earnings	55,885	67,729	51,731	54,459	87,925	106,796	123,466	180,119	317,233	284,240
Other revenue	2,274,986	3,088,314	2,572,696	2,631,846	2,658,961	3,096,253	3,725,743	3,342,164	3,406,495	12,103,044
Total revenues	\$ 41,777,735	\$ 44,555,958	\$ 43,664,102	\$ 44,631,692	\$ 46,168,617	\$ 48,260,291	\$ 49,785,152	\$ 50,888,816	\$ 52,343,175	\$ 62,489,090
Expenditures										
General government	\$ 3,429,210	\$ 3,610,709	\$ 3,682,197	\$ 3,912,257	\$ 3,732,368	\$ 3,712,881	\$ 3,646,697	\$ 3,921,282	\$ 4,047,832	\$ 4,252,964
Public safety	9,871,630	11,872,231	10,417,299	11,006,759	11,473,284	12,578,568	13,015,945	12,690,752	12,984,488	13,105,572
Environmental protection	11,212	4,080	19,000	4,800	14,000			4,075	5,885	
Economic and physical development	1,203,993	1,316,757	1,565,136	1,276,477	1,337,550	1,513,578	1,581,074	2,835,392	2,623,753	2,583,923
Human services	8,820,738	9,062,978	8,694,627	8,515,307	8,859,207	9,210,326	8,940,363	7,490,137	7,835,587	7,834,724
Cultural and recreational	1,381,783	1,695,599	1,502,694	1,511,178	1,627,785	1,631,569	1,646,325	1,693,594	1,796,477	1,921,100
Education	11,101,392	11,296,012	13,379,390	11,407,740	11,974,898	10,750,400	11,915,869	13,399,000	13,524,000	13,799,000
School construction and renovations						1,787,632	2,644,710	1,002,909	1,916,712	1,251,967
Jail construction		2,723,982								
Capital outlay	1,066,141	484,653	842,611	1,502,314	753,990	651,001	1,272,434	1,504,972	1,326,843	1,616,527
Debt service										
Principal	3,217,550	3,025,455	3,873,912	4,025,805	4,419,887	4,594,235	4,568,295	4,931,365	5,076,331	5,331,924
Interest and fees	2,247,733	1,833,297	2,375,252	2,049,437	1,810,655	1,672,450	1,530,584	1,442,014	1,318,111	1,149,249
Total expenditures	\$ 42,351,382	\$ 46,925,753	\$ 46,352,118	\$ 45,212,074	\$ 46,003,624	\$ 48,102,640	\$ 50,762,296	\$ 50,915,492	\$ 52,456,019	\$ 52,846,950
Excess of revenues over (under) expenditures	\$ (573,647)	\$ (2,369,795)	\$ (2,688,016)	\$ (580,382)	\$ 164,993	\$ 157,651	\$ (977,144)	\$ (26,676)	\$ (112,844)	\$ 9,642,140
Other financing sources (uses)										
Proceeds from installment purchase obligations	365,000	2,673,915	11,443,309	1,270,000	545,000		3,295,000	790,000	1,735,000	468,000
Proceeds from QSCB		2,000,000								
Payment to refunded bond escrow agent			(10,883,978)							
Transfers in	139,262	139,262	135,781			100,000	100,000	100,000	100,000	100,000
Transfers out										
Transfer (to) from component unit		(799,123)								
Sale of capital assets		1,199,122								
Total other financing sources (uses)	\$ 504,262	\$ 5,213,176	\$ 695,112	\$ 1,270,000	\$ 545,000	\$ 100,000	\$ 3,395,000	\$ 890,000	\$ 1,835,000	\$ 568,000
Net change in fund balances	\$ (69,385)	\$ 2,843,381	\$ (1,992,904)	\$ 689,618	\$ 709,993	\$ 257,651	\$ 2,417,856	\$ 863,324	\$ 1,722,156	\$ 10,210,140
Debt service as a percentage of noncapital expenditures	13.2%	10.5%	13.7%	13.9%	13.8%	13.2%	12.3%	12.9%	12.5%	12.7%

PASQUOTANK COUNTY, NORTH CAROLINA

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

Table 5

Fiscal Year Ended June 30	Real Property	Commercial Property	Industrial Property	Public Service Company Property	Other	Personal Property	Total Assessed Value	Total Direct Tax Rate (1)	Ratio of Assessed Value to Estimated Actual Value (2)
2011	\$ 2,326,900,797	\$ 554,431,400	\$ 57,839,760	\$ 52,532,359	\$ 186,419,729	\$ 150,786,265	3,328,910,310	0.605	97%
2012	2,359,477,398	551,061,450	57,839,760	55,314,789	188,565,800	151,222,537	3,363,481,734	0.62	103%
2013	2,350,367,220	564,459,000	57,839,760	60,344,042	210,101,856	153,440,452	3,396,552,330	0.62	107%
2014	2,245,892,762	564,459,000	57,839,760	59,301,153	227,377,514	356,589,776	3,511,459,965	0.63	120%
2015	1,882,163,656	570,103,590	57,839,760	66,637,723	237,253,773	162,842,820	2,976,841,322	0.76	101%
2016	1,902,723,849	512,226,200	57,839,760	82,438,567	297,841,524	162,716,135	3,015,786,035	0.76	104%
2017	1,931,923,925	512,226,200	57,839,760	87,383,577	312,623,833	174,122,536	3,076,119,831	0.76	96%
2018	2,017,335,265	613,683,366	57,839,760	87,286,345	317,220,832	186,311,114	3,279,676,682	0.77	96%
2019	2,024,945,723	615,823,200	57,839,760	86,741,268	324,012,618	204,942,225	3,314,304,794	0.77	90%
2020	2,045,195,180	615,823,200	57,839,760	78,891,686	336,586,672	206,977,914	3,341,314,412	0.77	86%

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

(1) Per \$100 in value

(2) Ratio is applicable to real property only.

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

Table 6

	Year Taxes Are Payable									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
County Direct Rates										
General	\$ 0.605	\$ 0.62	\$ 0.62	\$ 0.63	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.77	\$ 0.77	\$ 0.77
Overlapping Rates:										
City Rates										
Elizabeth City	0.465	0.465	0.495	0.495	0.615	0.64	0.655	0.655	0.655	0.655
Municipal Service District	0.06	0.06	0.06	0.06	0.085	0.085	0.085	0.085	0.085	0.085

Note: Property was revalued in 2014.

PASQUOTANK COUNTY, NORTH CAROLINA

Table 7

PRINCIPAL TAXPAYERS

June 30, 2020

Name	2020		2011	
	Assessed Value	Percent Of Total Assessed Value (1)	Assessed Value	Percent Of Total Assessed Value (2)
Carolina Tel & Tel Co.	\$		\$ 16,089,676	0.48
Desert Wind Farm	160,405,760	4.80		
3 N 1, Inc.			13,489,200	0.41
Walmart Real Estate Business	15,240,300	0.46	16,478,400	0.50
Lowe's Home Centers Inc	11,458,350	0.34	12,643,950	0.38
J. W. Jones Lumber Co., Inc.			12,029,805	0.36
D S R Technologies			16,219,500	0.49
Dominion North Carolina Power	30,418,349	0.91	12,702,833	0.38
Elizabeth City Health Care	11,323,500	0.34		
Tanglewood Lake Apartments, LLC	13,906,600	0.42	16,134,100	
FPI Carolinas, LLC	14,790,800	0.44		
Tanglewood Parkway, Eliz City, LLC	13,491,700	0.40		
Five C's Inc	13,964,130	0.42	13,516,510	0.41
Albemarle Electric Membership Corp	17,425,103	0.52	16,403,917	0.49

(1) Total assessed value for 19/20: \$ 3,341,314,412

(2) Total assessed value for 10/11 \$ 3,328,910,310

PASQUOTANK COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 8

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
2010-2011	\$ 20,189,010	\$ 19,250,002	95.35	\$ 944,332	\$ 20,194,334	100.03	\$ 1,530,668	7.58
2011-2012	20,899,852	19,930,829	95.36	849,264	20,780,093	99.43	1,525,451	7.30
2012-2013	21,118,477	20,131,540	95.28	810,356	20,941,896	99.16	1,552,768	7.35
2013-2014	22,322,461	21,375,071	94.69	730,423	22,105,494	99.42	1,635,949	7.33
2014-2015	22,572,277	21,771,932	94.76	538,475	22,310,407	99.16	1,767,806	7.83
2015-2016	22,983,545	22,041,137	95.67	627,565	22,668,702	99.12	1,927,215	8.39
2016-2017	23,437,650	22,564,652	96.45	810,777	23,375,429	98.84	1,797,288	7.67
2017-2018	25,372,596	24,489,372	96.65	977,821	25,467,193	98.63	1,807,717	7.12
2018-2019	25,576,657	24,845,254	96.83	612,917	25,458,171	99.73	1,871,113	7.32
2019-2020	25,831,896	24,981,896	96.71	594,408	25,576,304	99.01	2,064,492	7.99

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

PASQUOTANK COUNTY, NORTH CAROLINA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Participation	Unamortized Premium on COPS	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Advance Refunding	Installment Purchase	Water Revenue Bonds	Installment Purchase			
2011	\$ 23,625,000	\$ 631,188	\$ 1,738,064	\$	\$	\$ 32,809,351	\$ 15,728,668	\$ 347,519	\$ 74,879,790	6.42%	1,564
2012	22,030,000	574,132	1,591,043	2,000,000		33,593,567	15,161,429	409,175	75,359,346	6.03%	1,857
2013	9,945,000	516,386	1,444,022	1,866,667	10,943,309	32,165,010	14,569,130	302,644	71,752,168	5.77%	1,826
2014	8,205,000	457,950	1,297,002	1,733,333	10,943,309	31,429,559	13,950,666	193,157	68,209,976	4.99%	1,842
2015	6,985,000	399,514	1,149,980	1,600,000	10,117,655	29,880,680	13,304,879	80,413	63,518,121	4.48%	1,773
2016	5,715,000	341,078	1,002,959	1,466,666	9,240,366	27,714,087	12,630,563	58,036	58,168,755	4.02%	1,431
2017	4,395,000	282,642		1,333,333	8,373,105	28,908,407	11,756,620	35,188	55,084,295	3.63%	1,386
2018	3,005,000	224,206		1,200,000	7,509,583	27,153,897	10,968,146	11,853	50,072,685	3.20%	1,243
2019	1,545,000	165,770		1,066,667	6,649,895	26,265,587	10,155,920		45,848,839	N/A	1,151
2020		87,869		933,333	5,794,141	23,935,751	9,319,228		40,070,322	N/A	1,007

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

PASQUOTANK COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2020

Table 10

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value of taxable property	\$ 3,341,314,412
	x 0.08
	<u>267,305,153</u>
Debt limit - 8 percent of assessed value	
Gross debt:	
Qualified School Construction Bonds	933,333
Bank Qualified	5,794,141
Total bonded debt	9,319,228
Installment purchase debt	<u>23,935,751</u>
Gross debt	39,982,453
Less: Enterprise Fund debt	<u>9,319,228</u>
Total amount of debt applicable to debt limit	<u>30,663,225</u>
Legal debt margin	<u>\$ 236,641,928</u>

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	266,312,825	269,078,539	271,724,186	280,916,797	238,147,306	241,262,883	246,089,586	262,374,135	265,144,384	267,305,153
Total net debt applicable to limit	<u>58,172,415</u>	<u>59,872,674</u>	<u>56,364,008</u>	<u>53,608,203</u>	<u>50,131,871</u>	<u>45,139,080</u>	<u>43,009,845</u>	<u>38,868,470</u>	<u>35,527,149</u>	<u>30,663,225</u>
Legal debt margin	208,140,410	209,205,865	215,360,178	227,308,594	188,015,435	196,123,803	203,079,741	223,505,665	229,617,235	236,641,928
Total net debt applicable to the limit as a percentage of debt limit	21.84%	22.25%	20.74%	19.08%	21.05%	18.71%	17.48%	14.81%	13.40%	11.47%

PASQUOTANK COUNTY, NORTH CAROLINA

Table 11

ENTERPRISE FUND-WATER SYSTEM
REVENUE BOND COVERAGE
CURRENT YEAR

Fiscal Year Ending June 30	Gross Revenue (1)	Total Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 3,490,402	\$ 1,787,680	\$ 1,702,722	\$ 527,077	\$ 557,620	\$ 1,084,697	1.56
2012	3,444,454	1,939,626	1,504,828	567,239	681,213	1,248,452	1.21
2013	4,818,289	3,501,106	1,317,183	592,298	656,154	1,248,452	1.06
2014	5,420,966	3,546,098	1,874,868	618,465	629,987	1,248,452	1.50
2015	6,173,502	3,809,589	2,363,913	645,787	602,665	1,248,452	1.89
2016	5,774,353	3,443,799	2,330,554	674,316	735,123	1,409,439	1.65
2017	5,861,232	3,422,534	2,438,698	873,943	260,204	1,134,147	2.15
2018	6,150,698	3,751,655	2,399,043	788,474	345,673	1,134,147	2.11
2019	6,737,268	4,009,802	2,727,466	812,226	321,921	1,134,147	2.40
2,020	6,130,011	4,164,729	1,965,282	836,692	297,455	1,134,147	1.73

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

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

PASQUOTANK COUNTY, NORTH CAROLINA
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS

Table 12

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

Sources:

- (1) North Carolina Department of Revenue, Tax Research Division
- (2) Bureau of Economic Analysis - Regional Economic Information for Pasquotank County
- (3) Bureau of Economic Analysis - Regional Economic Information for Pasquotank County
- (4) U.S. Census Bureau
- (5) North Carolina Department of Commerce-Division of Employment
- (6) North Carolina Department of Revenue, Tax Research Division
- (7) N.C. Public School-ADM Report-Internet

PASQUOTANK COUNTY, NORTH CAROLINA

Table 13

**PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

<u>Employer</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment (1)</u>	<u>Employees</u>	<u>Percentage of Total County Employment (2)</u>
Elizabeth City State University	505	3.09%	N/A	N/A
Pasquotank County Board of Education	811	4.97%	812	4.50%
Sentara Albemarle Medical Center	661	4.05%	1,062	5.88%
U S Department of Homeland Security	1,597	9.78%	1,374	7.61%
State of NC Department of Public Safety	293	1.79%	419	2.32%
College of the Albemarle	530	3.25%	468	2.59%
Albemarle Regional Health Services	264	1.62%	346	1.92%
Pasquotank County	508	3.11%	370	2.05%
Wal-Mart Associates, Inc.	456	2.79%	425	2.35%
City of Elizabeth City	288	1.76%	312	1.73%
Food Lion	369	2.26%	N/A	N/A

Source: Employment Security Commission

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

(2) Based on a total labor force employed of 18,059

PASQUOTANK COUNTY, NORTH CAROLINA

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

Table 14

Function/Program	Full-Time Equivalent Employees as of December 31									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	51	48	46	43.5	45	46	44.5	44.5	44.5	44.0
Public Safety	125.5	124.5	131.0	140	145.5	148.0	154.5	158	156.5	168.0
Economic and physical development	10.5	12.0	11.5	11.5	11.5	8.5	7	9	10.5	5.5
Human Services	87	87	87	86	87	90	91.5	90	92	97
Cultural and recreational	14	11.5	14.5	15	12	13	13	13	12	13
Water System	18	19	20	20	22	21	21	20	21	21
Waste Water	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Landfill/Solid Waste	26	27	27	27	27	28	28	28	26	28
Total	333.5	330.5	338.5	344.5	351.5	356.0	361.0	364.0	364.0	377.5

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

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

PASQUOTANK COUNTY, NORTH CAROLINA

Table 15

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Register of Deeds										
Marriage licenses issued	239	267	205	228	269	281	279	268	260	248
Certified copies requested	4,878	4,996	4,847	5,734	4,513	4,656	4,820	5,724	6,422	6,225
Cultural & Recreational										
Library										
Number of volumes	73,245	82,541	78,626	85,570	81,219	83,780	90,038	85,205	85,655	45,579
Total patrons served	163,898	166,636	133,958	127,523	111,291	107,888	102,023	102,781	95,556	72,114
Public Safety:										
Sheriff's Office										
Number of arrests	901	820	884	879	780	851	1,261	1,271	1,008	1,180
Number of transports	251	230	290	281	304	295	235	314	303	300
Civil papers/Subpoenas served	11,185	10,731	10,863	10,106	9,259	8,174	7,550	7,110	7,073	7,874
Central Communications-911										
Calls received										
Wireline	8,871	8,237	6,663	6,773	6,521	6,832	6,073	6,745	5,585	5,901
Wireless	19,111	20,755	19,442	20,670	22,568	23,338	17,974	20,543	18,899	21,012
Emergency Medical Services										
Emergency responses	6,747	6,853	6,895	6,953	7,690	8,216	8,612	8,597	8,749	8,768
Non-emergency transports	990	1,142	2,416	3,719	3,688	3,043	3,302	3,768	4,139	4,031
Inspections department										
Building permits issued	803	661	753	647	645	816	785	862	1,012	1,119
Water system										
Number of customers	7,088	7,099	7,125	7,203	7,175	7,252	7,302	7,338	7,830	7,966
Sewer system										
Number of customers	19	19	19	18	18	18	17	18	18	15
Landfill Fund										
Collections in tons:										
Garbage	24,190	32,924	31,773	31,147	32,458	33,962	35,635	34,680	23,382	26,066
Construction & Demolition	7,538	9,816	10,209	10,552	6,752	14,521	12,229	13,425	14,600	17,050
Vegetative refuse	3,425	7,213	5,650	8,787	5,172	5,218	6,832	4,859	5,037	6,463
Recyclables	1,277	1,225	6,346	4,247	961	975	4,146	4,893	3,980	2,483
Electronics	51	88	153	95	114	87	60	28	35	31
White goods/metals	511	290	260	220	298	418	478	536	466	578
Scrap tires	1,021	1,106	1,046	942	841	831	919	1,329	1,201	880

N/A information is not available for these years.

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

PASQUOTANK COUNTY, NORTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Table 16

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire Stations*	7	7	7	7	7	7	7	7	7	7
Emergency Medical Services										
Ambulances	8	9	12	12	12	13	13	13	13	13
Non-Emergency Vehicles					1	1	2	1	1	1
Quick response vehicles	7	5	5	5	5	6	6	6	6	6
Parks and Recreation*										
Number of parks	25	25	25	25	25	25	25	25	25	25
Playgrounds	13	13	13	13	13	13	13	13	13	13
Athletic fields	18	18	18	18	18	18	18	18	18	18
Total acres	336	336	336	336	336	336	336	336	336	336
Water System										
Water mains (miles)	278	278	278	278	278	278	278	278	278	340
Fire hydrants	545	543	543	543	545	547	548	551	551	550
Average daily water plant production	1,373,871	1,314,833	1,499,000	1,605,284	1,780,212	1,803,454	1,664,000	1,664,000	1,637,000	1,608,000
Waste Water System										
Average daily waste water treated	125,718	117,138	116,647	132,564	161,809	130,278	53,500	47,000	46,000	55,525

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

* Includes City of Elizabeth City

COMPLIANCE SECTION



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Pasquotank County's basic financial statements, and have issued our report thereon dated November 24, 2020. Our report includes a reference to other auditors who audited the financial statements of the Albemarle Hospital Authority and EC-PC Tourism Development Authority, as described in our report on Pasquotank County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Albemarle Hospital Authority and EC-PC Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Listed as items 2020 - 002 and 2020 - 003.

Compliance and Other Matters

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

Pasquotank County's Response to Findings

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

Purpose of this Report

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

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

*Wilmington, North Carolina
November 24, 2020*



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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Pasquotank County, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Pasquotank County's major federal programs for the year ended June 30, 2020. Pasquotank County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Pasquotank County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020 – 001. Our opinion on each major federal program is not modified with respect to these matters.

Pasquotank County's response to the noncompliance findings identified in our audit is described in the schedule of findings and questioned costs. Pasquotank County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020 – 001 that we consider to be significant deficiencies.

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

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

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

Wilmington, North Carolina

November 24, 2020



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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited Pasquotank County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Pasquotank County's major state programs for the year ended June 30, 2020. Pasquotank County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Pasquotank County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

Wilmington, North Carolina

November 24, 2020

PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified? Yes None Reported

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

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program
93.558	TANF Cluster

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

Auditee qualified as low-risk auditee? Yes No

State Awards

Internal control over major State programs:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified? Yes None Reported

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

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

Identification of major State programs:

Program Name

Public School Building Capital Funds

PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II. Financial Statement Findings

2020 – 002 Noncompliance with Budget

Budget Violation.
Significant Deficiency

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: The County expended more for the Occupancy Tax Fund and Debt Service Department than was appropriated for in the annual budget ordinance.

Effect: Monies were spent that had not been obligated and appropriated.

Cause: The County exceeded budget expenditures in the Occupancy Tax Fund and Debt Service Department while budget amendments were not adopted.

Recommendation: Before an obligation is to incur that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

Views of responsible officials and planned corrective actions: The County will continue to monitor the budgets on a monthly basis to ensure compliance.

**2020 – 003 Restatement of previously issued financial statements to reflect the correction of a misstatement.
Significant Deficiency**

Criteria: Within the Special Revenue Fund disallowed expenditure resulted in a prior period adjustment.

Condition: The E-911 Board discovered and expenditure that was disallowed.

Effect: Fund Balance was understated for those costs in prior years.

Cause: Condition was created due to various conditions and interpretation of how management selected to report those items.

Recommendation: The County will consider new methods of determining how expenditure reports are analyzed.

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

PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section III. Federal Award Findings and Questioned Costs

Significant Deficiency

US Department of Agriculture

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Finding: 2020 - 001

Eligibility

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

Condition: There were twenty three (23) technical errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.

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

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

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

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

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

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

Section IV. State Award Findings and Questioned Costs

None Reported.



**PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II. Financial Statement Findings

2020 - 002 Noncompliance with Budget

Name of contact Person: Jeff Dixon, Chairman

Corrective Action:

The board will start evaluating this deficiency to ensure that proper budgets are completed as well as budget amendments.

Proposed Completion Date:

The Board will implement the above procedure immediately.

2020 -003 Restatement of previously issued financial statements to reflect the correction of a misstatement.

Name of contact person:

Jeff Dixon, Chairman

Corrective Action:

E-911 costs will be accurately reported.

Proposed Completion Date:

The Board will implement the above procedure immediately

Section III. Federal Award Findings and Questioned Costs

2020 - 001 Eligibility

Name of contact person: Kathy Ford, Director of Social Services

Corrective Action: Procedures and controls are being developed for caseworkers to follow. Medicaid caseworkers will receive additional training on the newly created "Documentation Policy" to remind each of the policies and procedures to be followed in the application process. Supervisors will review action reports regularly to determine if correct was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

Proposed Completion Date: Certain controls are currently being created and reviewed. Management will continue to monitor the progress of this issue and modify the controls as needed.

Section IV. State Award Findings and Questioned Costs

None Reported.

**PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA**

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

Status:	2019-001	Still occurring.
	2016-001	Corrected.
	2016-002	Corrected.

PASQUOTANK COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
Federal Grants:						
<u>U.S. Department of Health and Human Services</u>						
Passed through N.C. Dept. of Health and Human Services:						
Division of Social Services:						
Temporary Assistance to Needy Families Cluster						
Temporary Assistance to Needy Families (TANF)/Work First	93.558		\$ 465,950	\$		396,974
Temporary Assistance to Needy Families	93.558					(87)
Total TANF Cluster			465,950			396,887
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning: Families for Kids	93.645		16,804			5,601
Social Services Block Grant-Other Services and Training	93.667		158,092			52,714
Total for Stephanie Tubbs Jones Child Welfare Services Program			174,896			58,315
<u>Foster Care and Adoption Cluster (Note 4 and 5)</u>						
Title IV-E Foster Care - Administration	93.658		134,160	20,485		113,616
Foster Care	93.658		18,148			17,460
Family Preservation	93.556		2,448			
Title IV-E Optional Adoption Assistance	93.659		6,246			6,246
Adoption Assistance	93.659					48,936
Total Foster Care and Adoption Cluster (Note 4 and 5)			161,002	20,485		186,258
Low Income Home Energy Assistance						
Energy Assistance Payments	93.568		468,087	3,390		
John H Chafee Foster Care Program for Successful Transition to Adulthood	93.674		665	166		
N.C. Child Support Enforcement Section	93.563		357,408			184,119
<u>Division of Child Development and Early Education:</u>						
Subsidized Child Care: (Note 3, 4 and 5)						
Child Care Development Fund Cluster						
Division of Social Services:						
Child Care Development Mandatory and Match Fund - Administration	93.596		79,024			
<u>U.S. Department of Health and Human Services</u>						
CARES Provider Relief Fund	93.498		137,528			
<u>U.S. Department of Justice</u>						
Federal Bureau of Investigation-Safe Streets Task Force	16.999		999			223

PASQUOTANK COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
Federal Grants Continued:						
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety:						
Division of Governor's Crime Commission						
Emergency Management Program Grant	97.042	EPMG-2019-19069	59,529			85,662
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety:						
Division of Emergency Management						
Homeland Security/EOC Tabletop Exercise	97.067	EMW-2017-SS-00085	303			
Homeland Security/Active Assailant	97.067	EMW-2016-SS-0011	597			
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety:						
Division of Emergency Management						
Pasquotank County Elevation of (1) Residential Structure	97.039	HMGP 4285-0005-R	8,175	2,725		
Pasquotank County Acquisition of (5) Residential Structures	97.039	HMGP 4285-0006-R	197,409	65,803		
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4465DR	76,209	25,403		
<u>U.S. Department of Health and Human Services</u>						
<u>Centers for Medicare and Medical Services</u>						
Passes-through the N.C. Dept of Health and Human Services						
Division of Health Benefits:						
Direct Benefit Payments						
Medical Assistance Program	93.778					4,028
Division of Social Service						
Administration						
Medical Assistance Program (Note 5)	93.778		1,627,374	2,359		580,877
State Children's Insurance Program - N.C. Health Choice (Note 5)	93.767		65,311	(1,700)		6,602
<u>U.S. Department of Agriculture</u>						
<u>Food and Nutrition Service</u>						
Passed through N.C. Dept. of Health and Human Services						
Division of Social Services						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program	10.561		628,451			628,451
Total Nutrition Assistance Program			<u>628,451</u>			<u>628,451</u>
Total Federal Awards			<u>4,508,917</u>	<u>118,631</u>		<u>2,131,422</u>

PASQUOTANK COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
State Grants:						
<u>N.C. Department of Health and Human Services</u>						
Division of Social Services:						
Direct Benefit Payments:						
State/County Special Assistance for Adults						208,563
State/County Special Assistance for the Disabled Administration						230,055
State/County Adult Day Care				14,811		2,116
<u>N.C. Department of Agriculture and Consumer Services</u>						
Division of Soil and Water Conservation-Technical Assistance		18-024-4085		12,687		12,974
<u>N.C. Department of Public Safety</u>						
Department of Juvenile Justice and Delinquency Prevention						
Juvenile Crime Prevention Programs				172,543	172,543	7,463
<u>N.C. Department of Insurance</u>						
SHIP Grant						
Volunteer Fire Department Fund				4,170 30,000		12,910
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund-Lottery Proceeds				396,150		
<u>N.C. Department of Environmental Quality</u>						
Electronics Management Program						
Pasquotank County Pasquotank River Public Access Improvements		7386		2,302		29,509
Off Waste Red Trust Fund		7597		20,000		59,888
Scrap Tire Grant				6,187		36,565
Totals			\$ 4,508,917	\$ 777,481	\$ 172,543	2,739,465

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Pasquotank County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Pasquotank County, it is not intended to and does not present the financial position, changes in net position or cash flows of Pasquotank County.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

4. Cluster of Programs

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

5. Benefit Payments Issued by the State

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

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

Note 6: Coronavirus Relief Funds

Pasquotank County received \$897,950 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$772,902 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Pasquotank County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020. None of the funds were expended as of June 30, 2020.