

**MARTIN COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Prepared by the Martin County Finance Office

*Cindy L. Ange
Finance Officer*

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018



Martin County, North Carolina
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018

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INTRODUCTORY SECTION





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November 30, 2018

To the Board of County Commissioners and
To the Citizens of Martin County

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Martin County, North Carolina, for the fiscal year ended June 30, 2018. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Carr, Riggs & Ingram, LLC. The firm's unqualified opinion is included in the Financial Section of this report. However, the report itself is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe 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.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Compliance. The Introductory Section, which is unaudited, contains this letter of transmittal, the County's organizational chart and a list of principal officials. This section familiarizes the reader with the nature and scope of services provided by the County and a summary of its financial activities. The section also includes information about economic conditions in the County and future initiatives.

The Financial Section is composed of the Management's Discussion and Analysis (MD&A), basic financial statements, and the combining and individual fund financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The basic financial statements are often issued separately for securities offerings or widespread distribution and are frequently referred to as "liftable" financial statements.

Generally accepted accounting principles require management to provide the MD&A. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. Martin County's MD&A can be found immediately following the report of the independent auditors.

The Statistical Section, which is unaudited, contains fiscal and economic data designed to provide a more complete understanding of the County. Many tables in this section present financial data for the past ten years.

The County is required to undergo an annual single audit in conformity with the provisions of 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. Information related to this single audit, including the schedule of expenditures of federal and State awards, the auditor’s reports on the internal control structure and compliance with applicable laws and regulations, are included in the Compliance Section of this report.

The financial reporting entity consists of the following:

The Primary Government – Martin County (all funds under the control of the Board of Commissioners).

Blended Component Units – Although legally separate entities, they are, in substance, part of the primary government, and their financial statements are reported in this CAFR as if they were a part of the primary government.

Discretely Presented Component Units – These organizations are less closely related than the blended component unit but still have sufficient relationships with the primary government. They are reported in separate columns in the 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, if applicable, from those of the primary government.

The component units included in this CAFR are as follows:

<u>Name of Organization</u>	<u>Type of Unit</u>
Martin County	Primary Government
Martin County Water and Sewer District No. 1	Blended Component Unit
Martin County Water and Sewer District No. 2	Blended Component Unit
Martin County Water and Sewer District No. 3	Blended Component Unit
Martin County Water and Sewer District No. 4	Blended Component Unit
Martin County Industrial Facility and Pollution Control Financing Authority	Discretely Presented Component Unit
Martin County ABC Board	Discretely Presented Component Unit
Martin County Tourism Development Authority	Discretely Presented Component Unit
Martin County Council on Aging, Inc.	Discretely Presented Component Unit

The County provides its citizens with a wide range of services, including public safety, human services, education, cultural and recreational activities, economic and physical development, transportation, environmental protection, general administration, and others. A three-county district health department, Martin-Tyrrell-Washington Health Department, provides public health services. Mental health and alcohol treatment services are provided by a twenty-six county district mental health center, Trillium Health Resources. Martin County has a joint venture with adjoining Bertie County for a regional jail, operated by the Bertie-Martin Regional Jail Commission. The BHM Regional Library is a joint venture with Beaufort County and Hyde County providing library services. The Martin County Regional Water and Sewer Authority (MCRWASA) is a joint venture with the Town of Williamston to operate a water treatment plant and a well.

The County also extends financial support to certain other boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Martin County Board of Education, Martin Community College, Choanoke Area Development, and the Region Q Council of Government (Mid-East Commission).

DESCRIPTION OF THE COUNTY

Martin County, chartered in 1774, was formed from Halifax and Tyrrell Counties. It was named for the last Royal Governor of North Carolina, Josiah Martin. Located in the northeast coastal plains section of North Carolina, Martin County is just north of Pitt County and is approximately 75 miles east of Raleigh. The County has land area of approximately 462 square miles. Its topography is generally flat with elevations ranging from 47 to 95 feet above sea level. The average temperature in January is 41 degrees, and the average July temperature is 79 degrees. The average annual rainfall is 48.2 inches. The estimated population is 23,510. Nine municipalities are located within the County, the largest being Williamston, which has an estimated population of 5,511 and serves as the county seat. Martin County, like most counties in the state, has a commissioner/manager form of government. The five members of the Board of Commissioners are elected from districts and serve staggered four-year terms. They are responsible for adopting the budget and appointing the County Manager. The County Manager is responsible for implementing policies and managing daily operations.

FINANCIAL INFORMATION

LONG-TERM FINANCIAL PLANNING

The County has developed a Capital Improvement Plan (CIP), which is adopted by the Board of Commissioners each year. The CIP allows the County to organize long-term capital needs in a manner to promote discussion regarding priority, feasibility, timing, potential costs, financing options, and future budgetary effect. Adoption of the CIP does not constitute a commitment to appropriate funds, but rather signifies the Board's goal to fund capital at the indicated level during the annual budget process. The CIP provides a guide for decision makers and the citizens. By fully examining alternatives and funding options during the planning process, the Board of Commissioners, management, and citizens are able to make more fully informed decisions.

RELEVANT FINANCIAL POLICIES

The County understands the significance of adopting financial policies to guide both short and long-term resources to fund operations. The Board of Commissioners has determined the County should maintain an available fund balance of at least 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 29.78%.

CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The County implemented Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$11,281,318 and \$334,536 for the business-type activities.

INTERNAL CONTROLS

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) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles 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 (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe 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. This review was not an audit, and no opinion was issued on the County’s internal control structure; however, the procedures performed by the independent auditor did not indicate any material internal control weaknesses or reportable conditions.

ECONOMIC CONDITIONS AND OUTLOOK

Fertile soil helps agriculture in Martin County, and forest products continue to figure predominately in the County’s economy. The County historically has had a predominately agricultural economy. Emphasis on industrial recruitment has resulted in an increasing shift to a more diversified economy. Businesses and industries find the area offers favorable opportunities for growth with lower operating costs, high availability of land, a mild climate and a labor pool of people willing to meet modern business challenges.

The agriculture industry in Martin County is a major driver in the economy with 43% of the county’s total land area in farmland and cash receipts totaling over \$80 million. Martin County ranks first in peanut production in the state, and also turns in major impacts, both in acreage and production, for corn, soybeans, tobacco and cotton. The economic impact of livestock in the county is primarily in broiler production, however the horse industry in the county is showing consistent growth. Martin County agriculture is also at the forefront of exploring innovative and specialty crops such as hemp, sage, and rapeseed.

The Martin County Board of Commissioners is more determined than ever to make Martin County an attractive place for industry to settle or expand and is continuing its efforts to diversify its economy with advanced manufacturing of value-added agriculture. The Martin County Board of Commissioners works jointly with the Martin County Economic Development Corporation, the Martin County Chamber of Commerce, and the Martin County Committee of 100 (a private, non-profit economic development organization) to achieve planned commercial and industrial growth for the entire County. Martin County is continually trying to improve the tax base investment and the number of jobs by aggressively recruiting industries and small businesses to Martin County.

Major industries represent pulp and paper, forestry, food, textiles, apparel and utilities. Major non-manufacturing employers in the County are in the areas of education, government, retail, health care, and public housing.

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Martin County Board of Education	Education	500 - 999
Ann’s House of Nuts	Manufacturer	500 - 999
Wal-Mart Associates, Inc.	Retail	100 - 249
Quorum/Martin General Health Systems, Inc.	Health Care	100 - 249
Martin County Government	Government	100 - 249
Martin Community College	Education	100 - 249
Food Lion	Trade	100 - 249

MAJOR INITIATIVES

FOR THE YEAR...

Martin County Water District #1 received a grant award of \$1.476 million from the NC Infrastructure Authority Board in January 2017. The grant will be used to make improvements in the Oak City area. Engineering design work was completed in May 2018 and construction should be completed by June 2019.

On April 19, 2017, Governor Roy Cooper announced that Weitron, Inc., a packager and distributor of refrigerant gases, selected Martin County for a new production facility. The company plans to invest at least \$12,800,000 in a plant in the Martin County Regional Business Park in Everetts. In August 2017, Weitron also executed an option provided by the County for an additional 8.79 acre tract of land for future expansion. To provide Weitron rail access for the new facility, Martin County pursued and was awarded multiple funding sources. The project involved the installation of approximately 4,900 track feet and 4 switches. The rail project was completed in August 2018. Partners in the Weitron project include North Carolina Commerce, the Economic Partnership of North Carolina, the North Carolina General Assembly, the North Carolina Community College System, the North Carolina Department of Transportation, the Golden Leaf Foundation, the North Carolina Railroad Company, CSX Transportation, NCEast Alliance, Edgecombe-Martin Electric Membership Corporation, the Martin County Committee of 100, Martin County, and the Martin County Economic Development Corporation.

In August 2016, Martin County in conjunction with Bertie County, was awarded a 911 grant for over \$5.2 million dollars. The grant will fund the relocation of the Martin County 911 Communication Center, which will also be a backup facility for Bertie County. Pasquotank County was also added to the project. The Center will be a state-of-the-art facility that will help the three counties provide the highest level of service to those living in or visiting our communities. Design work was completed and construction began in June 2018.

FOR THE FUTURE...

Martin County received notice in June 2018 of a \$1,013,940 grant award from the NC Department of Commerce's Rural ReadySites Program. The Rural ReadySites program, run out of the Department of Commerce in partnership with the Rural Infrastructure Authority, helps rural communities prepare prospective sites for industrial development. The program will invest more than \$14 million in public infrastructure construction and improvements for sites that have a strong potential to attract employers, create jobs and strengthen the local, regional and state economy. The NC General Assembly appropriated \$2 million for this purpose, and the Department of Commerce added the additional \$12 million to fund these projects. The scope of the project will include expansion of the gravity sewer system and the rehabilitation of the existing elevated storage tank at the Martin County Regional Industrial Park in Everetts. The work on the water storage tank will be to the benefit of all tenants in the park, while the additional sewer infrastructure is necessary to serve the western parcels in the industrial park, including the lot adjacent to Weitron. The estimated cost for the work is \$1,126,600. Martin County is providing a 10% match for the grant.

In December 2015, President Barack Obama signed into law a bill that designates the US-64 / US-17 corridor as a "future interstate." The ROAD Act designates portions of U.S. Highways 17 and 64 through Rocky Mount, Williamston, and Elizabeth City, North Carolina as a "future interstate." In May 2016, the corridor was given the I-87 number. An interstate highway between Raleigh, NC and Norfolk, VA will increase mobility between two significant metropolitan areas in our adjoining states and enhance economic development for citizens and jurisdictions in between. While it will take a number of years for the interstate corridor to be completed, more than 50% of the existing corridor from Raleigh to Hampton Roads via Rocky Mount, Williamston and Elizabeth City is already built to freeway standards, and the I-87 corridor could be developed relatively quickly. Additionally, having the "future interstate" designation in place enhances the attractiveness of the region for economic development and industry investment.

OTHER INFORMATION

INDEPENDENT AUDIT. Martin 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 Amendments of 1996 and the State Single Audit Implementation Act. The County's auditors, Carr, Riggs & Ingram LLC, C.P.A.'s, were selected through a formal request for proposals process. The auditors' report on the Basic Financial Statements is included in the Financial Section of the report. The auditors' reports required as part of a single audit are found in the Compliance Section of this report. The findings and questioned costs reported in the Compliance Section are subject to a subsequent review by the appropriate grantor agencies. This review could result in reimbursement to grantor agencies if some expenditures are deemed inappropriate. However, every effort has been made to ensure that all disbursements are in compliance with the applicable financial assistance program provisions. Required refunds, if any, should be immaterial.

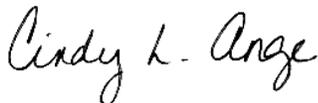
AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Martin County for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The Certificate of achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. A CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Martin County has received a Certificate of Achievement for the last twenty-seven consecutive years (fiscal years ended 1991-2017). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS. Sincere appreciation is expressed to the staff of the County Finance Office and to each agency and department that provided information and assistance in the preparation of this report. Thanks also to the Board of Commissioners for its support of excellence in financial reporting and its leadership in planning and conducting the operations of the government in a responsible and progressive manner.

Respectively submitted,



Cindy L. Ange
Finance Officer



David B. Bone
County Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Martin County
North Carolina**

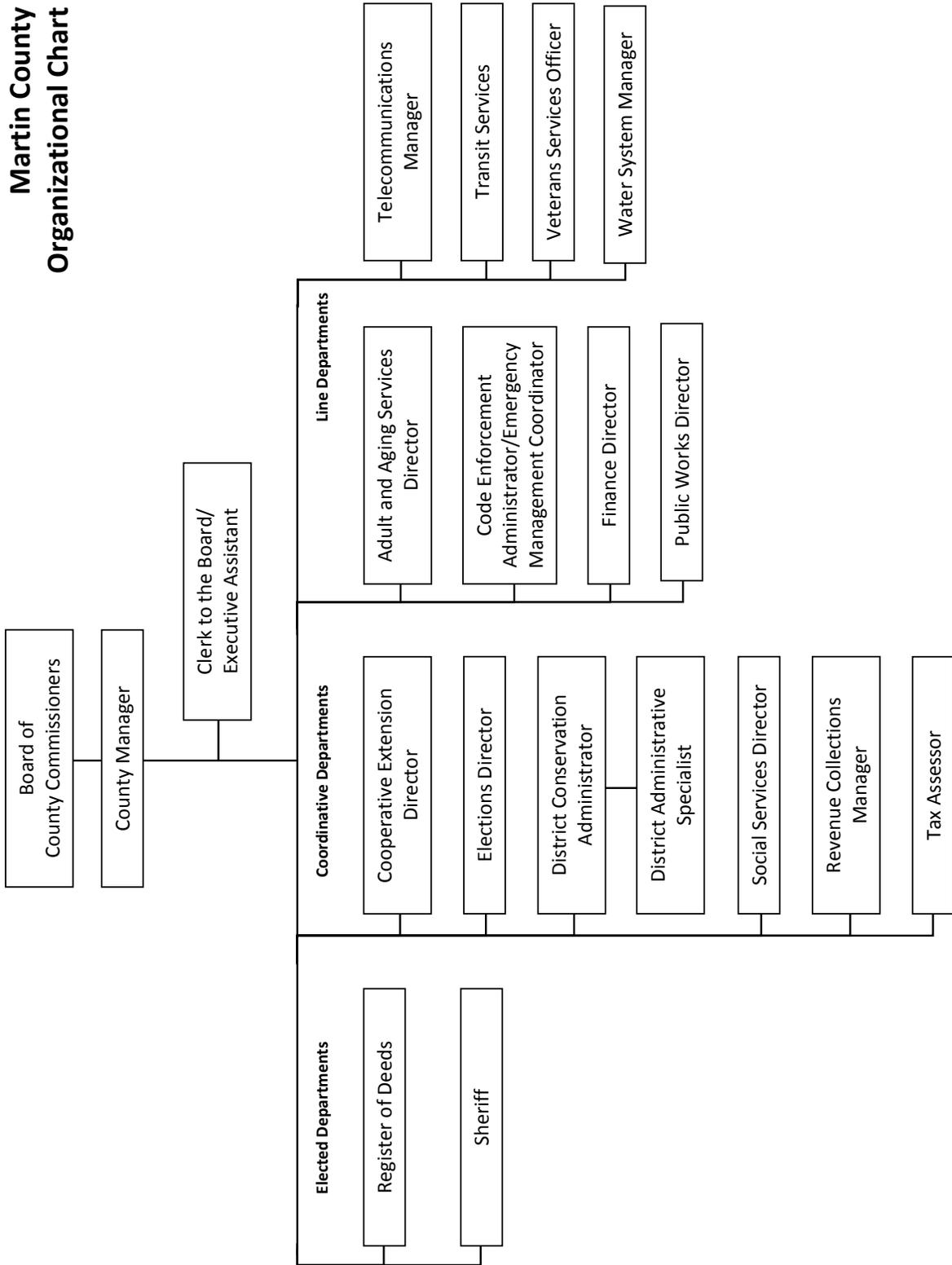
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Martin County Organizational Chart



Martin County, North Carolina
List of Principal Officials
June 30, 2018

Board of County Commissioners



Jesse Elmo Lilley, Jr. (Chairman) Dempsey Bond, Jr. Ronnie Smith Tommy W. Bowen Joe R. Ayers

County Manager



David B. Bone

Finance Officer



Cindy L. Ange



FINANCIAL SECTION



Independent Auditor's Report

To the Board of County Commissioners
Martin County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Martin County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Martin County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Martin County ABC Board, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial 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 Martin County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Martin County ABC Board were not audited in accordance with Governmental Auditing Standards.

An audit involves performing procedures to obtain 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 opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Martin County as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IX to the financial statements, Martin County, North Carolina adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Postemployment Benefits Schedules of Changes in the Total OPEB Liability and Related Ratios, on pages 17 through 27 and 87 through 94, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 an opinion on the financial statements that collectively comprise the basic financial statements of Martin County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not required parts 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 described above, the combining and individual fund 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 on the audit of the 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 30, 2018, on our consideration of Martin 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Martin County's internal control over financial reporting and compliance.

Carr Riggs & Ingram LLC

New Bern, North Carolina
November 30, 2018

Management's Discussion and Analysis

As management of Martin County, we offer readers of Martin County's financial statements this narrative overview and analysis of the financial activities of Martin County for the fiscal year ended June 30, 2018. We encourage readers to review the information presented here in conjunction with additional information we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

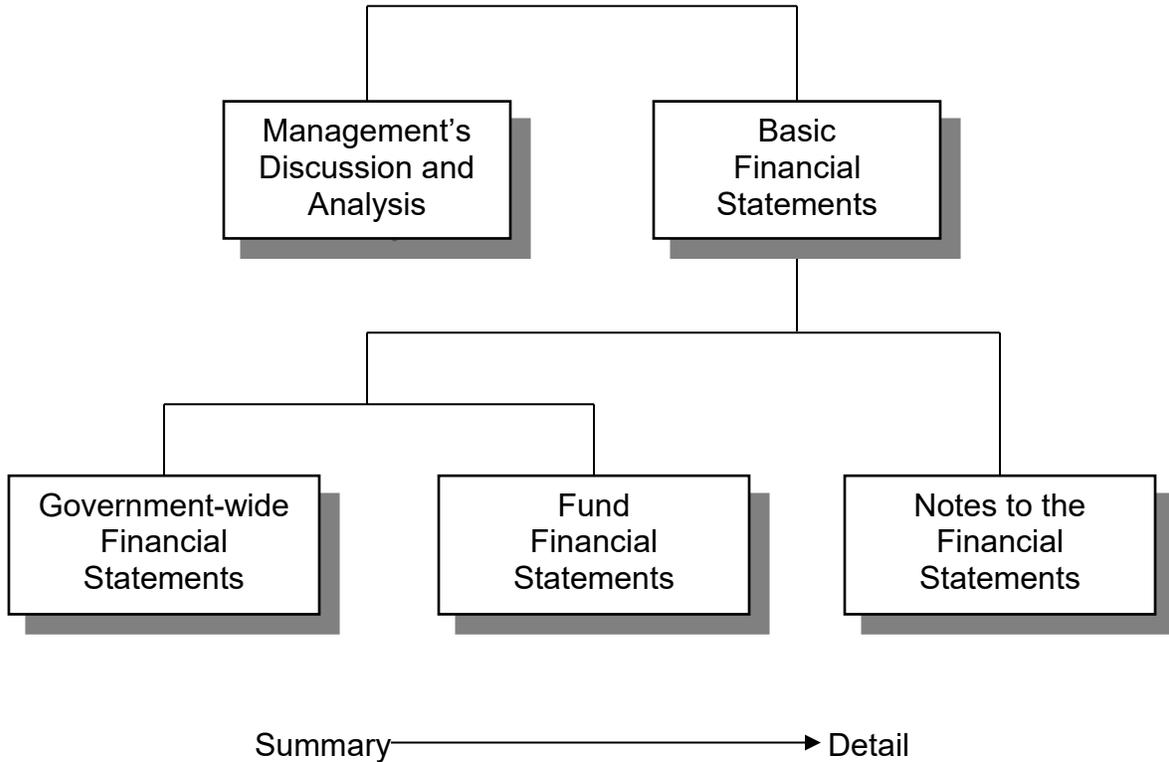
- The assets and deferred outflow of resources of Martin County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,316,109 (net position).
- As of the close of the current fiscal year, Martin County's General Fund reported an ending fund balance of \$12,074,249, an increase of \$58,277, in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$8,436,400, or 29.5 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Martin 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 Martin 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 11) 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 fiduciary 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 nonmajor 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 and benefit 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 the 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 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 public safety, animal control, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those the County charges customers to provide. They include the water services offered by Martin County. The final category is the component units. Martin County Tourism Development Authority promotes travel and tourism in Martin County. The County appoints members of the governing board of the Authority. Although legally separate from the County, the ABC Board is important to the County, because the County is financially accountable for the ABC Board, due to the County's authority to appoint members, and because the ABC Board is required to distribute its profits to the County. Martin County Council on Aging, Inc. provides the County money earned on fundraisers. The County uses these funds to promote activities for the County's senior population. The County appoints the Council on Aging's governing board.

The government-wide financial statements are on Exhibits 1 and 2 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 used to maintain control over resources that have been segregated for specific activities or objectives. Martin 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 Martin County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in the governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies left at year-end, which will be available for spending the next year. Governmental funds are

reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between the government activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is described in a reconciliation that is a part of the fund financial statements.

Martin 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 Board of Commissioners' decisions concerning 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 legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Martin County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Martin County uses enterprise funds to account for its water utility activities. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Martin County has five fiduciary funds, two of which are trust funds, and three of which are agency funds.

Notes to the Financial Statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Martin County's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

Martin County's Net Position

Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 36,185,846	\$ 33,332,721	\$ (947,166)	\$ (826,335)	\$ 35,238,680	\$ 32,506,386
Capital assets	18,465,077	15,892,207	15,765,215	16,093,191	34,230,292	31,985,398
Total assets	<u>54,650,923</u>	<u>49,224,928</u>	<u>14,818,049</u>	<u>15,266,856</u>	<u>69,468,972</u>	<u>64,491,784</u>
Total deferred outflow of resources	1,635,202	1,651,889	35,440	49,542	1,670,642	1,701,431
Long-term liabilities outstanding	33,874,384	23,471,606	13,788,185	13,804,649	47,662,569	37,276,255
Other liabilities	795,232	593,225	53,852	78,089	849,084	671,314
Total liabilities	<u>34,669,616</u>	<u>24,064,831</u>	<u>13,842,037</u>	<u>13,882,738</u>	<u>48,511,653</u>	<u>37,947,569</u>
Total deferred inflow of resources	7,271,764	6,556,227	40,088	2,150	7,311,852	6,558,377
Net position:						
Net investment in capital assets	4,405,556	1,832,686	2,505,140	2,513,165	6,910,696	4,345,851
Restricted	17,529,543	14,005,627	-	-	17,529,543	14,005,627
Unrestricted	<u>(7,590,354)</u>	<u>4,417,446</u>	<u>(1,533,776)</u>	<u>(1,081,655)</u>	<u>(9,124,130)</u>	<u>3,335,791</u>
Total net position	<u>\$ 14,344,745</u>	<u>\$ 20,255,759</u>	<u>\$ 971,364</u>	<u>\$ 1,431,510</u>	<u>\$ 15,316,109</u>	<u>\$ 21,687,269</u>

As noted earlier, net positions may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Martin County exceeded liabilities and deferred inflows of resources by \$15,316,109 as of June 30, 2018. As of June 30, 2017, the net position of Martin County stood at \$21,687,269. The County's net position decreased by \$6,371,160 for the fiscal year ended June 30, 2018, compared to an increase of \$389,365 in 2017. The decrease in 2018 was due to restatement of OPEB liability. One of the largest portions of the net position (45% or \$6,910,696) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, equipment). Martin County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Martin County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Martin County's net position (115% or \$17,529,543) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(9,124,130) is unrestricted.

Martin County's Changes in Net Position

Figure 3

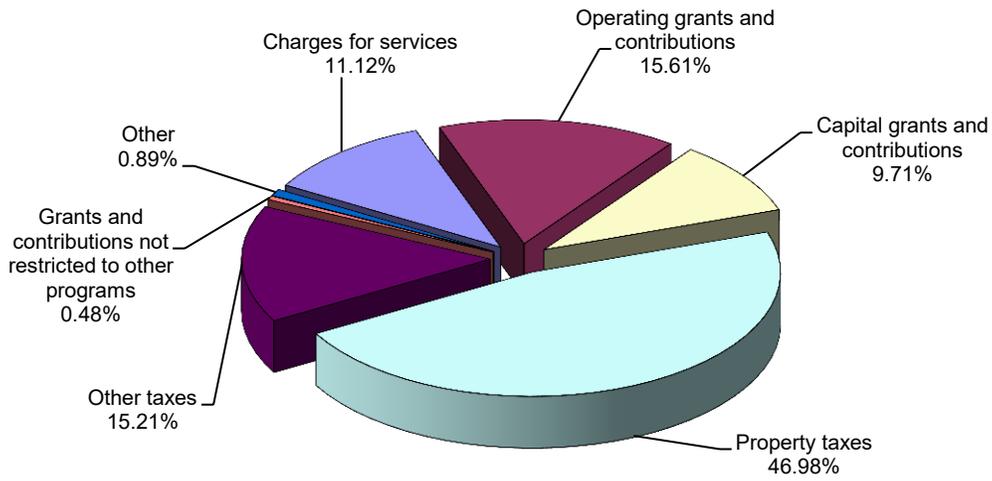
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,894,493	\$ 3,653,026	\$ 1,485,716	\$ 1,430,343	\$ 5,380,209	\$ 5,083,369
Operating grants and contributions	5,468,838	7,455,051	186,557	166,460	5,655,395	7,621,511
Capital grants and contributions	3,400,720	777,806	49,270	58,485	3,449,990	836,291
General revenues:						
Property taxes	16,459,963	14,986,950	-	-	16,459,963	14,986,950
Other taxes	5,327,306	4,843,770	-	-	5,327,306	4,843,770
Grants and contributions not restricted to other programs	169,389	172,073	-	-	169,389	172,073
Other	313,442	63,534	23,577	22,149	337,019	85,683
Total revenues	35,034,151	31,952,210	1,745,120	1,677,437	36,779,271	33,629,647
Expenses:						
General government	3,094,228	3,520,961	-	-	3,094,228	3,520,961
Public safety	7,147,854	6,949,230	-	-	7,147,854	6,949,230
Environmental Protection	2,284,860	2,221,149	-	-	2,284,860	2,221,149
Economic and physical development	1,191,108	2,087,831	-	-	1,191,108	2,087,831
Human services	6,325,579	7,172,049	-	-	6,325,579	7,172,049
Cultural and recreation	170,463	190,283	-	-	170,463	190,283
Transportation	1,165,929	927,933	-	-	1,165,929	927,933
Education	7,520,394	7,270,323	-	-	7,520,394	7,270,323
Interest on long-term debt	763,432	763,432	-	-	763,432	763,432
Water and sewer	-	-	1,870,730	1,886,929	1,870,730	1,886,929
Total expenses	29,663,847	31,103,191	1,870,730	1,886,929	31,534,577	32,990,120
Increase in net position	5,370,304	849,019	(125,610)	(209,492)	5,244,694	639,527
Net position, July 1	20,255,759	19,656,902	1,431,510	1,641,002	21,687,269	21,297,904
Restatement	(11,281,318)	(250,162)	(334,536)	-	(11,615,854)	(250,162)
Net position beginning, restated	8,974,441	19,406,740	1,096,974	1,641,002	10,071,415	21,047,742
Net position, June 30	\$ 14,344,745	\$ 20,255,759	\$ 971,364	\$ 1,431,510	\$ 15,316,109	\$ 21,687,269

Governmental activities. Governmental activities increased the County's net position by \$5,370,304 prior to restatement. This compares to an increase of \$849,019 in 2017. Key elements of this increase in 2018 are as follows:

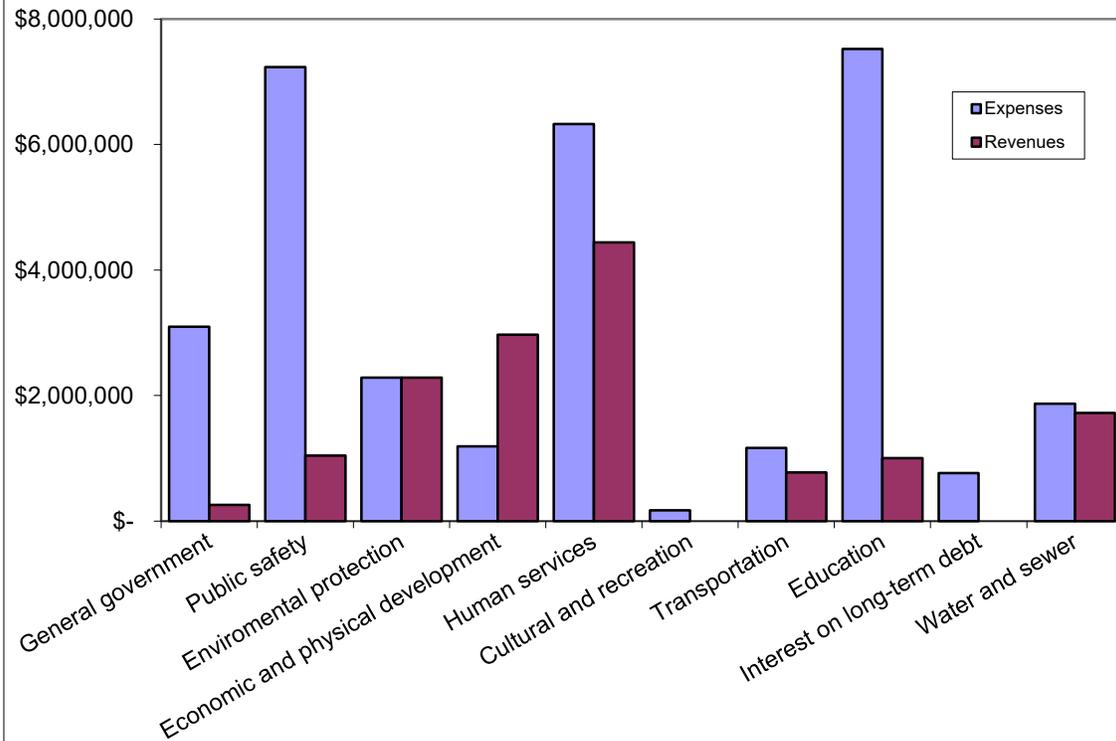
- Property tax rate increase from \$0.735 to \$0.79.
- Hospital Fund revenue of \$566,667.
- Capital grants for a communications center and industrial park project.

The following charts illustrate the 2018 revenues and expenses for governmental activities.

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



Business-type activities. Net position for business-type activities decreased by \$125,610 for the year ended June 30, 2018. Net position decreased \$209,492 in 2017. The key element of these changes are as follows:

- Water District No. 1 and Water District No. 2 both have an operating deficit.
- Both Districts raised the base water rate by \$2 per month.

Financial Analysis of the County's Funds

Governmental Funds. The focus of Martin County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Martin 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 Martin County. At the end of the current fiscal year, Martin County's fund balance unassigned in the General Fund was \$8,436,400, while total fund balance reached \$12,074,249. The Governing Body of Martin County has determined that the County should maintain an available fund balance of 20% of general fund expenditures in the case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 29.78% of General Fund expenditures, while total fund balance represents 42% of that same amount.

Martin County's Hospital Fund is used to account for rent received pursuant to a 30-year lease agreement. The total Hospital Fund balance at the end of the current fiscal year was \$7,738,441, an increase of \$1,701,639 over the previous year.

At June 30, 2018, the governmental funds of Martin County reported a combined fund balance of \$26,984,829, a 12.6 percent increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by approximately \$1,426,702. Additional grant revenue was the primary reason for the increase.

Actual expenditures were \$4,168,303 less than budgeted, in part due to a project in conjunction with the Martin County School Board being delayed.

Proprietary Funds. Martin 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 Water and Sewer Funds at the end of the fiscal year amounted to (\$1,533,776). The total decrease in net position for these funds was (\$125,610). \$2,505,140 of total net position for the proprietary funds is invested in capital assets, net of related debt. Water and Sewer District No. 1 and No. 2 are the only operating proprietary funds at June 30, 2018.

For the fiscal year ended June 30, 2018, the monthly water rates increased for both districts to \$42 per account for the base rate and \$8.50 per 1,000 gallons for water usage over 1,000 gallons.

Capital Asset and Debt Administration

Capital assets. Martin County’s capital assets for its governmental and business-type activities as of June 30, 2018, totals \$34,230,292 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Design work on the new PSAP Facility
- Purchased new vehicles for public safety and transportation
- Industrial Park infrastructure improvements

Martin County’s Capital Assets (Net of Depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,984,450	\$ 2,984,450	\$ 46,800	\$ 46,800	\$ 3,031,250	\$ 3,031,250
Buildings and systems	11,008,340	10,022,573	15,481,352	15,880,736	26,489,692	25,903,309
Equipment	1,501,812	1,618,948	13,873	18,654	1,515,685	1,637,602
Vehicles	842,411	783,528	73,908	46,989	916,319	830,517
Construction in progress	2,128,064	482,708	149,282	100,012	2,277,346	582,720
Total	<u>\$ 18,465,077</u>	<u>\$ 15,892,207</u>	<u>\$ 15,765,215</u>	<u>\$ 16,093,191</u>	<u>\$ 34,230,292</u>	<u>\$ 31,985,398</u>

Additional information on the County’s capital assets can be found in Note 5 of the Basic Financial Statements.

Long-term Debt

As of June 30, 2018, Martin County had total bonded debt outstanding of \$13,260,075, all of which is debt backed by the full faith and credit of the County.

Martin County's Outstanding Debt

Figure 5

	Governmental activities		Business-type activities	
	2018	2017	2018	2017
Limited obligation bonds	\$ -	\$ -	\$ 13,260,075	\$ 13,580,025
Installment purchase	14,059,521	14,059,521	-	-
Total	<u>\$ 14,059,521</u>	<u>\$ 14,059,521</u>	<u>\$ 13,260,075</u>	<u>\$ 13,580,025</u>

Additional information regarding Martin County's long-term debt can be found in Note 6 of the audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County's unemployment rate decreased from 5.6% at June 30, 2017 to 4.9% at June 30, 2018.
- The County's population decreased from 23,729 at June 30, 2017 to 23,510 at June 30, 2018.

Governmental Activities:

Martin County is maintaining the tax rate of \$0.79 per \$100 valuation for the 2018-2019 fiscal year. The tax valuation increased slightly from \$1.7398 billion to \$1.7578 billion.

The Martin County Board of Commissioners included in the 2018-2019 budget a transfer from the Hospital Fund of one million dollars to fund an OPEB trust. The trust, administered by the NC State Treasurer, will allow for additional investment opportunities.

The County is continuing several building projects. The Ray Street Building renovation project should be completed in the 2018-2019 fiscal year, which will give Martin County Transit room to grow. The new PSAP Communication Building is scheduled to be occupied in 2019, and several small renovation and building enhancement projects were also included in the budget for the Martin County Governmental Center.

Business-type Activities:

The Governing Board raised the base water rate for the 2018-2019 fiscal year by \$8.00 (from \$42 to \$50, which includes 2,000 gallons of water). District 2 is budgeted to lose an additional \$156,910. The General Fund will continue to subsidize District 2.

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, Martin County, PO Box 668, Williamston, NC 27892.



BASIC FINANCIAL STATEMENTS



Martin County, North Carolina
Statement of Net Position
June 30, 2018

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Martin County ABC Board	Martin County Tourism Development Authority	Martin County Council on Aging, Inc.
ASSETS						
Cash and cash equivalents	\$ 12,366,213	\$ 14,293	\$ 12,380,506	\$ 213,197	\$ 286,018	\$ 194,398
Investments	10,520,457	1,041	10,521,498	-	79,123	-
Receivables (net):						
Taxes	1,633,803	-	1,633,803	-	-	-
Accounts	3,658,737	272,631	3,931,368	-	26,899	-
Internal balances	1,237,779	(1,237,779)	-	-	-	-
Inventories	-	-	-	369,621	-	-
Prepaid expenses	90,487	2,648	93,135	5,123	2,265	-
Restricted cash	6,648,242	-	6,648,242	-	-	-
Net Pension Asset	30,128	-	30,128	-	-	-
Capital assets:						
Land, improvements, and construction in progress	5,112,514	196,082	5,308,596	68,016	-	-
Other capital assets, net of depreciation	13,352,563	15,569,133	28,921,696	95,427	12,537	41,395
Total capital assets	18,465,077	15,765,215	34,230,292	163,443	12,537	41,395
Total assets	54,650,923	14,818,049	69,468,972	751,384	406,842	235,793
DEFERRED OUTFLOW OF RESOURCES	1,635,202	35,440	1,670,642	76,388	13,190	-
LIABILITIES						
Accounts payable and accrued liabilities	795,232	28,737	823,969	166,096	1,539	-
Customer deposits	-	25,115	25,115	-	-	-
Long-term liabilities:						
Net pension liability-LGERS	1,427,544	43,808	1,471,352	33,456	9,319	-
Total OPEB liability	16,994,837	471,800	17,466,637	456,084	-	-
Total pension liability-LEOSSA	751,336	-	751,336	-	-	-
Due within one year	200,000	333,000	533,000	-	-	-
Due in more than one year	14,500,667	12,939,577	27,440,244	-	8,437	-
Total liabilities	34,669,616	13,842,037	48,511,653	655,636	19,295	-
DEFERRED INFLOWS OF RESOURCES	7,271,764	40,088	7,311,852	947	19,295	-
NET POSITION						
Net investment in capital assets	4,405,556	2,505,140	6,910,696	163,443	12,537	41,395
Restricted for:						
Stabilization of State Statute	2,824,506	-	2,824,506	-	26,899	-
Register of Deeds	23,490	-	23,490	-	-	-
Public Safety	359,875	-	359,875	-	-	-
Economic Development Projects	17,759	-	17,759	-	-	-
Human Services	7,738,441	-	7,738,441	-	-	-
School Debt	6,565,472	-	6,565,472	-	-	-
Transportation	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-
Working Capital	-	-	-	64,176	-	-
Unrestricted (deficit)	(7,590,354)	(1,533,776)	(9,124,130)	(56,430)	359,787	194,398
Total net position	\$ 14,344,745	\$ 971,364	\$ 15,316,109	\$ 171,189	\$ 399,223	\$ 235,793

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

Martin County, North Carolina
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Primary Government					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Martin County ABC Board	Martin County Tourism Development Authority	Martin County Council on Aging, Inc.
Primary government:										
Governmental Activities:										
General government	\$ 3,094,228	\$ 244,717	\$ 10,918	\$ -	\$ (2,838,593)	\$ -	\$ (2,838,593)			
Public safety	7,147,854	547,885	153,766	339,121	(6,107,082)	-	(6,107,082)			
Environmental protection	2,284,860	2,235,110	48,137	-	(1,613)	-	(1,613)			
Economic and physical development	1,191,108	-	829,902	2,139,600	1,778,394	-	1,778,394			
Human services	6,325,579	566,667	3,873,989	-	(1,884,923)	-	(1,884,923)			
Cultural and recreation	170,463	-	-	-	(170,463)	-	(170,463)			
Transportation	1,165,929	300,114	262,933	208,954	(393,928)	-	(393,928)			
Education	7,520,394	-	289,193	713,045	(6,518,156)	-	(6,518,156)			
Interest on long-term debt	763,432	-	-	-	(763,432)	-	(763,432)			
Total governmental activities	29,663,847	3,894,493	5,468,838	3,400,720	(16,899,796)	-	(16,899,796)			
Business-type activities:										
Water and Sewer	1,870,730	1,485,716	186,557	49,270	-	(149,187)	(149,187)			
Total business-type activities	1,870,730	1,485,716	186,557	49,270	-	(149,187)	(149,187)			
	31,534,577	5,380,209	5,655,395	3,449,990	(16,899,796)	(149,187)	(17,048,983)			
Component units:										
ABC Board	2,115,964	2,154,425	-	-	-	-	-	\$ 38,461	\$ -	\$ -
Tourism Development Authority	281,683	-	-	-	-	-	-	-	(281,683)	-
Council on Aging	250,542	-	-	-	-	-	-	-	-	(250,542)
Total component units	\$ 2,648,189	\$ 2,154,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,461	\$ (281,683)	\$ (250,542)
General revenues:										
Taxes:										
Property taxes, levied for general purpose					16,459,963	-	16,459,963	-	-	-
Local option sales tax					4,522,228	-	4,522,228	-	-	-
Other taxes					805,078	-	805,078	-	263,154	-
Grants and contributions unrestricted to specific programs					169,389	-	169,389	-	-	137,420
Investment earnings, unrestricted					158,486	12	158,448	-	987	17
Miscellaneous, unrestricted					155,006	23,565	178,571	-	2,173	-
Total general revenues, special items, and transfers					22,270,100	23,577	22,293,677	-	2,663,144	137,437
Change in net position					5,370,304	(125,610)	5,244,694	38,461	(15,369)	(113,105)
Net position—beginning, previously reported					20,255,759	1,431,510	21,687,269	471,200	414,592	348,898
Restatement					(11,281,318)	(334,536)	(11,615,854)	(338,472)	-	-
Net position beginning, restated					8,974,441	1,096,974	10,071,415	132,728	414,592	348,898
Net position—ending					\$ 14,344,745	\$ 971,364	\$ 15,316,109	\$ 171,189	\$ 399,223	\$ 235,793

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

Martin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Hospital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,197,504	\$ -	\$ 8,719,791	\$ 448,918	\$ 12,366,213
Investments	5,693,478	-	4,826,979	-	10,520,457
Restricted cash	82,770	6,565,472	-	-	6,648,242
Taxes receivable	1,559,439	-	-	74,364	1,633,803
Accounts receivable, net	2,566,840	-	-	1,091,897	3,658,737
Prepaid items	90,487	-	-	-	90,487
Advances to other funds	1,740,835	-	-	-	1,740,835
Total assets	<u>14,931,353</u>	<u>6,565,472</u>	<u>13,546,770</u>	<u>1,615,179</u>	<u>36,658,774</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	366,215	-	-	429,017	795,232
Advance from other funds	-	-	-	503,056	503,056
Total liabilities	<u>366,215</u>	<u>-</u>	<u>-</u>	<u>932,073</u>	<u>1,298,288</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>2,490,889</u>	<u>-</u>	<u>5,808,329</u>	<u>76,439</u>	<u>8,375,657</u>
Fund balances:					
Non-spendable:					
Prepays	90,487	-	-	-	90,487
Advances	1,740,835	-	-	-	1,740,835
Restricted:					
Stabilization by State Statute	1,732,609	-	-	1,091,897	2,824,506
Human Services	-	-	7,738,441	-	7,738,441
School Debt	-	6,565,472	-	-	6,565,472
Register of Deeds	23,490	-	-	-	23,490
Economic Development	-	-	-	17,759	17,759
Public Safety Programs	-	-	-	359,875	359,875
Committed:					
Tax Revaluation	50,428	-	-	-	50,428
Unassigned	8,436,400	-	-	(862,864)	7,573,536
Total fund balances	<u>12,074,249</u>	<u>6,565,472</u>	<u>7,738,441</u>	<u>606,667</u>	<u>26,984,829</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,931,353</u>	<u>\$ 6,565,472</u>	<u>\$ 13,546,770</u>	<u>\$ 1,615,179</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					18,465,077
Deferred inflows of resources for taxes receivable					2,470,110
Net pension asset					30,128
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position					489,587
Benefit payments and pension administration costs for LEOWSA are deferred outflows of resources on the Statement of Net Position					7,502
Net pension liability					(1,427,544)
Total pension liability					(751,336)
Pension related deferrals					714,364
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).					(14,700,667)
Total OPEB Liability					(16,994,837)
Contributions to OPEB plan and administration costs are deferred outflows of resources on the Statement of Net Position					365,991
OPEB related deferrals					(1,308,459)
Net position of governmental activities					<u>\$ 14,344,745</u>

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

Martin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Hospital Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Ad valorem taxes	\$ 15,616,282	\$ -	\$ -	\$ 699,576	\$ 16,315,858
Local option sales taxes	4,522,228	-	-	170,737	4,692,965
Other taxes and licenses	406,904	-	-	-	406,904
Unrestricted intergovernmental	76,340	-	-	-	76,340
Restricted intergovernmental	7,159,214	-	-	2,203,696	9,362,910
Licenses and fees	305,280	-	-	-	305,280
Sales and services	2,615,885	-	566,667	-	3,182,552
Investment earnings	85,588	569	72,279	-	158,436
Miscellaneous	289,645	-	-	-	289,645
Total revenues	<u>31,077,366</u>	<u>569</u>	<u>638,946</u>	<u>3,074,009</u>	<u>34,790,890</u>
EXPENDITURES					
Current:					
General government	3,336,542	-	-	-	3,336,542
Public safety	5,881,471	-	-	1,332,205	7,213,676
Environmental protection	2,348,637	-	-	-	2,348,637
Economic and physical development	1,566,542	-	-	1,906,365	3,472,907
Human services	6,054,250	-	-	-	6,054,250
Cultural and recreational	149,527	-	-	-	149,527
Transportation	959,739	-	-	61,285	1,021,024
Intergovernmental:					
Education	7,520,394	-	-	-	7,520,394
Debt service:					
Interest	763,432	-	-	-	763,432
Total expenditures	<u>28,580,534</u>	<u>-</u>	<u>-</u>	<u>3,299,855</u>	<u>31,880,389</u>
Excess (deficiency) of revenues over expenditures	<u>2,496,832</u>	<u>569</u>	<u>638,946</u>	<u>(225,846)</u>	<u>2,910,501</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	937,301	1,062,693	551,194	2,551,188
Transfers to other funds	(2,551,188)	-	-	-	(2,551,188)
Sale of capital assets	112,633	-	-	-	112,633
Total other financing sources (uses)	<u>(2,438,555)</u>	<u>937,301</u>	<u>1,062,693</u>	<u>551,194</u>	<u>112,633</u>
Net change in fund balance	58,277	937,870	1,701,639	325,348	3,023,134
Fund balances-beginning	12,015,972	5,627,602	6,036,802	281,319	23,961,695
Fund balances-ending	<u>\$ 12,074,249</u>	<u>\$ 6,565,472</u>	<u>\$ 7,738,441</u>	<u>\$ 606,667</u>	<u>\$ 26,984,829</u>

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

Martin County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

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

Net changes in fund balances - total governmental funds	\$ 3,023,134
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 capital outlays exceeded depreciation in the current period.	2,636,351
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the changes in net position differs from the change in fund balance by the cost of assets sold.	(63,481)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	497,089
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	365,991
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	194,109
Some expenses reported on the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.	<u>(1,282,889)</u>
Total changes in net position of governmental activities	<u>\$ 5,370,304</u>

Martin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Over (Under)</u>
Revenues:				
Ad valorem taxes	\$ 15,112,050	\$ 15,112,050	\$ 15,616,282	\$ 504,232
Local option sales tax	4,271,000	4,271,000	4,522,228	251,228
Other taxes and licenses	402,500	403,000	406,904	3,904
Unrestricted intergovernmental	81,000	81,000	76,340	(4,660)
Restricted intergovernmental	7,428,841	8,737,183	7,159,214	(1,577,969)
Licenses and fees	265,600	268,600	305,280	36,680
Sales and services	2,730,151	2,782,151	2,598,915	(183,236)
Investment earnings	10,000	10,000	85,588	75,588
Miscellaneous	142,249	205,109	236,477	31,368
Total revenues	<u>30,443,391</u>	<u>31,870,093</u>	<u>31,007,228</u>	<u>(862,865)</u>
Expenditures				
Current:				
General government	3,671,726	3,905,266	3,336,542	568,724
Public safety	5,822,411	6,024,487	5,881,471	143,016
Environmental protection	2,320,597	2,370,597	2,348,637	21,960
Economic and physical development	1,632,628	1,712,372	1,498,300	214,072
Human services	8,104,399	8,137,465	6,054,250	2,083,215
Cultural and recreational	149,527	149,527	149,527	-
Transportation	1,044,984	1,096,984	959,739	137,245
Intergovernmental:				
Education	8,514,465	8,520,465	7,520,394	1,000,071
Debt service:				
Interest and other charges	763,432	763,432	763,432	-
Total expenditures	<u>32,024,169</u>	<u>32,680,595</u>	<u>28,512,292</u>	<u>4,168,303</u>
Revenues over (under) expenditures	<u>(1,580,778)</u>	<u>(810,502)</u>	<u>2,494,936</u>	<u>3,305,438</u>
Other financing sources (uses):				
Transfers to other funds	(1,011,114)	(2,620,582)	(2,586,188)	34,394
Transfers from other funds	1,566,667	1,566,667	-	(1,566,667)
Sale of capital assets	20,000	20,000	112,633	92,633
Total other financing sources (uses)	<u>575,553</u>	<u>(1,033,915)</u>	<u>(2,473,555)</u>	<u>(1,439,640)</u>
Appropriated fund balance	1,005,225	1,844,417	-	(1,844,417)
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	21,381	<u>\$ 21,381</u>
Fund balances:				
Beginning of year, July 1			11,972,890	
End of year, June 30			<u>\$ 11,994,271</u>	

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

Martin County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2018

Amounts reported for general fund balance are different because legally budgeted Tax Revaluation Fund, Capital Reserve Fund, and 4-H Fund are consolidated into the General Fund for reporting purposes:

Ending Fund Balance		\$ 11,994,271
Tax Revaluation Fund		
Expenditures	-	
Transfer in from General Fund	35,000	
Fund Balance, beginning	15,428	
Net Change	50,428	50,428
Capital Reserve Fund		
Transfer to General Fund	-	
Fund Balance, beginning	-	
Net Change	-	-
4-H fund		
Revenue	70,138	
Expenditures	(68,242)	
Fund Balance, beginning	27,654	
Net Change	29,550	29,550
Ending Fund Balance (Exhibit 4)		\$ 12,074,249

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

Martin County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			Total
	Water and Sewer District No. 1	Water and Sewer District No. 2	Non- Major Enterprise Funds	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,507	\$ 10,786	\$ -	\$ 14,293
Investments	-	1,041	-	1,041
Receivables, net	190,493	82,138	-	272,631
Prepaid items	1,324	1,324	-	2,648
Total current assets	<u>195,324</u>	<u>95,289</u>	<u>-</u>	<u>290,613</u>
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	121,755	32,800	41,527	196,082
Other capital assets, net of depreciation	4,039,055	11,530,078	-	15,569,133
Total capital assets	<u>4,160,810</u>	<u>11,562,878</u>	<u>41,527</u>	<u>15,765,215</u>
Total noncurrent assets	<u>4,160,810</u>	<u>11,562,878</u>	<u>41,527</u>	<u>15,765,215</u>
Total assets	<u>4,356,134</u>	<u>11,658,167</u>	<u>41,527</u>	<u>16,055,828</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension deferrals	17,719	17,721	-	35,440
LIABILITIES				
Current liabilities:				
Accounts payable	24,575	4,162	-	28,737
Customer deposits	11,205	13,910	-	25,115
Advances from other funds	156,033	1,071,325	10,421	1,237,779
Compensated absences	1,500	1,500	-	3,000
Limited obligation bonds payable	100,000	230,000	-	330,000
Total current liabilities	<u>293,313</u>	<u>1,320,897</u>	<u>10,421</u>	<u>1,624,631</u>
Noncurrent liabilities:				
Net pension liability	21,904	21,904	-	43,808
Compensated absences	4,751	4,751	-	9,502
Total OPEB liability	235,900	235,900	-	471,800
Limtied obligation bonds payable	3,030,000	9,900,075	-	12,930,075
Total noncurrent liabilities	<u>3,292,555</u>	<u>10,162,630</u>	<u>-</u>	<u>13,455,185</u>
Total liabilities	<u>3,585,868</u>	<u>11,483,527</u>	<u>10,421</u>	<u>15,079,816</u>
DEFERRED INFLOW OF RESOURCES				
Pension deferrals	644	644	-	1,288
OPEB deferrals	19,400	19,400	-	38,800
NET POSITION				
Net investment in capital assets	1,030,810	1,432,803	41,527	2,505,140
Unrestricted	(262,869)	(1,260,486)	(10,421)	(1,533,776)
Total net position	<u>\$ 767,941</u>	<u>\$ 172,317</u>	<u>\$ 31,106</u>	<u>\$ 971,364</u>

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

Martin County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total
	Water and Sewer District No. 1	Water and Sewer District No. 2	Non-Major Enterprise Funds	
OPERATING REVENUES				
Charges for services	\$ 662,882	\$ 822,834	\$ -	\$ 1,485,716
Total operating revenues	<u>662,882</u>	<u>822,834</u>	<u>-</u>	<u>1,485,716</u>
OPERATING EXPENSES				
Water operations	318,407	286,507	-	604,914
Administration	161,170	162,352	-	323,522
Depreciation	131,285	285,140	-	416,425
Total operating expenses	<u>610,862</u>	<u>733,999</u>	<u>-</u>	<u>1,344,861</u>
Operating income	<u>52,020</u>	<u>88,835</u>	<u>-</u>	<u>140,855</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	23,565	-	-	23,565
Interest earnings	-	12	-	12
Distributions from other governments	62,861	123,696	-	186,557
Interest and other charges	(127,282)	(398,587)	-	(525,869)
Total nonoperating revenue (expenses)	<u>(40,856)</u>	<u>(274,879)</u>	<u>-</u>	<u>(315,735)</u>
Income(loss) before contributions and transfers	11,164	(186,044)	-	(174,880)
Capital contributions	<u>49,270</u>	<u>-</u>	<u>-</u>	<u>49,270</u>
Change in net position	60,434	(186,044)	-	(125,610)
Net position - beginning	874,775	525,629	31,106	1,431,510
Restatement	(167,268)	(167,268)	-	(334,536)
Net position - beginning, restated	<u>707,507</u>	<u>358,361</u>	<u>31,106</u>	<u>1,096,974</u>
Total net position - ending	<u>\$ 767,941</u>	<u>\$ 172,317</u>	<u>\$ 31,106</u>	<u>\$ 971,364</u>

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

Martin County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Year Ended June 30, 2018

	Enterprise Funds		
	Water and Sewer District No. 1	Water and Sewer District No. 2	Total
Cash flows from operating activities:			
Cash received from customers	\$ 613,221	\$ 816,613	\$ 1,429,834
Cash paid to employees for services	(127,784)	(127,792)	(255,576)
Cash paid for goods and services	(366,838)	(310,299)	(677,137)
Customer deposits received	310	720	1,030
Net cash provided by operating activities	<u>118,909</u>	<u>379,242</u>	<u>498,151</u>
Cash flows from noncapital financing activities:			
Due to other funds	35,862	129,398	165,260
Miscellaneous	23,565	12	23,577
Prepaid items	(52)	(51)	(103)
Distributions from other governments	62,861	123,696	186,557
Net cash provided by noncapital financing activities	<u>122,236</u>	<u>253,055</u>	<u>375,291</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets	(74,702)	(13,747)	(88,449)
Transfer from general fund	-	-	-
Grant	49,270	-	49,270
Principal paid on bond maturities	(100,000)	(219,950)	(319,950)
Interest paid on bond maturities	(127,282)	(398,587)	(525,869)
Net cash used by capital and related financing activities	<u>(252,714)</u>	<u>(632,284)</u>	<u>(884,998)</u>
Net increase (decrease) in cash and cash equivalents	(11,569)	13	(11,556)
Cash and cash equivalents, July 1	<u>15,076</u>	<u>11,814</u>	<u>26,890</u>
Cash and cash equivalents, June 30	<u>\$ 3,507</u>	<u>\$ 11,827</u>	<u>\$ 15,334</u>

**Martin County, North Carolina
Statement of Cash Flows
Enterprise Fund
For The Year Ended June 30, 2018**

	Enterprise Funds		
	(continued)		
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 52,020	\$ 88,835	\$ 140,855
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	131,285	285,140	416,425
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(49,661)	(6,221)	(55,882)
Increase (decrease) in accounts payable	(25,540)	273	(25,267)
Increase (decrease) in accrued liabilities	-	-	-
Increase(decrease) in deferred inflows of resources for pensions	(431)	(431)	(862)
(Increase) decrease in deferred inflows of resources for OPEB	19,400	19,400	38,800
Increase (decrease) in net pension liability	(6,374)	(6,374)	(12,748)
Increase (decrease) in OPEB liability	(9,634)	(9,634)	(19,268)
Increase (decrease) in accrued vacation	483	483	966
Increase (decrease) in deferred outflows of resources for pensions	7,051	7,051	14,102
Increase (decrease) in customer deposits	310	720	1,030
Total adjustments	66,889	290,407	357,296
Net cash provided by operating activities	\$ 118,909	\$ 379,242	\$ 498,151

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

Martin County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private-purpose Trusts	Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 517,371
Accounts receivable (net)	125,636	-
Total assets	<u>\$ 125,636</u>	<u>\$ 517,371</u>
Liabilities and Net Position		
Liabilities:		
Miscellaneous liabilities	\$ -	\$ 497,388
Intergovernmental payable	-	19,983
Total liabilities	<u>-</u>	<u>517,371</u>
Net position: Assets held in trust	<u>\$ 125,636</u>	<u>\$ -</u>

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

Martin County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Private-purpose Trusts
Additions:	
Investment earnings	\$ 321
Miscellaneous	
Donations	17,713
Norfolk Foundation contribution	1,957
Total additions	19,991
Deductions:	
Benefits	10,357
Total deductions	10,357
Change in net position	9,634
Net position - beginning of year	116,002
Net position - end of year	\$ 125,636

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

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Martin County, North Carolina (the *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 five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

Martin County Water Districts, 1-4, (the *Districts*) exist to provide and maintain a water system for the county residents within the Districts. The Districts are reported as enterprise funds in the County's financial statements. Water Districts 1 and 2 are currently operational. Water District 3 held a referendum in July 2009 concerning the general obligation bonds to finance the construction of facilities, and the referendum did not pass. Water District 4 is non-operational.

Martin County Industrial Facility and Pollution Control Financing Authority (the *Facility*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Martin County ABC Board (the *Board*), which has a June 30 year-end, is presented as if it were a separate proprietary fund of the County (discrete presentation).

The Martin County Tourism Development Authority (the *Authority*), and the Martin County Council on Aging, Inc. (the *Council*), which both have a June 30 year-end, are presented as if they were a governmental fund.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Martin County Water Districts 1	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serve as the governing board for the District. The County has operational responsibility for the District.	None issued.
Martin County Water Districts 2	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serve as the governing board for the District. The County has operational responsibility for the District.	None issued.
Martin County Water Districts 3	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serve as the governing board for the District. The County has operational responsibility for the District.	None issued.
Martin County Water Districts 4	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serve as the governing board for the District. The County has operational responsibility for the District.	None issued.
Martin County Industrial Facility and Pollution Control Financing Authority	Discrete	The Facility is governed by a seven-member board of commissioners that is appointed by the County Commissioners. The County can remove any commissioner of the Facility with or without cause.	None issued.
Martin County ABC Board	Discrete	The members of the ABC Board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Martin County ABC Board PO Box 467 Williamston, NC 27892
Martin County Tourism Development Authority	Discrete	The members of the Martin County Tourism Development Authority are appointed by the County Commissioners. The County makes appropriations to the Authority from revenues received from the room occupancy taxes collected by the County.	Martin County Tourism Development Authority PO Box 382 Williamston, NC 27892
Martin County Council on Aging, Inc.	Discrete	The members of the Council's governing body are appointed by the County. The Council provides the County money earned on fund raisers.	Martin County Council on Aging Williamston, NC 27892

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 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 not classified as program revenues, including all taxes, are presented as general revenues.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 funds:

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 Tax Revaluation Fund, the 4-H Fund, and the Capital Reserve Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB 54, they are consolidated in the General Fund.

Hospital Fund. The fund accounts for rent received and related interest pursuant to a 30-year lease agreement paid in advance that restricts the use of the rent proceeds, which are held in trust, for a specific time period.

Debt Service Fund. This fund is used to account for funds to be used for future debt service payments.

The County reports the following major enterprise funds:

Martin County Water and Sewer District Fund 1. This fund is used to account for the operations of the water and sewer district within the County.

Martin County Water and Sewer District Fund 2. This fund is used to account for the operations of the water and sewer district within the County.

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 Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Martin County Board of Education; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Tax Agency Fund, which accounts for funds that are billed and collected by the County for various municipalities within the County, but that are not revenues to the County. The Deed of Trust fee that the County is required to remit to the state of NC and the Albemarle-Tideland Retirees Fund, which accounts for money held to pay for health insurance benefits for retirees of the dissolved entities.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Trust Funds. The County has two private purpose trust funds used to account for assets held in a trustee capacity. The Carrie Biggs Morrison Fund accounts for money received from the Norfolk Foundation to be administered pursuant to a trust agreement that restricts the use of such funds. The Mary W. Taylor Fund for the Hearing Impaired accounts for money bequeathed to the County to be used for the hearing impaired.

Nonmajor Funds. The County maintains eight legally budgeted funds. The Emergency Telephone System Fund, the Fire District Fund, the Program Fund, the Scattered Sites CDBG Fund, and the Controlled Substance Tax Distribution Fund are reported as nonmajor special revenue funds. The Business Park Fund, the Airport Expansion Project Fund, and the Building Construction Fund are reported as capital projects 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water 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 non-operating revenues and expenses.

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

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 a 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 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are 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 by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone System, Fire District, 4-H fund, Controlled Substance Tax Distribution fund, Revaluation Funds, the Debt Service fund, the operating portion of Martin County Water and Sewer District No. 1 and 2, and the County Water fund. All annual appropriations lapse at the fiscal year-end. Multi-year project ordinances are adopted for the remaining Special Revenue Funds (Program Grant fund, Capital Reserve fund, Scattered Site CDBG fund), the Capital Projects Funds (Airport Expansion fund, Business Park fund, and Building Construction fund) and also Enterprise Fund's Water and Sewer Capital Projects Funds (blended component units). 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 and the Special Revenue Funds, except the Revaluation Fund. Expenditures may not legally exceed appropriations at the functional level for the Revaluation Fund. The project level is used for the Capital Projects Funds and the Enterprise Fund's Water and Sewer Capital Projects Funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a department. Any revisions that alter total expenditures of any department 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.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

April 30 - Each department head will transmit to the budget officer the departmental budget requests and revenue estimates for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

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

1. Deposits and Investments

All deposits of the County, Martin County ABC Board, Martin County Tourism Development Authority, and Martin County Council on Aging are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the ABC Board, the Authority, and the Council may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the ABC Board, the Authority, and the Council 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 ABC Board, the Authority, and the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The majority of the County, the Authority, the Council's, and the ABC Board's investments are carried at fair value. Non-participating interest earning contracts are reported at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section 150: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the County's position in the external investment pools having met these criteria is equal to the value of pooled shares.

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. The ABC Board, the Authority, and the Council consider demand deposits and investments purchased with an original maturity of 90 days or less, that are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted by G.S. 153A-150. 4-H funds are collected specifically to be used for 4-H programs. Debt Service funds are also classified as restricted. This money is held in a sinking fund to be used to repay a future debt.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Restricted Cash		
Governmental Activities		
General Fund	Tax revaluation	\$ 50,428
	4-H	32,342
Debt Service Fund		6,565,472
Total Governmental Activities		\$ 6,648,242

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and 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, 2017. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which 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. Inventory and Prepaids

The inventories, which are held for resale, of the ABC Board are valued at the lower of cost (First-In First-Out) or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; furniture and equipment, \$5,000; and vehicles, \$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 Martin 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, once 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 Martin County Board of Education.

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

	Years
Buildings	50
Improvements	50
Furniture and equipment	10
Vehicles	7
Computer equipment	5

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	Years
Buildings	20 – 31.5
Furniture and equipment	5 – 10
Leasehold improvements	7 – 15

For the Martin County Tourism Development Authority, depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Equipment	5 – 10

For the Martin County Council on Aging, Inc., depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Furniture, Vehicles, and Equipment	5 – 10

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 future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension related deferrals and contributions made to the OPEB and pension plans in the current fiscal 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 only three items that meet the criterion for this category – prepaid taxes, prepaid lease proceeds, 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, including net pension

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

liabilities, are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

10. Compensated Absences

The vacation policies of the County, the Authority, and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, the Hospital, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are 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.

Prepays – portion of fund balance that is not an available resource because it represents the year-end balances of prepaid expenditures, which are not spendable resources.

Advances – portion of fund balance that is not an available resource because it represents the year-end balance of an advance to other funds, which are not spendable resources.

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

Restricted for stabilization of State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Martin County, North Carolina
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Restricted for Register of Deeds – portion of fund balance restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Public Safety Programs – portion of fund balance restricted by revenue source for the public safety programs.

Restricted for School Debt – portion of fund balance that can only be used for school debt per the financing agreement.

Restricted for Human Services – portion of fund balance to be used for human services.

Restricted for Economic Development – portion of fund balance to be used for economic development programs.

Committed Fund Balance – Portion of fund balance that can only be used for specific purpose imposed passage of a resolution by majority vote of Martin 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.

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 amount.

Martin 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’s in the best interest of the County.

Martin County adopted a fund balance policy for the General Fund on April 10, 2013, which instructs management to conduct the business of the County in such a manner that available fund balance is at least 20% of budgeted expenditures. The Board may utilize fund balance that will reduce available fund balance below 20% for the purposes of a declared fiscal emergency, a financial opportunity to enhance the well-being of Martin County, or to protect the long term fiscal security of Martin County.

12. Defined Benefit Pension 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), the Registers of Deeds’ Supplemental Pension Fund (RODSPF) and the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset or 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

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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.

13. Other Postemployment Benefits

The net position of the County's Healthcare Benefits Plan (the HCB Plan) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/ deductions from the OPEB Plan's net position. Benefit payments are recognized when due and payable in accordance with the benefit terms.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. 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 - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(12,640,084) consists of several elements as follows:

Martin County, North Carolina
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For the Year Ended June 30, 2018

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)	\$ 33,203,466
Less accumulated depreciation	<u>(14,738,389)</u>
Net capital assets	18,465,077
Net pension asset	30,128
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	2,470,110
Contributions to the pension plan in the current fiscal year	489,587
Contributions to the OPEB plan in the current fiscal year	365,991
Benefit payments and pension administration costs for LEOSSA	7,502
Pension related deferrals	714,364
OPEB related deferrals	(1,308,459)
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:	
Installment financing	(14,059,521)
Compensated absences	(641,146)
Total OPEB liability	(16,994,837)
Total pension liability	(751,336)
Net pension liability	<u>(1,427,544)</u>
Total adjustment	<u>\$ (12,640,084)</u>

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 – total 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 \$2,347,170 as follows:

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,562,343
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.	(925,992)
The statement of activities reports losses arising from the sale of existing capital assets. Conversely, the governmental funds do not report any gain or loss on a sale of capital assets.	(63,481)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	489,587
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position	7,502
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	365,991
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	(39,114)
OPEB Expense	(658,685)
The County's portion of collective pension expense	(585,090)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/17	(1,506,343)
Recording of tax receipts deferred in the fund statements as of 6/30/18	1,650,448
Reversal of deferred availability fees recorded at 7/1/17	(699,853)
Recording of availability fee receipts deferred in the fund statements as of 6/30/18	765,670
Reversal of legal receipts deferred in the fund statements as of 7/1/17	(10,658)
Recording of legal receipts deferred in the fund statements as of 6/30/18	8,198
Reversing of assessment receipts deferred in the fund statements as of 6/30/18	(59,146)
Recording of assessment receipts deferred in the fund statements as of 6/30/18	45,793
Total adjustment	<u>\$ 2,347,170</u>

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the County's, the ABC Board's, the Authority's and the Council'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 Authority's, the Council's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the Authority, the Council and the ABC Board, 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-

Martin County, North Carolina
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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 ABC Board, the Authority, the Council or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Authority, the Council, or the ABC Board 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 ABC Board, the Authority, and the Council 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, the ABC Board, the Authority, and the Council comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County, the ABC Board, the Authority, and the Council have no formal policies regarding custodial credit risk for deposits.

At June 30, 2018, the County’s deposits had a carrying amount of \$19,545,069 and a bank balance of \$19,364,431. Of the bank balance, \$500,000 was covered by federal depository insurance and \$550,878 in non-interest bearing deposits and \$18,813,553 in interest-bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2018, Martin County had \$1,050 cash on hand.

At June 30, 2018, the carrying amount of deposits for Martin County ABC Board was \$210,187 and the bank balance was \$187,718. Of the bank balance, \$187,718 was covered by federal depository insurance and none was covered by collateral held under the pooling method. At June 30, 2018, Martin County ABC Board had \$3,010 cash on hand.

At June 30, 2018, the carrying amount of deposits for Martin County Tourism Development Authority was \$286,016, and the bank balance was \$296,051. \$250,000 of the bank balance was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2018, the carrying amount of deposits for Martin County Council on Aging, Inc. was \$194,398. At June 30, 2018, uninsured amounts held at these institutions totaled \$0.

2. Investments

As of June 30, 2018, the County had the following investments. The County has no policy regarding credit risk or interest rate risk.

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
NC Capital Management Trust-Government Portfolio	Amortized Cost	\$ 10,521,498	N/A	N/A

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
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As of June 30, 2018, Martin County Tourism Development Authority had the following investments. TDA has no policy regarding credit risk or interest rate risk.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months
NC Capital Management Trust- Government Portfolio	Amortized Cost	\$ 79,123	N/A	N/A

The North Carolina Capital Management Trust's Government Portfolio carried a credit rating of AAAM by Standard and Poor's.

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.

Year Levied	Tax	Interest	Total
2015	\$ 2,081,891	\$ 681,819	\$ 2,763,710
2016	2,081,891	494,449	2,576,340
2017	2,081,891	307,079	2,388,970
2018	2,081,891	119,709	2,201,600
Total	<u>\$ 8,327,564</u>	<u>\$ 1,603,057</u>	<u>\$ 9,930,621</u>

4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	Accounts	Taxes and Related Accrued Interest	Other	Total
Governmental Activities:				
General	\$ 2,570,840	\$ 1,559,439	\$ -	\$ 4,130,279
Other Governmental	1,091,897	74,364	-	1,166,261
Total receivables	3,662,737	1,633,803	-	5,296,540
Allowance for doubtful accounts	(4,000)	-	-	(4,000)
Total governmental activities	<u>\$ 3,658,737</u>	<u>\$ 1,633,803</u>	<u>\$ -</u>	<u>\$ 5,292,540</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type Activities				
Water and Sewer Districts	\$ 345,131	\$ -	\$ -	\$ 345,131
Total receivables	345,131	-	-	345,131
Allowance for doubtful accounts	(72,500)	-	-	(72,500)
Total business-type activities	<u>\$ 272,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,631</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Amounts due from other governments owed to the County and included in accounts receivable at year end consist of the following:

Local option sales tax	\$	1,232,566
Scrap tire tax		4,292
Public safety services		174,645
Human Services funds		235,050
Economic development grant funds		865,627
Water District grant funds		107,755
Total		\$ 2,619,935

5. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not being depreciated				
Land	\$ 2,984,450	\$ -	\$ -	\$ 2,984,450
Construction in Progress	482,708	2,886,180	1,240,824	2,128,064
Total Capital Assets not being depreciated	3,467,158	2,886,180	1,240,824	5,112,514
Capital Assets being depreciated				
Buildings	18,771,123	1,483,088	50,000	20,204,211
Equipment	5,434,445	152,865	-	5,587,310
Vehicles and motor equipment	2,323,829	281,034	305,432	2,299,431
Total Capital Assets being depreciated	26,529,397	1,916,987	355,432	28,090,952
Less accumulated depreciations for:				
Buildings	8,748,550	447,321	-	9,195,871
Equipment	3,815,497	270,001	-	4,085,498
Vehicles and motor equipment	1,540,301	208,670	291,951	1,457,020
Total accumulated depreciation	14,104,348	\$ 925,992	\$ 291,951	14,738,389
Total Capital Assets being depreciated, net	12,425,049			13,352,563
Governmental activity capital assets, net	\$ 15,892,207			\$ 18,465,077

Primary Government

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

General government	\$	182,563
Public Safety		359,225
Transportation		155,367
Environmental Protection		20,543
Economic and Physical Development		40,162
Human Services		147,196
Cultural and Recreation		20,936
Total Depreciation Expense		\$ 925,992

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Martin County Water District #1				
Capital Assets not being depreciated:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Construction in progress	58,485	49,270	-	107,755
Total Capital Assets not being depreciated	<u>72,485</u>	<u>49,270</u>	<u>-</u>	<u>121,755</u>
Capital Assets being depreciated:				
Plant and distribution systems	6,010,375	-	-	6,010,375
Equipment	133,420	-	-	133,420
Vehicles and motor equipment	108,522	25,432	27,430	106,524
Total Capital Assets being depreciated	<u>6,252,317</u>	<u>25,432</u>	<u>27,430</u>	<u>6,250,319</u>
Less accumulated depreciations for:				
Plant and distribution systems	1,907,564	120,424	-	2,027,988
Equipment	114,817	4,731	-	119,548
Vehicles and motor equipment	85,028	6,130	27,430	63,728
Total accumulated depreciation	<u>2,107,409</u>	<u>131,285</u>	<u>27,430</u>	<u>2,211,264</u>
Total Capital Assets being depreciated, net	<u>4,144,908</u>			<u>4,039,055</u>
Martin County Water District #1 capital assets, net	<u>4,217,393</u>			<u>4,160,810</u>
Martin County Water District #2				
Capital Assets not being depreciated:				
Land	32,800	-	-	32,800
Construction in progress	-	-	-	-
Total Capital Assets not being depreciated	<u>32,800</u>	<u>-</u>	<u>-</u>	<u>32,800</u>
Capital Assets being depreciated:				
Equipment	5,700	-	-	5,700
Plant and distribution systems	13,947,979	-	-	13,947,979
Vehicles and motor equipment	55,791	13,747	15,805	53,733
Total Capital Assets being depreciated	<u>14,009,470</u>	<u>13,747</u>	<u>15,805</u>	<u>14,007,412</u>
Less accumulated depreciations for:				
Equipment	5,649	50	-	5,699
Plant and distribution systems	2,170,054	278,960	-	2,449,014
Vehicles and motor equipment	32,296	6,130	15,805	22,621
Total accumulated depreciation	<u>2,207,999</u>	<u>\$ 285,140</u>	<u>\$ 15,805</u>	<u>2,477,334</u>
Total Capital Assets being depreciated, net	<u>11,801,471</u>			<u>11,530,078</u>
Martin County Water District #2 capital assets, net	<u>11,834,271</u>			<u>11,562,878</u>
Martin County Water District #4				
Capital Assets not being depreciated:				
Construction in progress	41,527			41,527
Total Capital Assets not being depreciated	<u>41,527</u>			<u>41,527</u>
Business-type activities capital assets, net	<u>\$ 16,093,191</u>			<u>\$ 15,765,215</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 68,016	\$ -	\$ -	\$ 68,016
Capital assets being depreciated:				
Buildings	324,152	-	-	324,152
Leasehold improvements	10,071	-	-	10,071
Furniture and equipment	114,135	16,454	-	130,589
Total capital assets being depreciated	<u>448,358</u>	<u>16,454</u>	<u>-</u>	<u>464,812</u>
Less accumulated depreciations for:				
Buildings	267,903	2,381	-	270,284
Leasehold improvemetns	2,654	1,387	-	4,041
Furniture and equipment	79,348	15,712	-	95,060
Total accumulated depreciation	<u>349,905</u>	<u>\$ 19,480</u>	<u>\$ -</u>	<u>369,385</u>
Total capital assets being depreciated, net	<u>98,453</u>			<u>95,427</u>
ABC capital assets, net	<u>\$ 166,469</u>			<u>\$ 163,443</u>

Activity for the Martin County Tourism Development Authority for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment and furniture	\$ 27,958	\$ 9,031	\$ -	\$ 36,989
Less accumulated depreciation:				
Equipment and furniture	21,340	\$ 3,112	\$ -	24,452
Capital assets, net	<u>\$ 6,618</u>			<u>\$ 12,537</u>

Activity for the Martin County Council on Aging for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment and furniture	\$ 122,389	\$ 20,025	\$ -	\$ 142,414
Less accumulated depreciation:				
Equipment and furniture	96,758	\$ 4,261	\$ -	101,019
Capital assets, net	<u>\$ 25,631</u>			<u>\$ 41,395</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 366,215	\$ -	\$ 366,215
Other Governmental	429,017	-	429,017
Total-governmental activities	<u>\$ 795,232</u>	<u>\$ -</u>	<u>\$ 795,232</u>
Business-type Activities			
Water and Sewer District	\$ 28,737	\$ -	\$ 28,737
Total - business-type activities	<u>\$ 28,737</u>	<u>\$ -</u>	<u>\$ 28,737</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Martin County, the ABC Board and the Authority 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 50 with 20 years of creditable service of 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

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

contributions. The plan does not provide for automatic post-retirement 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. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.5% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$502,127 for the year ended June 30, 2018.

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 6 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, 2018, the County reported a liability of \$1,471,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .096%, which was an increase of .007% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$518,480. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,763	\$ 41,649
Changes of assumptions	210,129	-
Net difference between projected and actual earnings on pension plan investments	357,246	-
Changes in proportion and differences between County contributions and proportionate share of contributions	62,205	4,103
County contributions subsequent to the measurement date	502,127	-
Total	<u>\$ 1,216,470</u>	<u>\$ 45,752</u>

\$502,127 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 liability in the year ended June 30, 2019. Other amounts reported as deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2019	\$ 92,714
2020	\$ 444,184
2021	\$ 228,148
2022	\$ (96,455)
2023	\$ -
Thereafter	\$ -

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %
Salary increases	3.5 to 7.75 %, including inflation and productivity factor
Investment rate of return	7.20%, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through 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

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2017 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	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 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 7.20%. 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 require 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 liability 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
County's proportionate share of the net pension liability (asset)	\$ 4,417,026	\$ 1,471,352	\$ (987,360)

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
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Pension plan fiduciary new position. Detailed information about the pension plan’s fiduciary new position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers’ Special Separation Allowance

1. *Plan Description:*

Martin County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>37</u>
Total	<u>38</u>

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 following criteria which are outlined in GASB Statements 73.

3. *Actuarial Assumptions:*

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.50 to 7.35 %, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the S & P Municipal Bond 20-year High Grade Rate Index.

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Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 made 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 \$7,502 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, 2018, the County's reported a total pension liability on \$751,336. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$80,033.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 54,693	\$ 13,139
Net difference between expected and actual experience	14,981	-
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>7,502</u>	<u>-</u>
Total	<u>\$ 77,176</u>	<u>\$ 13,139</u>

The County paid \$7,502 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, 2019. Other amounts reported as

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
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deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2019	\$ 10,534
2020	\$ 10,534
2021	\$ 10,534
2022	\$ 10,534
2023	\$ 11,085
Thereafter	\$ 3,314

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 833,313	\$ 751,336	\$ 677,324

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

	2018
Beginning Balance	\$ 607,009
Service Cost	45,597
Difference between expected and actual experience	17,835
Interest on the total pension liability	23,286
Changes of assumptions or other inputs	65,111
Benefit payments	(7,502)
Ending balance of the total pension liability	\$ 751,336

Change of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017. The assumed inflation rate has been reduced from 3.0% to 2.5%, and assumed wage inflation has been increased from .5% to 1.0%

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Martin County, North Carolina
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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. That 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 the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$109,507, which consisted of \$84,835 from the County and \$24,672 from the law enforcement officers.

In 2017-2018 the County also contributed 3 percent of each employee's gross salary to 401(k) accounts for employees who are not engaged in law enforcement. For 2017-2018 year 3% contributions were \$ 190,157, which consisted of \$142,058 from the County and \$48,099 from employees.

d. Registers of Deeds' Supplemental Pension Fund

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

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

Martin County, North Carolina
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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 \$1,443 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$30,128 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .177%, which was a decrease of .011% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$5,414. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 517	\$ 97
Changes in assumptions	5,083	-
Net difference between projected and actual earnings on pension plan investments	2,561	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,401	58
County contributions subsequent to the measurement date	<u>1,443</u>	<u>-</u>
Total	<u>\$ 11,005</u>	<u>\$ 155</u>

\$1,443 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, 2019. Other amounts reported as deferred inflow of resources related to pensions will be recognized in pension expense as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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Year ended June 30:	Amount
2019	\$ 5,348
2020	\$ 3,114
2021	\$ 293
2022	\$ 652
2023	\$ -
Thereafter	\$ -

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.5 to 7.75%, including inflation and productivity factor
Investment rate of return	3.75%, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through 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 RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for fix income asset class as of June 30, 2017 is 1.4%.

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

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from

Martin County, North Carolina
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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%, 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%) or 1-percentage-point higher (4.75%) 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)	\$ (23,681)	\$ (30,128)	\$ (35,551)

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

e. 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, 2016, 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 LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. 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:

	LGERS	ROD	LEOSSA	Total
Proportionate share of the net pension liability (asset)	\$ 1,471,352	\$ (30,128)	\$ -	\$ 1,441,224
Proportion of the net pension liability (asset)	0.09631%	0.17651%		
Total Pension Liability	\$ -	\$ -	\$ 751,336	\$ 751,336
Pension Expense	\$ 518,480	\$ 5,414	\$ 80,033	\$ 603,927

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At June 30, 2018, 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>				
Difference between expected and actual experience	\$ 84,763	\$ 517	\$ 14,981	\$ 100,261
Changes of assumptions	210,129	5,083	54,693	269,905
Net difference between projected and actual earnings on pension plan investments	357,246	2,561	-	359,807
Changes in proportion and differences between County contributions and proportionate share of contributions	62,205	1,401	-	63,606
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	502,127	1,443	7,502	511,072
<u>Deferred Outflows of Resources</u>				
Difference between expected and actual experience	\$ 41,649	\$ 97	\$ -	\$ 41,746
Changes of assumptions	-	-	13,139	13,139
Changes in proportion and differences between County contributions and proportionate share of contributions	4,103	58	-	4,161

f. **Other Postemployment Benefits (OPEB)**

Plan Description. According to a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB plan). The County Board has the authority to establish and amend the benefit terms and financing requirements. As of June 30, 2018, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. For employees hired prior to September 1, 2011 and who retire from the Local Government Employees Retirement System, Martin County offers hospitalization or a Medicare supplement, if over age 65, under the following conditions:

<u>Employee Classification</u>	<u>Years of Creditable Service with LGERS</u>	<u>Last # Years Employment with Martin County</u>	<u>Retirement Age</u>	<u>Benefit</u>
All	30+ years	10	any	Full coverage paid for by County
Non-LEO	25+ years	10	60	Full coverage paid for by County
Non-LEO	20+ years	10	65	Full coverage paid for by County
LEO	20+ years	10	55	Full coverage paid for by County
All	20+ years	20	any	Full coverage paid for by County
All	20+ years	10	any	50% of coverage paid for by County
All	15+ years	15	65	50% of coverage paid for by County
Non-LEO	25+ years	10	60	50% of coverage paid for by County
Non-LEO	20+ years	10	65	50% of coverage paid for by County
LEO	20+ years	10	55	50% of coverage paid for by County

Commissioners elected prior to September 1, 2011 are eligible for coverage determined by the years of service as an active County Commissioner to Martin County.

Martin County, North Carolina
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Years of Service	Benefit
10 - 15years	66% of coverage paid for by County
16 - 19 years	75% of coverage paid for by County
20+ years	Full coverage paid for by County

Employees hired after August 31, 2011 are not eligible for retiree health insurance benefits upon retirement.

Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	Employees
Retirees and dependents receiving benefits	65
Active plan members	90
Total	155

Total OPEB Liability

The County's total OPEB liability of \$17,466,637 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

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

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Law enforcement employees	3.50% - 7.35 %
Municipal bond index rate	
Prior measurement date	3.01%
Measurement date	3.56%
Health care cost trends	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

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The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

Changes in the Total OPEB Liability

Schedule of Channages in Total OPEB Liability

	2018
Beginning balance	\$ 18,504,452
Service Cost	497,888
Difference between expected and actual experience	(45,543)
Interest	551,475
Changes of assumptions or other inputs	(1,672,862)
Changes of benefit terms	-
Benefit payments	(368,773)
Ending total OPEB liability balance at 6/30/18	\$ 17,466,637

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 (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 20,688,579	\$ 17,466,637	\$ 14,935,088

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:

	1% Decrease	Trend Rate *	1% Increase
Total OPEB Liability	\$ 14,602,766	\$ 17,466,637	\$ 21,177,513

* Medical - 7.75% and Prescription - 5.75%

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$678,217. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Martin County, North Carolina
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<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 35,706
Changes in assumptions	-	1,311,553
Benefit payments and administrative costs made subsequent to the measurement date	<u>365,991</u>	<u>-</u>
Total	<u>\$ 365,991</u>	<u>\$ 1,347,259</u>

\$365,991 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement period ended June 30:

2019	\$ 371,146
2020	371,146
2021	371,146
2022	233,821
2023	-
Thereafter	-

3. Other Employment Benefits

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

The County provides additional group term life insurance in the amount of \$10,000 for each employee. The policy is provided by Fort Dearborn Life Insurance Company. For the year ending June 30, 2018, the County paid \$4,941 for these benefits. The County has no liability beyond the payment of monthly contributions. If an employee's benefits are in excess of \$50,000 when combining the Death Benefit Plan and the additional life insurance, the excess of \$50,000 is a taxable fringe benefit to the employee.

Martin County, North Carolina
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4. Deferred Outflows and Inflows of Resources

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB - difference between expected and actual experience	\$ -	\$ 35,706
OPEB - change in assumptions	-	1,311,553
Pensions - difference between expected and actual experience		
LGERS	84,763	41,649
Register of Deeds	517	97
LEOSSA	14,981	-
Pensions - difference between projected and actual investment earnings		
LGERS	357,246	-
Register of Deeds	2,561	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	62,205	4,103
Register of Deeds	1,401	58
Pensions - change in assumptions		
LGERS	210,129	-
Register of Deeds	5,083	-
LEOSSA	54,693	13,139
Contributions to the OPEB plan in fiscal year	365,991	-
Contributions to pension plan in fiscal year		
LGERS	502,127	-
Register of Deeds	1,443	-
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	7,502	-
Prepaid taxes not yet earned (General)	-	97,218
Prepaid lease proceeds (Special Revenue)	-	5,808,329
Total	<u>\$ 1,670,642</u>	<u>\$ 7,311,852</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage on buildings and contents coverage (which include inland marine and computers), general liability coverage of \$2 million per occurrence, worker's compensation coverage up to statutory limits, and employee health coverage. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to \$2 million limit for general liability coverage, \$2 million of aggregate annual losses in excess of \$1,000 per occurrence for property coverage, and single occurrence losses of \$1,350,000 for worker's compensation.

The County carries flood insurance through The Hartford. Because the County is in an area of the state that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase flood insurance on various buildings throughout the County. The coverage is based on replacement costs of the buildings.

In accordance with G.S. 159-29, the County's employees who have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$250,000, the Tax Collector for \$50,000, the Sheriff for \$25,000, and the Register of Deeds for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$2,000,000.

Martin County, North Carolina
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The County currently carries no commercial insurance. 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.

Martin County ABC Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, worker’s compensation, and employee health coverage.

The ABC Board also has liquor legal liability coverage. 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 Tourism Development Authority 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 Authority carries commercial coverage for all risks of loss. Through these policies the Authority obtains property insurance coverage of \$50,000 per occurrence, general liability of \$1 million per occurrence, and worker’s compensation coverage up to statutory limits. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

6. Contingent Liabilities

At June 30, 2018, 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 other legal matters will not have a material adverse effect on the County’s financial position.

7. Long-term Obligations

a. Operating Leases

The County leases the previous assets of the hospital which includes land, building, and equipment totaling \$6,727,858 to an unrelated party (lessee) under a thirty-year non-cancelable lease. Under the terms of the agreement, the lessee prepaid rent in the amount of \$17,000,000, which constitutes all the rent for the entire lease term.

For Martin County, minimum future rentals on non-cancelable operating leases as of June 30, 2018 are as follows:

Year Ending June 30		
2019	\$	566,667
2020		566,667
2021		566,667
2022		566,667
2023		566,667
2024-2028		2,833,335
2029		141,659
Total minimum future rentals	\$	5,808,329

Martin County, North Carolina
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b. Installment Purchases

As authorized by State Law (G.S. 160A-20 and 153A-158.1), the County financed the construction of a new middle school for use by the Martin County Board of Education during the fiscal year ended June 30, 2011, by an installment purchase. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Martin County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease term is the same as that of the purchase obligation.

The installment purchase was executed on May 19, 2011. At that time, the transaction required 15 annual payments by the County of \$1,000,000 into a sinking fund held by the escrow agent in the County's name, and thirty semi-annual interest payments at an interest rate of 5.43%. On May 19, 2014, the County made a principal payment of the remaining amount advanced in compliance with the financing documents of \$940,481. In connection with the prepayment, the amount to be deposited annually to the sinking fund changed to \$937,301. The transaction utilized Qualified School Construction Bonds, which allows the County to be refunded the interest payments. For Martin County, the future minimum payments as of June 30, 2018, including \$6,103,342 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019		\$ 763,432
2020		763,432
2021		763,432
2022		763,432
2023		763,432
2024-2026	\$ 14,059,021	2,286,182
Principal payments	<u>\$ 14,059,021</u>	
Total interest payments		<u>\$ 6,103,342</u>

Currently the County is being refunded 93.4% of the interest paid.

c. General Obligation Indebtedness/Limited Obligation Indebtedness

The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water system, which are being retired by its resources, are reported as debt in the Water and Sewer District Funds. All general obligation bonds are backed by the faith, credit and taxing power of the County. Principal and interest requirements are appropriated when due.

In December 2014, the Water Districts (blended component units of the County) issued GO debt (30 year), the proceeds of which are used to refund existing USDA District debt. The original issue amount of the GO debt was \$14,445,000 with the annual installments of \$265,000 to \$655,000; plus interest at 2 to 4% through June 1, 2044. The balance at June 30, 2015 was \$14,180,000. The County then issued Limited Obligation Bonds in an amount sufficient enough to purchase all the Districts GO debt. Both the District and the County assign their rights to a third-party trustee that received the debt payments from the District and uses those funds to make the debt service payments on the LOBs.

Martin County, North Carolina
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The County Water Fund is responsible for accounting for the Limited Obligation Bonds which are accounted for as Limited Obligations in the County Water Fund.

Water Department Limited Obligations:
Served by the County's Water Fund:
\$14,445,000 2014 Limited Obligation Water Bonds;
due in annual installments of \$265,000 to \$655,000
plus interest at 2.0% to 4% through June 1, 2044
\$14,180,000

The County is required by law to budget both the GO district debt and the County Water Fund LOBs. These budget to actual schedules are reported behind the notes to the financial statements.

In the Government-wide statements and the fund statements that appear before the notes, the County is required to net the GO debt transaction in the District funds against the County Water Fund, and present the LOBs in each water district.

Annual debt service requirements to maturity for the County's general obligation bonds, including interest of \$7,454,499 are as follows:

Year Ending <u>June 30</u>	Business-type Activities	
	Principal	Interest
2019	\$ 330,000	\$ 513,181
2020	350,000	499,981
2021	360,000	485,981
2022	375,000	471,581
2023	390,000	456,581
2024-2028	2,165,000	2,038,306
2029-2033	2,640,000	1,568,706
2034-2038	3,110,000	984,094
2039-2043	2,970,000	415,425
2044	570,075	20,663
Principal payments	\$ 13,260,075	
Total interest payments		\$ 7,454,499

At June 30, 2018, Martin County had a legal debt margin of \$145,213,359.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
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d. Long-Term Obligations Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2018.

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 14,059,521	\$ -	\$ -	\$ 14,059,521	\$ -
Compensated absences	602,033	275,333	236,220	641,146	200,000
Total OPEB liability	18,013,384	-	1,018,547	16,994,837	-
Net pension liability (LGERS)	1,839,750	-	412,206	1,427,544	-
Total pension liability (LEOSSA)	607,009	144,327	-	751,336	-
Total governmental activities	<u>\$ 35,121,697</u>	<u>\$ 419,660</u>	<u>\$ 1,666,973</u>	<u>\$ 33,874,384</u>	<u>\$ 200,000</u>
Business-type activities:					
Limited obligation bonds	\$ 13,580,025	\$ -	\$ 319,950	\$ 13,260,075	\$ 330,000
Total OPEB liability	491,068	-	19,268	471,800	-
Net pension liability (LGERS)	56,556	-	12,748	43,808	-
Compensated absences	11,536	966	-	12,502	3,000
Total business-type activities	<u>\$ 14,139,185</u>	<u>\$ 966</u>	<u>\$ 351,966</u>	<u>\$ 13,788,185</u>	<u>\$ 333,000</u>
Discretely presented component units:					
Compensated absences	\$ 7,115	\$ 2,141	\$ 819	\$ 8,437	\$ -
Net pension liability (LGERS)	49,026	-	6,251	42,775	-
Total OPEB liability	105,792	350,292	-	456,084	-
Total discretely presented component units long-term liabilities	<u>\$ 161,933</u>	<u>\$ 352,433</u>	<u>\$ 7,070</u>	<u>\$ 507,296</u>	<u>\$ -</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a Last In First Out (LIFO) basis, assuming employees are taking leave time as it is earned. The LGERS plan had a net pension liability as of June 30, 2018.

e. Conduit Debt Obligations

Martin County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed, as well as letters of credit, and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there were seven series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$244,845,000.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

C. Interfund Balances and Activity

The composition of current interfund balances as of June 30, 2018 is as follows:

Advances to/from other funds:

From the General Fund to the Martin County Water and Sewer Districts to supplement other funding sources:

Water and Sewer District No. 1	\$ 156,033
Water and Sewer District No. 2	1,071,325
Water and Sewer District No. 4	10,421
	\$ 1,237,779

From the General Fund to the Capital Project funds to supplement other funding sources:

Business Park Fund	\$ 493,178
Building Construction Fund	7,560
Airport Expansion Project Fund	2,318
	\$ 503,056

Transfers to/from other funds at June 30, 2018, consist of the following:

From the General Fund to the Debt Service Fund to accumulate resources for the debt payment on the middle school	\$ 937,301
From the General Fund to the Emergency Telephone System Fund to repay fund for expenditures	4,527
From the General Fund to the Hospital Fund for Martin County Economic Development proceeds	1,062,693
From the General Fund to the Airport Capital Project Fund to provide a match for grant revenue	4,419
From the General Fund to the Business Park Fund to expand the infrastructure at the park	542,248
	\$ 2,551,188

D. Fund Balance

Martin County has a revenue spending policy that provides policy 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, 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.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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	\$	12,074,249
Less:		
Advances		(1,740,835)
Prepays		(90,487)
Stabilization by State Statute		(1,732,609)
Register of Deeds		(23,490)
Tax Revaluation		(50,428)
Working Capital/Fund Balance Policy		<u>(8,436,400)</u>
Remaining Fund Balance	\$	<u><u>-</u></u>

Martin County has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures.

IV. JOINT VENTURES

The County participates in a joint venture to operate the Beaufort-Hyde-Martin Regional Library (Library) with two other counties and four municipalities. Each participating county appoints three board members to the nine member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library’s continued existence depends on the participating governments’ continued funding. None of the participating governments has any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$99,232 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library’s offices at 158 North Market Street, Washington, NC 27889.

The County participates in a joint venture to operate the Bertie-Martin Regional Jail (Jail) with one other local government. Each participating government appoints three board members to the six-member board of the Jail. The County has an ongoing financial responsibility for the joint venture because the Jail’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the Jail, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$1,256,398 to the Jail to supplement its activities. Complete financial statements for the Jail may be obtained from the Jail’s offices at 230 County Farm Road, Windsor, NC 27983.

The County participates in a joint venture to operate the Martin-Tyrrell-Washington Health Department with two other local governments. Each participating government appoints board members to the fifteen member board based upon population. Martin, Tyrrell, and Washington counties each appoint one member from their respective Board of Commissioners. These Board members appoint the remaining members from restricted profiles established by state statute. The County has an ongoing financial responsibility for the joint venture because the Health Department’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

with the intergovernmental agreement between the participating governments, the County appropriated \$380,545 to the Health Department to supplement its activities. Complete financial statements for the Health Department may be obtained from the Department's offices at P. O. Box 396, Plymouth, NC 27962.

The County participates in a joint venture to operate the Trillium Health Resources (the Center) with nineteen other local governments. Martin County appoints one board member to the twenty-four member board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$48,462 to the Center to supplement its activities. Complete financial statements for the Center may be obtained from the Center's offices at 1141 North Road Street, Suite L, Elizabeth City, NC 27909.

The County, in conjunction with the State of North Carolina and the Martin County Board of Education, participates in a joint venture to operate Martin County Community College. Each of the three participants appoints four members of the thirteen member Board of Trustees of the Community College. The president of the Community College's student government association serves as a non-voting, ex officio member of the Board of Trustees. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,051,454 and \$132,981 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2018. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at Kehukee Park Road, Williamston, NC 27892.

V. JOINTLY GOVERNED ORGANIZATIONS

The County participates in a joint venture with the Town of Williamston to operate the Martin County Regional Water and Sewer Authority (Authority). Each member appoints three board members to the six member board. The County has an ongoing financial responsibility for the joint venture because the Authority's continued existence depends on the participating governments' continued funding. None of the governments has any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$489,156 to the Authority to fund its activities. Complete financials for the Authority may be obtained from the Authority's offices at 305 East Main Street, Williamston, NC 27892.

The County, in conjunction with four other counties and forty municipalities, is a member of the Region Q Council of Government (Mid-East Commission). The participating governments established the Commission to coordinate funding received from various federal and state

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

agencies. Each participating government appoints two members to the Commission's governing board. The County paid membership fees of \$7,903 to the Commission during the fiscal year ended June 30, 2018.

VI. BENEFIT PAYMENTS ISSUED BY THE STATE

	Federal	State
Adoption	\$ 146,831	\$ 35,042
CWS Adoption	-	56,038
State Foster Care	-	20,263
Medical Assistance	30,384,701	16,010,842
SC/SA domiciliary care	-	261,171
Foster care	122,756	31,637
TANF	115,299	-
NC Health Choice	606,834	209
Food Stamps	6,473,146	-
Totals	\$ 37,849,567	\$ 16,415,202

The State, on behalf of the County, paid the above amounts directly to individual recipients from federal and State monies. Martin County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts, which disclose the additional aid to County recipients, do not appear in the financial statements because they are not revenues and expenditures of the County.

VII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

Under the terms of the agreement to lease the hospital, signed October 31, 1998, the County has a potential liability regarding periods prior to the lease agreement with any threatened or pending investigation from any of the Medicare, Medicaid, or third-party payer programs.

VIII. LEASE OF HOSPITAL

On October 31, 1998, the County entered into an agreement with Williamston Hospital Corporation, a wholly-owned subsidiary of Community Health Systems, to lease the assets of the hospital. Under the terms of the agreement, the lessee prepaid rent in the amount of \$17,000,000, which constitutes all of the rent for the entire lease term. The terms of the agreement are for a period of thirty years with an option to extend the lease for an additional term of ten years. In addition, this lease included a provision whereby the lessee is to purchase assets owned or used by the hospital in connection with their operations, other than the leased premises, as specified in the agreement. The purchase price of the assets was adjusted after closing to reflect adjusted working capital and other post-closing issues.

IX. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The County implemented Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period. Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities and business-type activities decreased \$11,615,854.

X. 911 DISCLAIMER

Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view and policies of the North Carolina 911 Board.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of Changes in the Total Other Postemployment Benefits (OPEB) Liability and Related Ratios

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

Schedule of County Contributions (LGERS)

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

Schedule of County Contributions (ROD)

Schedule of Changes in Total Pension Liability (LEOSSA)

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

Martin County, North Carolina
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 June 30, 2018

Total Other Postemployment Benefits (OPEB)

	2018
Beginning pension liability balance	\$ 18,504,552
Service cost	497,888
Interest on the total pension liability	551,475
Changes of benefit terms	-
Differences between expected and actual experience	(45,543)
Changes of assumptions or other inputs	(1,672,862)
Benefit payments	(368,773)
Other changes	-
Ending pension liability balance	\$ 17,466,737
Covered payroll	3,136,146
Total OPEB liability as a percentage of covered payroll	556.95%

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>
2018	3.56%

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Martin County, North Carolina
**SCHEDULE OF THE COUNTY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY (ASSET)**
 Last Five Fiscal Years

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)%	0.960%	0.089%	0.092%	0.920%	0.096%
County's proportionate share of the net pension liability (asset)\$	\$ 1,471,352	\$ 1,896,306	\$ 412,038	\$ (540,618)	\$ 1,152,347
County's covered-payroll	\$ 6,074,494	\$ 5,789,835	\$ 5,476,422	\$ 5,499,478	\$ 5,482,322
County's proportion of the net pension liability (asset)as a percentage of its covered-payroll	24.22%	32.75%	7.52%	9.83%	21.02%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Martin County, North Carolina
SCHEDULE OF COUNTY CONTRIBUTIONS
 Last Five Fiscal Years

Local Governmental Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 502,127	\$ 458,014	\$ 392,341	\$ 387,294	\$ 389,832
Contributions in relation to the contractually required contribution	<u>502,127</u>	<u>458,014</u>	<u>392,341</u>	<u>387,294</u>	<u>389,832</u>
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered-payroll	\$ 6,435,638	\$ 6,074,494	\$ 5,789,835	\$ 5,476,422	\$ 5,499,478
Contribution as a percentage of covered-payroll	7.80%	7.50%	6.78%	7.70%	7.09%

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Martin County, North Carolina
**SCHEDULE OF THE COUNTY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY (ASSET)**
 Last Five Fiscal Years

Register of Deeds' Supplemental Pension Fund

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)%	0.180%	0.190%	0.190%	0.190%	0.170%
County's proportionate share of the net pension liability (asset)\$	\$ (30,128)	\$ (34,619)	\$ (42,772)	\$ (42,555)	\$ (36,192)
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%	190.50%

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

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Martin County, North Carolina
SCHEDULE OF COUNTY CONTRIBUTIONS
 Last Five Fiscal Years

Register of Deeds' Supplemental Pension Fund

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,443	\$ 1,534	\$ 1,513	\$ 1,477	\$ 1,533
Contributions in relation to the contractually required contribution	<u>1,443</u>	<u>1,534</u>	<u>1,513</u>	<u>1,477</u>	<u>1,533</u>
Contribution deficiency (excess)	<u>\$ -</u>				

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Martin County, North Carolina
SCHEDULE OF THE CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

Law Enforcement Officers' Special Separation Allowance

	2018	2017
Beginning pension liability balance	\$ 607,009	\$ 573,305
Service cost	45,597	35,670
Interest on the total pension liability	23,286	20,400
Changes of benefit terms	-	-
Differences between expected and actual experience	17,835	-
Changes of assumptions or other inputs	65,111	(18,615)
Benefit payments	(7,502)	(3,751)
Other changes	-	-
Ending pension liability balance	\$ 751,336	\$ 607,009

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

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Martin County, North Carolina
**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

Law Enforcement Officers' Special Separation Allowance

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 751,336	\$ 607,009
Covered payroll	1,672,357	1,293,818
Total pension liability as a percentage of covered payroll	44.93%	46.92%

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

The above schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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.



Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	-	\$ 14,966,821	-
Prior years	-	496,343	-
Tax penalties and interest	-	144,890	-
Tax commission	-	8,228	-
Total	<u>\$ 15,112,050</u>	<u>15,616,282</u>	<u>\$ 504,232</u>
Local option sales taxes:			
Local option sales tax 1 cent	-	1,490,930	-
Local option sales tax ½ cent	-	1,459,240	-
Local option sales tax - Board of Education - ½ cent	-	1,050,166	-
Local options sales tax ¼ cent	-	521,892	-
Total	<u>4,271,000</u>	<u>4,522,228</u>	<u>251,228</u>
Other taxes and licenses:			
Beer and wine license	-	1,565	-
Room occupancy tax	-	273,449	-
Cable TV franchise	-	35,226	-
Scrap tire disposal tax	-	31,530	-
Gross receipts tax	-	10,789	-
Deeds stamp tax	-	42,030	-
Solid waste disposal tax	-	12,315	-
Total	<u>403,000</u>	<u>406,904</u>	<u>3,904</u>
Unrestricted intergovernmental revenues:			
Beer and wine	-	64,389	-
State reimbursement for DWI	-	1,468	-
Jail fees	-	10,483	-
Total	<u>81,000</u>	<u>76,340</u>	<u>(4,660)</u>
Restricted intergovernmental revenues:			
ABC bottle tax	-	8,084	-
Court facilities fees	-	75,005	-
Automation enhancement	-	9,450	-
OJJ grants	-	114,943	-
Emergency management	-	73,604	-
DSS	-	3,259,583	-
Sheriff:			
SRO Grant	-	245,134	-
Officer fees	-	26,330	-
Contract Deputy fees	-	46,625	-
Misdemeanant Confinement	-	5,278	-
Miscellaneous Grants	-	6,626	-
Soil conservation	-	4,984	-
HCCBG Aging Grant	-	288,507	-
Public School Building Capital Fund	-	289,193	-
EFNEP Grant	-	2,500	-
MC EDC	-	1,062,693	-

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Intergovernmental revenues (continued):			
Stream Clean-up Grant	-	306,845	-
USDA Grant	-	21,420	-
Ag Grants	-	4,750	-
QSCB Interest Reimbursement	-	713,045	-
Electronic Mgmt Fund	-	1,884	-
Scrap Tire Disposal	-	4,292	-
Spay/Neuter Program	-	9,052	-
Veterans Administration Grant	-	2,176	-
Senior Center - Grants	-	9,141	-
Martin County Council on Aging	-	155,959	-
NCDOT Grant	-	286,948	-
Transit Grants	-	125,163	-
Total	<u>8,737,183</u>	<u>7,159,214</u>	<u>(1,577,969)</u>
Licenses and fees:			
Register of Deeds fees	-	72,828	-
Building permits and inspection fees	-	88,021	-
DMV Fees	-	110,151	-
Sheriff's pistol permits	-	4,210	-
Concealed weapon permits	-	14,870	-
Ambulance franchise fees	-	15,200	-
Total	<u>268,600</u>	<u>305,280</u>	<u>36,680</u>
Sales and services:			
Rents and concessions	-	54,143	-
Airport operations	-	116,997	-
Solid waste fees	-	2,169,293	-
TDA Management Fee	-	4,980	-
Senior Center operations	-	53,902	-
Transit operations	-	140,781	-
Sheriff fees and miscellaneous	-	58,819	-
Total	<u>2,782,151</u>	<u>2,598,915</u>	<u>(183,236)</u>
Investment earnings	<u>10,000</u>	<u>85,588</u>	<u>75,588</u>
Miscellaneous:			
ABC Proceeds	-	105,000	-
Other	-	98,120	-
White Oak Paving	-	13,353	-
Insurance proceeds	-	14,926	-
Legal reimbursements	-	5,078	-
Total	<u>205,109</u>	<u>236,477</u>	<u>31,368</u>
Total Revenues	<u>31,870,093</u>	<u>31,007,228</u>	<u>(862,865)</u>

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
<u>General Government:</u>			
Governing Body:			
Salaries and benefits	-	81,323	-
Other operating expenditures	-	108,468	-
Total	240,967	189,791	51,176
County Manager:			
Salaries and benefits	-	222,673	-
Other operating expenditures	-	19,649	-
Capital outlay	-	50,000	-
Total	293,845	292,322	1,523
Elections:			
Salaries and benefits	-	78,121	-
Other operating expenditures	-	44,391	-
Total	172,987	122,512	50,475
Data Processing:			
Professional services	-	157,040	-
Other operating expenditures	-	96,888	-
Capital outlay	-	63,750	-
Total	423,880	317,678	106,202
Finance:			
Salaries and benefits	-	328,900	-
Other operating expenditures	-	79,626	-
Total	427,461	408,526	18,935
Tax Assessor:			
Salaries and benefits	-	203,014	-
Other operating expenditures	-	123,783	-
Capital outlay	-	12,157	-
Total	401,371	338,954	62,417
Tax Collector:			
Salaries and benefits	-	208,878	-
Other operating expenditures	-	86,077	-
Total	351,015	294,955	56,060
Legal:			
Salaries and benefits	-	13,826	-
Total	16,184	13,826	2,358
DMV License Plate Agency:			
Salaries and benefits	-	86,147	-
Other operating expenditures	-	22,392	-
Total	111,130	108,539	2,591

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Register of Deeds:			
Salaries and benefits	-	199,672	-
Other operating expenditures	-	40,408	-
Total	<u>245,690</u>	<u>240,080</u>	<u>5,610</u>
Public buildings:			
Governmental Center:			
Salaries and benefits	-	257,077	-
Other operating expenditures	-	194,865	-
Capital outlay	-	9,500	-
Total	<u>612,459</u>	<u>461,442</u>	<u>151,017</u>
County Office building:			
Utilities	-	10,863	-
Other operating expenditures	-	29,795	-
Total	<u>38,100</u>	<u>40,658</u>	<u>(2,558)</u>
Agricultural building:			
Utilities	-	9,363	-
Other operating expenditures	-	20,544	-
Total	<u>35,860</u>	<u>29,907</u>	<u>5,953</u>
Farmer's Market:			
Utilities	-	5,411	-
Other operating expenditures	-	18,746	-
Total	<u>25,015</u>	<u>24,157</u>	<u>858</u>
Moratoc Park:			
Utilities	-	9,441	-
Other operating expenditures	-	28,812	-
Total	<u>70,650</u>	<u>38,253</u>	<u>32,397</u>
Health Department:			
Utilities	-	24,200	-
Other operating expenditures	-	89,187	-
Capital outlay	-	125,959	-
Total	<u>224,925</u>	<u>239,346</u>	<u>(14,421)</u>
Kehukee Office Building:			
Utilities	-	14,586	-
Other operating expenditures	-	33,626	-
Capital outlay	-	10,996	-
Total	<u>53,110</u>	<u>59,208</u>	<u>(6,098)</u>
Shooting Range Building:			
Other operating expenditures	-	550	-
Total	<u>3,500</u>	<u>550</u>	<u>2,950</u>

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Watts Street Building:			
Other operating expenditures	-	15,199	-
Total	<u>18,465</u>	<u>15,199</u>	<u>3,266</u>
Total public buildings	<u>1,082,084</u>	<u>908,720</u>	<u>173,364</u>
Court facilities:			
Salaries and benefits	-	220	-
Other Operating Expenditures	-	100,419	-
Total	<u>138,652</u>	<u>100,639</u>	<u>38,013</u>
<u>Total General Government</u>	<u>3,905,266</u>	<u>3,336,542</u>	<u>568,724</u>
<u>Public Safety:</u>			
Sheriff:			
Salaries and benefits	-	2,570,223	-
Other operating expenditures	-	416,903	-
Capital outlay	-	214,958	-
Total	<u>3,250,951</u>	<u>3,202,084</u>	<u>48,867</u>
Communications:			
Salaries and benefits	-	572,951	-
Other operating expenditures	-	55,530	-
Total	<u>642,895</u>	<u>628,481</u>	<u>14,414</u>
Emergency Management:			
Salaries and benefits	-	78,237	-
Other operating expenditures	-	31,441	-
Capital outlay	-	72,864	-
Total	<u>199,715</u>	<u>182,542</u>	<u>17,173</u>
Building Inspector:			
Salaries and benefits	-	94,057	-
Other operating expenditures	-	10,115	-
Total	<u>117,953</u>	<u>104,172</u>	<u>13,781</u>
Medical Examiner	<u>50,000</u>	<u>39,550</u>	<u>10,450</u>
Jail:			
Bertie-Martin Regional Jail	-	1,256,398	-
Youth Services – detention subsidy	-	54,900	-
Other operating expenditures	-	9,640	-
Total	<u>1,356,038</u>	<u>1,320,938</u>	<u>35,100</u>
Rescue Squads	<u>406,935</u>	<u>403,704</u>	<u>3,231</u>
<u>Total Public Safety</u>	<u>6,024,487</u>	<u>5,881,471</u>	<u>143,016</u>

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
<u>Environmental Protection:</u>			
Construction and Demolition Facility:			
Salaries and benefits	-	183,364	-
Other operating expenditures	-	1,986,792	-
Capital outlay	-	93,905	-
Total	2,286,021	2,264,061	21,960
Forest Fire Protection	84,576	84,576	-
<u>Total Environmental Protection</u>	2,370,597	2,348,637	21,960
<u>Economic & Physical Development:</u>			
Soil conservation:			
Salaries and benefits	-	113,555	-
Other operating expenditures	-	315,937	-
Total	430,960	429,492	1,468
Cooperative extension:			
Contracted Services	-	146,785	-
Other operating expenditures	-	45,066	-
Total	210,800	191,851	18,949
Water:			
Water Tank Maintenance	-	7,069	-
Other operating Expenditures	-	10,258	-
Total	191,740	17,327	174,413
Martin County Chamber of Commerce	20,900	20,900	-
Economic Development Corporation	582,972	580,366	2,606
Martin County Travel & Tourism Authority	275,000	258,364	16,636
<u>Total Economic & Physical Development</u>	1,712,372	1,498,300	214,072

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Social Services:			
Administration:			
Salaries and benefits	-	3,200,524	-
Other operating expenditures	-	291,309	-
Capital Outlay	-	22,075	-
Total	3,657,340	3,513,908	143,432
Assistance Programs:			
Work First	-	68,956	-
Independent Living	-	1,456	-
Special assistance for adults	-	278,968	-
Low Income Energy Assistance	-	139,564	-
General assistance	-	7,982	-
TANF – Foster Care	-	167,749	-
Day care and other Title XX	-	212,157	-
State Foster Home Fund	-	100,394	-
Adoption assistance	-	67,172	-
Medicaid transportation	-	3,162	-
Aid to blind	-	4,964	-
Crisis intervention	-	119,831	-
Total	3,031,023	1,172,355	1,858,668
Total Social Services	6,688,363	4,686,263	2,002,100
Veterans Service Officer:			
Salaries and benefits	-	53,633	-
Other operating expenditures	-	6,113	-
Total	60,136	59,746	390
Mental Health – Trillium Health Resources	48,462	48,462	-
Martin-Tyrrell-Washington Health Department	380,545	380,545	-
Office of Juvenile Justice:			
Educational Support Services	-	18,509	-
Friends of Families	-	40,354	-
Network Initiative for Families	-	28,200	-
Task Force Certification	-	2,465	-
Smithwick Chapel Summer	-	14,400	-
Riverside Intervention	-	33,506	-
Total	137,439	137,434	5
Martin Community Action	465	460	5

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Vocational Rehabilitation:			
Martin Enterprises	-	36,250	-
Other operating expenses	-	3,476	-
Total	<u>39,730</u>	<u>39,726</u>	<u>4</u>
Department of Aging:			
Administration:			
Salaries and benefits	-	240,285	-
Other operating expenditures	-	91,199	-
Total	<u>350,984</u>	<u>331,484</u>	<u>19,500</u>
Congregate Nutrition:			
Salaries and benefits	-	34,674	-
Other operating expenditures	-	61,509	-
Total	<u>105,759</u>	<u>96,183</u>	<u>9,576</u>
Home Delivered Meals:			
Salaries and benefits	-	34,349	-
Other operating expenditures	-	85,107	-
Total	<u>117,466</u>	<u>119,456</u>	<u>(1,990)</u>
Respite:			
Salaries and benefits	-	12,085	-
Total	<u>12,005</u>	<u>12,085</u>	<u>(80)</u>
Personal Care:			
Salaries and benefits	-	83,703	-
Other operating expenditures	-	1,953	-
Total	<u>139,361</u>	<u>85,656</u>	<u>53,705</u>
Total Department of Aging	<u>725,575</u>	<u>644,864</u>	<u>80,711</u>
Other Human Services:			
Council on Status of Women	-	500	-
Choanoke Area Development	-	25,000	-
County projects	-	31,250	-
Total	<u>56,750</u>	<u>56,750</u>	<u>-</u>
<u>Total Human Services</u>	<u>8,137,465</u>	<u>6,054,250</u>	<u>2,083,215</u>

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
<u>Cultural and Recreational:</u>			
Recreation:			
Williamston	-	9,677	-
Bear Grass	-	4,446	-
Robersonville	-	7,650	-
Oak City	-	3,985	-
Jamesville	-	5,285	-
Hamilton	-	4,127	-
Total	35,170	35,170	-
BHM Regional Library	99,232	99,232	-
Martin County Arts Council	7,125	7,125	-
Martin Community Players	6,000	6,000	-
Roanoke River Project	2,000	2,000	-
<u>Total Cultural and Recreational</u>	149,527	149,527	-
<u>Transportation</u>			
Airport:			
Salaries and benefits	-	1,885	-
Contracted Services	-	87,567	-
Other operating expenditures	-	147,294	-
Total	243,768	236,746	7,022
Martin County Transit:			
Salaries and benefits	-	408,816	-
Other operating expenditures	-	154,930	-
Capital outlay	-	159,247	-
Total	853,216	722,993	130,223
<u>Total Transportation</u>	1,096,984	959,739	137,245
<u>Education:</u>			
Martin Community College:			
Current expenditures	-	1,051,454	-
Capital outlay	-	132,981	-
Total	1,184,435	1,184,435	-
Board of Education:			
Current expenditures	-	5,790,158	-
Capital outlay	-	545,801	-
Total	7,336,030	6,335,959	1,000,071
<u>Total Education</u>	8,520,465	7,520,394	1,000,071

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
<u>Debt Service:</u>			
Interest and fees	-	763,432	-
<u>Total Debt Service</u>	<u>763,432</u>	<u>763,432</u>	<u>-</u>
Total expenditures	<u>32,680,595</u>	<u>28,512,292</u>	<u>4,168,303</u>
Revenues over (under) expenditures	<u>(810,502)</u>	<u>2,494,936</u>	<u>3,305,438</u>
Other financing sources (uses):			
Operating transfers from other funds:			
From Hospital Expendable Trust Fund	-	-	-
Total	<u>1,566,667</u>	<u>-</u>	<u>(1,566,667)</u>
Operating transfers to other funds:			
Debt Service Fund	-	(937,301)	-
911 Fund	-	(4,527)	-
Revaluation Fund	-	(35,000)	-
Airport Fund	-	(4,419)	-
Business Park Fund	-	(542,248)	-
Hospital Fund	-	(1,062,693)	-
Total	<u>(2,620,582)</u>	<u>(2,586,188)</u>	<u>34,394</u>
Sale of fixed assets	<u>20,000</u>	<u>112,633</u>	<u>92,633</u>
Total other financing sources (uses)	<u>(1,033,915)</u>	<u>(2,473,555)</u>	<u>(1,439,640)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,844,417)</u>	<u>21,381</u>	<u>1,865,798</u>
Fund balance appropriation	<u>1,844,417</u>	<u>-</u>	<u>(1,844,417)</u>
Revenues, other financing sources over (under) expenditures and other financing uses and appropriated fund balance	<u>\$ -</u>	<u>21,381</u>	<u>\$ 21,381</u>
Fund balances:			
Beginning of year, July 1		<u>11,972,890</u>	
End of year, June 30		<u>\$ 11,994,271</u>	

Martin County, North Carolina
4-H FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Sales and Service:			
Agricultural Services	\$ -	\$ 3,300	\$ -
4-H Camp	-	4,703	-
Home Economics Program	-	3,660	-
Farm Heritage Day	-	1,185	-
Farmers Market Association	-	4,122	-
Total	<u>26,173</u>	<u>16,970</u>	<u>(9,203)</u>
Miscellaneous:			
Lamb and swine show	-	47,884	-
Miscellaneous	-	5,284	-
Total	<u>51,000</u>	<u>53,168</u>	<u>2,168</u>
Total revenues	<u>77,173</u>	<u>70,138</u>	<u>(7,035)</u>
Expenditures:			
Current:			
Economic and physical development:			
Agricultural Program	-	2,161	-
Home Economics Program	-	3,663	-
4-H Program	-	13,139	-
Farm Heritage Day	-	2,754	-
Lamb and swine show	-	43,869	-
Farmers Market	-	2,656	-
Total Expenditures	<u>77,173</u>	<u>68,242</u>	<u>8,931</u>
Revenues over (under) expenditures	<u>\$ -</u>	1,896	<u>\$ 1,896</u>
Fund Balance at beginning of year		<u>27,654</u>	
Fund balance at end of year		<u>\$ 29,550</u>	

Martin County, North Carolina
TAX REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
Current:			
General government:			
Contracted services	\$ 35,000	\$ -	\$ 35,000
Total expenditures	35,000	-	35,000
Revenues over (under) expenditures			
Other financing sources (uses):			
Operating transfer in:			
From general fund	35,000	35,000	-
Revenues and other financing sources over (under) expenditures	\$ -	35,000	\$ 35,000
Fund balance at beginning of year		15,428	
Fund balance at end of year		\$ 50,428	

Combining Statements for Nonmajor Governmental Funds Martin County

Special Revenue Funds

- **Fire District Fund** - accounts for the revenues of the seven fire districts in Martin County.
- **Emergency Telephone System Fund** - this fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.
- **Controlled Substance Tax Distribution Fund** - accounts for funds received from the NC Department of Revenue to support law enforcement.
- **Program Grant Fund** – accounts for economic development grants through the Rural Center and CDBG.
- **Scattered Sites CDBG** – accounts for the community development block grant used for housing repairs throughout the County.

Capital Projects Funds

- **Business Park Fund** - accounts for funding used for the construction of a water main, sewer main, rail spur track, and railroad expansion to serve the Martin County Regional Business Park in Everetts.
- **Airport Expansion Project Fund** - accounts for funds to be used in expanding the Martin County Airport.
- **Building Construction Fund** – accounts for funds used to build a new 911 Communications Center.

Martin County, North Carolina
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 448,918	\$ -	\$ 448,918
Taxes receivable(net)	74,364	-	74,364
Accounts receivable(net)	78,736	1,013,161	1,091,897
Total assets	<u>\$ 602,018</u>	<u>\$ 1,013,161</u>	<u>\$ 1,615,179</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 119,975	\$ 309,042	\$ 429,017
Advance from general fund	-	503,056	503,056
Total liabilities	<u>119,975</u>	<u>812,098</u>	<u>932,073</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Receivable	76,439	-	76,439
Total deferred inflows of resources	<u>76,439</u>	<u>-</u>	<u>76,439</u>
Fund Balances:			
Restricted:			
Stabilization by State Statute	78,736	1,013,161	1,091,897
Public Safety Programs	359,875	-	359,875
Economic Development	17,759	-	17,759
Unassigned	(50,766)	(812,098)	(862,864)
Total fund balances	<u>405,604</u>	<u>201,063</u>	<u>606,667</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 602,018</u>	<u>\$ 1,013,161</u>	<u>\$ 1,615,179</u>

Martin County, North Carolina
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Ad valorem taxes	\$ 699,576	\$ -	\$ 699,576
Local option sales tax	170,737	-	170,737
Intergovernmental revenues	677,892	1,525,804	2,203,696
Total revenues	<u>1,548,205</u>	<u>1,525,804</u>	<u>3,074,009</u>
Expenditures			
Current:			
Public safety	993,084	339,121	1,332,205
Economic and physical development	397,605	1,508,760	1,906,365
Transportation	-	61,285	61,285
Total expenditures	<u>1,390,689</u>	<u>1,909,166</u>	<u>3,299,855</u>
Excess (deficiency) of revenues over expenditures	<u>157,516</u>	<u>(383,362)</u>	<u>(225,846)</u>
Other financing sources (uses)			
Operating transfer in (out):			
Transfers from other funds	4,527	546,667	551,194
Total other financing sources(uses)	<u>4,527</u>	<u>546,667</u>	<u>551,194</u>
Net change in fund balances	162,043	163,305	325,348
Fund balances – beginning	243,561	37,758	281,319
Fund balances – ending	<u>\$ 405,604</u>	<u>\$ 201,063</u>	<u>\$ 606,667</u>



View from Moratoc Park overlooking the Roanoke River

Martin County, North Carolina
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUND
June 30, 2018

	Fire District Fund	Emergency Telephone System Fund	Controlled Substance Tax Fund	Program Grant Fund	Total
ASSETS					
Cash and cash equivalents	\$ 65,685	\$ 338,389	\$ 23,479	\$ 21,365	\$ 448,918
Taxes receivable (net)	74,364	-	-	-	74,364
Accounts receivable (net)	52,189	26,407	140	-	78,736
TOTAL ASSETS	\$ 192,238	\$ 364,796	\$ 23,619	\$ 21,365	\$ 602,018
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 114,376	\$ 1,343	\$ 650	\$ 3,606	\$ 119,975
Total liabilities	114,376	1,343	650	3,606	119,975
Deferred inflows of resources:					
Taxes Receivable	76,439	-	-	-	76,439
Total deferred inflows of resources	76,439	-	-	-	76,439
Fund balances:					
Restricted:					
Stabilization by State Statute	52,189	26,407	140	-	78,736
Public Safety	-	337,046	22,829	-	359,875
Economic Development	-	-	-	17,759	17,759
Unassigned	(50,766)	-	-	-	(50,766)
Total fund balances	1,423	363,453	22,969	17,759	405,604
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 192,238	\$ 364,796	\$ 23,619	\$ 21,365	\$ 602,018

Martin County, North Carolina
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
June 30, 2018

	<u>Building Const. Fund</u>	<u>Business Park Fund</u>	<u>Airport Expansion Project Fund</u>	<u>Total</u>
ASSETS				
Accounts receivable (net)	\$ 137,956	\$ 865,627	\$ 9,578	\$ 1,013,161
TOTAL ASSETS	<u>\$ 137,956</u>	<u>\$ 865,627</u>	<u>\$ 9,578</u>	<u>\$ 1,013,161</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 130,396	\$ 175,547	\$ 3,099	\$ 309,042
Advance from general fund	<u>7,560</u>	<u>493,178</u>	<u>2,318</u>	<u>503,056</u>
Total liabilities	<u>137,956</u>	<u>668,725</u>	<u>5,417</u>	<u>812,098</u>
Fund balances:				
Restricted:				
Stabilization by State Statue	137,956	865,627	9,578	1,013,161
Unassigned	<u>(137,956)</u>	<u>(668,725)</u>	<u>(5,417)</u>	<u>(812,098)</u>
Total fund balances	<u>-</u>	<u>196,902</u>	<u>4,161</u>	<u>201,063</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 137,956</u>	<u>\$ 865,627</u>	<u>\$ 9,578</u>	<u>\$ 1,013,161</u>

Martin County, North Carolina
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	Fire District Fund	Emergency Telephone System Fund	Controlled Substance Tax Fund	Program Grant Fund	Scattered Site CDBG Fund	Total
REVENUES						
Ad valorem taxes	\$ 699,576	\$ -	\$ -	\$ -	\$ -	\$ 699,576
Local option sales tax	170,737	-	-	-	-	170,737
Intergovernmental revenue	-	271,282	17,809	-	388,801	677,892
Total Revenues	<u>870,313</u>	<u>271,282</u>	<u>17,809</u>	<u>-</u>	<u>388,801</u>	<u>1,548,205</u>
EXPENDITURES						
Current:						
Public Safety	869,733	118,327	5,024	-	-	993,084
Economic and physical development	-	-	-	8,804	388,801	397,605
Total expenditures	<u>869,733</u>	<u>118,327</u>	<u>5,024</u>	<u>8,804</u>	<u>388,801</u>	<u>1,390,689</u>
Excess (deficiency) of revenues over expenditures	<u>580</u>	<u>152,955</u>	<u>12,785</u>	<u>(8,804)</u>	<u>-</u>	<u>157,516</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	4,527	-	-	-	4,527
Total other financing sources and uses	<u>-</u>	<u>4,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,527</u>
Net change in fund balances	<u>580</u>	<u>157,482</u>	<u>12,785</u>	<u>(8,804)</u>	<u>-</u>	<u>162,043</u>
Fund balances, beginning	843	205,971	10,184	26,563	-	243,561
Fund balances, ending	<u>\$ 1,423</u>	<u>\$ 363,453</u>	<u>\$ 22,969</u>	<u>\$ 17,759</u>	<u>\$ -</u>	<u>\$ 405,604</u>

Martin County, North Carolina
FIRE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Current year	\$ 700,500	\$ 666,828	\$ (33,672)
Prior year	33,300	25,390	(7,910)
Interest	6,900	7,358	458
Total ad valorem taxes	<u>740,700</u>	<u>699,576</u>	<u>(41,124)</u>
Other taxes:			
Local option sales taxes	170,000	170,737	737
Total revenues	<u>910,700</u>	<u>870,313</u>	<u>(40,387)</u>
Expenditures:			
Current:			
Public safety:			
Jamesville Fire District	178,600	178,600	-
Roanoke Fire District	89,700	89,700	-
Williamston Fire District	292,350	257,467	34,883
Goose Nest Fire District	72,550	71,702	848
Griffins Fire District	67,600	67,338	262
Bear Grass Fire District	97,300	93,484	3,816
Hamilton Fire District	112,600	111,442	1,158
Total expenditures	<u>910,700</u>	<u>869,733</u>	<u>40,967</u>
Revenues over (under) expenditures	\$ <u>-</u>	580	\$ <u>580</u>
Fund balance at beginning of year		<u>843</u>	
Fund balance at end of year		\$ <u>1,423</u>	

Martin County, North Carolina
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental revenue:			
911 access charges	\$ -	\$ 271,282	\$ -
Total revenues	<u>271,282</u>	<u>271,282</u>	<u>-</u>
Expenditures:			
Current:			
Public Safety:			
Training	-	4,585	-
Maintenance	-	52,744	-
Telephone	-	53,556	-
Office supplies	-	7,442	-
Total expenditures	<u>275,809</u>	<u>118,327</u>	<u>157,482</u>
Revenues over (under) expenditures	(4,527)	152,955	(157,482)
Other financing sources (uses):			
Transfer from General Fund	<u>4,527</u>	<u>4,527</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	157,482	<u>\$ (157,482)</u>
Fund balance at beginning of year		<u>205,971</u>	
Fund balance at end of year		<u>\$ 363,453</u>	

*Matches 911 report

Martin County, North Carolina
PROGRAM GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2018

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental revenue:					
Dept of Commerce – Penco	\$ 220,000	\$ 30,570	\$ -	\$ 30,570	\$ (189,430)
CDBG – Weitron	620,000	-	-	-	(620,000)
Total revenues	<u>840,000</u>	<u>30,570</u>	<u>-</u>	<u>30,570</u>	<u>(809,430)</u>
Expenditures:					
Economic and physical development:					
Administration	44,750	17,719	8,804	26,523	18,227
Construction	851,000	41,570	-	41,570	809,430
Total expenditures	<u>895,750</u>	<u>59,289</u>	<u>8,804</u>	<u>68,093</u>	<u>827,657</u>
Revenues over (under) expenditures	<u>(55,750)</u>	<u>(28,719)</u>	<u>(8,804)</u>	<u>(37,523)</u>	<u>(18,227)</u>
Other financing sources (uses):					
Transfer from General Fund	55,750	55,282	-	55,282	468
Total other funding sources	<u>55,750</u>	<u>55,282</u>	<u>-</u>	<u>55,282</u>	<u>468</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>26,563</u>	(8,804)	\$ <u>17,759</u>	\$ <u>17,759</u>
Fund balance at beginning of year			<u>26,563</u>		
Fund balance at end of year			<u>\$ 17,759</u>		

Martin County, North Carolina
CONTROLLED SUBSTANCE TAX DISTRIBUTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental revenue:			
Controlled substance tax distribution	\$ -	\$ 17,809	\$ 17,809
Total Revenues	<u>-</u>	<u>17,809</u>	<u>17,809</u>
Expenditures:			
Public Safety:			
Supplies and materials	7,250	5,024	2,226
Total Expenditures	<u>7,250</u>	<u>5,024</u>	<u>2,226</u>
Revenues over (under) expenditures	(7,250)	12,785	20,035
Appropriated fund balance	<u>7,250</u>	<u>-</u>	<u>(7,250)</u>
Revenues and fund balance appropriations over (under) expenditures	<u>\$ -</u>	12,785	<u>\$ 12,785</u>
Fund balance at beginning of year		10,184	
Fund balance at end of year		<u>\$ 22,969</u>	

Martin County, North Carolina
SCATTERED SITE CDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2018

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental revenue:					
NCHFA-SFR #SFRLP1515	\$ 504,903	\$ 1,020	\$ 379,721	\$ 380,741	\$ (124,162)
NCHFA-SFR #SFRLPDR1718	150,000	-	9,080	9,080	(140,920)
Total revenues	<u>654,903</u>	<u>1,020</u>	<u>388,801</u>	<u>389,821</u>	<u>(265,082)</u>
Expenditures:					
Economic and physical development:					
SFR – Administration	135,903	-	90,332	90,332	45,571
SFR – Rehabilitation	519,000	1,020	298,469	299,489	219,511
Total expenditures	<u>654,903</u>	<u>1,020</u>	<u>388,801</u>	<u>389,821</u>	<u>265,082</u>
Revenues over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ -</u>		

Martin County, North Carolina
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2018

	Building Construction Fund	Business Park Fund	Airport Expansion Project Fund	Total
REVENUES				
Intergovernmental revenues	\$ 339,121	\$ 1,126,907	\$ 59,776	\$ 1,525,804
Total revenues	<u>339,121</u>	<u>1,126,907</u>	<u>59,776</u>	<u>1,525,804</u>
EXPENDITURES				
Current:				
Economic & Physical development	-	1,508,760	-	1,508,760
Transportation	-	-	61,285	61,285
Public Safety	339,121	-	-	339,121
Total expenditures	<u>339,121</u>	<u>1,508,760</u>	<u>61,285</u>	<u>1,909,166</u>
Revenues over(under) expenditures	<u>-</u>	<u>(381,853)</u>	<u>(1,509)</u>	<u>(383,362)</u>
OTHER FINANCING SOURCES(USES)				
Operating transfers in(out):				
From general fund	-	542,248	4,419	546,667
Total other financing sources(uses)	<u>-</u>	<u>542,248</u>	<u>4,419</u>	<u>546,667</u>
NET CHANGE	-	160,395	2,910	163,305
Fund balance at beginning of year	-	36,507	1,251	37,758
Fund balance at end of year	<u>\$ -</u>	<u>\$ 196,902</u>	<u>\$ 4,161</u>	<u>\$ 201,063</u>

Martin County, North Carolina
BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental revenue:					
Martin Co. PSAP & Regional Back-up Facility	\$ 5,196,315	\$ 67,051	\$ 339,121	\$ 406,172	\$ (4,790,143)
Pasquotank Co. Contribution	157,500	-	-	-	(157,500)
Total revenues	<u>5,353,815</u>	<u>67,051</u>	<u>339,121</u>	<u>406,172</u>	<u>(4,947,643)</u>
Expenditures:					
Public Safety:					
Capital Outlay:					
Consultative services	370,000	34,020	64,260	98,280	271,720
Construction	3,272,365	33,031	273,991	307,022	2,965,343
Furniture & fixtures	158,741	-	870	870	157,871
Technology	1,257,799	-	-	-	1,257,799
Security	118,237	-	-	-	118,237
Contingency	176,673	-	-	-	176,673
Total expenditures	<u>5,353,815</u>	<u>67,051</u>	<u>339,121</u>	<u>406,172</u>	<u>4,947,643</u>
Revenues over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ -</u>		

**Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view and policies of the 911 Board.*

Martin County, North Carolina
BUSINESS PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
Department of Commerce	\$ 387,500	\$ -	\$ 211,280	\$ 211,280	\$ (176,220)
DOT Grant	200,000	-	-	-	(200,000)
Golden Leaf	200,000	-	200,000	200,000	-
MCEDC	13,925	-	-	-	(13,925)
STX Settlement	3,838	-	50,000	50,000	46,162
NCCR	467,000	-	444,457	444,457	(22,543)
Weitron contribution	300,000	-	221,170	221,170	(78,830)
Total revenues	<u>1,572,263</u>	<u>-</u>	<u>1,126,907</u>	<u>1,126,907</u>	<u>(445,356)</u>
Expenditures:					
Economic and physical development:					
Admin/Engineering	243,488	45,643	169,372	215,015	28,473
Sewer	31,200	-	31,200	31,200	-
Water improvements	-	-	-	-	-
Miscellaneous	96,400	-	24,812	24,812	71,588
Rail improvements	3,844	-	3,844	3,844	-
Construction	1,821,729	-	1,279,532	1,279,532	542,197
Total expenditures	<u>2,196,661</u>	<u>45,643</u>	<u>1,508,760</u>	<u>1,554,403</u>	<u>642,258</u>
Revenues over (under) expenditures	(624,398)	(45,643)	(381,853)	(427,496)	196,902
Other financing sources (uses):					
Operating transfer in (out):					
From general fund	<u>624,398</u>	<u>82,150</u>	<u>542,248</u>	<u>624,398</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 36,507</u>	160,395	<u>\$ 196,902</u>	<u>\$ 196,902</u>
Fund balance at beginning of year			<u>36,507</u>		
Fund balance at end of year			<u>\$ 196,902</u>		

Martin County, North Carolina
AIRPORT EXPANSION PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2018

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental revenue:					
Vision 100 - #33.14.1	\$ 313,937	\$ 250,579	\$ 18,560	\$ 269,139	\$ (44,798)
Vision 100 - #33.16.1	42,804	-	36,710	36,710	(6,094)
Vision 100 - #33.16.2	96,000	-	4,506	4,506	(91,494)
Total Revenues	<u>452,741</u>	<u>250,579</u>	<u>59,776</u>	<u>310,355</u>	<u>(142,386)</u>
Expenditures:					
Transportation:					
Capital Outlay:					
Land	171,950	163,019	5,356	168,375	3,575
Engineering	167,850	28,458	55,929	84,387	83,463
Construction	152,580	86,944	-	86,944	65,636
Total expenditures	<u>492,380</u>	<u>278,421</u>	<u>61,285</u>	<u>339,706</u>	<u>152,674</u>
Revenues over (under) expenditures	(39,639)	(27,842)	(1,509)	(29,351)	10,288
Other financing sources (uses):					
Operating transfer in (out):					
From general fund	39,639	22,972	4,419	27,391	(12,248)
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>(4,870)</u>	2,910	\$ <u>(1,960)</u>	\$ <u>(1,960)</u>
Fund balance at beginning of year			1,251		
Fund balance at end of year			<u>\$ 4,161</u>		

Combining Statements for Nonmajor Enterprise Funds Martin County

Enterprise Funds

- **Martin County Water and Sewer District No. 1 Fund** - This fund is used to account for the operations of the water and sewer district within the County.
- **Martin County Water and Sewer District No. 2 Fund** - This fund is used to account for the operations of the water and sewer district within the County.



Dedication of Martin County Water and Sewer District No. 1

Martin County, North Carolina
STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2018

	Water and Sewer District No. 4
ASSETS	
Capital assets:	
Land and construction in progress	\$ <u>41,527</u>
Total capital assets	<u>41,527</u>
Total assets	<u><u>41,527</u></u>
LIABILITIES	
Current liabilities:	
Due to other funds	<u>10,421</u>
Total liabilities	<u>10,421</u>
NET POSITION	
Net investment in capital assets	41,527
Unrestricted	<u>(10,421)</u>
Total net position	\$ <u><u>31,106</u></u>

Martin County, North Carolina
WATER AND SEWER DISTRICT NO. 1 FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Charges for services:			
Water sales	\$ -	\$ 662,882	\$ -
Total charges for services	<u>681,994</u>	<u>662,882</u>	<u>(19,112)</u>
Non-operating revenues:			
Insurance proceeds	-	23,565	-
NCDOT	-	19,450	-
Management agreement	-	43,411	-
Total nonoperating revenue	<u>86,425</u>	<u>86,426</u>	<u>1</u>
Total revenues	<u>768,419</u>	<u>749,308</u>	<u>(19,111)</u>
Expenditures:			
Administration			
Salaries and benefits	-	127,784	-
Uniforms	-	1,337	-
Office supplies	-	1,738	-
Telephone	-	3,379	-
Postage	-	3,494	-
Travel	-	5,447	-
Contract service	-	1,206	-
Insurance	-	4,929	-
Maintenance	-	1,361	-
Total	<u>180,484</u>	<u>150,675</u>	<u>29,809</u>
Water operations			
Water purchased	-	238,983	-
Testing	-	3,147	-
Utilities	-	9,213	-
Maintenance	-	44,297	-
Permits and fees	-	1,100	-
Contracted services	-	21,667	-
Total	<u>333,963</u>	<u>318,407</u>	<u>15,556</u>
Debt service			
Principal	-	100,000	-
Interest	-	127,282	-
Total	<u>227,282</u>	<u>227,282</u>	<u>-</u>
Capital outlay	<u>26,690</u>	<u>25,432</u>	<u>1,258</u>
Total expenditures	<u>768,419</u>	<u>721,796</u>	<u>46,623</u>
Revenues over (under) expenditures	\$ -	\$ 27,512	\$ (27,512)

Continued

Martin County, North Carolina
WATER AND SEWER DISTRICT NO. 1 FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

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

Revenues over (under) expenditures	\$	27,512
Reconciling items:		
Capital outlay		25,432
Decrease in deferred outflows of resources – pensions		(7,051)
Decrease in net pension liability		6,374
Decrease in deferred inflows of resources – pensions		431
Depreciation		(131,285)
Increase in accrued vacation pay		(483)
Increase in deferred inflows of resources – OPEB		(19,400)
Capital contributions		49,270
Principal debt payment		100,000
Decrease in OPEB liability		9,634
Total reconciling items		<u>32,922</u>
Change in net position	\$	<u>60,434</u>

Martin County, North Carolina
WATER AND SEWER DISTRICT NO. 2 FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Charges for services:			
Water sales	\$ -	\$ 822,834	\$ -
Total charges for services	<u>973,213</u>	<u>822,834</u>	<u>(150,379)</u>
Non-operating revenues:			
Management agreement	-	123,696	-
Investment earnings	-	12	-
Total nonoperating revenue	<u>123,696</u>	<u>123,708</u>	<u>12</u>
Total revenues	<u>1,096,909</u>	<u>946,542</u>	<u>(150,367)</u>
Expenditures:			
Administration			
Salaries and benefits	-	127,792	-
Uniforms	-	1,337	-
Office supplies	-	1,738	-
Telephone	-	3,506	-
Postage	-	3,606	-
Travel	-	5,447	-
Contract services	-	1,206	-
Insurance	-	5,864	-
Maintenance	-	1,361	-
Total	<u>156,635</u>	<u>151,857</u>	<u>4,778</u>
Water operations			
Water purchased	-	250,174	-
Testing	-	5,134	-
Utilities	-	7,839	-
Maintenance	-	14,145	-
Permits and fees	-	1,100	-
Contracted Services	-	8,115	-
Total	<u>306,574</u>	<u>286,507</u>	<u>20,067</u>
Debt service			
Principal	-	219,950	-
Interest	-	398,587	-
Total	<u>618,700</u>	<u>618,537</u>	<u>163</u>
Capital outlay	<u>15,000</u>	<u>13,747</u>	<u>1,253</u>
Total expenditures	<u>1,096,909</u>	<u>1,070,648</u>	<u>26,261</u>
Revenues over (under) expenditures	\$ -	\$ (124,106)	\$ (124,106)

Continued

Martin County, North Carolina
WATER AND SEWER DISTRICT NO. 2 FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

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

Revenues over (under) expenditures	\$	(124,106)
Reconciling items:		
Capital outlay		13,747
Decrease in deferred outflows on resources – pension		(7,051)
Decrease in net pension liability		6,374
Decrease in deferred inflows of resources – pension		431
Depreciation		(285,140)
Decrease in OPEB liability		9,634
Increase in accrued vacation pay		(483)
Increase in deferred inflows of resources – OPEB		(19,400)
Principal debt payment		219,950
Total reconciling items		<u>(61,938)</u>
Change in net position	\$	<u><u>(186,044)</u></u>

Martin County, North Carolina
COUNTY WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2018

	2018		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Non-operating revenues:			
District 1 Contribution	\$ -	\$ 100,000	\$ -
District 2 Contribution	-	219,950	-
Interest Revenue	-	525,869	-
Total revenues	<u>845,982</u>	<u>845,819</u>	<u>163</u>
Expenditures:			
Debt service			
Principal	-	319,950	-
Interest	-	525,869	-
Total expenditures	<u>845,982</u>	<u>845,819</u>	<u>163</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Martin County, North Carolina
WATER AND SEWER CAPITAL PROJECTS FUND NO. 1
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Intergovernmental revenue:					
NC Water Infrastructure Grant	\$ 1,476,275	\$ 58,485	\$ 49,270	\$ 107,755	\$ (1,368,520)
Total	<u>1,476,275</u>	<u>58,485</u>	<u>49,270</u>	<u>107,755</u>	<u>(1,368,520)</u>
Expenditures:					
Capital outlay:					
Engineering	263,000	58,485	49,270	107,755	155,245
Construction	1,213,275	-	-	-	1,213,275
Administration	22,145	-	-	-	22,145
Total expenditures – capital outlay	<u>1,498,420</u>	<u>58,485</u>	<u>49,270</u>	<u>107,755</u>	<u>1,390,665</u>
Revenues over (under) expenditures	(22,145)	-	-	-	22,145
Other financing sources:					
Transfer from general fund	<u>22,145</u>	<u>22,145</u>	<u>-</u>	<u>22,145</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>22,145</u>	\$ <u>-</u>	\$ <u>22,145</u>	\$ <u>22,145</u>

Martin County, North Carolina
WATER AND SEWER CAPITAL PROJECTS FUND NO. 4
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Intergovernmental revenue:					
Rural Economic Development Center	\$ 40,000	\$ 26,606	\$ -	\$ 26,606	\$ (13,394)
Total	<u>40,000</u>	<u>26,606</u>	<u>-</u>	<u>26,606</u>	<u>(13,394)</u>
Expenditures:					
Capital outlay:					
Planning	44,500	41,527	-	41,527	2,973
Total expenditures – capital outlay	<u>44,500</u>	<u>41,527</u>	<u>-</u>	<u>41,527</u>	<u>2,973</u>
Revenues over (under) expenditures	(4,500)	(14,921)	-	(14,921)	(10,421)
Other financing sources:					
Transfer from general fund	4,500	4,500	-	4,500	-
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (10,421)</u>	<u>\$ -</u>	<u>\$ (10,421)</u>	<u>\$ (10,421)</u>

Combining Statements for Trust and Agency Funds Martin County

Private-purpose Trust Funds

- **Mary W. Taylor Fund for the Hearing Impaired** – accounts for the principal and related interest of the Mary W. Taylor Expendable Trust pursuant to a bequest that restricts the use of such funds.
- **Carrie Biggs Morrison Trust** – accounts for the principal and related interest of the Carrie Biggs Morrison Expendable Trust Fund pursuant to a trust agreement that restricts the use of such funds.

Agency Funds

- **Tax Agency** – accounts for the proceeds of taxes that are collected by the County on behalf of the municipalities within the County.
- **Social Services** – accounts for moneys held by the Social Services Department for the benefit of certain individuals in the County.
- **Fines and Forfeitures** – accounts for money received from fines and forfeitures that are required to be remitted to the Martin County Board of Education.
- **Motor Vehicle Tax Interest** – accounts for funds collected through motor vehicle tax interest on behalf of the State of NC.
- **Deed of Trust Fee** – accounts for money collected through the Register of Deeds on behalf of the State of NC.
- **Albemarle-Tideland Retirees** – accounts for money held for the benefit of health insurance retirement benefits for retirees of dissolved entities Albemarle and Tideland Mental Health.

Martin County, North Carolina
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2018

	Mary W. Taylor Fund for the Hearing Impaired	Carrie Biggs Morrison Trust	Total 2018
ASSETS			
Cash and cash equivalents	\$ 375	\$ 125,261	\$ 125,636
TOTAL ASSETS	375	125,261	125,636
NET POSITION			
Assets held in trust	\$ 375	\$ 125,261	\$ 125,636

Martin County, North Carolina
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FUDUCIARY NET POSITION
For the Year Ended June 30, 2018

	Mary W. Taylor Fund for the Hearing Impaired	Carrie Biggs Morrison Trust	Total 2018
Additions:			
Investment earnings	\$ -	\$ 321	\$ 321
Miscellaneous:			
Norfolk Foundation contribution	-	17,713	17,713
Donations	-	1,957	1,957
Total additions	<u>-</u>	<u>19,991</u>	<u>19,991</u>
Deductions:			
Benefits	-	10,327	10,357
Total deductions	<u>-</u>	<u>10,357</u>	<u>10,357</u>
Change in net position	-	9,634	9,634
Net position - Beginning of year	375	115,627	116,002
Net position - End of year	<u>\$ 375</u>	<u>\$ 125,261</u>	<u>\$ 125,636</u>

Martin County, North Carolina
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2018

	Balance 06/30/17	Additions	Deductions	Balance 06/30/18
<u>Tax Agency Fund</u>				
Assets:				
Cash and cash equivalents	\$ 63,309	\$ 568,142	\$ 611,468	\$ 19,983
Liabilities:				
Intergovernmental payable	63,309	568,142	611,468	19,983
<u>Social Services</u>				
Assets:				
Cash and cash equivalents	15,102	82,818	82,009	15,911
Liabilities:				
Miscellaneous liabilities	15,102	82,818	82,009	15,911
<u>Fines and Forfeitures</u>				
Assets:				
Accounts receivable (net)	949	217,704	218,653	-
Liabilities:				
Intergovernmental payable	949	217,704	218,653	-
<u>Deed of Trust Fee</u>				
Assets:				
Cash and cash equivalents	817	8,035	8,161	691
Liabilities:				
Miscellaneous liabilities	817	8,035	8,161	691
<u>Albemarle-Tideland Retirees</u>				
Assets:				
Cash and cash equivalents	560,231	523	79,968	480,786
Liabilities:				
Miscellaneous liabilities	560,231	523	79,968	480,786
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and cash equivalents	639,459	659,518	781,606	517,371
Accounts receivable (net)	949	217,704	218,653	-
Total assets	640,408	877,222	1,000,259	517,371
Liabilities:				
Miscellaneous liabilities	576,150	91,376	170,138	497,388
Intergovernmental payable	64,258	785,846	830,121	19,983
Total liabilities	\$ 640,408	\$ 877,222	\$ 1,000,259	\$ 517,371

ADDITIONAL FINANCIAL DATA

- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Ten Largest Taxpayers**

Martin County, North Carolina
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018		\$ 15,731,751	\$ 15,034,661	\$ 697,090
2016-2017	\$ 639,555		256,496	383,059
2015-2016	345,803		93,588	252,215
2014-2015	223,678		55,648	168,030
2013-2014	165,771		38,035	127,736
2012-2013	109,428		18,057	91,371
2011-2012	72,341		11,483	60,858
2010-2011	56,108		8,557	47,551
2009-2010	42,507		2,539	39,968
2008-2009	37,433		2,906	34,527
Total	<u>\$ 1,692,624</u>	<u>\$ 15,731,751</u>	<u>\$ 15,521,970</u>	<u>\$ 1,902,405</u>

Plus: uncollected 2017-2018 ad valorem taxes receivable	7,195
Less: allowance for uncollectible ad valorem taxes receivable	<u>(350,161)</u>
Ad valorem taxes receivable – net	<u>\$ 1,559,439</u>

Reconciliation with revenues:	
Taxes – ad valorem - general fund	\$ 15,616,282
Reconciling items:	
Interest collected	(144,890)
Amounts written off for tax year 2008-2009 per statute of limitations	32,060
Collections written off in previous years	-
Refunds and other adjustments	39,328
Releases – prior years	6,034
Garnishment fees and commissions	<u>(26,744)</u>
Total reconciling items	<u>(94,312)</u>
Total collections and credits	<u>\$ 15,521,970</u>

* Beginning uncollected balances have been restated on this schedule due to fire district taxes reverting to the County after three years.

Martin County, North Carolina
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
For the Year Ended June 30, 2018

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 1,987,633,165	\$ 0.790	\$ 15,702,302	\$ 14,177,590	\$ 1,524,712
Penalties	9,740,127		76,947	76,947	
Total	<u>1,997,373,291</u>		<u>15,779,249</u>	<u>14,254,537</u>	<u>1,524,712</u>
Abatements:	<u>(6,462,313)</u>		<u>(47,498)</u>	<u>(40,691)</u>	<u>(6,807)</u>
Total property valuation	<u>\$ 1,990,910,978</u>		15,731,751	14,213,846	1,517,905
Uncollected taxes at June 30, 2018			<u>697,090</u>	<u>697,090</u>	<u>-</u>
Current year's taxes collected			<u>\$ 15,034,661</u>	<u>\$ 13,516,756</u>	<u>\$ 1,517,905</u>
Current levy collection percentage			<u>95.57%</u>	<u>95.10%</u>	<u>100.00%</u>

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	109.83%
Real Property	\$ 1,091,230,757
Personal Property	826,573,737
Public Service Companies ²	<u>73,106,484</u>
Total Assessed Valuation	<u>\$ 1,990,910,978</u>
Tax Rate per \$100	0.7900
Levy (includes discoveries, releases and abatements) ³	<u>\$ 15,731,751</u>

¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³ The levy includes interest and penalties.

Martin County, North Carolina
TEN LARGEST TAXPAYERS
 June 30, 2018

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Domtar Paper Co	Wood pulp manufacturer	\$ 308,775,527	15.51%
Dominion NC Power	Utility	79,960,005	4.02%
Weyerhaeuser Wood Products Co	Wood products manufacturer	34,320,696	1.72%
Weyerhaeuser Co	Timberland	28,662,810	1.44%
Ann's House of Nuts	Food processing	26,745,629	1.34%
Penco Products, Inc.	Manufacturing	14,076,826	0.71%
AR Textiles Ltd	Textiles	14,182,021	0.71%
Community Health Systems	Manufacturing	13,587,046	0.68%
Syfan	Manufacturing	12,594,243	0.63%
Walmart	Retail	13,083,760	0.66%
Totals		<u>\$ 545,988,563</u>	<u>27.42%</u>

Source: Martin County Tax Department

STATISTICAL SECTION

Information presented in 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. Information presented in this section differs from financial statements because they cover more than one fiscal year and may present non-accounting data. The Statistical Section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

Financial Trends – contains information to help explain how the financial performance has changed over time.

Revenue Capacity – contains information to help assess the factors affecting the county's ability to generate its property and sales tax.

Debt Capacity – presents information to help assess the affordability of current levels of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information – offers indicators to help explain the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – contains information about the county's operation and resources to help explain how the financial information relates to services provided and activities performed.



	Fiscal Year								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Schedule 1									
Martin County									
Net Position by Component									
Last Nine Fiscal Years									
(accrual basis of accounting)									
Governmental activities									
Net Investment in capital assets	\$ 17,035,966	\$ 14,882,445	\$ 14,524,530	\$ 15,117,276	\$ 15,911,611	\$ 1,645,223	\$ 1,450,737	\$ 1,832,686	\$ 4,405,556
Restricted	14,860	17,670,253	4,951,518	4,046,859	2,564,821	11,607,715	13,798,102	14,005,627	17,529,543
Unrestricted	16,782,112	(1,528,239)	(2,642,861)	(2,875,501)	(338,319)	5,082,066	4,408,063	4,417,446	(7,590,354)
Total governmental activities net position	\$ 33,832,938	\$ 31,024,459	\$ 16,833,207	\$ 16,288,634	\$ 17,938,113	\$ 18,335,004	\$ 19,656,902	\$ 20,255,759	\$ 14,344,745
Business-type activities									
Net Investment in capital assets	\$ (122,079)	\$ 1,397,181	\$ 1,640,824	\$ 2,668,505	\$ 2,486,343	\$ 2,597,644	\$ 2,537,343	\$ 2,513,165	\$ 2,505,140
Unrestricted	917,500	(625,486)	(889,095)	732,601	(932,251)	(820,393)	(896,341)	(1,081,655)	(1,533,776)
Total business-type activities	\$ 795,421	\$ 771,695	\$ 751,729	\$ 3,401,106	\$ 1,554,092	\$ 1,777,251	\$ 1,641,002	\$ 1,431,510	\$ 971,364
Primary government									
Net Investment in capital assets	\$ 16,913,887	\$ 16,279,626	\$ 16,165,374	\$ 17,785,781	\$ 18,397,954	\$ 4,242,867	\$ 3,988,080	\$ 4,345,851	\$ 6,910,696
Restricted	14,860	17,670,253	4,951,518	4,046,859	2,564,821	11,607,715	13,798,102	14,005,627	17,529,543
Unrestricted	17,699,612	(2,153,725)	(3,531,956)	(2,142,900)	(1,470,570)	4,261,673	3,511,722	3,335,791	(9,124,130)
Total primary government net position	\$ 34,628,359	\$ 31,796,154	\$ 17,584,936	\$ 19,689,740	\$ 19,492,205	\$ 20,112,255	\$ 21,297,904	\$ 21,687,269	\$ 15,316,109

Schedule 2
Martin County
Changes in Net Position,
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses									
Governmental activities:									
General government	\$ 2,628,523	\$ 2,709,660	\$ 2,759,214	\$ 2,920,061	\$ 3,062,535	\$ 2,949,440	\$ 3,155,063	\$ 3,520,961	\$ 3,094,228
Public safety	5,770,069	5,664,786	7,222,003	6,279,348	6,547,884	6,605,428	6,417,741	6,949,230	7,147,854
Environmental protection	2,170,411	2,092,369	2,147,945	2,073,198	2,144,234	2,165,280	2,157,190	2,221,149	2,284,860
Economic and physical development	1,291,039	1,011,409	1,643,364	1,519,704	2,420,655	2,374,453	2,950,722	2,087,831	1,191,108
Human services	7,161,863	7,111,463	7,319,108	7,066,046	6,848,442	6,845,609	7,067,122	7,172,049	6,325,579
Cultural and recreation	157,866	160,686	167,974	166,724	171,745	597,059	162,321	190,283	170,463
Transportation	830,307	850,030	930,768	978,683	963,734	554,959	923,615	927,933	1,165,929
Education	7,620,874	7,876,240	20,210,393	9,239,801	8,208,634	7,065,581	7,076,879	7,270,323	7,520,394
Interest on long term debt	13,290	6,412	818,038	816,457	815,822	768,215	763,432	763,432	763,432
Total governmental activities	27,644,242	27,483,055	43,218,807	31,060,022	31,183,685	29,926,024	30,674,085	31,103,191	29,663,847
Business-type activities:									
Water	1,079,798	1,365,131	1,384,864	3,011,475	3,256,721	1,779,560	1,830,853	1,886,929	1,870,730
Total primary government expenses	\$ 28,724,040	\$ 28,848,186	\$ 44,603,671	\$ 34,071,497	\$ 34,440,406	\$ 31,705,584	\$ 32,504,938	\$ 32,990,120	\$ 31,534,577
Program Revenues									
Governmental activities									
Charges for services:									
General government	\$ 192,267	\$ 259,713	\$ 230,369	\$ 559,926	\$ 384,939	\$ 255,555	\$ 256,707	\$ 276,597	\$ 244,717
Public safety	582,493	611,773	628,915	643,843	690,676	733,149	502,486	508,358	547,885
Social services	566,667	566,667	566,667	566,667	566,667	566,667	566,667	566,667	566,667
Economic and physical development	262	24	0	0	0	0	0	0	0
Environmental protection	2,000,773	2,053,438	2,054,862	2,018,607	2,002,172	2,270,341	2,221,986	2,207,872	2,235,110
Transportation	175,676	125,392	118,334	108,860	89,619	102,939	54,523	93,532	300,114
Operating grants and contributions:									
General government	24,195	16,015	18,357	17,622	12,158	11,436	33,284	14,331	10,918
Public safety	532,603	103,114	269,635	266,393	715,517	402,714	377,900	547,315	153,766
Social services	5,045,100	4,731,941	5,668,249	4,818,039	4,384,418	5,021,266	4,954,406	4,846,644	3,873,989
Economic and physical development	412,307	143,805	104,277	479,442	1,439,137	480,809	1,716,785	1,181,457	829,902
Environmental protection	35,870	40,021	49,918	51,178	44,485	42,035	43,385	334,605	48,137
Transportation	148,606	147,682	115,322	114,820	129,328	253,493	253,172	530,699	262,933
Cultural and recreation	0	0	0	0	0	0	0	0	0
Education	173,473	592,478	264,812	1,175,787	1,589,739	364,210	289,957	0	289,193
Capital grants and contributions:									
General government	0	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	0	0	67,051	339,121
Social services	0	0	0	0	0	0	0	0	0
Economic and physical development	0	0	0	0	0	0	0	0	2,139,600
Environmental protection	0	0	0	0	0	0	0	0	0
Transportation	775,844	221,371	134,816	579,160	756,071	172,044	81,236	0	208,954
Cultural and recreation	0	0	43,976	370,763	0	0	0	0	0
Education	0	0	814,500	829,069	755,856	712,663	711,509	710,755	713,045
Total government activities program revenues	10,666,136	9,613,434	11,083,009	12,600,176	13,360,802	11,389,321	12,066,003	11,885,883	12,764,051

	Fiscal Year								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:									
Charge for services - Water	722,086	866,605	1,005,538	1,055,793	1,201,256	1,278,005	1,495,679	1,430,343	1,485,716
Operating grants and contributions - Water	243,777	226,082	208,316	208,604	208,451	231,260	198,923	166,460	186,557
Capital grants and contributions - Water	0	241,423	70,158	4,321,816	0	0	0	58,485	49,270
Total business-type activities program revenues	965,863	1,336,110	1,284,012	5,586,213	1,409,707	1,509,265	1,694,602	1,655,288	1,721,543
Total primary government program revenues	\$ 11,631,999	\$ 10,949,544	\$ 12,367,021	\$ 18,186,389	\$ 14,770,509	\$ 12,898,586	\$ 13,760,605	\$ 13,541,171	\$ 14,485,594
Net (Expense)/Revenue									
Governmental activities	\$ (16,978,106)	\$ (17,869,621)	\$ (32,135,798)	\$ (18,459,846)	\$ (17,822,883)	\$ (18,536,703)	\$ (18,608,082)	\$ (19,217,308)	\$ (16,899,796)
Business-type activities	(113,935)	(29,021)	(100,852)	2,574,738	(1,847,014)	(270,295)	(136,251)	(231,641)	(149,187)
Total primary government net (expense)/revenue	\$ (17,092,041)	\$ (17,898,642)	\$ (32,236,650)	\$ (15,885,108)	\$ (19,669,897)	\$ (18,806,998)	\$ (18,744,333)	\$ (19,448,949)	\$ (17,048,983)

General Revenues and Other Changes in Net Position

Governmental activities:	
Property taxes	\$ 12,823,848
Local option sales tax	3,841,869
Other taxes and licenses	389,654
Grants and contributions	36,422
Investment earnings	163,053
Loss on sale of assets	0
Miscellaneous	(18,834)
Transfers	(16,382)
Total governmental activities:	\$ 17,222,338
Property taxes	\$ 12,823,848
Local option sales tax	3,841,869
Other taxes and licenses	389,654
Grants and contributions	36,422
Investment earnings	163,053
Loss on sale of assets	0
Miscellaneous	(18,834)
Transfers	(16,382)
Total governmental activities:	\$ 17,222,338

Business-type activities:	
Miscellaneous	38,990
Investment earnings	3,976
Transfers	16,382
Total business-type activities	\$ 59,348
Total primary government	\$ 17,281,686

Change in Net Position

Governmental activities	\$ 244,232
Business-type activities	(54,587)
Total primary government	\$ 189,645

Schedule 3
 Martin County
 Fund Balances, Governmental Funds
 Last Nine Fiscal Years
 (modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund									
Reserved	\$ 4,102,145								
Unreserved	5,250,896								
Nonspendable	\$ 1,621,910	\$ 1,871,012	\$ 1,578,259	\$ 1,578,259	\$ 1,119,724	\$ 1,013,975	\$ 1,119,260	\$ 1,370,326	\$ 1,831,322
Restricted	1,685,059	2,051,864	1,763,823	1,763,823	2,036,930	1,816,778	3,164,983	1,796,139	1,756,099
Committed	1,053,832	1,089,659	924,802	924,802	620,121	505,121	342,733	15,428	50,428
Assigned	1,815,289	2,470,693	0	0	0	0	0	0	0
Unassigned	3,779,019	1,059,012	3,363,265	3,363,265	5,507,145	7,790,454	7,776,204	8,834,079	8,436,400
Total General Fund	\$ 9,553,041	\$ 9,955,109	\$ 8,542,240	\$ 7,630,149	\$ 9,283,920	\$ 11,126,328	\$ 12,403,180	\$ 12,015,972	\$ 12,074,249
All Other Governmental Funds									
Reserved	\$ 286,505								
Unreserved									
Special Revenue Funds	1,892,416								
Capital Projects Funds	0								
Permanent Trust Funds	5,707,333								
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	15,985,194	3,899,692	11,264,710	11,264,710	10,000,819	9,790,937	10,633,119	12,209,488	15,773,444
Committed	84,795	83,797	157,699	157,699	73,327	0	0	0	0
Assigned	0	0	0	0	0	0	0	0	0
Unassigned	6,161,949	6,595,592	(504,241)	(504,241)	(180,576)	(52,635)	(296,395)	(263,765)	(862,864)
Total All Other Governmental Funds	\$ 7,886,254	\$ 22,231,938	\$ 10,579,081	\$ 10,918,168	\$ 9,893,570	\$ 9,738,302	\$ 10,336,724	\$ 11,945,723	\$ 14,910,580

Note: The change in the classifications of fund balance amounts in 2011 is discussed in Management's Discussion and Analysis. Prior year amounts have not been restated for the implementation of GASB 54.

Schedule 4
 Martin County
 Changes in fund Balances, Governmental Funds
 Last Nine Fiscal Years
 (modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues									
Ad valorem taxes	\$ 12,722,090	\$ 12,695,529	\$ 13,270,201	\$ 13,305,601	\$ 14,872,052	\$ 14,819,792	\$ 14,872,159	\$ 14,908,949	\$ 16,315,858
Local option sales taxes	3,972,301	3,768,683	4,115,212	3,882,550	4,006,177	4,247,682	4,248,663	4,491,610	4,692,965
Other taxes and licenses	295,093	305,158	375,008	361,311	396,934	406,274	405,357	396,427	406,904
Unrestricted intergovernmental	1,145,246	90,872	80,195	77,751	79,792	86,385	75,503	86,669	76,340
Restricted intergovernmental	6,204,020	6,404,966	7,656,539	8,793,673	9,816,406	7,710,691	8,627,585	8,276,972	9,362,910
Licenses and fees	216,781	260,010	245,400	254,958	276,844	296,509	325,975	305,945	305,280
Sales and services	3,016,118	2,976,618	3,038,909	3,326,049	3,091,871	3,199,871	2,973,269	2,962,934	3,182,552
Investment earnings	163,053	62,503	58,513	44,439	38,384	13,245	29,503	60,634	158,436
Miscellaneous	155,945	236,678	275,762	282,688	190,348	217,168	277,577	341,312	289,645
Total Revenues	27,890,647	26,801,017	29,095,739	30,329,020	32,768,808	30,997,617	31,835,591	31,831,452	34,790,890
Expenditures									
General government	2,409,052	2,426,175	2,497,835	2,734,454	2,834,811	2,837,997	3,006,131	3,289,542	3,336,542
Public safety	5,535,033	5,814,822	7,032,497	6,051,064	6,890,016	6,491,752	6,384,364	6,845,020	7,213,676
Environmental protection	2,248,775	2,046,084	2,100,981	2,029,888	2,102,538	2,133,514	2,123,054	2,407,967	2,348,637
Economic development	1,193,647	916,996	1,611,378	1,478,214	2,378,457	2,340,777	2,917,954	2,166,922	3,472,907
Human services	6,735,927	6,641,995	6,844,127	6,521,123	6,371,835	6,386,015	6,791,665	6,718,007	6,054,250
Cultural and recreational	150,348	176,472	241,199	747,820	150,396	141,627	148,639	149,390	149,527
Transportation	1,395,020	792,953	777,273	1,264,542	1,456,728	993,871	787,139	1,004,556	1,021,024
Education	7,620,874	7,876,240	20,210,393	9,239,801	8,208,634	7,065,581	7,076,879	7,270,323	7,520,394
Capital Outlay	700	0	0	0	0	0	0	0	0
Debt Service:									
Principal	310,341	155,116	51,427	23,882	964,998	25,169	0	0	0
Interest	13,290	6,412	818,038	816,457	815,822	768,215	763,432	763,432	763,432
Total Expenditures	27,613,007	26,833,265	42,185,148	30,907,245	32,174,255	29,384,518	29,999,257	30,615,159	31,880,389
Excess of revenues over (under) expenditures	277,640	(52,248)	(13,089,409)	(578,225)	594,553	1,613,099	1,836,334	1,216,293	2,910,501
Other Financing Sources (Uses)									
Transfers in	610,080	260,668	1,218,689	1,243,090	2,241,963	2,886,422	1,704,350	1,084,742	2,551,188
Transfers out	(626,462)	(260,668)	(1,218,689)	(1,243,090)	(2,241,963)	(2,886,422)	(1,704,350)	(1,106,887)	(2,551,188)
Sale of capital assets	79,339	0	23,683	5,221	34,620	74,043	38,940	27,643	112,633
Proceeds from installment note	119,492	15,000,000	0	0	0	0	0	0	0
Total other financing sources (uses)	182,449	15,000,000	23,683	5,221	34,620	74,043	38,940	5,498	112,633
Net change in fund balances	\$ 460,089	\$ 14,947,752	\$ (13,065,726)	\$ (573,004)	\$ 629,173	\$ 1,687,142	\$ 1,875,274	\$ 1,221,791	\$ 3,023,134
Debt service as a percentage of noncapital expenditures	1.22%	0.62%	2.08%	2.85%	5.53%	2.76%	2.61%	2.56%	2.53%

Schedule 5
Martin County
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Residential Property	Commercial Property	Personal Property	Public Service Companies (1)	Total Taxable Assessed Value	Total	
						Direct Tax Rate (2)	Estimated Actual Taxable Value (3)
2009	662,313	219,602	726,811	46,353	1,655,079	0.785	1,651,775
2010	728,719	241,297	800,007	57,696	1,827,719	0.670	1,883,858
2011	729,407	241,482	800,807	58,969	1,830,665	0.670	1,851,401
2012	747,064	247,328	820,192	59,202	1,873,786	0.670	1,854,316
2013	763,295	252,702	838,013	63,988	1,917,998	0.670	1,875,793
2014	785,163	259,942	862,021	64,024	1,971,150	0.720	1,791,955
2015	785,163	259,942	862,021	64,024	1,971,150	0.720	1,821,765
2016	799,955	264,839	806,344	71,917	1,943,055	0.735	1,779,680
2017(4)	796,203	263,538	802,721	74,644	1,937,106	0.735	1,908,855
2018	819,862	271,369	826,574	73,106	1,990,911	0.790	1,961,875

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (2) Per \$100 of value.
- (3) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (4) Property in Martin County is reassessed every eight years. The last reassessment was the basis for fiscal year 2017 taxes.

Schedule 6
 Martin County
 Direct and Overlapping Property Tax Rates,
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Martin County	\$ 0.7850	\$ 0.6700	\$ 0.6700	\$ 0.6700	\$ 0.6700	\$ 0.7200	\$ 0.7200	\$ 0.7350	\$ 0.7350	\$ 0.7900
<u>Town Rates:</u>										
Bear Grass	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700	0.2700
Everetts	0.4800	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Hamilton	0.5700	0.5700	0.5700	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200
Hassell	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.3000
Jamesville	0.7000	0.6500	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000
Oak City	0.4500	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4500
Pannele	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800
Robersonville	0.6000	0.5800	0.5800	0.5800	0.5800	0.5800	0.5800	0.6000	0.6000	0.6500
Williamston	0.8000	0.7400	0.7400	0.7400	0.7500	0.7400	0.7400	0.7400	0.7400	0.7900
<u>Fire Districts:</u>										
Williamston	0.0600	0.0500	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Goose Nest	0.0600	0.0500	0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Griffins	0.0450	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Bear Grass	0.0500	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450
Hamilton	0.0500	0.0500	0.0500	0.0600	0.0600	0.0700	0.0700	0.0700	0.0700	0.0700
Jamesville	0.0500	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0700
Roanoke	0.0500	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400

Schedule 7
 Martin County
 Principal Property Tax Payers,
 Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Dontar Paper Co	Wood pulp manufacturer	\$ 308,775,527	1	15.51%	\$ 313,488,492	1	18.94%
Dominion NC Power	Utility	79,960,005	2	4.02%	48,951,278	2	2.96%
Weyerhaeuser Wood Products Co	Wood products manufacturer	34,320,696	3	1.72%	27,388,476	3	1.65%
Weyerhaeuser Co	Timberland	28,662,810	4	1.44%	22,067,100	4	1.33%
Ann's House of Nuts	Food processing	26,745,629	5	1.34%	16,091,862	6	0.97%
Penco Products, Inc.	Manufacturing	14,076,826	6	0.71%			
AR Textiles Ltd	Textiles	14,182,021	7	0.71%			
Community Health Systems	Health Care	13,587,046	8	0.68%	14,470,898	8	0.87%
Syfan	Manufacturing	12,594,243	9	0.63%			
Walmart	Retail	13,083,760	10	0.66%	14,295,690	9	0.86%
Martin Mills	Textiles				20,647,601	5	1.25%
Embarq	Utility				19,437,587	7	1.17%
Martin Co Economic Development	Economic development				11,319,823	10	0.68%
Totals		\$ 545,988,563		27.42%	\$ 508,158,807		30.70%

Source: Martin County Tax Department

**Schedule 8
Martin County
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the		Adjustments	Total Adjusted Levy	Collected within the		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (Original Levy)	Fiscal Year			Fiscal Year of the Levy	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2009	13,011,458		(23,697)	12,987,761	12,323,794	94.89%	629,440	12,953,234	99.73%
2010	12,323,310		(59,200)	12,264,110	11,535,186	94.06%	688,956	12,224,142	99.67%
2011	12,297,618		-	12,297,618	11,552,824	93.94%	697,243	12,250,067	99.61%
2012	12,582,732		(21,074)	12,561,658	11,852,003	94.35%	648,797	12,500,800	99.52%
2013	12,869,626		(19,039)	12,850,587	12,086,071	94.05%	673,145	12,759,216	99.29%
2014	14,241,561		(49,282)	14,192,279	13,538,803	95.40%	525,740	14,064,543	99.10%
2015	13,809,086		(10,512)	13,798,574	13,212,999	95.76%	417,545	13,630,544	98.78%
2016	14,231,106		50,352	14,281,458	13,624,358	95.40%	404,885	14,029,243	98.23%
2017	14,277,529		(39,800)	14,237,729	13,598,174	95.51%	256,496	13,854,670	97.31%
2018	15,779,249		(47,498)	15,731,751	15,034,661	95.57%		15,034,661	95.57%

Source: Martin County Tax Department

Schedule 9
 Martin County
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Installment Loans			
2009	0	0	470,962	0	9,663,900	0	0	0	10,134,862	411	1.41%
2010	0	0	280,113	0	15,516,000	0	0	0	15,796,113	658	2.13%
2011	0	0	15,124,997	0	15,376,000	0	0	0	30,500,997	1,280	4.19%
2012	0	0	15,073,570	0	15,160,900	0	0	0	30,234,470	1,237	3.89%
2013	0	0	15,049,688	0	14,936,600	0	0	0	29,986,288	1,218	4.13%
2014	0	0	14,084,690	0	14,702,700	0	0	0	28,787,390	1,180	3.61%
2015	0	0	14,059,521	0	0	0	14,180,000	0	28,239,521	1,158	3.48%
2016	0	0	14,059,521	0	0	0	13,885,000	0	27,944,521	1,155	3.57%
2017	0	0	14,059,521	0	0	0	13,580,025	0	27,639,546	1,165	3.34%
2018	0	0	14,059,521	0	0	0	13,260,075	0	27,319,596	1,162	-

* Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar year 2017 personal income not available to calculate fiscal year 2018.

Schedule 10
 Martin County
 Ratios of Net General Bonded Debt Outstanding,
 Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal					
2009	9,663,900	0	9,663,900	1.34%	583.89%	392	
2010	15,516,000	0	15,516,000	2.09%	848.93%	647	
2011	15,376,000	0	15,376,000	2.11%	839.91%	645	
2012	15,160,900	0	15,160,900	1.95%	809.11%	620	
2013	14,936,600	0	14,936,600	2.06%	778.76%	607	
2014	14,702,700	0	14,702,700	1.84%	745.89%	603	
2015	0	0	0	-	0.00%	0	
2016	0	0	0	-	0.00%	0	
2017	0	0	0	-	0.00%	0	
2018	0	0	0	-	0.00%	0	

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

- (1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar year 2014 personal income not available to calculate fiscal year 2015.
- (2) See schedule 5 for property value data.

Schedule 11
 Martin County
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (dollars in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 1,655,079	\$ 1,827,719	\$ 1,830,665	\$ 1,873,786	\$ 1,917,998	\$ 1,971,150	\$ 1,971,150	\$ 1,943,055	\$ 1,937,106	\$ 1,990,911
Debt Limit, 8% of Assessed Value (Statutory Limitation)	132,406	146,218	146,453	149,903	153,440	157,692	157,692	155,444	154,968	159,273
Amount of Debt Applicable to Limit										
Gross debt	10,135	15,796	30,501	30,234	29,986	28,787	28,240	27,945	27,640	27,320
Less: Amount available for repayment of general obligation bonds	0	0	0	0	0	0	0	0	0	0
Debt outstanding for water and sewer purposes	9,664	15,516	15,376	15,161	14,937	14,703	0	14,180	13,885	13,580
Revenue bonds	0	0	0	0	0	0	0	0	0	0
Total net debt applicable to limit	471	280	15,125	15,074	15,050	14,085	28,240	13,765	13,755	13,740
Legal Debt Margin	\$ 131,935	\$ 145,937	\$ 131,328	\$ 134,829	\$ 138,390	\$ 143,607	\$ 129,452	\$ 141,680	\$ 141,214	\$ 145,533
Total net debt applicable to the limit as a percentage of debt limit	0.36%	0.19%	10.33%	10.06%	9.81%	8.93%	17.91%	8.85%	8.88%	8.63%

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
Martin County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities :			
Williamston	\$ 120,000	100.00%	\$ 120,000
Hamilton	-	100.00%	-
Robersonville	-	100.00%	-
Subtotal, overlapping debt			120,000
Total direct debt			<u>14,059,021</u>
Total direct and overlapping debt			<u>\$ 14,179,021</u>

**Schedule 13
Martin County
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	Number of Building Permits Issued (5)
2009	24,658	\$ 719,098	30,617	3,951	11.20%	123
2010	23,993	\$ 742,881	31,833	3,960	10.50%	140
2011	23,823	\$ 728,072	29,728	3,957	11.70%	153
2012	24,437	\$ 776,662	32,414	3,962	11.90%	134
2013	24,625	\$ 726,662	32,414	3,968	9.10%	129
2014	24,392	\$ 797,123	33,635	3,662	8.00%	140
2015	24,199	\$ 810,742	34,567	3,370	8.70%	114
2016	24,199	\$ 783,202	33,532	3,370	7.00%	103
2017	23,729	\$ 826,463	35,666	3,349	5.60%	155
2018	23,510	*	*	3,428	4.90%	127

* Information not yet available.

Notes:

- (1) N.C. State Data Center. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) Martin County Board of Education, First Month Average Daily Membership (includes charter school)
- (4) N. C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Total number of permits issued by Martin County Inspections Department. Does not include inspections by municipalities.

Schedule 15
 Martin County
 Full-time Equivalent County Government Employees by Function,
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	32	34	34	34	35	34	33	31	31	30
Public safety	55	57	57	55	58	54	52	55	57	57
Human services	80	80	83	83	84	80	79	79	79	76
Economic and physical development	9	9	9	2	2	2	2	2	2	2
Environmental protection	4	4	4	4	4	4	4	5	4	4
Transportation	15	14	13	14	13	13	12	9	11	11
Water/Sewer (Business activity)	4	4	4	4	5	5	5	5	5	5
Total	199	202	204	196	201	192	187	186	189	185

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full-time personnel work 2,080 hours per year (less vacation and sick leave). For purposes of this schedule the number of part-time employees has been divided by 2 to arrive at the full time equivalents.

* Cooperative extension personnel are employed by the State, effective January 2011

Schedule 16
 Martin County
 Operating Indicators by Function,
 Last Nine Fiscal Years

Function/Program	Fiscal Year								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety									
Concealed Weapon Permits	88	110	152	289	275	216	296	299	453
Index Crime Rate	4,051	4,116	4,151	5,012	4,694	3,827	4,120	3,268	*
Violent Crime Rate	616	436	486	511	530	552	506	400	*
Property Crime Rate	3,435	3,681	3,666	4,501	4,163	3,276	3,613	2,868	*
Transportation									
Transit Miles	307,516	319,405	362,492	313,198	267,660	248,924	255,771	248,992	247,532
Transit Trips	40,776	39,619	43,961	33,592	28,336	27,349	29,036	29,415	26,603
Based Aircraft	6	6	6	8	8	7	10	9	9
Takeoffs & Landings	350	350	350	2,600	2,700	5,140	5,140	4,500	4,500
Water/Sewer (Business activity)									
Taps	1,866	2,538	2,087	1,903	2,168	1,999	2,015	1,914	1,970

Source: Individual County departments

*Current crime report not available at the time of this report.

Schedule 17
 Martin County
 Capital Asset Statistics by Function,
 Last Nine Fiscal Years

Function/Program	Fiscal Year								
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety									
# Stations	1	1	1	1	1	1	1	1	1
# Patrol Units	40	40	40	41	41	41	41	41	41
Transportation									
Standard Vans	3	3	3	2	2	2	2	2	2
Conversion Vans	3	3	3	3	3	3	3	3	3
Lift Vans	7	7	7	5	5	5	4	2	2
Buses	4	4	4	4	4	4	4	4	4
Minivans	1	1	1	1	1	1	2	2	2
Water/Sewer (Business activity)									
Miles of Distribution Line	200	285	285	285	285	285	285	285	285
Tank Storage Capacity	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000

Source: Individual County departments

COMPLIANCE SECTION





**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
Martin County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to 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 Martin County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises Martin County's basic financial statements, and have issued our report thereon dated November 30, 2018. The financial statements of the Martin County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Martin 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 Martin County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Martin County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carr Riggs & Ingram LLC

New Bern, North Carolina
November 30, 2018



**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
Martin County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Martin County, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Martin County's major federal programs for the year ended June 30, 2018. Martin 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 Martin 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 Martin 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 Martin County's compliance.

Opinion on Each Major Federal Program

In our opinion, Martin 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, 2018.

Report on Internal Control Over Compliance

Management of Martin 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 Martin 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 the 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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carr Riggs & Ingram LLC

New Bern, North Carolina

November 30, 2018



**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
Martin County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Martin 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 Martin County's major state programs for the year ended June 30, 2018. Martin 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 Martin 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 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *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 Martin 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 Martin County's compliance.

Opinion on Each Major Federal Program

In our opinion, Martin 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, 2018.

Report on Internal Control Over Compliance

Management of Martin 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 Martin 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 the 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.

Carr Riggs & Ingram LLC

New Bern, North Carolina

November 30, 2018

Martin County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Exhibit 11

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weaknesses Yes None reported

Noncompliance material to financial statements noted

Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weaknesses Yes None reported

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

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

Yes No

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program (Medicaid Cluster)

Martin County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Continued

Section II - Financial Statement Findings

Finding: None reported

Section III – Federal Award Findings and Questioned Costs

Finding: None reported

Section IV – State Award Findings and Questioned Costs

Finding: None reported

Section II - Financial Statement Findings

Finding: None reported

Section III - Federal Award Findings and Questioned Costs

Finding: None reported

Section IV - State Award Findings and Questioned Costs

Finding: None reported

Martin County, North Carolina
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018

Exhibit 13

Finding: 2017-1

Status: Corrected

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

Exhibit 14

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass Through) Expenditures	State Expenditures
Federal Awards:			
<u>US Department of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed through NC Department of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Supplemental Nutrition Assist Program Cluster</u>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster	10.561	\$ 340,607	\$ -
Total Supplemental Nutrition Assistance Program Cluster		<u>340,607</u>	<u>-</u>
<u>US Department of Housing and Urban Development</u>			
Passed through NC Department of Commerce			
Home Investment Partnerships Program	14.239	388,801	-
Total US Department of Housing and Urban Development		<u>388,801</u>	<u>-</u>
<u>US Department of Transportation</u>			
<u>Federal Aviation Administration</u>			
Passed through NC Department of Transportation			
Airport Improvement Program	20.106	202,329	3,671
Formula Grants for Rural Areas	20.509	264,983	24,364
Total US Department of Transportation		<u>467,312</u>	<u>28,035</u>
<u>US Department of Homeland Security</u>			
Passed through NC Department of Crime Control and Public Safety			
Emergency Management Performance Grants	97.042	38,642	-
Homeland Security	97.067	179	-
Total US Department of Homeland Security		<u>38,821</u>	<u>-</u>
<u>US Department of Health and Human Services</u>			
<u>Administration on Aging</u>			
<u>Division of Aging and Adult Services</u>			
Passed through Mid East Commission:			
<u>Aging Cluster</u>			
Special Programs for the Aging Title III B	93.044	38,912	2,048
Nutrition Services Incentive Program	93.045	102,421	5,390
NSIP Nutrition	93.053	21,420	-
Total Aging Cluster		<u>162,753</u>	<u>7,438</u>
Social Services Block Grant	93.667	10,104	259

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct and</u> <u>Pass Through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
<u>Administration for Children and Families</u>			
Passed through the NC Department of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster (Note 4)</u>			
Title IV-E Foster Care Administration	93.658	128,091	7,221
Adoption Assistance – Administration	93.659	5,955	-
Total Foster Care and Adoption Cluster		134,046	7,221
Temporary Assistance for Needy Families Cluster	93.558	321,084	-
Children’s Health Insurance Program	93.767	11,019	3
Low Income Home Energy Assistance Admin	93.568	162,487	-
Low Income Home Energy Assistance	93.568	124,740	-
NC Child Support Enforcement	93.563	365,815	-
Social Services Block Grant	93.667	173,910	-
Stephanie Tubb Jones Child Welfare Service Program	93.645	8,290	-
Promoting Safe and Stable Families	93.556	8,812	-
Division of Child Development and Early Education:			
Subsidized Child Care (Note 4)			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund – Administration	93.596	67,526	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	70,991	-
Child Care and Development Fund – Mandatory and Matching Funds	93.596	9,409	-
Total Child Care Development Fund Block Grant Cluster		147,926	-
Temporary Assistance for Needy Families Cluster	93.558	7,606	-
TANF – MOE		-	24
State Appropriations		-	10,647
Total Subsidized Child Care (Note 4)		155,532	10,671
<u>Centers for Medicare and Medicaid Services</u>			
Passed through the NC Department of Health and Human Services:			
Division of Medical Assistance			
Medical Assistance Program (Medicaid Cluster)	93.778	914,029	3,399
Total Medicare Assistance Program Cluster		914,029	3,399
Total US Department of Health and Human Services		2,486,721	28,991
Total Federal Awards		3,788,162	57,026

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>
State Awards:			
<u>NC Department of Health and Human Services</u>			
Division of Social Services:			
Smart Start		-	7,606
Foster Care At Risk Child Welfare		-	13,717
Division of Aging & Adult Services:			
90 % State Funds – Access		-	5,795
90 % State Funds – Home Delivered Meals		-	30,914
90 % State Funds – In-home Services		-	124,727
Total NC Department of Health and Human Services		-	182,759
<u>NC Department of Transportation</u>			
Rural Operating Assistance Program (ROAP) Cluster			
ROAP – Employment		-	8,183
ROAP – Elderly and Disabled Transportation Assistance		-	57,492
ROAP – Rural General Public Program		-	59,488
Total NC Department of Transportation		-	125,163
<u>NC Department of Environmental Quality</u>			
Division of Water Resources			
		-	49,270
<u>NC Department of Agriculture</u>			
Stream Cleanup Funds			
		-	306,845
<u>NC Department of Commerce</u>			
Rural Infrastructure Grant – Weitron			
		-	211,880
<u>NC Department of Information Technology</u>			
NC E-911 Project Funds			
		-	405,235
<u>NC Department of Public Safety</u>			
Juvenile Crime Prevention Programs			
		-	114,764
Total State Awards		-	1,395,916
Total Federal and State Awards		\$ 3,788,162	\$ 1,452,942

For the fiscal year ended June 30, 2018, the County did not provide any federal or state funding or assistance to a sub-recipient.

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Martin County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. 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 Martin County, it is not intended to and does not present the financial position, changes in net position or cash flows of Martin 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 reimbursements.

3. Indirect Cost Rate

Martin County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Additionally, Martin County did not have any subrecipients receive noncash contributions, federal loans, or federally funded insurance during the year ended June 30, 2018.

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: Subsidized Child Care and Foster Care and Adoption.

5. Loans Outstanding

The County did not have any loan balances outstanding at June 30, 2018.

6. Noncash Assistance

The County did not receive any noncash assistance, federally funded insurance, free rent, etc. for the year ended June 30, 2018.

