

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, 2020



Martin County, North Carolina
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

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INTRODUCTORY SECTION





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December 10, 2020

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, 2020. 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 23,054. 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 27.16%.

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	250 - 499
Domtar	Manufacturer	250 - 499
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
Industrial Manufacturing Co	Manufacturer	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 2020.

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. Building construction is complete, and we began using the building in the fall of 2019. Bertie and Pasquotank counties worked to complete their backup technology in the fall of 2020.

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. The design work was completed in July 2019, and construction has begun. The estimated cost for the work is \$1,126,600. Martin County is providing a 10% match for the grant.

FOR THE FUTURE...

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.

Martin County received a \$100,000 grant award from the NC Recreational Trail Program in February 2020 to help fund a Horse Trail Project. The project includes the construction of trailhead facilities and approximately 3 to 5 miles of new equine trails. The trails will be constructed beginning at the trailhead and connecting to the Martin Community College Equine facilities. The Martin County Tourism Development Authority and Martin Community College have agreed to help fund the local match required by the grant. The NC Forestry Service and Martin County will also provide in-kind services.

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, 2019. The Certificate of achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

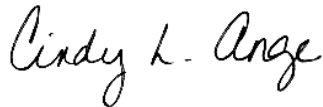
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program

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-nine consecutive years (fiscal years ended 1991-2019). 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 Director



David B. Bone
County Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Martin County
North Carolina**

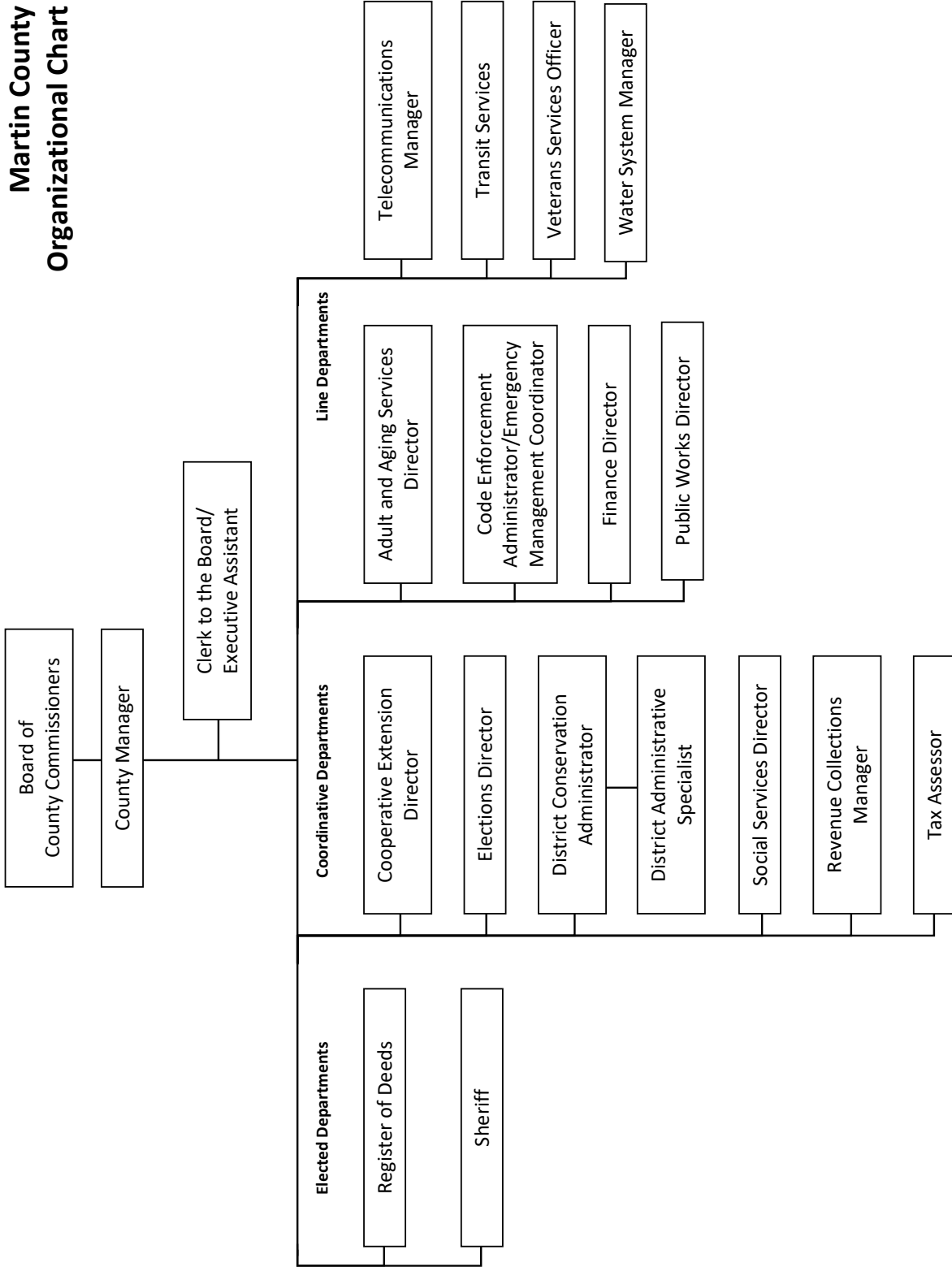
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Martin County Organizational Chart



Board of County Commissioners



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

County Manager



David B. Bone

Finance Officer



Cindy L. Ange



FINANCIAL SECTION



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Independent Auditors' 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, 2020, 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 unit. 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 and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Martin County as of June 30, 2020, 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.

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 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 Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns on pages 17 through 27 and 91 through 100, 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 introductory and statistical sections, 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 December 10, 2020, 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Cary Riggs & Ingram, L.L.C.

New Bern, North Carolina
December 10, 2020

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, 2020. 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

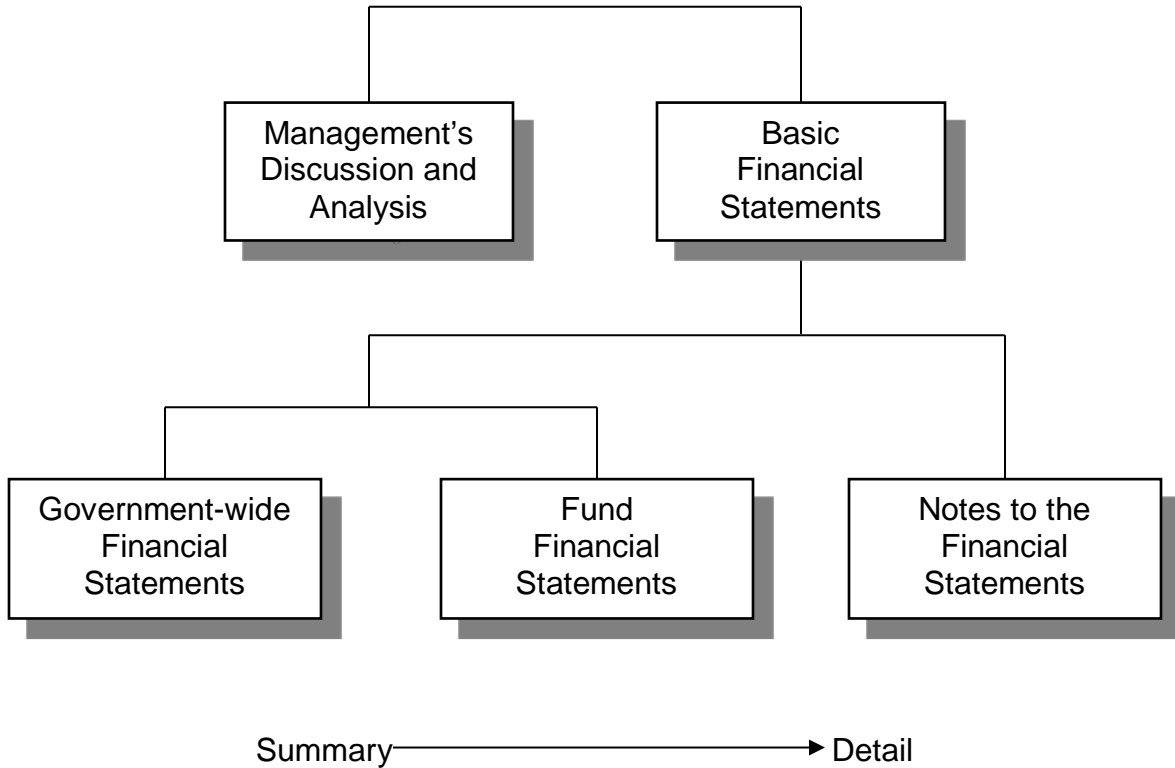
- The assets and deferred outflow of resources of Martin County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,907,740 (net position).
- As of the close of the current fiscal year, Martin County's General Fund reported an ending fund balance of \$12,000,920, an increase of \$376,807, in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$8,010,686, or 26.8 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 eight fiduciary funds, two of which are private purpose trust funds, and five of which are agency funds, and one OPEB trust fund.

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 Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 38,821,532	\$ 37,072,129	\$ 1,356,861	\$ 1,579,291	\$ 40,178,393	\$ 38,651,420
Capital assets	24,415,680	23,321,699	13,685,503	13,858,601	38,101,183	37,180,300
Total assets	63,237,212	60,393,828	15,042,364	15,437,892	78,279,576	75,831,720
Total deferred outflow of resources	5,321,773	2,774,947	153,953	71,795	5,475,726	2,846,742
Long-term liabilities outstanding	38,505,229	33,658,365	13,336,507	13,532,271	51,841,736	47,190,636
Other liabilities	713,249	1,321,055	45,249	198,445	758,498	1,519,500
Total liabilities	39,218,478	34,979,420	13,381,756	13,730,716	52,600,234	48,710,136
Total deferred inflow of resources	6,221,494	6,748,116	25,834	45,941	6,247,328	6,794,057
Net position:						
Net investment in capital assets	10,356,159	9,262,178	3,594,138	3,486,266	13,950,297	12,748,444
Restricted	19,830,562	18,795,360	-	-	19,830,562	18,795,360
Unrestricted (deficit)	(7,067,708)	(6,616,299)	(1,805,411)	(1,753,236)	(8,873,119)	(8,369,535)
Total net position	\$ 23,119,013	\$ 21,441,239	\$ 1,788,727	\$ 1,733,030	\$ 24,907,740	\$ 23,174,269

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 \$24,907,740 as of June 30, 2020. As of June 30, 2019, the net position of Martin County stood at \$23,174,269. The County's net position increased by \$1,733,471 for the fiscal year ended June 30, 2020, compared to an increase of \$7,858,160 after restatement in 2019. The increase in 2019 was due to several capital projects funded by grants, and the restatement of OPEB liability. One of the largest portions of the net position (56% or \$13,950,297) 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 (76% or \$19,830,562) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(8,873,119) is unrestricted.

Martin County's Changes in Net Position

Figure 3

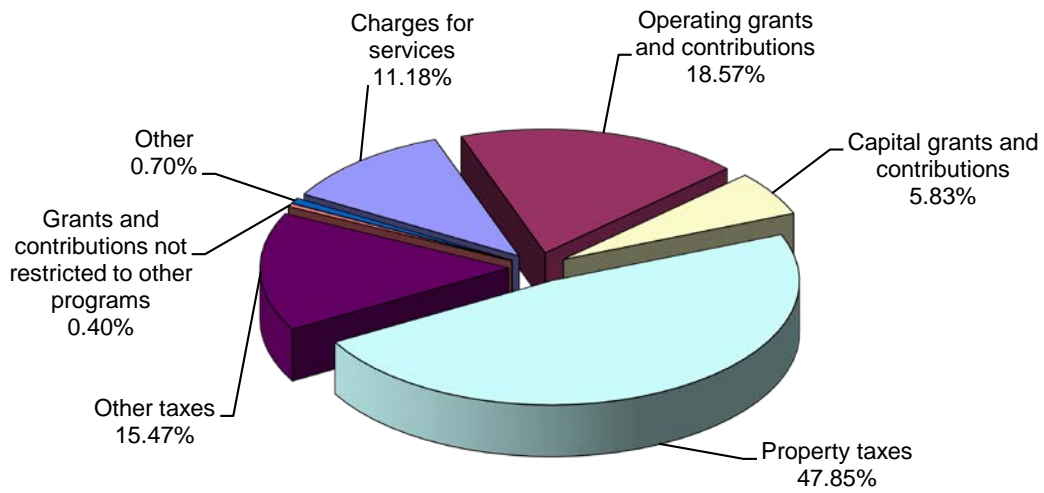
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,979,609	\$ 3,893,658	\$ 1,644,360	\$ 1,664,017	\$ 5,623,969	\$ 5,557,675
Operating grants and contributions	6,613,644	6,566,689	189,854	64,200	6,803,498	6,630,889
Capital grants and contributions	2,075,379	5,778,435	186,681	771,754	2,262,060	6,550,189
General revenues:						
Property taxes	17,038,128	16,408,519	-	-	17,038,128	16,408,519
Other taxes	5,509,939	5,388,542	-	-	5,509,939	5,388,542
Grants and contributions not restricted to other programs	143,762	150,375	-	-	143,762	150,375
Other	248,053	414,061	110,610	101,623	358,663	515,684
Total revenues	<u>35,608,514</u>	<u>38,600,279</u>	<u>2,131,505</u>	<u>2,601,594</u>	<u>37,740,019</u>	<u>41,201,873</u>
Expenses:						
General government	3,772,807	3,582,095	-	-	3,772,807	3,582,095
Public safety	8,428,361	7,642,046	-	-	8,428,361	7,642,046
Environmental Protection	2,536,292	2,433,270	-	-	2,536,292	2,433,270
Economic and physical development	2,528,682	2,747,201	-	-	2,528,682	2,747,201
Human services	6,953,039	6,315,078	-	-	6,953,039	6,315,078
Cultural and recreation	189,358	172,156	-	-	189,358	172,156
Transportation	1,085,636	1,007,097	-	-	1,085,636	1,007,097
Education	7,673,133	7,579,133	-	-	7,673,133	7,579,133
Interest on long-term debt	763,432	763,432	-	-	763,432	763,432
Water and sewer	-	-	2,075,808	2,054,002	2,075,808	2,054,002
Total expenses	<u>33,930,740</u>	<u>32,241,508</u>	<u>2,075,808</u>	<u>2,054,002</u>	<u>36,006,548</u>	<u>34,295,510</u>
Increase in net position	1,677,774	6,358,771	55,697	547,592	1,733,471	6,906,363
Net position, July 1	21,441,239	14,344,745	1,733,030	971,364	23,174,269	15,316,109
Restatement	-	737,723	-	214,074	-	951,797
Net position beginning, restated	<u>21,441,239</u>	<u>15,082,468</u>	<u>1,733,030</u>	<u>1,185,438</u>	<u>23,174,269</u>	<u>16,267,906</u>
Net position, June 30	<u>\$ 23,119,013</u>	<u>\$ 21,441,239</u>	<u>\$ 1,788,727</u>	<u>\$ 1,733,030</u>	<u>\$ 24,907,740</u>	<u>\$ 23,174,269</u>

Governmental activities. Governmental activities increased the County's net position by \$1,677,774. This compares to an increase of \$6,358,771 in 2019. Key elements of this increase in 2020 are as follows:

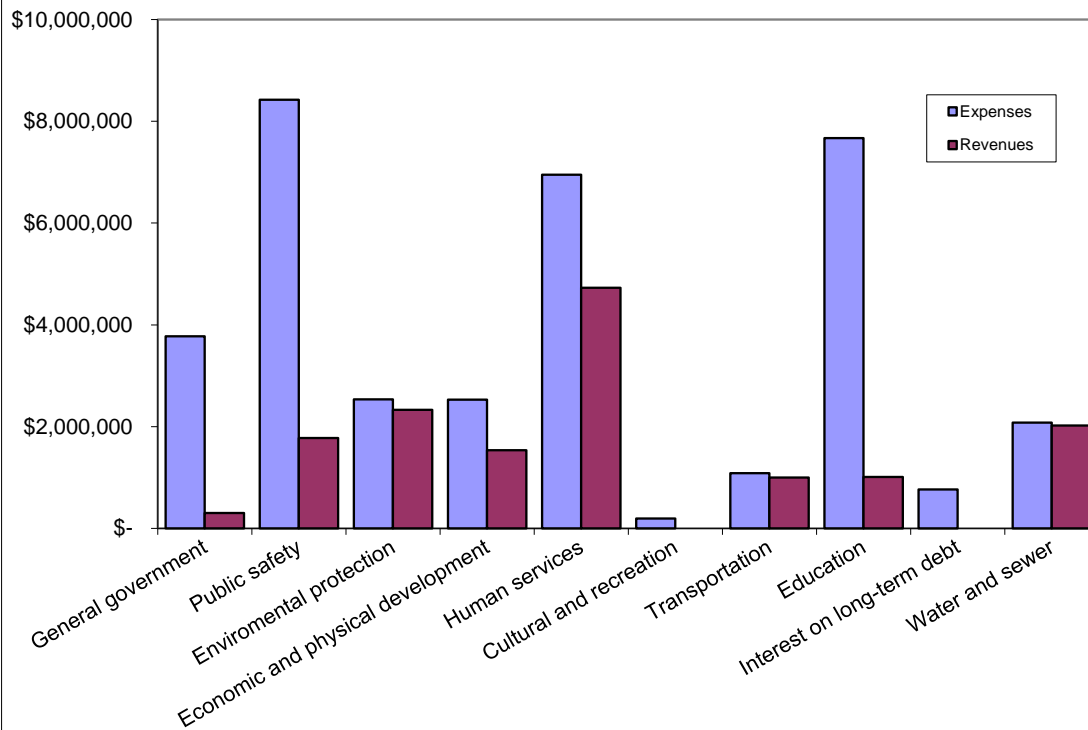
- Hospital Fund revenue of \$566,667.
- Capital grants for a communications center, industrial park project, and airport project.

The following charts illustrate the 2020 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 increased by \$55,697, for the year ended June 30, 2020. Net position increased \$761,666 after restatement in 2019. The key element of these changes are as follows:

- Capital project for Water District No. 1, which is funded by a grant.

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 \$8,010,686, while total fund balance reached \$12,000,920. 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 27.169% of General Fund expenditures, while total fund balance represents 40% 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 \$8,144,159, an increase of \$655,909 over the previous year.

At June 30, 2020, the governmental funds of Martin County reported a combined fund balance of \$29,616,792, a 7.1 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 \$623,471. Additional grant revenue was the primary reason for the increase.

Actual expenditures were \$3,136,859 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 (\$1,805,411). The total increase in net position for these funds was \$55,697. \$3,594,138 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, 2020.

For the fiscal year ended June 30, 2020, there was no change in water rates.

Capital Asset and Debt Administration

Capital assets. Martin County's capital assets for its governmental and business-type activities as of June 30, 2020, totals \$38,101,183 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Construction on the new PSAP Facility
- Purchased new vehicles for public safety and transportation
- Industrial Park infrastructure improvements
- Airport infrastructure improvements
- Water system improvements

Martin County's Capital Assets (Net of Depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,170,659	\$ 2,984,450	\$ 46,800	\$ 46,800	\$ 3,217,459	\$ 3,031,250
Buildings and systems	12,378,746	12,925,314	13,513,782	12,773,050	25,892,528	25,698,364
Equipment	1,342,477	1,323,084	32,422	39,236	1,374,899	1,362,320
Vehicles	1,214,781	1,033,922	50,972	62,440	1,265,753	1,096,362
Construction in progress	6,309,017	5,054,929	41,527	937,075	6,350,544	5,992,004
Total	<u>\$ 24,415,680</u>	<u>\$ 23,321,699</u>	<u>\$ 13,685,503</u>	<u>\$ 13,858,601</u>	<u>\$ 38,101,183</u>	<u>\$ 37,180,300</u>

Additional information on the County's capital assets can be found in Note 6 of the Basic Financial Statements.

Long-term Debt

As of June 30, 2020, Martin County had total bonded debt outstanding of \$12,580,075, 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	
	2020	2019	2020	2019
Limited obligation bonds	\$ -	\$ -	\$ 12,580,075	\$ 12,930,075
Installment purchase	14,059,521	14,059,521	-	-
Total	<u>\$ 14,059,521</u>	<u>\$ 14,059,521</u>	<u>\$ 12,580,075</u>	<u>\$ 12,930,075</u>

Additional information regarding Martin County's long-term debt can be found in Note 7 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 increased from 5.9% at June 30, 2019 to 8.4% at June 30, 2020.
- The County's population decreased from 23,227 at June 30, 2019 to 23,054 at June 30, 2020.

Governmental Activities:

The County is continuing several construction projects. The new PSAP Communication Building is scheduled to be completed in Fall 2020, and work will continue at the Martin County Airport towards an AWOS (Automated Weather Observing System) station.

Business-type Activities:

After raising water base rates by \$8.00 in the 2018-2019 fiscal year, the Governing Board decided not to raise rates for the 2020-2021 fiscal year. District 2 is budgeted to lose an additional \$107,514; and District 1 is budgeted to lose an additional \$21,316. The General Fund will continue to subsidize both districts.

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, 2020

	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	\$ 13,184,812	\$ 14,293	\$ 13,199,105	\$ 260,331	\$ 330,792	\$ 154,068
Investments	9,641,948	1,078	9,643,026	-	57,988	-
Receivables (net):						
Taxes	2,095,285	-	2,095,285	-	-	-
Accounts	3,537,115	493,724	4,030,839	-	23,276	248
Internal balances	1,644,322	(1,644,322)	-	-	-	-
Inventories	-	-	-	442,567	-	13,880
Note receivable	-	2,488,710	2,488,710	-	-	-
Prepaid expenses	95,222	3,378	98,600	4,687	2,729	-
Restricted cash	8,592,159	-	8,592,159	-	-	-
Net Pension Asset	30,669	-	30,669	-	-	-
Capital assets:						
Land, improvements, and construction in progress	9,479,676	88,327	9,568,003	-	-	-
Other capital assets, net of depreciation	14,936,004	13,597,176	28,533,180	696,711	12,625	42,689
Total capital assets	24,415,680	13,685,503	38,101,183	696,711	12,625	42,689
Total assets	63,237,212	15,042,364	78,279,576	1,404,296	427,410	210,885
DEFERRED OUTFLOW OF RESOURCES	5,321,773	153,953	5,475,726	62,623	16,328	-
LIABILITIES						
Accounts payable and accrued liabilities	713,249	20,479	733,728	225,988	986	6,647
Customer deposits	-	24,770	24,770	-	-	-
Long-term liabilities due within one year	200,000	360,000	560,000	-	1,500	-
Noncurrent liabilities due in more than one year:						
Net pension liability-LGERS	2,536,481	78,104	2,614,585	71,004	12,289	-
Net OPEB liability	20,129,298	678,328	20,807,626	351,329	-	-
Total pension liability-LEOSSA	1,051,096	-	1,051,096	-	-	-
Due in more than one year	14,588,354	12,220,075	26,808,429	482,185	7,779	-
Total noncurrent liabilities	38,305,229	12,976,507	51,281,736	904,518	20,068	-
Total liabilities	39,218,478	13,381,756	52,600,234	1,130,506	22,554	6,647
DEFERRED INFLOWS OF RESOURCES	6,221,494	25,834	6,247,328	1,764	-	-
NET POSITION						
Net investment in capital assets	10,356,159	3,594,138	13,950,297	214,526	12,625	-
Restricted for:						
Stabilization of State Statute	2,553,565	-	2,553,565	-	23,276	-
Register of Deeds	30,308	-	30,308	-	-	-
Public Safety	554,754	-	554,754	-	-	-
Economic Development Projects	106,284	-	106,284	-	-	-
Human Services	8,144,159	-	8,144,159	-	-	-
School Debt	8,441,492	-	8,441,492	-	-	-
Working Capital	-	-	-	81,955	-	-
Unrestricted (deficit)	(7,067,708)	(1,805,411)	(8,873,119)	38,168	385,283	204,238
Total net position	\$ 23,119,013	\$ 1,788,727	\$ 24,907,740	\$ 334,649	\$ 421,184	\$ 204,238

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Primary Government				Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
General government	\$ 3,772,807	\$ 288,192	\$ 10,208	\$ -	\$ (3,474,407)	\$ -	\$ (3,474,407)	
Public safety	8,428,361	718,512	347,060	710,866	(6,651,923)	-	(6,651,923)	
Environmental protection	2,536,292	2,279,001	50,300	-	(206,991)	-	(206,991)	
Economic and physical development	2,528,682	-	1,357,518	174,805	(996,359)	-	(996,359)	
Human services	6,953,039	566,667	4,162,354	-	(2,224,018)	-	(2,224,018)	
Cultural and recreation	189,358	-	-	-	(189,358)	-	(189,358)	
Transportation	1,085,636	127,237	399,683	467,867	(90,849)	-	(90,849)	
Education	7,673,133	-	286,521	721,841	(6,664,771)	-	(6,664,771)	
Interest on long-term debt	763,452	-	-	-	(763,452)	-	(763,452)	
Total governmental activities	33,930,740	3,979,609	6,613,644	2,075,379	(21,262,108)	-	(21,262,108)	
Business-type activities:								
Water and Sewer	2,075,808	1,644,360	189,854	186,681	-	(54,913)	(54,913)	
Total business-type activities	2,075,808	1,644,360	189,854	186,681	-	(54,913)	(54,913)	
	36,006,548	5,623,969	6,803,498	2,262,060	(21,262,108)	(54,913)	(21,317,021)	
Component units:								
ABC Board	2,657,914	2,753,816	-	-	-	-	-	\$ 95,902
Tourism Development Authority	272,204	-	-	-	-	-	-	-
Council on Aging	139,331	-	-	-	-	-	-	-
Total component units	\$ 3,069,449	\$ 2,753,816	\$ -	\$ -	-	-	-	95,902
General revenues:								
Taxes:								
Property taxes, levied for general purpose					17,038,128	-	17,038,128	-
Local option sales tax					4,992,645	-	4,992,645	-
Other taxes					517,294	-	517,294	-
Grants and contributions unrestricted to specific programs					143,762	-	143,762	-
Investment earnings, unrestricted					174,170	100,193	274,363	-
Miscellaneous, unrestricted					73,883	10,417	84,300	-
Total general revenues, special items, and transfers					22,939,882	110,610	23,050,492	-
Change in net position					1,677,774	55,697	1,733,471	95,902
Net position beginning					21,441,239	1,733,030	23,174,269	238,747
Net position-ending					\$ 23,119,013	\$ 1,788,727	\$ 24,907,740	\$ 334,649
								\$ 421,184
								\$ 204,238

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

Martin County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	General	Debt Service	Hospital	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,474,505	\$ -	\$ 8,854,467	\$ 855,840	\$ 13,184,812
Investments	5,062,114	-	3,964,687	615,147	9,641,948
Restricted cash	150,667	8,441,492	-	-	8,592,159
Taxes receivable	1,997,066	-	-	98,219	2,095,285
Accounts receivable, net	2,888,622	-	-	648,493	3,537,115
Prepaid items	95,222	-	-	-	95,222
Advances to other funds	1,826,357	-	-	-	1,826,357
Total assets	<u>\$ 15,494,553</u>	<u>\$ 8,441,492</u>	<u>\$ 12,819,154</u>	<u>\$ 2,217,699</u>	<u>\$ 38,972,898</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 424,361	\$ -	\$ -	\$ 288,888	\$ 713,249
Advance from other funds	-	-	-	182,035	182,035
Total liabilities	<u>424,361</u>	<u>-</u>	<u>-</u>	<u>470,923</u>	<u>895,284</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>3,069,272</u>	<u>-</u>	<u>4,674,995</u>	<u>716,555</u>	<u>8,460,822</u>
Fund balances:					
Non-spendable:					
Prepays	95,222	-	-	-	95,222
Advances	1,826,357	-	-	-	1,826,357
Restricted:					
Stabilization by State Statute	1,917,919	-	-	635,646	2,553,565
Human Services	-	-	8,144,159	-	8,144,159
School Debt	-	8,441,492	-	-	8,441,492
Register of Deeds	30,308	-	-	-	30,308
Economic Development	-	-	-	106,284	106,284
Public Safety Programs	-	-	-	554,754	554,754
Committed:					
Tax Revaluation	120,428	-	-	-	120,428
Unassigned	8,010,686	-	-	(266,463)	7,744,223
Total fund balances	<u>12,000,920</u>	<u>8,441,492</u>	<u>8,144,159</u>	<u>1,030,221</u>	<u>29,616,792</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,494,553</u>	<u>\$ 8,441,492</u>	<u>\$ 12,819,154</u>	<u>\$ 2,217,699</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.					24,415,680
Deferred inflows of resources for taxes receivable					3,043,933
Net pension asset					30,669
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position					626,467
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position					18,059
Net pension liability					(2,536,481)
Total pension liability					(1,051,096)
Pension related deferrals					1,113,883
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).					(14,788,354)
Net OPEB Liability					(20,129,298)
Contributions to OPEB plan and administration costs are deferred outflows of resources on the Statement of Net Position					413,795
OPEB related deferrals					2,344,964
Net position of governmental activities					<u>\$ 23,119,013</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, 2020

	General Fund	Debt Service Fund	Hospital Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 16,063,461	\$ -	\$ -	\$ 711,723	\$ 16,775,184
Local option sales taxes	4,992,645	-	-	206,660	5,199,305
Other taxes and licenses	356,247	-	-	-	356,247
Unrestricted intergovernmental	76,347	-	-	-	76,347
Restricted intergovernmental	6,423,925	-	-	2,474,653	8,898,578
Licenses and fees	323,188	-	-	-	323,188
Sales and services	2,722,276	-	566,667	-	3,288,943
Investment earnings	84,131	757	89,242	41	174,171
Miscellaneous	217,151	-	-	-	217,151
Total revenues	<u>31,259,371</u>	<u>757</u>	<u>655,909</u>	<u>3,393,077</u>	<u>35,309,114</u>
EXPENDITURES					
Current:					
General government	3,502,672	-	-	-	3,502,672
Public safety	6,431,034	-	-	1,960,663	8,391,697
Environmental protection	2,488,715	-	-	-	2,488,715
Economic and physical development	1,441,536	-	-	1,107,271	2,548,807
Human services	6,292,149	-	-	-	6,292,149
Cultural and recreational	167,983	-	-	-	167,983
Transportation	1,173,065	-	-	362,574	1,535,639
Intergovernmental:					
Education	7,673,133	-	-	-	7,673,133
Debt service:					
Interest	763,432	-	-	-	763,432
Total expenditures	<u>29,933,719</u>	<u>-</u>	<u>-</u>	<u>3,430,508</u>	<u>33,364,227</u>
Excess (deficiency) of revenues over expenditures	<u>1,325,652</u>	<u>757</u>	<u>655,909</u>	<u>(37,431)</u>	<u>1,944,887</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds		937,301	-	23,600	960,901
Transfers to other funds	(960,901)	-	-	-	(960,901)
Sale of capital assets	12,056	-	-	-	12,056
Total other financing sources (uses)	<u>(948,845)</u>	<u>937,301</u>	<u>-</u>	<u>23,600</u>	<u>12,056</u>
Net change in fund balance	376,807	938,058	655,909	(13,831)	1,956,943
Fund balances-beginning	11,624,113	7,503,434	7,488,250	1,044,052	27,659,849
Fund balances-ending	<u>\$ 12,000,920</u>	<u>\$ 8,441,492</u>	<u>\$ 8,144,159</u>	<u>\$ 1,030,221</u>	<u>\$ 29,616,792</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, 2020

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

Net changes in fund balances - total governmental funds	\$ 1,956,943
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.	1,122,022
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.	(28,040)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	644,526
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	413,795
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	315,386
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>(2,746,858)</u>
Total changes in net position of governmental activities	<u>\$ 1,677,774</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 Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Over (Under)</u>
Revenues:				
Ad valorem taxes	\$ 15,517,221	\$ 15,517,221	\$ 16,063,461	\$ 546,240
Local option sales tax	4,558,635	4,558,635	4,992,645	434,010
Other taxes and licenses	386,167	386,167	356,247	(29,920)
Unrestricted intergovernmental	78,500	78,500	76,347	(2,153)
Restricted intergovernmental	6,589,181	7,160,272	6,423,925	(736,347)
Licenses and fees	260,600	265,600	323,188	57,588
Sales and services	2,567,083	2,578,413	2,709,402	130,989
Investment earnings	100,000	100,000	84,131	(15,869)
Miscellaneous	142,300	178,350	194,223	15,873
Total revenues	<u>30,199,687</u>	<u>30,823,158</u>	<u>31,223,569</u>	<u>400,411</u>
Expenditures				
Current:				
General government	3,771,943	3,866,279	3,502,672	363,607
Public safety	6,392,320	6,612,754	6,431,034	181,720
Environmental protection	2,436,831	2,526,331	2,488,715	37,616
Economic and physical development	1,307,265	1,752,484	1,408,651	343,833
Human services	7,315,543	7,354,918	6,292,149	1,062,769
Cultural and recreational	169,606	169,606	167,983	1,623
Transportation	1,244,756	1,318,756	1,173,065	145,691
Intergovernmental:				
Education	8,673,133	8,673,133	7,673,133	1,000,000
Debt service:				
Interest and other charges	763,432	763,432	763,432	-
Total expenditures	<u>32,074,829</u>	<u>33,037,693</u>	<u>29,900,834</u>	<u>3,136,859</u>
Revenues over (under) expenditures	<u>(1,875,142)</u>	<u>(2,214,535)</u>	<u>1,322,735</u>	<u>3,537,270</u>
Other financing sources (uses):				
Transfers to other funds	(982,302)	(995,902)	(995,901)	1
Transfers from other funds	1,566,667	1,566,667	-	(1,566,667)
Sale of capital assets	20,000	20,000	12,056	(7,944)
Total other financing sources (uses)	<u>604,365</u>	<u>590,765</u>	<u>(983,845)</u>	<u>(1,574,610)</u>
Appropriated fund balance	1,270,777	1,623,770	-	(1,623,770)
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	338,890	<u>\$ 338,890</u>
Fund balances:				
Beginning of year, July 1			11,510,902	
End of year, June 30			<u>\$ 11,849,792</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, 2020

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		\$ 11,849,792	
Tax Revaluation Fund			
Expenditures	-		
Transfer in from General Fund	35,000		
Fund Balance, beginning	85,428		
Net Change			120,428
Capital Reserve Fund			
Transfer to General Fund	-		
Fund Balance, beginning	-		
Net Change			-
4-H fund			
Revenue	35,802		
Expenditures	(32,885)		
Fund Balance, beginning	27,783		
Net Change			30,700
Ending Fund Balance (Exhibit 4)		\$ 12,000,920	

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, 2020

	Enterprise Funds			
	Water and Sewer District No. 1	Water and Sewer District No. 2	Non- MajorEnterprise Funds	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,507	\$ 10,786	\$ -	\$ 14,293
Investments	-	1,078	-	1,078
Receivables, net	292,321	201,403	-	493,724
Note receivable	21,010	49,975	-	70,985
Prepaid items	1,689	1,689	-	3,378
Total current assets	318,527	264,931	-	583,458
Noncurrent assets:				
Note receivable	537,665	1,880,060		2,417,725
Capital assets:				
Land, improvements, and construction in progress	14,000	32,800	41,527	88,327
Other capital assets, net of depreciation	4,376,914	9,220,262	-	13,597,176
Total capital assets	4,390,914	9,253,062	41,527	13,685,503
Total noncurrent assets	4,928,579	11,133,122	41,527	16,103,228
Total assets	5,247,106	11,398,053	41,527	16,686,686
DEFERRED OUTFLOW OF RESOURCES				
Pension deferrals	24,602	24,604	-	49,206
OPEB deferrals	52,374	52,373	-	104,747
Total deferred outflows of resources	76,976	76,977	-	153,953
LIABILITIES				
Current liabilities:				
Accounts payable	2,287	2,884	-	5,171
Customer deposits	10,635	14,135	-	24,770
Advances from other funds	255,739	1,378,162	10,421	1,644,322
Compensated absences	1,500	1,500	-	3,000
Limited obligation bonds payable	110,000	250,000	-	360,000
Total current liabilities	380,161	1,646,681	10,421	2,037,263
Noncurrent liabilities:				
Net pension liability	39,052	39,052	-	78,104
Compensated absences	6,154	6,154	-	12,308
Net OPEB liability	339,164	339,164	-	678,328
Limited obligation bonds payable	2,815,000	9,405,075	-	12,220,075
Total noncurrent liabilities	3,199,370	9,789,445	-	12,988,815
Total liabilities	3,579,531	11,436,126	10,421	15,026,078
DEFERRED INFLOW OF RESOURCES				
Pension deferrals	55	55	-	110
OPEB deferrals	12,863	12,861	-	25,724
Total deferred inflows of resources	12,918	12,916	-	25,834
NET POSITION				
Net investment in capital assets	2,024,589	1,528,022	41,527	3,594,138
Unrestricted (deficit)	(292,956)	(1,502,034)	(10,421)	(1,805,411)
Total net position	\$ 1,731,633	\$ 25,988	\$ 31,106	\$ 1,788,727

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, 2020

	Enterprise Funds			
	Water and Sewer District No. 1	Water and Sewer District No. 2	Non-Major Enterprise Funds	Total
OPERATING REVENUES				
Charges for services	\$ 719,309	\$ 925,051	\$ -	\$ 1,644,360
Total operating revenues	<u>719,309</u>	<u>925,051</u>	<u>-</u>	<u>1,644,360</u>
OPERATING EXPENSES				
Water operations	344,462	461,199	-	805,661
Administration	204,092	206,468	-	410,560
Depreciation	123,238	236,915	-	360,153
Total operating expenses	<u>671,792</u>	<u>904,582</u>	<u>-</u>	<u>1,576,374</u>
Operating income	<u>47,517</u>	<u>20,469</u>	<u>-</u>	<u>67,986</u>
NONOPERATING REVENUES (EXPENSES)				
Miscellaneous	-	10,417	-	10,417
Interest earnings	22,783	77,410	-	100,193
Distributions from other governments	-	189,854	-	189,854
Interest and other charges	<u>(119,265)</u>	<u>(380,169)</u>	<u>-</u>	<u>(499,434)</u>
Total nonoperating revenue (expenses)	<u>(96,482)</u>	<u>(102,488)</u>	<u>-</u>	<u>(198,970)</u>
Income(loss) before contributions and transfers	(48,965)	(82,019)	-	(130,984)
Capital contributions	<u>186,681</u>	<u>-</u>	<u>-</u>	<u>186,681</u>
Change in net position	137,716	(82,019)	-	55,697
Net position - beginning	<u>1,593,917</u>	<u>108,007</u>	<u>31,106</u>	<u>1,733,030</u>
Total net position - ending	<u>\$ 1,731,633</u>	<u>\$ 25,988</u>	<u>\$ 31,106</u>	<u>\$ 1,788,727</u>

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

Martin County, North Carolina
Statement of Cash Flows
Enterprise Funds
For The Year Ended June 30, 2020

	Enterprise Funds		
	Water and Sewer District No. 1	Water and Sewer District No. 2	Total
Cash flows from operating activities:			
Cash received from customers	\$ 728,357	\$ 914,580	\$ 1,642,937
Cash paid to employees for services	(154,094)	(154,506)	(308,600)
Cash paid for goods and services	(373,839)	(492,910)	(866,749)
Customer deposits recived	45	225	270
Net cash provided by operating activities	<u>200,469</u>	<u>267,389</u>	<u>467,858</u>
Cash flows from noncapital financing activities			
Due to other funds	(123,406)	121,633	(1,773)
Miscellaneous	-	10,417	10,417
Prepaid items	(41)	(41)	(82)
Distributions from other governments	-	99,399	99,399
Net cash provided by (used by) noncapital financing activities	<u>(123,447)</u>	<u>231,408</u>	<u>107,961</u>
Cash flows from capital and related financing activities:			
Aquistion of capital assets	(329,421)	-	(329,421)
Interest earned on note	22,783	77,397	100,180
Note receivable payment	20,054	48,975	69,029
Grant	433,827	-	433,827
Principal paid on bond maturities	(105,000)	(245,000)	(350,000)
Interest paid on bond maturities	<u>(119,265)</u>	<u>(380,169)</u>	<u>(499,434)</u>
Net cash used by capital and related financing activities	<u>(77,022)</u>	<u>(498,797)</u>	<u>(575,819)</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, July 1	<u>3,507</u>	<u>10,786</u>	<u>14,293</u>
Cash and cash equivalents, June 30	<u><u>\$ 3,507</u></u>	<u><u>\$ 10,786</u></u>	<u><u>\$ 14,293</u></u>

(continued)

Martin County, North Carolina
Statement of Cash Flows
Enterprise Funds
For The Year Ended June 30, 2020

	Enterprise Funds		
	(continued)		
	Water and Sewer District No. 1	Water and Sewer District No. 2	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 47,517	\$ 20,469	\$ 67,986
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	123,238	236,915	360,153
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	9,048	(10,471)	(1,423)
(Increase) decrease in deferred outflows of resources for pensions	3,983	3,983	7,966
(Increase) decrease in deferred outflows of resources for OPEB	(45,062)	(45,062)	-
Increase (decrease) in accounts payable	(5,851)	(6,220)	(12,071)
Increase(decrease) in deferred inflows of resources for pensions	(89)	(89)	(178)
Increase (decrease) in deferred inflows of resources for OPEB	(9,964)	(9,965)	(19,929)
Increase (decrease) in net pension liability	4,345	4,345	8,690
Increase (decrease) in OPEB liability	72,773	72,773	145,546
Increase (decrease) in accrued vacation	486	486	972
Increase (decrease) in customer deposits	45	225	270
Total adjustments	152,952	246,920	399,872
Net cash provided by operating activities	\$ 200,469	\$ 267,389	\$ 467,858

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, 2020

	OPEB Trust Fund	Private-purpose Trusts	Agency Fund
Assets			
Cash and cash equivalents	\$ -	\$ 145,477	\$ 408,889
Accounts receivable (net)	-	-	34,100
Restricted assets			
Investments:			
Cash and cash equivalents	104,737	-	-
Domestic equities	562,433	-	-
Fixed income	473,040	-	-
Total assets	<u>\$ 1,140,210</u>	<u>\$ 145,477</u>	<u>\$ 442,989</u>
Liabilities and Net Position			
Liabilities:			
Miscellaneous liabilities	\$ -	\$ -	\$ 388,984
Intergovernmental payable	-	-	54,005
Total liabilities	<u>-</u>	<u>-</u>	<u>442,989</u>
Net position:			
Assets held in trust	-	145,477	-
Restricted for postemployment benefits other than pensions	1,140,210	-	-
Total net position	<u>\$ 1,140,210</u>	<u>\$ 145,477</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, 2020

	OPEB Trust Fund	Private-purpose Trusts
Additions:		
Employer contributions	\$ -	\$ -
Investment income:		
Net appreciation (depreciation) in fair value of investments	13,259	-
Interest and dividends	40,014	434
Less Investment expense	(163)	-
Net investment income	<u>53,110</u>	<u>434</u>
Miscellaneous:		
Norfolk Foundation contribution	-	17,310
Total additions	<u>53,110</u>	<u>17,744</u>
Deductions:		
Benefit payments	-	6,609
Total deductions	<u>-</u>	<u>6,609</u>
Change in net position	53,110	11,135
Net position - beginning of year	1,087,100	134,342
Net position - end of year	<u>\$ 1,140,210</u>	<u>\$ 145,477</u>

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, 2020

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 (discrete presentation).

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 PO Box 1023 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.

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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 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.

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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. The Other Postemployment Benefits Trust Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees.

Nonmajor Funds. The County maintains nine legally budgeted funds. The Emergency Telephone System Fund, the Fire District Fund, the Program Grant Fund, the Scattered Sites CDBG Fund, the Coronavirus Relief 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

Martin County, North Carolina
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governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed 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 Fund, Fire District Fund, 4-H Fund, Controlled Substance Tax Distribution Fund, Revaluation Fund, the Debt Service Fund, the Hospital Fund, the operating portion of Martin County Water and Sewer District No. 1 and 2, the County Water Fund, and the Coronavirus Relief 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.

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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.

- 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).

General Statute 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying post-employment benefits (OPEB) for which the County is liable. The County Other Postemployment Benefit (OPEB) Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. The Trust is not registered with the SEC. G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

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 accounted for at cost.

- The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds is authorized by G.S. 159-30(c)(8). One of these funds, the Government

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Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and Term Portfolio are reported at fair value.

- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2020 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.
- The BIF is measured at fair value using Level2 inputs and is based upon units of participation, which are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2020.
- The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2020 the fair value of the funds was \$23.107392 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

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.

<u>Restricted Cash</u>	
Governmental Activities	
General Fund	
Tax revaluation	\$ 120,428
4-H	30,239
Debt Service Fund	8,441,492
Total Governmental Activities	<u>\$ 8,592,159</u>

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

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September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes, 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.

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

	<u>Years</u>
Buildings	50
Improvements	50
Furniture and equipment	10
Vehicles	7
Computer equipment	5

Martin County, North Carolina
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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 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

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

Martin County, North Carolina
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prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Register of Deeds – portion of fund balance 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

Martin County, North Carolina
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(LGRS), 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 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 Net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

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 \$(6,497,779) consists of several elements as follows:

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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)	\$ 41,005,787
Less accumulated depreciation	<u>(16,590,107)</u>
Net capital assets	24,415,680
Net pension asset	30,669
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	3,043,933
Contributions to the pension plan in the current fiscal year	626,467
Contributions to the OPEB plan in the current fiscal year	413,795
Benefit payments and pension administration costs for LEOSSA	18,059
Pension related deferrals	1,113,883
OPEB related deferrals	2,344,964
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	(728,833)
Total OPEB liability	(20,129,298)
Total pension liability	(1,051,096)
Net pension liability	<u>(2,536,481)</u>
Total adjustment	<u>\$ (6,497,779)</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 \$(279,169) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,228,517
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,106,495)
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.	(28,040)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	626,467
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position	18,059
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	413,795
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	(39,949)
OPEB Expense	(1,428,194)
The County's portion of collective pension expense	(1,278,715)
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 7/1/19	(1,846,653)
Recording of tax receipts deferred in the fund statements as of 6/30/20	2,109,600
Reversal of deferred availability fees recorded at 7/1/19	(841,861)
Recording of availability fee receipts deferred in the fund statements as of 6/30/20	912,697
Reversal of legal receipts deferred in the fund statements as of 7/1/19	(10,389)
Recording of legal receipts deferred in the fund statements as of 6/30/20	6,564
Reversing of assessment receipts deferred in the fund statements as of 6/30/19	(29,651)
Recording of assessment receipts deferred in the fund statements as of 6/30/20	<u>15,079</u>
Total adjustment	<u>\$ (279,169)</u>

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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, 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-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, and the Authority 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, and the Authority 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, 2020, the County's deposits had a carrying amount of \$22,344,480 and a bank balance of \$22,037,706. Of the bank balance, \$500,000 was covered by federal depository insurance and the entire balance was covered by collateral held under the Pooling Method. At June 30, 2020, Martin County had \$1,150 cash on hand.

At June 30, 2020, the carrying amount of deposits for Martin County ABC Board was \$257,321 and the bank balance was \$247,185. Of the bank balance, \$247,185 was covered by federal depository insurance and none was covered by collateral held under the pooling method. At June 30, 2020, Martin County ABC Board had \$3,010 cash on hand.

At June 30, 2020, the carrying amount of deposits for Martin County Tourism Development Authority was \$330,792, and the bank balance was \$331,613. \$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, 2020, the carrying amount of deposits for Martin County Council on Aging, Inc. was \$154,068. At June 30, 2020, uninsured amounts held at these institutions totaled \$0.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

2. Investments

As of June 30, 2020, the County had the following investments. The County 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	Fair Value - Level 1	\$ 9,643,026	\$ 9,643,026	N/A

As of June 30, 2020, 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	Fair Value - Level 1	\$ 57,988	\$ 57,988	N/A

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

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

At June 30, 2020, the Martin County HCB Plan Fund had \$1,140,210 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Trust was invested as follows: State Treasurer's STIF 9.19%; State Treasurer's BIP 41.49%; and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 49.33%. As of June 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the County's access to 100 percent of their account value in the investment pool.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2020. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.97 years at June 30, 2020.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,150,619	\$ 704,328	\$ 2,854,947
2018	2,150,619	510,772	2,661,391
2019	2,150,619	317,216	2,467,835
2020	2,150,619	123,661	2,274,280
Total	<u>\$ 8,602,476</u>	<u>\$ 1,655,976</u>	<u>\$ 10,258,452</u>

4. Receivables

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

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,892,622	\$ 2,379,334	\$ -	\$ 5,271,956
Other Governmental	648,493	98,219	-	746,712
Total receivables	3,541,115	2,477,553	-	6,018,668
Allowance for doubtful accounts	(4,000)	(382,268)	-	(386,268)
Total governmental activities	<u>\$ 3,537,115</u>	<u>\$ 2,095,285</u>	<u>\$ -</u>	<u>\$ 5,632,400</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	\$ 566,224	\$ -	\$ -	\$ 566,224
Total receivables	566,224	-	-	566,224
Allowance for doubtful accounts	(72,500)	-	-	(72,500)
Total business-type activities	<u>\$ 493,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,724</u>

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	\$ 1,369,504
Scrap tire tax	9,270
Public safety services	2,250
Transit grant funds	75,179
Total	<u>\$ 1,456,203</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

5. Note Receivable

On December 6, 1999, Martin County Water and Sewer District No. 1 entered into Water System Management Agreement with the Town of Williamston. Under the terms of this agreement, the County constructed the water lines and collected initial tap fees and deposits from customers. Upon completion of construction, the Town manages certain assets and customers of the Water District including maintaining and repairing the water lines, reading meters, providing insurance, billing customers and collecting water revenues. The Town shall pay to the County a proportionate share of the County issued debt for this project. The note payments including principal and interest are equal to the proportionate share of loan proceeds used for the construction of the project (19.1%). The term of this agreement is 40 years or until the debt has been paid in full by the County. Ownership of the project improvements and customers will transfer to the Town at the end of life of the project financing loan (upon final payment of the loan).

On December 2, 2005, the Martin County Water and Sewer District No. 2 entered into Water System Management Agreement with the Town of Williamston. The terms of this agreement are essentially the same as the agreement for Water District No. 1 described in the preceding paragraph, except that the Town will pay to the County a proportionate share equal to 48.1% of the County's debt service payments.

The future minimum payments to Martin County Water District No. 1 as a June 30, 2020, including \$241,254 of interest are as follows:

Year Ending <u>June 30</u>	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 21,010	\$ 21,981	\$ 42,991
2022	21,965	21,140	43,105
2023	22,920	20,261	43,181
2024	22,920	19,345	42,265
2025	23,875	18,428	42,303
2026-2030	134,655	77,051	211,706
2031-2035	159,485	47,135	206,620
2036-2040	151,845	15,913	167,758
Total	<u>\$ 558,675</u>	<u>\$ 241,254</u>	<u>\$ 799,929</u>

The future minimum payments to Martin County Water District No. 2 as a June 30, 2020, including \$1,003,817 of interest are as follows:

Year Ending <u>June 30</u>	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 49,975	\$ 74,391	\$ 124,366
2022	51,974	72,475	124,449
2023	53,973	40,476	94,449
2024	55,972	68,393	124,365
2025	57,971	66,227	124,198
2026-2030	327,836	291,817	619,653
2031-2035	401,799	221,887	623,686
2035-2040	485,757	136,567	622,324
2041-2044	444,778	31,584	476,362
Total	<u>\$ 1,930,035</u>	<u>\$ 1,003,817</u>	<u>\$ 2,933,852</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

6. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not being depreciated				
Land	\$ 2,984,450	\$ 211,209	\$ 25,000	\$ 3,170,659
Construction in Progress	5,054,929	1,411,408	157,320	6,309,017
Total Capital Assets not being depreciated	<u>8,039,379</u>	<u>1,622,617</u>	<u>182,320</u>	<u>9,479,676</u>
Capital Assets being depreciated				
Buildings	22,641,704			22,641,704
Equipment	5,668,160	299,461	48,390	5,919,231
Vehicles and motor equipment	2,547,360	463,759	45,943	2,965,176
Total Capital Assets being depreciated	<u>30,857,224</u>	<u>763,220</u>	<u>94,333</u>	<u>31,526,111</u>
Less accumulated depreciations for:				
Buildings	9,716,390	546,568		10,262,958
Equipment	4,345,076	277,027	45,349	4,576,754
Vehicles and motor equipment	1,513,438	282,900	45,943	1,750,395
Total accumulated depreciation	<u>15,574,904</u>	<u>\$ 1,106,495</u>	<u>\$ 91,292</u>	<u>16,590,107</u>
Total Capital Assets being depreciated, net	<u>15,282,320</u>			<u>14,936,004</u>
Governmental activity capital assets, net	<u>\$ 23,321,699</u>			<u>\$ 24,415,680</u>

Primary Government

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

General government	\$ 211,771
Public Safety	406,286
Transportation	176,480
Environmental Protection	28,436
Economic and Physical Development	109,987
Human Services	152,160
Cultural and Recreation	21,375
Total Depreciation Expense	<u>\$ 1,106,495</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

	Beginning Balances Restated	Increases	Decreases	Ending Balances
Business-type activities:				
Martin County Water District #1				
Capital Assets not being depreciated:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Construction in progress	895,548	-	895,548	-
Total Capital Assets not being depreciated	<u>909,548</u>	<u>-</u>	<u>895,548</u>	<u>14,000</u>
Capital Assets being depreciated:				
Plant and distribution systems	5,220,113	1,082,602	-	6,302,715
Equipment	149,420	-	-	149,420
Vehicles and motor equipment	91,729	-	-	91,729
Total Capital Assets being depreciated	<u>5,461,262</u>	<u>1,082,602</u>	<u>-</u>	<u>6,543,864</u>
Less accumulated depreciations for:				
Plant and distribution systems	1,863,838	111,756	-	1,975,594
Equipment	125,207	5,747	-	130,954
Vehicles and motor equipment	54,667	5,735	-	60,402
Total accumulated depreciation	<u>2,043,712</u>	<u>123,238</u>	<u>-</u>	<u>2,166,950</u>
Total Capital Assets being depreciated, net	<u>3,417,550</u>			<u>4,376,914</u>
Martin County Water District #1 capital assets, net	<u>4,327,098</u>			<u>4,390,914</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	21,700		-	21,700
Plant and distribution systems	11,511,037	-	-	11,511,037
Vehicles and motor equipment	53,733	-	-	53,733
Total Capital Assets being depreciated	<u>11,586,470</u>	<u>-</u>	<u>-</u>	<u>11,586,470</u>
Less accumulated depreciations for:				
Equipment	6,677	1,067	-	7,744
Plant and distribution systems	2,094,262	230,114	-	2,324,376
Vehicles and motor equipment	28,355	5,734	-	34,089
Total accumulated depreciation	<u>2,129,294</u>	<u>236,915</u>	<u>-</u>	<u>2,366,209</u>
Total Capital Assets being depreciated, net	<u>9,457,176</u>			<u>9,220,262</u>
Martin County Water District #2 capital assets, net	<u>9,489,976</u>			<u>9,253,062</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>\$ 13,858,601</u>			<u>\$ 13,685,503</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2020, 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	328,002	502,266	-	830,268
Leasehold improvements	10,071	-	10,071	-
Furniture and equipment	135,497	67,133	7,334	195,296
Total capital assets being depreciated	<u>473,570</u>	<u>569,399</u>	<u>17,405</u>	<u>1,025,564</u>
Less accumulated depreciations for:				
Buildings	272,778	13,039	-	285,817
Leasehold improvements	5,428	-	5,428	-
Furniture and equipment	104,521	12,878	6,347	111,052
Total accumulated depreciation	<u>382,727</u>	<u>\$ 25,917</u>	<u>\$ 11,775</u>	<u>396,869</u>
Total capital assets being depreciated, net	<u>90,843</u>			<u>628,695</u>
ABC capital assets, net	<u>\$ 158,859</u>			<u>\$ 696,711</u>

Activity for the Martin County Tourism Development Authority for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment and furniture	\$ 43,849	\$ -	\$ -	\$ 43,849
Less accumulated depreciation:				
Equipment and furniture	27,960	\$ 3,264	\$ -	31,224
Capital assets, net	<u>\$ 15,889</u>			<u>\$ 12,625</u>

Activity for the Martin County Council on Aging for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment and furniture	\$ 142,414	\$ 10,996	\$ -	\$ 153,410
Less accumulated depreciation:				
Equipment and furniture	101,019	\$ 9,702	\$ -	110,721
Capital assets, net	<u>\$ 41,395</u>			<u>\$ 42,689</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

B. Liabilities

1. Payables

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

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:			
General	\$ 424,361	\$ -	\$ 424,361
Other Governmental	288,888	-	288,888
Total-governmental activities	<u>\$ 713,249</u>	<u>\$ -</u>	<u>\$ 713,249</u>
Business-type Activities			
Water and Sewer District	<u>\$ 5,171</u>	<u>\$ 15,308</u>	<u>\$ 20,479</u>
Total - business-type activities	<u>\$ 5,171</u>	<u>\$ 15,308</u>	<u>\$ 20,479</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 or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic 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, 2020, was 9.7% of compensation for law enforcement officers and 8.95% 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 \$644,763 for the year ended June 30, 2020.

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, 2020, the County reported a liability of \$2,614,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the County's proportion was .096%, which was a decrease of .002% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$1,186,714. At June 30, 2020, 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, 2020

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 447,683	\$ -
Changes of assumptions	426,134	-
Net difference between projected and actual earnings on pension plan investments	63,774	-
Changes in proportion and differences between County contributions and proportionate share of contributions	43,286	3,919
County contributions subsequent to the measurement date	<u>644,763</u>	<u>-</u>
Total	<u>\$ 1,625,640</u>	<u>\$ 3,919</u>

\$644,763 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, 2021. Other amounts reported as deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2021	\$ 485,009
2022	\$ 162,329
2023	\$ 258,138
2024	\$ 71,482
2025	\$ -
Thereafter	\$ -

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

Inflation	3.0 %
Salary increases	3.5 %
Investment rate of return	7.0 %, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.0%. 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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 5,980,033	\$ 2,614,585	\$ (182,785)

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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 the valuation date, December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>40</u>
Total	<u>41</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, 2018 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	3.26 percent

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

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The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Governments Employees' Retirement System for the five year period ending December 31, 2014.

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 \$18,059 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the County's reported a total pension liability on \$1,051,096. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$120,545.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 65,633	\$ 35,946
Net difference between expected and actual experience	135,285	-
County benefit payments and plan administrative expense made subsequent to the measurement date	18,059	-
Total	<u>\$ 218,977</u>	<u>\$ 35,946</u>

The County paid \$18,059 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

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total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2021	\$ 36,354
2022	\$ 36,354
2023	\$ 36,905
2024	\$ 29,134
2025	\$ 22,917
Thereafter	\$ 3,308

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

	<u>1% Decrease (2.26%)</u>	<u>Discount Rate (3.26%)</u>	<u>1% Increase (4.26%)</u>
Total Pension Liability	\$ 1,158,103	\$ 1,051,096	\$ 954,305

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

	<u>2020</u>
Beginning Balance	\$ 844,269
Service Cost	53,012
Difference between expected and actual experience	97,662
Interest on the total pension liability	30,508
Changes of assumptions or other inputs	37,946
Benefit payments	(12,301)
Ending balance of the total pension liability	<u>\$ 1,051,096</u>

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

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

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

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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, 2020 were \$122,887, which consisted of \$96,621 from the County and \$26,266 from the law enforcement officers.

In 2019-2020 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 2019-2020 year 3% contributions were \$ 221,557, which consisted of \$151,657 from the County and \$69,900 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, cost-sharing multiple-employer defined 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.

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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 \$1,421 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$30,669 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was .0155%, which was a decrease of .013% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$3,939. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,479
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	314	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,496	-
County contributions subsequent to the measurement date	<u>1,421</u>	<u>-</u>
Total	<u>\$ 4,231</u>	<u>\$ 1,479</u>

\$1,421 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflow of resources related to pensions will be recognized in pension expense as follows:

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<u>Year ended June 30:</u>	<u>Amount</u>
2021	\$ 615
2022	\$ 946
2023	\$ 376
2024	\$ (606)
2025	\$ -
Thereafter	\$ -

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

Inflation	3.0%
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, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. 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)	\$ (2,066)	\$ 30,669	\$ (1,874)

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

	LGERS	ROD	LEOSSA	Total
Proportionate share of the net pension liability (asset)	\$ 2,614,585	\$ (30,669)		\$ 2,583,916
Proportion of the net pension liability (asset)	0.09600%	0.15500%		
Total Pension Liability			\$ 1,051,096	\$ 1,051,096
Pension Expense	\$ 1,186,714	\$ 3,939	\$ 120,545	\$ 1,311,198

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

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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Difference between expected and actual experience	\$ 447,683	\$ -	\$ 135,285	\$ 582,968
Changes of assumptions	426,134	-	65,633	491,767
Net difference between projected and actual earnings on pension plan investments	63,774	314	-	64,088
Changes in proportion and differences between County contributions and proportionate share of contributions	43,286	2,496	-	45,782
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	644,763	1,421	18,059	664,243
<u>Deferred Outflows of Resources</u>				
Difference between expected and actual experience	\$ -	\$ 1,479	\$ -	\$ 1,479
Changes of assumptions	-	-	35,946	35,946
Changes in proportion and differences between County contributions and proportionate share of contributions	3,919	-	-	3,919

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.

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.

<u>Years of Service</u>	<u>Benefit</u>
10 - 15 years	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

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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, 2020, the date of the latest actuarial valuation:

	<u>Employees</u>
Retirees and dependents receiving benefits	66
Active plan members	<u>76</u>
Total	<u>142</u>

Investments

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020:

Asset Class	Target Allocation 2020	Long-Term Expected Real Rate of Return 2020
Cash and Cash Equivalents	10.00%	2.32%
Equity Index Fund	50.00%	6.75%
Fixed Income	<u>40.00%</u>	2.84%
Total	<u>100.00%</u>	

Rate of return. For the year ended June 30, 2020, the long-term investment expected rate of return, net of OPEB plan investment expense, including price inflation was 4.74%.

The components of the net OPEB liability of the County at June 30, 2020 were as follows:

Total OPEB liability	\$ 21,947,836
Plan fiduciary net position	1,140,210
County's net OPEB liability	20,807,626
Plan fiduciary net position as a percentage of the total OPEB liability	5.20%

Net OPEB Liability

The County's Total OPEB liability of \$20,807,626 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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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	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Law enforcement employees	3.50% - 7.35 %
Long-term investment rate of return, net of OPEB plan investment expense, including price of inflation	4.74%
Municipal bond index rate	
Prior measurement date	3.50%
Measurement date	2.21%
Year FNP is projected to be depleted	
Prior measurement date	2028
Measurement date	2026
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.61%
Measurement date	2.31%
Health care cost trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate.

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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Discount Rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 2.31%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- Active employees do not explicitly contribute to the Plan.
- In all years, the employer is assumed to contribute the average of at least 5 years of contributions to the Plan through deposits to the Trust and pays benefits directly to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2026 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 4.74% on Plan investments was applied to periods through 2026 and the Municipal Bond Index Rate at the Measurement Date (2.21%) was applied to periods on and after 2026, resulting in a SEIR at the Measurement Date (2.31%). There was a change in the discount rate from 3.61% at the Prior Measurement Date to 2.31% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Changes in the Net OPEB Liability

The following table shows the development of the TOL, FNP and NOL from the prior measurement date to the current measurement date.

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Schedule of Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2019	\$ 17,430,092	\$ 1,087,100	\$ 16,342,992
Changes for the year:			
Service Cost at the end of the year (includes interest)	379,822	-	379,822
Interest on TOL and Cash Flows	621,734	-	621,734
Change in benefit terms	-	-	-
Difference between expected and actual experience	(57,275)	-	(57,275)
Changes of assumptions or other inputs	3,992,240	-	3,992,240
Contributions - employer	-	418,777	(418,777)
Contributions - non-employer	-	-	-
Net investment income	-	53,110	(53,110)
Benefit payments	(418,777)	(418,777)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	4,517,744	53,110	4,464,634
Balance as of June 30, 2020	\$ 21,947,836	\$ 1,140,210	\$ 20,807,626

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.31%) or 1-percentage-point higher (3.31%) than the current discount rate:

	1% Decrease (1.31%)	Discount Rate (2.31%)	1% Increase (3.31%)
Net OPEB Liability	\$ 24,865,849	\$ 20,807,626	\$ 17,631,979

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net 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
Net OPEB Liability	\$ 17,089,180	\$ 20,807,626	\$ 25,638,215

* Medical - 7.75% and Prescription - 5.75%

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

OPEB Expense		
For Year Ending June 30, 2020		
Service Cost at end of year*	\$	379,822
Interest on the Total OPEB Liability and Cash Flow		621,734
Current-period benefit changes		
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability		(15,273)
Expensed portion of current-period changes of assumptions or other inputs		1,064,598
Active member contributions		
Projected earnings on plan investments		(51,529)
Expensed portion of current-period differences between actual and projected earnings on plan investments		(316)
Administrative Costs**		
Other		
Recognition of beginning Deferred Outflows of Resources as OPEB Expense		163,109
Recognition of beginning Deferred Inflows of Resources as OPEB Expense***		(654,626)
OPEB Expense	<u>\$</u>	<u>1,507,519</u>

*The service cost includes interest for the year.

**Administrative costs are based on the fees paid from the Trust and any additional cost paid as reported outside the Trust.

***Deferred Inflows are negative because they lower the OPEB expense.

For the year ended June 30, 2020, the County recognized OPEB expense of \$1,507,519. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 522,001
Changes in assumptions	3,213,083	227,626
Differences between projected and actual earnings	-	39,469
County contributions subsequent to measurement date	413,795	-
Total	<u>\$ 3,626,878</u>	<u>\$ 789,096</u>

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

Measurement period ended June 30:	
2021	\$ 694,817
2022	955,546
2023	773,941
2024	(317)
2025	-
Thereafter	-

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, the County paid \$4,607 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.

4. Deferred Outflows and Inflows of Resources

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB - difference between expected and actual experience	\$ -	\$ 522,001
OPEB - change in assumptions	3,213,083	227,626
OPEB - Net Difference between projected and actual earnings	-	39,469
Pensions - difference between expected and actual experience		
LGERS	447,683	-
Register of Deeds	-	1,479
LEOSSA	135,285	-
Pensions - difference between projected and actual investment earnings		
LGERS	63,774	-
Register of Deeds	314	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	43,286	3,919
Register of Deeds	2,496	-
Pensions - change in assumptions		
LGERS	426,134	-
Register of Deeds	-	-
LEOSSA	65,633	35,946
Contributions to the OPEB plan in fiscal year	413,795	-
Contributions to pension plan in fiscal year		
LGERS	644,763	-
Register of Deeds	1,421	-
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	18,059	-
Prepaid taxes not yet earned (General)	-	101,504
Prepaid lease proceeds (Special Revenue)	-	4,674,995
Prepaid grants not yet earned	-	640,389
Total	<u>\$ 5,475,726</u>	<u>\$ 6,247,328</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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.

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.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

6. Contingent Liabilities

At June 30, 2020, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these 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, 2020 are as follows:

Year Ending June 30	
2021	\$ 566,667
2022	566,667
2023	566,667
2024	566,667
2025	566,667
2026-2029	<u>1,841,660</u>
Total minimum future rentals	<u>\$ 4,674,995</u>

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 in a direct placement 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, because the property is pledged as collateral for the debt. 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% and one principle payment at the end of the term. 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, 2020, including \$4,576,478 of interest are:

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Year Ending June 30	Governmental Activities Principal	Interest
2021		\$ 763,432
2022		\$ 763,432
2023		\$ 763,432
2024		\$ 763,432
2025		\$ 763,432
2026	\$ 14,059,521	\$ 759,318
Principal payments	<u>\$ 14,059,521</u>	
Total interest payments		<u>\$ 4,576,478</u>

Currently the County is being refunded 94.5% of the interest paid. Direct placement installment purchase in the amount of \$14,059,521 includes a provision that if the County is determined to be in default, the full amount of the obligation could become due immediately, at the discretion of the lender.

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 the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this agreement.

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.

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:
Serviced 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.

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 \$6,441,337 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 360,000	\$ 485,981
2022	375,000	471,581
2023	390,000	456,581
2024	400,000	440,981
2025	415,000	424,981
2026-2030	2,345,000	1,861,706
2031-2035	2,845,000	1,340,644
2036-2040	3,225,000	755,519
2041-2044	2,225,075	203,363
Principal payments	<u>\$ 12,580,075</u>	
Total interest payments		<u>\$ 6,441,337</u>

At June 30, 2020, Martin County had a legal debt margin of \$150,465,990.

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, 2020.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
Governmental activities:					
Direct placement installment purchase	\$ 14,059,521	\$ -	\$ -	\$ 14,059,521	\$ -
Compensated absences	688,884	278,058	238,109	728,833	200,000
Net OPEB liability	15,810,210	4,319,088	-	20,129,298	-
Net pension liability (LGERS)	2,255,481	281,000	-	2,536,481	-
Total pension liability (LEOSSA)	844,269	206,827	-	1,051,096	-
Total governmental activities	<u>\$ 33,658,365</u>	<u>\$ 5,084,973</u>	<u>\$ 238,109</u>	<u>\$ 38,505,229</u>	<u>\$ 200,000</u>
Business-type activities:					
Limited obligation bonds	\$ 12,930,075	\$ -	\$ 350,000	\$ 12,580,075	\$ 360,000
Net OPEB liability	532,732	145,596	-	678,328	-
Net pension liability (LGERS)	69,414	8,690	-	78,104	-
Compensated absences	14,336	972	-	15,308	3,000
Total business-type activities	<u>\$ 13,546,557</u>	<u>\$ 155,258</u>	<u>\$ 350,000</u>	<u>\$ 13,351,815</u>	<u>\$ 363,000</u>
Discretely presented component units:					
Compensated absences	\$ 9,216	\$ 1,386	\$ 1,323	\$ 9,279	\$ 1,500
Direct placement installment purchase	-	500,000	17,815	482,185	-
Net pension liability (LGERS)	64,291	19,524	522	83,293	-
Total OPEB liability	403,513	-	52,184	351,329	-
Total discretely presented component units long-term liabilities	<u>\$ 477,020</u>	<u>\$ 520,910</u>	<u>\$ 71,844</u>	<u>\$ 926,086</u>	<u>\$ 1,500</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Net pension liability, total pension liability, and net other postemployment liability for governmental activities are all typically liquidated in the general fund. 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.

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, 2020, there were seven series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$244,845,000.

C. Interfund Balances and Activity

The composition of current interfund balances as of June 30, 2020 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	\$ 255,739
Water and Sewer District No. 2	1,378,162
Water and Sewer District No. 4	10,421
	<u>\$ 1,644,322</u>

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

Scattered Site CDBG Fund	\$ 9,937
Building Construction Fund	146,685
Airport Expansion Project Fund	25,413
	<u>\$ 182,035</u>

Transfers to/from other funds at June 30, 2020, 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 Grant Program Fund to provide a match for grant revenue	13,600
From the General Fund to the Revaluation Fund to provide for future revaluation	35,000
From the General Fund to the Business Park Fund to expand the infrastructure at the park	10,000
	<u>\$ 995,901</u>

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

D. Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Total capital assets	\$ 24,415,680	\$ 13,685,503	\$ 38,101,183
Note Receivable	-	2,488,710	2,488,710
Outstanding debt	<u>(14,059,521)</u>	<u>(12,580,075)</u>	<u>(26,639,596)</u>
Net Investment in Capital Assets	<u>\$ 10,356,159</u>	<u>\$ 3,594,138</u>	<u>\$ 13,950,297</u>

E. 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.

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	\$ 12,000,920
Less:	
Advances	(1,826,357)
Prepays	(95,222)
Stabilization by State Statute	(1,917,919)
Register of Deeds	(30,308)
Tax Revaluation	(120,428)
Working Capital/Fund Balance Policy	<u>(8,010,686)</u>
Remaining Fund Balance	<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, 2020. In accordance with the intergovernmental agreement between the participating

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

governments, the County appropriated \$104,194 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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$1,358,943 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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$378,733 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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$58,104 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

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,029,054 and \$60,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2020. 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, 2020. 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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$599,140 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 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, 2020.

VI. BENEFIT PAYMENTS ISSUED BY THE STATE

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Supplemental Nutrition Assistance Program	10.561	6,918,002	-
Temporary Assistance for Needy Families	93.558	96,336	13,637
Adoption Assistance	93.659	194,455	44,602
Foster Care - Title IV-E	93.658	76,066	19,796
Medical Assistance Program	93.778	33,150,833	15,604,334
Children's Health Insurance Program	93.767	501,254	37,252
Child Welfare Services Adoption		-	46,752
Foster Care		-	11,330
State / County Special Assistance program		-	240,864
State Foster Home		-	25,983

Martin County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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. 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.

X. SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain operations of the County have been affected. The ability of some citizens to make utility payments has and may at times be impacted by the effects of the pandemic, as well as, state shared revenues, local, state and federal grant funding. In response to this event, the County, through Executive Order of the Governor, suspended its cut-off policies for non-payment of utilities and/or extended due dates and payment options of utilities and property taxes for residents. Continued effects of the pandemic may result in uncertainties and a negative impact on operating activities and results of the County. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

Schedule of County Contributions (HCB)

Schedule of Investment Returns (HCB)

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 NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2020

Total OPEB Liability

	2020	2019	2018
Service cost	\$ 379,822	\$ 411,375	\$ 497,888
Interest on the total pension liability	621,734	659,387	551,475
Changes of benefit terms			-
Differences between expected and actual experience	(57,275)	(1,015,294)	(45,543)
Changes of assumptions or other inputs	3,992,240	611,658	(1,672,862)
Benefit payments	(418,777)	(372,187)	(368,773)
Net change in total OPEB liability	4,517,744	294,939	(1,037,815)
Beginning pension liability balance	17,430,092	17,135,153	18,504,452
Ending Total OPEB Liability	<u>21,947,836</u>	<u>17,430,092</u>	<u>17,466,637</u>
Plan Fiduciary Net Position			
Contributions - Employer	418,777	1,372,187	
Net Investment Income	53,110	87,100	
Benefit Payments	(418,777)	(372,187)	
Net Change in Plan Fiduciary Net Position	53,110	1,087,100	
Plan Fiduciary Net Position - beginning	1,087,100	-	
Plan Fiduciary Net Position - ending	1,140,210	1,087,100	
Net OPEB Liability - ending	<u>\$ 20,807,626</u>	<u>\$ 16,342,992</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	5.20%	6.24%	

The difference in \$331,484 between the 2018 ending TOL and the 2019 beginning TOL is due to the change in assumption. The measurement date was changed to be the same date as the report date instead of 12 months in arrears of the report date.

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 CONTRIBUTIONS
HEALTHCARE BENEFITS PLAN
For the Year Ended June 30, 2020

Healthcare Benefits Plan

	2020	2019
Actuarially Determined Contribution	\$ 1,119,961	\$ 1,119,978
Contributions in relation to the Actuarially Determined Contribution	418,777	1,372,187
Annual contribution deficiency (excess)	<u>\$ 701,184</u>	<u>\$ (252,209)</u>

Assumptions used to calculate contribution rates:

Actuarial cost method	Entry age normal
Amortization method	30-yr level pay
Amortization period	Decrease each year
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	7.25% initial, decreasing to 4.75% by 2028
Salary increases	3.5 to 7.75% including inflation and productivity factor
Discount rate as of the measurement date	3.5% per annum, compounded annually
Retirement age	Based on the results of an actuarial experience study for the period January 1, 2020 through December 31, 2014 adopted by the LGERS Board
Mortality	Based on the RR-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015

Martin County, North Carolina
SCHEDULE OF INVESTMENT RETURNS
HEALTHCARE BENEFITS PLAN
For the Year Ended June 30, 2020

Healthcare Benfits Plan Investment Returns

	<u>2020</u>	<u>2019</u>
Long term investment rate of return, net of OPEB plan investment expense, including price inflation	4.74%	4.74%

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

Local Governmental Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)%	0.096%	0.098%	0.096%	0.089%	0.092%	0.920%	0.096%
County's proportionate share of the net pension liability (asset)\$	\$ 2,614,585	\$ 2,324,895	\$ 1,471,352	\$ 1,896,306	\$ 412,038	\$ (540,618)	\$ 1,152,347
County's covered-payroll	\$ 6,637,486	\$ 6,435,638	\$ 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	39.39%	36.10%	24.22%	32.75%	7.52%	9.83%	21.02%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

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

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 Seven Fiscal Years

Local Governmental Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 644,763	\$ 534,244	\$ 502,127	\$ 458,014	\$ 392,341	\$ 387,294	\$ 389,832
Contributions in relation to the contractually required contribution	<u>644,763</u>	<u>534,244</u>	<u>502,127</u>	<u>458,014</u>	<u>392,341</u>	<u>387,294</u>	<u>389,832</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-payroll	\$ 6,984,666	\$ 6,637,486	\$ 6,435,638	\$ 6,074,494	\$ 5,789,835	\$ 5,476,422	\$ 5,499,478
Contribution as a percentage of covered-payroll	9.23%	8.05%	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 Seven Fiscal Years

Register of Deeds' Supplemental Pension Fund

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)%	0.155%	0.170%	0.180%	0.190%	0.190%	0.190%	0.170%
County's proportionate share of the net pension liability (asset)\$	\$ (30,669)	\$ (27,929)	\$ (30,128)	\$ (34,619)	\$ (42,772)	\$ (42,555)	\$ (36,192)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

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

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 Seven Fiscal Years

Register of Deeds' Supplemental Pension Fund

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,421	\$ 1,476	\$ 1,443	\$ 1,534	\$ 1,513	\$ 1,477	\$ 1,533
Contributions in relation to the contractually required contribution	<u>1,421</u>	<u>1,476</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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

	2020	2019	2018	2017
Beginning pension liability balance	\$ 844,269	\$ 751,336	\$ 607,009	\$ 573,305
Service cost	53,012	53,324	45,597	35,670
Interest on the total pension liability	30,508	23,624	23,286	20,400
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	97,662	65,142	17,835	-
Changes of assumptions or other inputs	37,946	(41,655)	65,111	(18,615)
Benefit payments	(12,301)	(7,502)	(7,502)	(3,751)
Other changes	-	-	-	-
Ending pension liability balance	<u>\$ 1,051,096</u>	<u>\$ 844,269</u>	<u>\$ 751,336</u>	<u>\$ 607,009</u>

*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

	2020	2019	2018	2017
Total pension liability	\$ 1,051,096	\$ 844,269	\$ 751,336	\$ 607,009
Covered payroll	1,886,786	1,684,306	1,672,357	1,293,818
Total pension liability as a percentage of covered payroll	55.71%	50.13%	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, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	-	\$ 15,363,100	-
Prior years	-	536,160	-
Tax penalties and interest	-	155,709	-
Tax commission	-	8,492	-
Total	\$ 15,517,221	16,063,461	\$ 546,240
Local option sales taxes:			
Local option sales tax 1 cent	-	1,690,933	-
Local option sales tax ½ cent	-	1,571,358	-
Local option sales tax - Board of Education - ½ cent	-	1,163,663	-
Local options sales tax ¼ cent	-	566,691	-
Total	4,558,635	4,992,645	434,010
Other taxes and licenses:			
Beer and wine license	-	1,275	-
Room occupancy tax	-	228,682	-
Cable TV franchise	-	30,861	-
Scrap tire disposal tax	-	31,636	-
Gross receipts tax	-	10,866	-
Deeds stamp tax	-	38,950	-
Solid waste disposal tax	-	13,977	-
Total	386,167	356,247	(29,920)
Unrestricted intergovernmental revenues:			
Beer and wine	-	63,324	-
State reimbursement for DWI	-	1,113	-
Jail fees	-	11,910	-
Total	78,500	76,347	(2,153)
Restricted intergovernmental revenues:			
ABC bottle tax	-	9,642	-
Court facilities fees	-	51,664	-
Automation enhancement	-	9,095	-
OJJ grants	-	138,816	-
Emergency management	-	47,154	-
DSS	-	3,361,862	-
Sheriff:			
SRO grant	-	476,482	-
Officer fees	-	17,070	-
Contract deputy fees	-	30,663	-
Misdemeanant confinement	-	969	-
Miscellaneous grants	-	5,579	-
Soil conservation	-	3,600	-
HCCBG Aging grant	-	300,929	-
Public School Building Capital Fund	-	286,521	-

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Intergovernmental revenues (continued):			
Stream Clean-up grant	-	419,900	-
USDA grant	-	22,168	-
CARES grants	-	20,000	-
QSCB Interest reimbursement	-	721,841	-
Electronic mgmt fund	-	1,341	-
Scap Tire Disposal	-	4,687	-
Spay/Neuter program	-	32,234	-
Veterans Administration grant	-	2,182	-
Senior Center – grants	-	32,016	-
Martin County Council on Aging	-	47,827	-
NCDOT grant	-	258,554	-
Transit grants	-	121,129	-
Total	7,160,272	6,423,925	(736,347)
Licenses and fees:			
Register of Deeds fees	-	70,673	-
Building permits and inspection fees	-	65,171	-
DMV fees	-	157,409	-
Sheriff's pistol permits	-	6,775	-
Concealed weapon permits	-	11,160	-
Ambulance franchise fees	-	12,000	-
Total	265,600	323,188	57,588
Sales and services:			
Rents and concessions	-	52,787	-
Airport operations	-	87,733	-
Solid waste fees	-	2,208,165	-
TDA management fee	-	4,565	-
Senior center operations	-	46,902	-
Transit operations	-	244,652	-
Sheriff fees and miscellaneous	-	64,598	-
Total	2,578,413	2,709,402	130,989
Investment earnings	100,000	84,131	(15,869)
Miscellaneous:			
ABC proceeds	-	80,438	-
Other	-	51,641	-
White Oak paving	-	14,572	-
Insurance proceeds	-	40,990	-
Legal reimbursements	-	6,582	-
Total	178,350	194,223	15,873
Total revenues	30,823,158	31,223,569	400,411

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
<u>General Government:</u>			
Governing Body:			
Salaries and benefits	-	80,337	-
Other operating expenditures	-	119,941	-
Total	216,377	200,279	16,098
County Manager:			
Salaries and benefits	-	225,606	-
Other operating expenditures	-	16,202	-
Capital outlay	-	25,000	-
Total	272,410	266,808	5,602
Elections:			
Salaries and benefits	-	87,911	-
Other operating expenditures	-	56,177	-
Total	160,844	144,088	16,756
Data Processing:			
Salaries and benefits	-	104,376	-
Other operating expenditures	-	276,508	-
Capital outlay	-	89,011	-
Total	505,064	469,895	35,169
Finance:			
Salaries and benefits	-	331,811	-
Other operating expenditures	-	93,596	-
Total	443,392	425,407	17,985
Tax Assessor:			
Salaries and benefits	-	232,679	-
Other operating expenditures	-	109,303	-
Total	388,947	341,982	46,965
Tax Collector:			
Salaries and benefits	-	274,744	-
Other operating expenditures	-	89,108	-
Total	368,018	313,852	54,166
Legal:			
Other operating expenditures	-	7,226	-
Total	12,200	7,226	4,974
DMV License Plate Agency:			
Salaries and benefits	-	90,988	-
Other operating expenditures	-	23,268	-
Total	121,445	114,256	7,189

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Register of Deeds:			
Salaries and benefits	-	212,392	-
Other operating expenditures	-	37,711	-
Total	256,816	250,103	6,713
Public buildings:			
Governmental Center:			
Salaries and benefits	-	226,907	-
Other operating expenditures	-	287,771	-
Capital outlay	-	57,161	-
Total	589,226	571,839	17,387
County Office building:			
Utilities	-	9,156	-
Other operating expenditures	-	25,944	-
Total	48,550	35,100	13,450
Agricultural building:			
Utilities	-	7,451	-
Other operating expenditures	-	16,826	-
Total	36,215	24,277	11,938
Farmer's Market:			
Utilities	-	2,703	-
Other operating expenditures	-	24,382	-
Total	23,829	27,085	(3,256)
Moratoc Park:			
Utilities	-	7,999	-
Other operating expenditures	-	25,599	-
Capital outlay	-	19,800	-
Total	70,999	53,398	17,601
Health Department:			
Utilities	-	20,488	-
Other operating expenditures	-	39,987	-
Capital outlay	-	8,000	-
Total	91,554	68,475	23,079
Kehukee Office Building:			
Utilities	-	11,721	-
Other operating expenditures	-	39,900	-
Total	51,567	51,621	(54)
Shooting Range Building:			
Other operating expenditures	-	2,122	-
Total	4,530	2,122	2,408

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Watts Street Building:			
Other operating expenditures	-	7,758	-
Total	14,624	7,758	6,866
PSAP Building:			
Utilities	-	19,435	-
Other operating expenditures	-	18,380	-
Total	42,000	37,815	4,185
Water Maintenance Building:			
Other operating expenditures	-	150	-
Total	-	150	(150)
Ray Street Building:			
Other operating expenditures	-	18,447	-
Total	25,852	18,447	7,405
Total public buildings	998,946	898,087	100,859
Court facilities:			
Other operating expenditures	-	69,610	-
Capital outlay	-	1,079	-
Total	121,820	70,689	51,131
<u>Total General Government</u>	<u>3,866,279</u>	<u>3,502,672</u>	<u>363,607</u>
<u>Public Safety:</u>			
Sheriff:			
Salaries and benefits	-	3,023,469	-
Other operating expenditures	-	481,587	-
Capital outlay	-	145,800	-
Total	3,734,333	3,650,856	83,477
Communications:			
Salaries and benefits	-	589,561	-
Other operating expenditures	-	61,152	-
Total	672,293	650,713	21,580
Emergency Management:			
Salaries and benefits	-	98,759	-
Other operating expenditures	-	67,886	-
Total	171,203	166,645	4,558

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Building Inspector:			
Salaries and benefits	-	89,476	-
Other operating expenditures	-	9,692	-
Total	105,939	99,168	6,771
Medical Examiner	40,000	37,050	2,950
Jail:			
Bertie-Martin Regional Jail	-	1,358,943	-
Youth Services – detention subsidy	-	24,400	-
Total	1,441,486	1,383,343	58,143
Rescue Squads	447,500	443,259	4,241
<u>Total Public Safety</u>	<u>6,612,754</u>	<u>6,431,034</u>	<u>181,720</u>
<u>Environmental Protection:</u>			
Construction and Demolition Facility:			
Salaries and benefits	-	199,401	-
Other operating expenditures	-	2,176,114	-
Capital outlay	-	12,591	-
Total	2,423,589	2,388,106	35,483
Forest Fire Protection	102,742	100,609	2,133
<u>Total Environmental Protection</u>	<u>2,526,331</u>	<u>2,488,715</u>	<u>37,616</u>
<u>Economic & Physical Development:</u>			
Soil conservation:			
Salaries and benefits	-	121,106	-
Other operating expenditures	-	429,353	-
Total	554,481	550,459	4,022
Cooperative extension:			
Salaries and benefits	-	14,087	-
Contracted services	-	143,307	-
Other operating expenditures	-	16,759	-
Total	214,518	177,153	37,365
Water:			
Water tank maintenance	-	7,376	-
Other operating expenditures	-	39,815	-
Total	222,642	47,191	175,451
Martin County Chamber of Commerce	22,500	22,500	-
Economic Development Corporation	479,676	382,162	97,514

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Martin County Travel & Tourism Authority	258,667	229,186	29,481
<u>Total Economic & Physical Development</u>	<u>1,752,484</u>	<u>1,408,651</u>	<u>343,833</u>
<u>Human Services:</u>			
Social Services:			
Administration:			
Salaries and benefits	-	3,158,039	-
Other operating expenditures	-	767,903	-
Capital Outlay	-	46,311	-
Total	<u>4,307,750</u>	<u>3,972,253</u>	<u>335,497</u>
Assistance Programs:			
Work First	-	32,457	-
Special assistance for adults	-	230,044	-
Low Income Energy Assistance	-	146,216	-
General assistance	-	10,582	-
TANF – Foster Care	-	119,373	-
State Foster Home Fund	-	78,362	-
Adoption assistance	-	66,151	-
Medicaid transportation	-	3,503	-
Aid to blind	-	6,487	-
Crisis intervention	-	135,573	-
Total	<u>1,509,967</u>	<u>828,748</u>	<u>681,219</u>
Total Social Services	<u>5,817,717</u>	<u>4,801,001</u>	<u>1,016,716</u>
Veterans Service Officer:			
Salaries and benefits	-	56,845	-
Other operating expenditures	-	8,188	-
Total	<u>67,036</u>	<u>65,033</u>	<u>2,003</u>
Mental Health – Trillium Health Resources	<u>59,462</u>	<u>58,104</u>	<u>1,358</u>
Martin-Tyrrell-Washington Health Department	<u>378,733</u>	<u>378,733</u>	<u>-</u>
Office of Juvenile Justice:			
Educational Support Services	-	20,550	-
Friends of Families	-	42,969	-
Network Initiative for Families	-	35,250	-
Task Force Certification	-	2,245	-
Smithwick Chapel Summer	-	18,900	-
Riverside Intervention	-	40,655	-
Total	<u>161,812</u>	<u>160,569</u>	<u>1,243</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, 2020

	Budget	Actual	Variance Positive (Negative)
Vocational Rehabilitation:			
Martin Enterprises	-	36,250	-
Other operating expenses	-	5,056	-
Total	41,369	41,306	63
Department of Aging:			
Administration:			
Salaries and benefits	-	253,933	-
Other operating expenditures	-	135,262	-
Total	403,814	389,195	14,619
Congregate Nutrition:			
Salaries and benefits	-	43,270	-
Other operating expenditures	-	45,435	-
Total	102,957	88,705	14,252
Home Delivered Meals:			
Salaries and benefits	-	15,155	-
Other operating expenditures	-	115,313	-
Total	131,910	130,468	1,442
Respite:			
Other operating expenditures	-	812	-
Total	-	812	(812)
Personal Care:			
Salaries and benefits	-	107,241	-
Other operating expenditures	-	3,732	-
Total	121,858	110,973	10,885
Total Department of Aging	760,539	720,153	40,386
Other Human Services:			
Choanoke Area Development	-	25,000	-
County projects	-	42,250	-
Total	68,250	67,250	1,000
<u>Total Human Services</u>	7,354,918	6,292,149	1,062,769

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
<u>Cultural and Recreational:</u>			
Recreation:			
Williamston	-	9,677	-
Bear Grass	-	3,345	-
Robersonville	-	7,650	-
Oak City	-	3,985	-
Jamesville	-	5,285	-
Hamilton	-	4,105	-
Total	35,670	34,047	1,623
BHM Regional Library	104,194	104,194	-
Martin County Arts Council	8,500	8,500	-
Martin Community Players	19,242	19,242	-
Roanoke River Project	2,000	2,000	-
<u>Total Cultural and Recreational</u>	169,606	167,983	1,623
<u>Transportation</u>			
Airport:			
Salaries and benefits	-	2,020	-
Contracted services	-	91,105	-
Other operating expenditures	-	91,780	-
Total	205,802	184,905	20,897
Martin County Transit:			
Salaries and benefits	-	445,215	-
Other operating expenditures	-	165,084	-
Capital outlay	-	377,861	-
Total	1,112,954	988,160	124,794
<u>Total Transportation</u>	1,318,756	1,173,065	145,691
<u>Education:</u>			
Martin Community College:			
Current expenditures	-	1,029,054	-
Capital outlay	-	60,000	-
Total	1,089,054	1,089,054	-
Board of Education:			
Current expenditures	-	6,044,207	-
Capital outlay	-	539,872	-
Total	7,584,079	6,584,079	1,000,000
<u>Total Education</u>	8,673,133	7,673,133	1,000,000

Martin County, North Carolina
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	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>33,037,693</u>	 <u>29,900,834</u>	 <u>3,136,859</u>
Revenues over (under) expenditures	<u>(2,214,535)</u>	<u>1,322,735</u>	<u>3,537,270</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)	-
Revaluation Fund	-	(35,000)	-
Business Park Fund	-	(10,000)	-
Program Grant Fund	-	(13,600)	-
Total	<u>(995,902)</u>	<u>(995,901)</u>	<u>1</u>
 Sale of fixed assets	 <u>20,000</u>	 <u>12,056</u>	 <u>(7,944)</u>
 Total other financing sources (uses)	 <u>590,765</u>	 <u>(983,845)</u>	 <u>(1,574,612)</u>
 Revenues and other financing sources over (under) expenditures and other financing uses	 <u>(1,623,770)</u>	 <u>338,890</u>	 <u>1,962,660</u>
 Fund balance appropriation	 <u>1,623,770</u>	 <u>-</u>	 <u>(1,623,770)</u>
 Revenues, other financing sources over (under) expenditures and other financing uses and appropriated fund balance	 <u>\$ -</u>	 <u>338,890</u>	 <u>\$ 338,890</u>
 Fund balances:			
Beginning of year, July 1		<u>11,510,902</u>	
End of year, June 30		<u>\$ 11,849,792</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, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Sales and Service:			
Agricultural services	\$ -	\$ 4,453	\$ -
4-H camp	-	1,430	-
EFNEP	-	2,531	-
Home economics program	-	2,665	-
Farmers Market Association	-	1,795	-
Total	<u>22,250</u>	<u>12,874</u>	<u>(9,376)</u>
Miscellaneous:			
Lamb and swine show	-	21,494	-
Miscellaneous	-	1,434	-
Total	<u>49,000</u>	<u>22,928</u>	<u>(26,072)</u>
Total revenues	<u>71,250</u>	<u>35,802</u>	<u>(35,448)</u>
Expenditures:			
Current:			
Economic and physical development:			
Agricultural program	-	2,305	-
Home economics program	-	744	-
4-H program	-	4,917	-
EFNEP	-	951	-
Lamb and swine show	-	20,979	-
Horticulture	-	13	-
Farmers market	-	2,976	-
Total expenditures	<u>72,598</u>	<u>32,885</u>	<u>39,713</u>
Revenues over (under) expenditures	(1,348)	2,917	4,265
Fund balance appropriation	<u>1,348</u>	<u>-</u>	<u>(1,348)</u>
Revenues and appropriated fund balance over (under) expenditures	\$ <u>-</u>	2,917	\$ <u>2,917</u>
Fund Balance at beginning of year		<u>27,783</u>	
Fund balance at end of year		<u>\$ 30,700</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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Expenditures:			
Current:			
General government:			
Contracted services	\$ 35,000	\$ -	\$ 35,000
Total expenditures	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Revenues over (under) expenditures	(35,000)	-	(35,000)
Other financing sources:			
Operating transfer in:			
From general fund	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	35,000	\$ <u>35,000</u>
Fund balance at beginning of year		<u>85,428</u>	
Fund balance at end of year		<u>\$ 120,428</u>	

Martin County, North Carolina
HOSPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 75,000	\$ 89,242	\$ 14,242
Proceeds from lease	566,667	566,667	-
Total revenues	<u>641,667</u>	<u>655,909</u>	<u>14,242</u>
Revenues over (under) expenditures	641,667	655,909	14,242
Other financing uses:			
Operating transfer out:			
To general fund	<u>(1,566,667)</u>	<u>-</u>	<u>(1,566,667)</u>
Revenues and other financing sources over (under) expenditures	(925,000)	655,909	(1,580,909)
Fund balance appropriation	<u>925,000</u>	<u>-</u>	<u>925,000</u>
Revenues and other financing sources and fund balance appropriation over (under) expenditures	\$ <u>-</u>	655,909	\$ <u>655,909</u>
Fund Balance at beginning of year		<u>7,488,250</u>	
Fund balance at end of year		<u>\$ 8,144,159</u>	

Martin County, North Carolina
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	2020		
	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 757	\$ 757
Total revenues	-	757	757
Expenditures:			
Current:			
General government:			
Reserve for future	937,302	-	937,302
Total expenditures	937,302	-	937,302
Revenues over (under) expenditures	(937,302)	757	938,059
Other financing sources:			
Operating transfer in:			
From general fund	937,302	937,301	(1)
Revenues and other financing sources over (under) expenditures	\$ -	938,058	\$ 938,058
Fund balance at beginning of year		7,503,434	
Fund balance at end of year		\$ 8,441,492	

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.
- **Coronavirus Relief Fund** – accounts for coronavirus relief funds.

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, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 686,910	\$ 168,930	\$ 855,840
Investments	615,147	-	615,147
Taxes receivable(net)	98,219	-	98,219
Accounts receivable(net)	105,293	543,200	648,493
Total assets	<u>\$ 1,505,569</u>	<u>\$ 712,130</u>	<u>\$ 2,217,699</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 153,071	\$ 135,817	\$ 288,888
Advance from general fund	9,937	172,098	182,035
Total liabilities	<u>163,008</u>	<u>307,915</u>	<u>470,923</u>
 DEFERRED INFLOWS OF RESOURCES			
Unearned grant funds	635,106	-	635,106
Taxes receivable	101,449	-	101,449
Total deferred inflows of resources	<u>716,555</u>	<u>-</u>	<u>716,555</u>
 Fund Balances:			
Restricted:			
Stabilization by State Statute	92,446	543,200	635,646
Public safety programs	554,754	-	554,754
Economic development	38,907	67,377	106,284
Unassigned	(60,101)	(206,362)	(266,463)
Total fund balances	<u>626,006</u>	<u>404,215</u>	<u>1,030,221</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,505,569</u>	<u>\$ 712,130</u>	<u>\$ 2,217,699</u>

Martin County, North Carolina
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Ad valorem taxes	\$ 711,723	\$ -	\$ 711,723
Local option sales tax	206,660	-	206,660
Intergovernmental revenues	1,121,117	1,353,536	2,474,653
Investment earnings	41	-	41
Total revenues	<u>2,039,541</u>	<u>1,353,536</u>	<u>3,393,077</u>
Expenditures			
Current:			
Public safety	1,092,297	868,366	1,960,663
Economic and physical development	892,707	214,564	1,107,271
Transportation	-	362,574	362,574
Total expenditures	<u>1,985,004</u>	<u>1,445,504</u>	<u>3,430,508</u>
Excess (deficiency) of revenues over expenditures	<u>54,537</u>	<u>(91,968)</u>	<u>(37,431)</u>
Other financing sources (uses)			
Operating transfer in (out):			
Transfers from other funds	13,600	10,000	23,600
Total other financing sources(uses)	<u>13,600</u>	<u>10,000</u>	<u>23,600</u>
Net change in fund balances	68,137	(81,968)	(13,831)
Fund balances – beginning	557,869	486,183	1,044,052
Fund balances – ending	<u>\$ 626,006</u>	<u>\$ 404,215</u>	<u>\$ 1,030,221</u>



View from Moratoc Park overlooking the Roanoke River

Martin County, North Carolina
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUND
June 30, 2020

	Fire District Fund	Emergency Telephone System Fund	Controlled Substance Tax Fund	Program Grant Fund	Scattered Site CDBG Fund	Coron- ovirus Relief Fund	Total
ASSETS							
Cash and cash equivalents	\$ 92,090	\$ 502,962	\$ 52,815	\$ 39,043	\$ -	\$ -	\$ 686,910
Investments	-	-	-	-	-	615,147	615,147
Taxes receivable (net)	98,219	-	-	-	-	-	98,219
Accounts receivable (net)	63,011	24,542	81	-	17,659	-	105,293
TOTAL ASSETS	\$ 253,320	\$ 527,504	\$ 52,896	\$ 39,043	\$ 17,659	\$ 615,147	\$ 1,505,569
LIABILITIES AND FUND BALANCES							
Liabilities:							
Advance from general fund	\$ -	\$ -	\$ -	\$ -	\$ 9,937	\$ -	\$ 9,937
Accounts payable and accrued liabilities	151,871	1,064	-	136	-	-	153,071
Total liabilities	151,871	1,064	-	136	9,937	-	163,008
Deferred inflows of resources:							
Unearned grant funds	-	-	-	-	-	615,106	615,106
Taxes receivable	101,449	-	-	-	-	-	101,449
Total deferred inflows of resources	101,449	-	-	-	-	615,106	716,555
Fund balances:							
Restricted:							
Stabilization by State Statute	50,164	24,542	81	-	17,659	-	92,446
Public safety	-	501,898	52,815	-	-	41	554,754
Economic development	-	-	-	38,907	-	-	38,907
Unassigned	(50,164)	-	-	-	(9,937)	-	(60,101)
Total fund balances	-	526,440	52,896	38,907	7,722	41	626,006
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 253,320	\$ 527,504	\$ 52,896	\$ 39,043	\$ 17,659	\$ 615,147	\$ 1,505,569

Martin County, North Carolina
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
June 30, 2020

	Building Const. Fund	Business Park Fund	Airport Expansion Project Fund	Total
ASSETS				
Cash	\$ -	\$ 168,930	\$ -	\$ 168,930
Accounts receivable (net)	<u>149,656</u>	<u>177,012</u>	<u>216,532</u>	<u>543,200</u>
TOTAL ASSETS	<u>\$ 149,656</u>	<u>\$ 345,942</u>	<u>\$ 216,532</u>	<u>\$ 712,130</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,971	\$ 101,553	\$ 31,293	\$ 135,817
Advance from general fund	<u>146,685</u>	<u>-</u>	<u>25,413</u>	<u>172,098</u>
Total liabilities	<u>149,656</u>	<u>101,553</u>	<u>56,706</u>	<u>307,915</u>
Fund balances:				
Restricted:				
Stabilization by State Statue	149,656	177,012	216,532	543,200
Economic development	-	67,377	-	67,377
Unassigned	<u>(149,656)</u>	<u>-</u>	<u>(56,706)</u>	<u>(206,362)</u>
Total fund balances	<u>-</u>	<u>244,389</u>	<u>159,826</u>	<u>404,215</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 149,656</u>	<u>\$ 345,942</u>	<u>\$ 216,532</u>	<u>\$ 712,130</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, 2020

	Fire District Fund	Emergency Telephone System Fund	Controlled Substance Tax Fund	Program Grant Fund	Scattered Site CDBG Fund	Coron- ovirus Relief Fund	Total
REVENUES							
Ad valorem taxes	\$ 711,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 711,723
Local option sales tax	206,660	-	-	-	-	-	206,660
Intergovernmental revenue	-	213,700	11,901	16,000	879,516	-	1,121,117
Investment earnings	-	-	-	-	-	41	41
Total revenues	<u>918,383</u>	<u>213,700</u>	<u>11,901</u>	<u>16,000</u>	<u>879,516</u>	<u>41</u>	<u>2,039,541</u>
EXPENDITURES							
Current:							
Public safety	918,383	160,695	13,219	-	-	-	1,092,297
Economic and physical development	-	-	-	12,913	879,794	-	892,707
Total expenditures	<u>918,383</u>	<u>160,695</u>	<u>13,219</u>	<u>12,913</u>	<u>879,794</u>	<u>-</u>	<u>1,985,004</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>53,005</u>	<u>(1,318)</u>	<u>3,087</u>	<u>(278)</u>	<u>41</u>	<u>54,537</u>
OTHER FINANCING SOURCES							
Transfers from other funds	-	-	-	13,600	-	-	13,600
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>-</u>	<u>-</u>	<u>13,600</u>
Net change in fund balances	-	53,005	(1,318)	16,887	(278)	41	68,137
Fund balances, beginning	-	473,435	54,214	22,220	8,000	-	557,869
Fund balances, ending	<u>\$ -</u>	<u>\$ 526,440</u>	<u>\$ 52,896</u>	<u>\$ 38,907</u>	<u>\$ 7,722</u>	<u>\$ 41</u>	<u>\$ 626,006</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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 755,250	\$ 677,936	\$ (77,314)
Prior year	31,100	26,463	(4,637)
Interest	8,500	7,324	(1,176)
Total ad valorem taxes	<u>794,850</u>	<u>711,723</u>	<u>(83,127)</u>
Other taxes:			
Local option sales taxes	<u>227,500</u>	<u>206,660</u>	<u>(20,840)</u>
Total revenues	<u>1,022,350</u>	<u>918,383</u>	<u>(103,967)</u>
Expenditures:			
Current:			
Public safety:			
Jamesville Fire District	196,350	192,067	4,283
Roanoke Fire District	104,000	94,706	9,294
Williamston Fire District	284,000	253,877	30,123
Goose Nest Fire District	84,500	74,670	9,830
Griffins Fire District	83,000	70,082	12,918
Bear Grass Fire District	160,000	144,640	15,360
Hamilton Fire District	<u>110,500</u>	<u>88,341</u>	<u>22,159</u>
Total expenditures	<u>1,022,350</u>	<u>918,383</u>	<u>103,967</u>
Revenues over (under) expenditures	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance at beginning of year		-	
Fund balance at end of year		\$ <u>-</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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Intergovernmental revenue:			
911 access charges	\$ 213,699	\$ 213,700	\$ 1
Total revenues	<u>213,699</u>	<u>213,700</u>	<u>1</u>
Expenditures:			
Current:			
Public Safety:			
Training	-	2,661	-
Maintenance	-	75,658	-
Telephone	-	33,740	-
Office supplies	-	1,482	-
Capital outlay	-	47,154	-
Total expenditures	<u>213,699</u>	<u>160,695</u>	<u>53,004</u>
Revenues over (under) expenditures	\$ <u>-</u>	53,005	\$ <u>53,005</u>
Fund balance at beginning of year		473,435	
Fund balance at end of year		<u>\$ 526,440</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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
DOC – AR Textiles	\$ 750,000	\$ 750,000	\$ -	\$ 750,000	\$ -
DOC – Syfan	24,960	24,960	-	24,960	-
CDBG – Weitron	620,000	620,000	-	620,000	-
Misc – Penco repayment	-	11,000	-	11,000	11,000
TDA Contribution – Trails grant	-	-	16,000	16,000	16,000
Total revenues	<u>1,394,960</u>	<u>1,405,960</u>	<u>16,000</u>	<u>1,421,960</u>	<u>27,000</u>
Expenditures:					
Economic and physical development:					
Administration	137,060	112,240	12,913	125,153	11,907
Construction	<u>1,370,000</u>	<u>1,370,000</u>	<u>-</u>	<u>1,370,000</u>	<u>-</u>
Total expenditures	<u>1,507,060</u>	<u>1,482,240</u>	<u>12,913</u>	<u>1,495,153</u>	<u>11,907</u>
Revenues over (under) expenditures	<u>(112,100)</u>	<u>(76,280)</u>	<u>3,087</u>	<u>(73,193)</u>	<u>38,907</u>
Other financing sources:					
Transfer from General Fund	<u>112,100</u>	<u>98,500</u>	<u>13,600</u>	<u>112,100</u>	<u>-</u>
Total other funding sources	<u>112,100</u>	<u>98,500</u>	<u>13,600</u>	<u>112,100</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>22,220</u>	16,687	\$ <u>38,907</u>	\$ <u>38,907</u>
Fund balance at beginning of year			22,220		
Fund balance at end of year			\$ <u>38,907</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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Intergovernmental revenue:			
Controlled substance tax distribution	\$ -	\$ 11,901	\$ 11,901
Total revenues	-	11,901	11,901
Expenditures:			
Public Safety:			
Supplies and materials	-	2,034	-
Capital outlay	-	11,185	-
Total expenditures	52,000	13,219	38,781
Revenues over (under) expenditures	52,000	(1,318)	50,682
Appropriated fund balance	52,000	-	(52,000)
Revenues and fund balance appropriations over (under) expenditures	\$ -	(1,318)	\$ (1,318)
Fund balance at beginning of year		54,214	
Fund balance at end of year		\$ 52,896	

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, 2020

			Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)	
Revenues:						
Intergovernmental revenue:						
NCHFA-SFR #SFRLP1515	\$ 504,903	\$ 459,560	\$ 15,580	\$ 475,140	\$ (29,763)	
NCHFA-SFR #SFRLPDR1718	2,075,000	530,210	863,936	1,394,146	(680,854)	
CDBG-NR	750,000	-	-	-	(750,000)	
Total revenues	<u>3,329,903</u>	<u>989,770</u>	<u>879,516</u>	<u>1,869,286</u>	<u>(1,460,617)</u>	
Expenditures:						
Economic and physical development:						
Administration	575,903	258,101	160,228	418,329	157,574	
Rehabilitation	2,762,000	731,669	719,566	1,451,235	1,310,765	
Total expenditures	<u>3,337,903</u>	<u>989,770</u>	<u>879,794</u>	<u>1,869,564</u>	<u>1,468,339</u>	
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(278)</u>	<u>(278)</u>	<u>7,722</u>	
Other financing sources:						
Operating transfer in (out):						
From general fund	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 8,000</u>	<u>(278)</u>	<u>\$ 7,722</u>	<u>\$ 7,722</u>	
Fund balance at beginning of year			<u>8,000</u>			
Fund balance at end of year			<u>\$ 7,722</u>			

Martin County, North Carolina
CORONAVIRUS RELIEF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
CARES grant	\$ 615,106	\$ -	\$ (615,106)
Investment earnings	-	41	41
Total revenues	<u>615,106</u>	<u>41</u>	<u>(615,065)</u>
Expenditures:			
Current:			
Miscellaneous:	-	-	-
Total expenditures	<u>615,106</u>	<u>-</u>	<u>615,106</u>
Revenues over (under) expenditures	\$ <u>-</u>	41	\$ <u>41</u>
Fund balance at beginning of year		-	
Fund balance at end of year		<u>\$ 41</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, 2020

	Building Construction Fund	Business Park Fund	Airport Expansion Project Fund	Total
REVENUES				
Intergovernmental revenues	\$ 710,866	\$ 174,804	\$ 467,866	\$ 1,353,536
Total revenues	<u>710,866</u>	<u>174,804</u>	<u>467,866</u>	<u>1,353,536</u>
EXPENDITURES				
Current:				
Economic & physical development	-	214,564	-	214,564
Transportation	-	-	362,574	362,574
Public Safety	<u>868,366</u>	<u>-</u>	<u>-</u>	<u>868,366</u>
Total expenditures	<u>868,366</u>	<u>214,564</u>	<u>362,574</u>	<u>1,445,504</u>
Revenues over(under) expenditures	<u>(157,500)</u>	<u>(39,760)</u>	<u>105,292</u>	<u>(91,968)</u>
OTHER FINANCING SOURCES				
Operating transfers in:				
From general fund	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total other financing sources	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
NET CHANGE	(157,500)	(29,760)	105,292	(81,968)
Fund balance at beginning of year	157,500	274,149	54,534	486,183
Fund balance at end of year	<u>\$ -</u>	<u>\$ 244,389</u>	<u>\$ 159,826</u>	<u>\$ 404,215</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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
Martin Co. PSAP & Regional					
Back-up Facility	\$ 5,196,315	\$ 4,138,513	\$ 704,548	\$ 4,843,061	\$ 353,254
Pasquotank Co. Contribution	157,500	157,500	-	157,500	-
Miscellaneous	-	-	6,318	6,318	6,318
Total revenues	<u>5,353,815</u>	<u>4,296,013</u>	<u>710,866</u>	<u>5,006,879</u>	<u>346,936</u>
Expenditures:					
Public Safety:					
Capital outlay:					
Consultative services	378,000	260,820	82,972	343,792	34,208
Construction	3,272,365	3,202,732	349,569	3,552,301	(279,936)
Furniture & fixtures	158,741	153,285	26,252	179,537	(20,796)
Technology	1,257,799	521,676	396,387	918,063	339,736
Security	118,237	-	13,186	13,186	105,051
Contingency	168,673	-	-	-	168,673
Total expenditures	<u>5,353,815</u>	<u>4,138,513</u>	<u>868,366</u>	<u>5,006,879</u>	<u>346,936</u>
Revenues over (under)					
expenditures	\$ <u>-</u>	\$ <u>157,500</u>	(157,500)	\$ <u>-</u>	\$ <u>-</u>
Fund balance at beginning of year			157,500		
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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
NC DOC Rural	\$ 1,013,940	\$ -	\$ 174,804	\$ 174,804	\$ (839,136)
Department of Commerce	387,500	387,500	-	387,500	-
DOT Grant	200,000	200,000	-	200,000	-
Golden Leaf	200,000	200,000	-	200,000	-
MCEDC	13,925	-	-	-	(13,925)
STX Settlement	-	50,000	-	50,000	50,000
NCCR	467,000	527,000	-	527,000	60,000
Weitron contribution	300,000	300,000	-	300,000	-
Total revenues	<u>1,013,940</u>	<u>1,664,500</u>	<u>174,804</u>	<u>1,839,304</u>	<u>(743,061)</u>
Expenditures:					
Economic and physical development:					
Admin/Engineering	448,988	263,602	74,336	337,938	102,360
Rail maintenance	55,000	-	49,141	49,141	5,859
Sewer	31,200	31,200	-	31,200	-
Miscellaneous	96,400	24,812	-	24,812	71,588
Construction	<u>2,742,835</u>	<u>1,803,951</u>	<u>91,087</u>	<u>1,895,038</u>	<u>847,797</u>
Total expenditures	<u>3,374,423</u>	<u>2,123,565</u>	<u>214,564</u>	<u>2,338,129</u>	<u>1,036,294</u>
Revenues over (under) expenditures	(792,058)	(459,065)	(39,760)	(498,825)	293,233
Other financing sources:					
Operating transfer in:					
From general fund	<u>737,058</u>	<u>733,214</u>	<u>10,000</u>	<u>743,214</u>	<u>6,156</u>
Revenues and other financing sources over (under) expenditures	(55,000)	274,149	(29,760)	244,389	209,389
Fund balance appropriation	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,000)</u>
Revenues and other financing sources and fund balance appropriation over (under) expenditures	\$ <u>-</u>	\$ <u>274,149</u>	(29,760)	\$ <u>244,389</u>	\$ <u>244,389</u>
Fund balance at beginning of year			274,149		
Fund balance at end of year			\$ <u>244,389</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, 2020

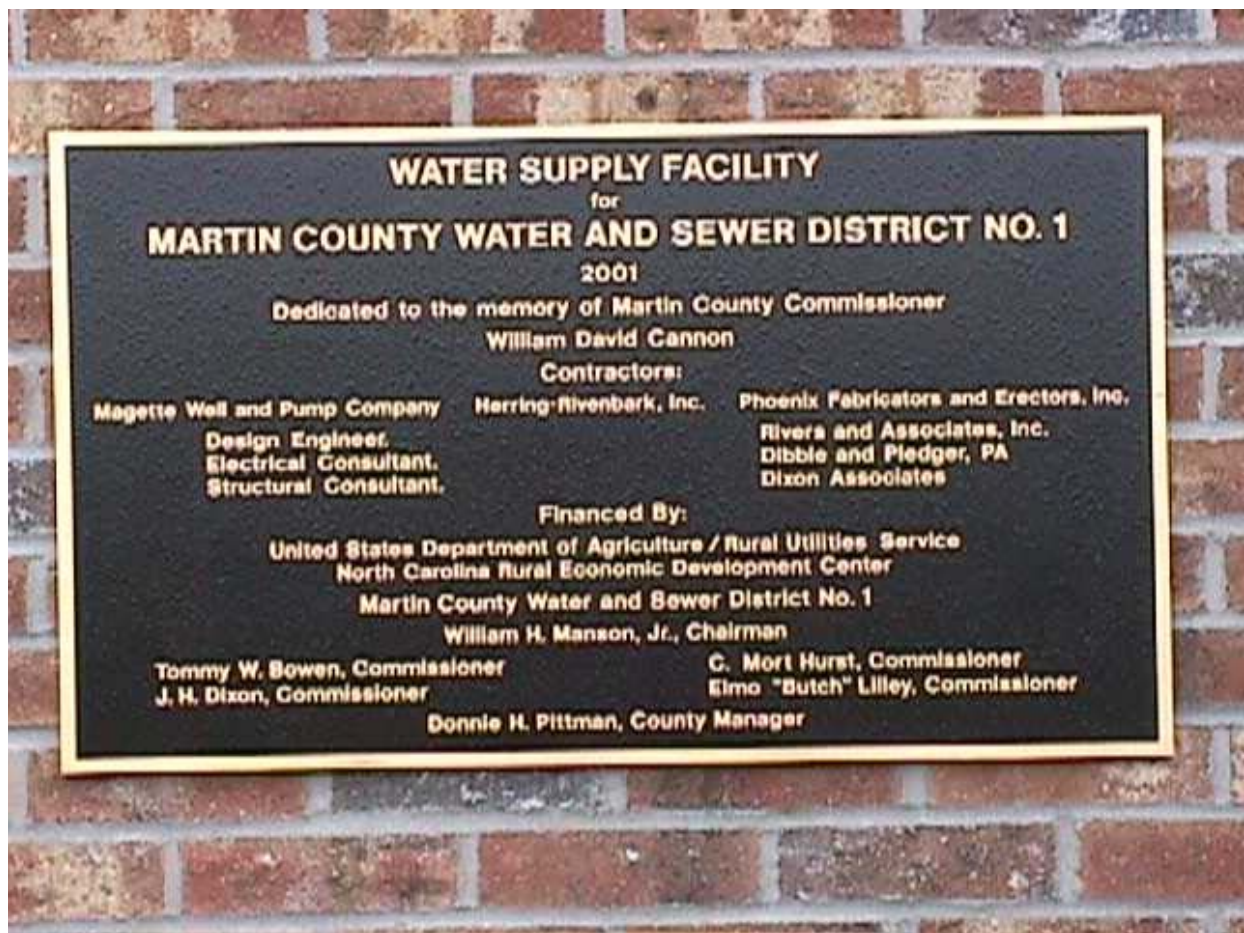
	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
NC DOT - #44.6.1	\$ 165,000	\$ 12,691	\$ 147,467	\$ 160,158	\$ (4,842)
NC DOT - #44.7.1	217,804	106,752	55,831	162,583	(55,221)
NC DOT - #44.7.2	250,000	-	132,935	132,935	(117,065)
Vision 100 - #33.16.2	532,078	520,602	131,633	652,235	120,157
Total revenues	<u>1,164,882</u>	<u>640,045</u>	<u>467,866</u>	<u>1,107,911</u>	<u>(56,971)</u>
Expenditures:					
Transportation:					
Capital outlay:					
Professional fees/Admin.	589,473	200,703	214,671	415,374	174,099
Construction	735,409	544,808	147,903	692,711	42,698
Total expenditures	<u>1,324,882</u>	<u>745,511</u>	<u>362,574</u>	<u>1,108,085</u>	<u>216,797</u>
Revenues over (under) expenditures	(160,000)	(105,466)	105,292	(174)	159,826
Other financing sources:					
Operating transfer in:					
From general fund	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>54,534</u>	105,292	\$ <u>159,826</u>	\$ <u>159,826</u>
Fund balance at beginning of year			54,534		
Fund balance at end of year			<u>\$ 159,826</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, 2020

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

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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Charges for services:			
Water sales	\$ -	\$ 719,309	\$ -
Total charges for services	<u>745,512</u>	<u>719,309</u>	<u>(26,203)</u>
Non-operating revenues:			
Note receivable payment	-	20,054	-
Investment earnings	-	22,783	-
Total nonoperating revenue	<u>42,837</u>	<u>42,837</u>	<u>-</u>
Total revenues	<u>788,439</u>	<u>844,939</u>	<u>(26,203)</u>
Expenditures:			
Administration			
Salaries and benefits	-	154,094	-
Uniforms	-	1,389	-
Office supplies	-	1,751	-
Telephone	-	2,820	-
Postage	-	3,298	-
Travel	-	5,805	-
Insurance	-	4,723	-
Maintenance	-	3,740	-
Total	<u>192,564</u>	<u>177,620</u>	<u>14,944</u>
Water operations			
Water purchased	-	290,603	-
Testing	-	2,303	-
Utilities	-	6,183	-
Maintenance	-	28,061	-
Permits and fees	-	1,014	-
Contracted services	-	16,298	-
Total	<u>356,503</u>	<u>344,462</u>	<u>12,041</u>
Debt service			
Principal	-	105,000	-
Interest	-	119,265	-
Total	<u>224,282</u>	<u>224,265</u>	<u>17</u>
Capital outlay	<u>15,000</u>	-	-
Total expenditures	<u>788,349</u>	<u>746,347</u>	<u>42,002</u>
Revenues over (under) expenditures	\$ -	\$ 15,799	\$ 15,799

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, 2020

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

Revenues over (under) expenditures	\$ 15,799
Reconciling items:	
Decrease in deferred outflows of resources – pensions	(3,983)
Increase in net pension liability	(4,345)
Decrease in deferred inflows of resources – pensions	89
Depreciation	(123,238)
Increase in accrued vacation pay	(486)
Decrease in deferred inflows of resources – OPEB	9,964
Capital contributions	186,681
Principal debt payment	105,000
Increase in deferred outflows of resources – OPEB	45,062
Increase in OPEB liability	(72,773)
Note receivable payment	(20,054)
Total reconciling items	<u>121,917</u>
Change in net position	<u>\$ 137,716</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, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Charges for services:			
Water sales	\$ -	\$ 925,051	\$ -
Total charges for services	<u>1,071,179</u>	<u>925,051</u>	<u>(146,128)</u>
Non-operating revenues:			
NCDOT	-	189,854	-
Note receivable payment	-	48,975	-
Investment earnings	-	77,410	-
Miscellaneous	-	10,417	-
Total nonoperating revenue	<u>250,677</u>	<u>326,656</u>	<u>75,979</u>
Total revenues	<u>1,321,856</u>	<u>1,251,707</u>	<u>(70,149)</u>
Expenditures:			
Administration			
Salaries and benefits	-	154,506	-
Uniforms	-	1,389	-
Office supplies	-	1,748	-
Telephone	-	3,237	-
Postage	-	3,342	-
Travel	-	5,805	-
Contract services	-	3,887	-
Insurance	-	6,083	-
Total	<u>193,614</u>	<u>179,997</u>	<u>13,617</u>
Water operations			
Water purchased	-	308,537	-
Testing	-	4,782	-
Utilities	-	5,153	-
Maintenance	-	31,088	-
Permits and fees	-	1,014	-
Contracted Services	-	110,625	-
Total	<u>487,542</u>	<u>461,199</u>	<u>26,343</u>
Debt service			
Principal	-	245,000	-
Interest	-	380,169	-
Total	<u>625,700</u>	<u>625,169</u>	<u>531</u>
Capital outlay	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>1,321,856</u>	<u>1,266,365</u>	<u>55,491</u>
Revenues over (under) expenditures	\$ -	\$ (14,658)	\$ (14,658)

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, 2020

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

Revenues over (under) expenditures	\$ (14,658)
Reconciling items:	
Increase in deferred outflows on resources – pension	(3,983)
Increase in net pension liability	(4,345)
Decrease in deferred inflows of resources – pension	89
Depreciation	(236,915)
Increase in OPEB liability	(72,773)
Increase in accrued vacation pay	(483)
Increase in deferred inflows of resources – OPEB	9,965
Increase in deferred outflows of resources – OPEB	45,062
Principal debt payment	245,000
Note receivable payment	(49,975)
Total reconciling items	<u>(67,361)</u>
Change in net position	<u>\$ (82,019)</u>

Martin County, North Carolina
COUNTY WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Non-operating revenues:			
District 1 Contribution	\$ -	\$ 105,000	\$ -
District 2 Contribution	-	245,000	-
Interest Revenue	-	499,434	-
Total revenues	849,982	849,434	(548)
Expenditures:			
Debt service			
Principal	-	350,000	-
Interest	-	499,434	-
Total expenditures	849,982	849,434	548
Revenues over (under) expenditures	\$ -	\$ -	\$ -

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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
NC Water Infrastructure Grant	\$ 1,476,275	\$ 879,509	\$ 186,681	\$ 1,066,190	\$ 410,085
Total	<u>1,476,275</u>	<u>879,509</u>	<u>186,681</u>	<u>1,099,190</u>	<u>410,085</u>
Expenditures:					
Capital outlay:					
Engineering	263,000	229,804	18,894	248,698	14,302
Construction	1,213,275	649,705	168,160	817,865	395,410
Administration	22,145	16,039	-	16,039	6,106
Total expenditures – capital outlay	<u>1,498,420</u>	<u>895,548</u>	<u>187,054</u>	<u>1,082,602</u>	<u>415,818</u>
Revenues over (under) expenditures	(22,145)	(16,039)	(373)	(16,412)	(5,733)
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>6,106</u>	\$ <u>(373)</u>	\$ <u>5,733</u>	\$ <u>(5,733)</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, 2020

	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	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>-</u>
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.
- **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, 2020

	Mary W. Taylor Fund for the Hearing Impaired	Carrie Biggs Morrison Trust	Total
ASSETS			
Cash and cash equivalents	\$ 375	\$ 145,102	\$ 145,477
TOTAL ASSETS	<u>375</u>	<u>145,102</u>	<u>145,477</u>
NET POSITION			
Assets held in trust	\$ <u>375</u>	\$ <u>145,102</u>	\$ <u>145,477</u>

Martin County, North Carolina
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FUDUCIARY NET POSITION
For the Year Ended June 30, 2020

	Mary W. Taylor Fund for the Hearing Impaired	Carrie Biggs Morrison Trust	Total
Additions:			
Investment earnings	\$ -	\$ 434	\$ 434
Miscellaneous:			
Norfolk Foundation contribution	-	17,310	17,310
Donations	-	-	-
Total additions	<u>-</u>	<u>18,180</u>	<u>18,180</u>
Deductions:			
Benefits	<u>-</u>	<u>6,609</u>	<u>6,609</u>
Total deductions	<u>-</u>	<u>6,609</u>	<u>6,609</u>
Change in net position	-	11,135	11,135
Net position - Beginning of year	<u>375</u>	<u>133,967</u>	<u>134,342</u>
Net position - End of year	<u>\$ 375</u>	<u>\$ 145,102</u>	<u>\$ 145,477</u>

Martin County, North Carolina
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2020

	Balance 06/30/19	Additions	Deductions	Balance 06/30/20
<u>Tax Agency Fund</u>				
Assets:				
Cash and cash equivalents	\$ 71,937	\$ 837,211	\$ 889,243	\$ 19,905
Liabilities:				
Intergovernmental payable	71,937	837,211	889,243	19,905
<u>Social Services</u>				
Assets:				
Cash and cash equivalents	19,776	82,998	72,538	30,236
Liabilities:				
Miscellaneous liabilities	19,776	82,998	72,538	30,236
<u>Fines and Forfeitures</u>				
Assets:				
Accounts receivable (net)	33,439	139,687	139,026	34,100
Liabilities:				
Intergovernmental payable	33,439	139,687	139,026	34,100
<u>Deed of Trust Fee</u>				
Assets:				
Cash and cash equivalents	711	1,722	2,216	217
Liabilities:				
Miscellaneous liabilities	711	1,722	2,216	217
<u>Albemarle-Tideland Retirees</u>				
Assets:				
Cash and cash equivalents	418,919	7,340	67,728	358,531
Liabilities:				
Miscellaneous liabilities	418,919	7,340	67,728	358,531
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and cash equivalents	511,343	929,271	1,031,725	408,889
Accounts receivable (net)	33,439	139,687	139,026	34,100
Total assets	544,782	1,068,958	1,170,751	442,989
Liabilities:				
Miscellaneous liabilities	439,406	92,060	142,482	388,984
Intergovernmental payable	105,376	976,898	1,028,269	54,005
Total liabilities	\$ 544,782	\$ 1,068,958	\$ 1,170,751	\$ 442,989

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, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020		\$ 16,249,452	\$ 15,375,066	\$ 874,386
2018-2019	\$ 740,733		286,832	453,901
2017-2018	422,541		113,395	309,146
2016-2017	274,037		55,884	218,153
2015-2016	191,104		38,295	152,809
2014-2015	129,767		20,956	108,811
2013-2014	103,672		11,262	92,410
2012-2013	75,743		6,663	69,080
2011-2012	54,236		3,075	51,161
2010-2011	44,305		2,757	41,548
2009-2010	37,982		37,982	-
Total	<u>\$ 2,074,120</u>	<u>\$ 16,249,452</u>	<u>\$ 15,952,167</u>	<u>\$ 2,371,405</u>
Plus: uncollected 2019-2020 ad valorem taxes receivable				7,929
Less: allowance for uncollectible ad valorem taxes receivable				<u>(382,268)</u>
Ad valorem taxes receivable – net				<u>\$ 1,997,066</u>
Reconciliation with revenues:				
Taxes – ad valorem - general fund				\$ 16,063,461
Reconciling items:				
Interest collected				(155,709)
Amounts written off for tax year 2009-2010 per statute of limitations				36,342
Collections written off in previous years				-
Refunds and other adjustments				(26,516)
Releases – prior years				995
Garnishment fees and commissions				<u>(19,438)</u>
Total reconciling items				<u>(111,294)</u>
Total collections and credits				<u>\$ 15,952,167</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, 2020

	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	\$ 2,054,816,709	\$ 0.790	\$ 16,233,052	\$ 14,577,895	\$ 1,655,157
Penalties	6,403,038		50,584	50,584	
Total	2,061,219,747		16,283,636	14,628,479	1,655,157
Abatements:	(4,650,884)		(34,184)	(23,819)	(10,365)
Total property valuation	<u>\$ 2,056,568,862</u>		16,249,452	14,604,660	1,644,792
Uncollected taxes at June 30, 2020			874,386	874,386	-
Current year's taxes collected			<u>\$ 15,375,066</u>	<u>\$ 13,730,274</u>	<u>\$ 1,644,792</u>
Current levy collection percentage			<u>94.62%</u>	<u>94.01%</u>	<u>100.00%</u>

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	
Real Property	\$ 1,130,749,791
Personal Property	856,507,943
Public Service Companies ²	69,311,128
Total Assessed Valuation	<u>\$ 2,056,568,862</u>
Tax Rate per \$100	0.7900
Levy (includes discoveries, releases and abatements) ³	<u>\$ 16,249,452</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, 2020

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2020 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Domtar Paper Co	Wood pulp manufacturer	\$ 378,456,425	18.40%
Dominion NC Power	Utility	75,149,757	3.65%
Weyerhaeuser Wood Products Co	Wood products manufacturer	34,787,306	1.69%
Weyerhaeuser Co	Timberland	28,261,740	1.37%
Ann's House of Nuts	Food processing	20,748,776	1.01%
Penco Products, Inc.	Manufacturing	14,219,610	0.69%
Community Health Systems	Health Care	13,433,300	0.65%
Walmart	Retail	13,093,960	0.64%
Syfan	Manufacturing	12,168,888	0.59%
AR Textiles Ltd	Textiles	11,887,287	0.58%
Totals		<u>\$ 602,207,049</u>	<u>29.28%</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.



Schedule 1
Martin County
Net Position by Component
Last Nine Fiscal Years
(annual basis of accounting)

	Fiscal Year								
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities									
Net Investment in capital assets	\$ 14,524,550	\$ 15,117,276	\$ 15,911,611	\$ 1,645,223	\$ 1,450,737	\$ 1,832,686	\$ 4,405,556	\$ 9,262,178	\$ 10,356,159
Restricted	4,951,518	4,046,859	2,564,821	11,607,715	13,798,102	14,005,627	17,529,543	18,795,360	19,830,562
Unrestricted (deficit)	(2,642,861)	(2,875,501)	(538,319)	5,082,066	4,408,063	4,417,446	(7,590,354)	(6,616,299)	(7,067,708)
Total governmental activities net position	\$ 16,833,207	\$ 16,288,634	\$ 17,938,113	\$ 18,335,004	\$ 19,656,902	\$ 20,255,759	\$ 14,344,745	\$ 21,441,239	\$ 23,119,013
Business-type activities									
Net Investment in capital assets	\$ 1,640,824	\$ 2,668,505	\$ 2,486,343	\$ 2,597,644	\$ 2,537,343	\$ 2,513,165	\$ 2,505,140	\$ 3,486,266	\$ 3,594,138
Unrestricted (deficit)	(889,095)	732,601	(932,251)	(820,393)	(896,341)	(1,081,655)	(1,533,776)	(1,753,236)	(1,805,411)
Total business-type activities	\$ 751,729	\$ 3,401,106	\$ 1,554,092	\$ 1,777,251	\$ 1,641,002	\$ 1,431,510	\$ 971,364	\$ 1,733,030	\$ 1,788,727
Primary government									
Net Investment in capital assets	\$ 16,165,374	\$ 17,785,781	\$ 18,397,954	\$ 4,242,867	\$ 3,988,080	\$ 4,345,851	\$ 6,910,696	\$ 12,748,444	\$ 13,950,297
Restricted	4,951,518	4,046,859	2,564,821	11,607,715	13,798,102	14,005,627	17,529,543	18,795,360	19,830,562
Unrestricted (deficit)	(3,531,956)	(2,142,900)	(1,470,570)	4,261,673	3,511,722	3,335,791	(9,124,130)	(8,369,535)	(8,873,119)
Total primary government net position	\$ 17,584,936	\$ 19,689,740	\$ 19,492,205	\$ 20,112,255	\$ 21,297,904	\$ 21,687,269	\$ 15,316,109	\$ 23,174,269	\$ 24,907,740

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

	Fiscal Year								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses									
Governmental activities:									
General government	\$ 2,759,214	\$ 2,920,061	\$ 3,062,535	\$ 2,949,440	\$ 3,155,063	\$ 3,520,961	\$ 3,094,228	\$ 3,582,095	\$ 3,772,807
Public safety	7,222,003	6,279,348	6,547,884	6,605,428	6,417,741	6,949,230	7,147,854	7,642,046	8,428,361
Environmental protection	2,147,945	2,073,198	2,144,234	2,165,280	2,157,190	2,221,149	2,284,860	2,433,270	2,536,292
Economic and physical development	1,643,364	1,519,704	2,420,655	2,374,453	2,950,722	2,087,831	1,191,108	2,747,201	2,528,682
Human services	7,319,108	7,066,046	6,848,442	6,845,609	7,067,122	7,172,049	6,325,579	6,315,078	6,953,039
Cultural and recreation	167,974	166,724	171,745	597,059	162,321	190,283	170,463	172,156	189,358
Transportation	930,768	978,683	963,734	554,959	923,615	927,933	1,165,929	1,007,097	1,085,636
Education	20,210,393	9,239,801	8,208,634	7,065,581	7,076,879	7,270,323	7,520,394	7,579,133	7,673,133
Interest on long term debt	818,038	816,457	815,822	768,215	763,432	763,432	763,432	763,432	763,432
Total governmental activities	43,218,807	31,060,022	31,183,685	29,926,024	30,674,085	31,103,191	29,663,847	32,241,508	33,930,740
Business-type activities:									
Water	1,384,864	3,011,475	3,256,721	1,779,560	1,830,853	1,886,929	1,870,730	2,054,002	2,075,808
Total primary government expenses	\$ 44,603,671	\$ 34,071,497	\$ 34,440,406	\$ 31,705,584	\$ 32,504,938	\$ 32,990,120	\$ 31,534,577	\$ 34,295,510	\$ 36,006,548
Program Revenues									
Governmental activities									
Charges for services:									
General government	\$ 230,369	\$ 559,926	\$ 384,939	\$ 255,555	\$ 256,707	\$ 276,597	\$ 244,717	\$ 266,194	\$ 288,192
Public safety	628,915	643,843	690,676	733,149	502,486	508,358	547,885	685,105	718,512
Social services	566,667	566,667	566,667	566,667	566,667	566,667	566,667	566,667	566,667
Economic and physical development	0	0	0	0	0	0	0	0	0
Environmental protection	2,054,862	2,018,607	2,002,172	2,270,341	2,221,986	2,207,872	2,235,110	2,228,672	2,279,001
Transportation	118,334	108,860	89,619	102,939	54,523	93,532	300,114	147,020	127,237
Operating grants and contributions:									
General government	18,357	17,622	12,158	11,436	33,284	14,331	10,918	11,026	10,208
Public safety	269,635	266,393	715,517	402,714	377,900	547,315	153,766	471,132	347,060
Social services	5,668,249	4,818,039	4,384,418	5,021,266	4,954,406	4,846,644	3,873,989	3,706,172	4,162,354
Economic and physical development	104,277	479,442	1,439,137	480,809	1,716,785	1,181,457	829,902	1,537,113	1,357,518
Environmental protection	49,918	51,178	44,485	42,035	43,385	334,605	48,137	46,332	50,300
Transportation	115,322	114,820	129,328	253,493	255,172	530,699	262,933	509,363	399,683
Cultural and recreation	0	0	0	0	0	0	0	0	0
Education	264,812	1,175,787	1,389,759	364,210	289,957	0	289,193	285,551	286,521
Capital grants and contributions:									
General government	0	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	67,051	339,121	3,889,841	710,866
Social services	0	0	0	0	0	0	0	0	0
Economic and physical development	0	0	0	0	0	0	2,139,600	537,593	174,805
Environmental protection	0	0	0	0	0	0	0	0	0
Transportation	134,816	579,160	756,071	172,044	81,236	0	208,954	632,787	467,867
Cultural and recreation	43,976	370,763	0	0	0	0	0	0	0
Education	814,500	829,069	755,856	712,663	711,509	710,755	713,045	718,214	721,841
Total government activities program revenues	11,083,009	12,600,176	13,360,802	11,389,321	12,066,003	11,885,883	12,764,051	16,238,782	12,668,632

	Fiscal Year								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:									
Charge for services - Water	1,005,538	1,055,793	1,201,256	1,278,005	1,495,679	1,430,343	1,485,716	1,664,017	1,644,360
Operating grants and contributions - Water	208,316	208,604	208,451	231,260	198,923	166,460	186,557	64,200	189,854
Capital grants and contributions - Water	70,158	4,321,816	0	0	0	58,485	49,270	771,754	186,681
Total business-type activities program revenues	1,284,012	5,586,213	1,409,707	1,509,265	1,694,602	1,655,288	1,721,543	2,499,971	2,020,895
Total primary government program revenues	\$ 12,367,021	\$ 18,186,389	\$ 14,770,509	\$ 12,898,586	\$ 13,760,605	\$ 13,541,171	\$ 14,485,594	\$ 18,738,753	\$ 14,689,527
Net (Expense)/Revenue									
Governmental activities	\$ (32,135,798)	\$ (18,459,846)	\$ (17,822,883)	\$ (18,536,703)	\$ (18,608,082)	\$ (19,217,308)	\$ (16,899,796)	\$ (16,002,726)	\$ (21,262,108)
Business-type activities	(100,852)	2,574,738	(1,847,014)	(270,295)	(136,251)	(231,641)	(149,187)	445,969	(54,913)
Total primary government net (expense)/revenue	\$ (32,236,650)	\$ (15,885,108)	\$ (19,669,897)	\$ (18,806,998)	\$ (18,744,333)	\$ (19,448,949)	\$ (17,048,983)	\$ (15,556,757)	\$ (21,317,021)
General Revenues and Other Changes in Net Position									
Governmental activities:									
Property taxes	\$ 13,263,159	\$ 13,459,165	\$ 14,884,376	\$ 14,719,652	\$ 14,972,699	\$ 14,986,950	\$ 16,459,963	\$ 16,408,519	\$ 17,038,128
Local option sales tax	3,965,061	3,733,134	3,862,305	4,095,482	4,093,208	4,326,559	4,522,228	4,806,218	4,992,645
Other taxes and licenses	475,242	459,549	496,322	516,439	511,140	517,211	805,078	582,324	517,294
Grants and contributions	152,817	109,702	104,760	163,168	219,471	172,073	169,389	150,375	143,762
Investment earnings	58,512	56,579	38,384	13,245	29,503	60,634	158,436	338,703	174,170
Loss on sale of assets	(85,169)	(31,390)	0	0	0	0	0	0	0
Miscellaneous	114,924	128,534	86,215	128,549	103,959	25,045	155,006	75,358	73,883
Transfers	0	0	0	0	0	(22,145)	0	0	0
Total governmental activities:	\$ 17,944,546	\$ 17,915,273	\$ 19,472,362	\$ 19,636,535	\$ 19,929,980	\$ 20,066,327	\$ 22,270,100	\$ 22,361,497	\$ 22,939,882
Business-type activities:									
Miscellaneous	80,886	74,639	0	272,891	2	4	23,565	0	10,417
Investment earnings	0	0	84	242,413	0	0	12	101,623	100,193
Transfers	0	0	0	0	0	22,145	0	0	0
Total business-type activities	\$ 80,886	\$ 74,639	\$ 84	\$ 515,304	\$ 2	\$ 22,149	\$ 23,577	\$ 101,623	\$ 110,610
Total primary government	\$ 18,025,432	\$ 17,989,912	\$ 19,472,446	\$ 20,151,839	\$ 19,929,982	\$ 20,088,476	\$ 22,293,677	\$ 22,463,120	\$ 23,050,492
Change in Net Position									
Governmental activities	\$ (14,191,252)	\$ (544,573)	\$ 1,649,479	\$ 1,099,832	\$ 1,321,898	\$ 849,019	\$ 5,370,304	\$ 6,358,771	\$ 1,677,774
Business-type activities	(19,966)	2,649,377	(1,846,930)	245,009	(136,249)	(209,492)	(125,610)	547,592	55,697
Total primary government	\$ (14,211,218)	\$ 2,104,804	\$ (197,451)	\$ 1,344,841	\$ 1,185,649	\$ 639,527	\$ 5,244,694	\$ 6,906,363	\$ 1,733,471

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund									
Nonspendable	\$ 1,871,012	\$ 1,578,259	\$ 1,119,724	\$ 1,013,975	\$ 1,119,260	\$ 1,370,326	\$ 1,831,322	\$ 2,039,201	\$ 1,921,579
Restricted	2,051,864	1,763,823	2,036,930	1,816,778	3,164,983	1,796,139	1,756,099	1,764,450	1,948,227
Committed	1,089,659	924,802	620,121	505,121	342,733	15,428	50,428	85,428	120,428
Assigned	2,470,693	0	0	0	0	0	0	0	0
Unassigned	1,059,012	3,363,265	5,507,145	7,790,454	7,776,204	8,834,079	8,436,400	7,735,034	8,010,686
Total General Fund	\$ 8,542,240	\$ 7,630,149	\$ 9,283,920	\$ 11,126,328	\$ 12,403,180	\$ 12,015,972	\$ 12,074,249	\$ 11,624,113	\$ 12,000,920
All Other Governmental Funds									
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	3,899,692	11,264,710	10,000,819	9,790,937	10,633,119	12,209,488	15,773,444	17,030,910	17,882,335
Committed	83,797	157,699	73,327	0	0	0	0	0	0
Assigned	0	0	0	0	0	0	0	0	0
Unassigned	6,595,592	(504,241)	(180,576)	(52,635)	(296,395)	(263,765)	(862,864)	(995,174)	(266,463)
Total All Other Governmental Funds	\$ 10,579,081	\$ 10,918,168	\$ 9,893,570	\$ 9,738,302	\$ 10,336,724	\$ 11,945,723	\$ 14,910,580	\$ 16,035,736	\$ 17,615,872

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues									
Ad valorem taxes	\$ 13,270,201	\$ 13,305,601	\$ 14,872,052	\$ 14,819,792	\$ 14,872,159	\$ 14,908,949	\$ 16,315,858	\$ 16,204,621	\$ 16,775,184
Local option sales taxes	4,115,212	3,882,550	4,006,177	4,247,682	4,248,663	4,491,610	4,692,965	4,995,674	5,199,305
Other taxes and licenses	375,008	361,311	396,934	406,274	405,357	396,427	406,904	446,893	356,247
Unrestricted intergovernmental	80,195	77,751	79,792	86,385	75,503	86,669	76,340	79,027	76,347
Restricted intergovernmental	7,636,539	8,793,673	9,816,406	7,710,691	8,627,585	8,276,972	9,362,910	12,552,781	8,898,578
Licenses and fees	245,400	254,958	276,844	296,509	325,975	305,945	305,280	290,976	323,188
Sales and services	3,038,909	3,326,049	3,091,871	3,199,871	2,973,269	2,962,934	3,182,552	3,196,723	3,288,943
Investment earnings	58,513	44,439	38,384	13,245	29,503	60,634	158,436	338,702	174,171
Miscellaneous	275,762	282,688	190,348	217,168	277,577	341,312	289,645	223,503	217,151
Total Revenues	29,095,739	30,329,020	32,768,808	30,997,617	31,835,591	31,831,452	34,790,890	38,328,900	35,309,114
Expenditures									
General government	2,497,835	2,734,454	2,834,811	2,837,997	3,006,131	3,289,542	3,336,542	3,513,800	3,502,672
Public safety	7,032,497	6,051,064	6,890,016	6,491,752	6,384,364	6,845,020	7,213,676	11,022,841	8,391,697
Environmental protection	2,100,981	2,029,888	2,102,558	2,133,514	2,123,054	2,407,967	2,348,637	2,483,181	2,488,715
Economic development	1,611,378	1,478,214	2,378,457	2,340,777	2,917,954	2,166,922	3,472,907	3,208,632	2,548,807
Human services	6,844,127	6,521,123	6,371,835	6,586,015	6,791,665	6,718,007	6,054,250	6,089,607	6,292,149
Cultural and recreational	241,199	747,820	150,396	141,627	148,639	149,390	149,527	159,949	167,983
Transportation	777,273	1,264,542	1,456,728	993,871	787,139	1,004,556	1,021,024	1,846,234	1,535,639
Education	20,210,393	9,239,801	8,208,634	7,065,581	7,076,879	7,270,323	7,520,394	7,579,133	7,673,133
Capital Outlay	0	0	0	0	0	0	0	0	0
Debt Service:									
Principal	51,427	23,882	964,998	25,169	0	0	0	0	0
Interest	818,038	816,457	815,822	768,215	763,432	763,432	763,432	763,432	763,432
Total Expenditures	42,185,148	30,907,245	32,174,255	29,384,518	29,999,257	30,615,159	31,880,389	36,666,809	33,364,227
Excess of revenues over (under) expenditures	(13,089,409)	(578,225)	594,553	1,613,099	1,836,334	1,216,293	2,910,501	1,662,091	1,944,887
Other Financing Sources (Uses)									
Transfers in	1,218,689	1,243,090	2,241,963	2,886,422	1,704,350	1,084,742	2,551,188	0	960,901
Transfers out	(1,218,689)	(1,243,090)	(2,241,963)	(2,886,422)	(1,704,350)	(1,106,887)	(2,551,188)	(1,000,000)	(960,901)
Sale of capital assets	23,683	5,221	34,620	74,043	38,940	27,643	112,633	12,929	12,056
Proceeds from installment note	0	0	0	0	0	0	0	0	0
Total other financing sources (uses)	23,683	5,221	34,620	74,043	38,940	5,498	112,633	(987,071)	12,056
Net change in fund balances	\$ (13,065,726)	\$ (573,004)	\$ 629,173	\$ 1,687,142	\$ 1,875,274	\$ 1,221,791	\$ 3,023,134	\$ 675,020	\$ 1,956,943
Debt service as a percentage of noncapital expenditures *	2.08%	2.85%	5.84%	2.76%	2.61%	2.61%	2.70%	2.49%	2.45%

*The ratio of total debt service as a percentage of non capital expenditures is calculated by dividing total debt service expenditures (principal and interest) by total noncapital expenditures (the difference between total expenditures and capitalized capital outlay expenditures).

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)
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	1,812,721
2019	796,792	263,733	803,316	75,521	1,939,362	0.790	1,868,364
2020	849,553	281,197	856,508	69,311	2,056,569	0.790	1,981,280

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)

		Year Taxes Are Payable									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Martin County	\$	0.6700	\$ 0.6700	\$ 0.6700	\$ 0.7200	\$ 0.7200	\$ 0.7350	\$ 0.7350	\$ 0.7900	\$ 0.7900	\$ 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		0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Hamilton		0.5700	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5700	0.5700
Hassell		0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.3000	0.3000	0.3000
Jamesville		0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7300	0.7300
Oak City		0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4500	0.4500	0.4500
Parrale		0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800
Robersonville		0.5800	0.5800	0.5800	0.5800	0.5800	0.6000	0.6000	0.6500	0.6500	0.6500
Williamston		0.7400	0.7400	0.7500	0.7400	0.7400	0.7400	0.7400	0.7900	0.7900	0.7900
<u>Fire Districts:</u>											
Williamston		0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Goose Nest		0.0500	0.0500	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600
Griffins		0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Bear Grass		0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450	0.0450
Hamilton		0.0500	0.0600	0.0600	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Jamesville		0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Roanoke		0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400

Schedule 7

Totals

Source: Martin County Tax Department

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	12,297,618	-	12,297,618	11,552,824	93.94%	703,246	12,256,070	99.66%
2012	12,582,732	(21,074)	12,561,658	11,852,003	94.35%	658,494	12,510,497	99.59%
2013	12,869,626	(19,039)	12,850,587	12,086,071	94.05%	695,436	12,781,507	99.46%
2014	14,241,561	(49,282)	14,192,279	13,538,803	95.40%	561,066	14,099,869	99.35%
2015	13,809,086	(10,512)	13,798,574	13,212,999	95.76%	476,764	13,689,763	99.21%
2016	14,231,106	50,352	14,281,458	13,624,358	95.40%	504,291	14,128,649	98.93%
2017	14,277,529	(39,800)	14,237,729	13,598,174	95.51%	421,402	14,019,576	98.47%
2018	15,779,249	(47,498)	15,731,751	15,034,661	95.57%	387,944	15,422,605	98.03%
2019	16,083,066	(709,048)	15,374,018	14,633,285	95.18%	286,832	14,920,117	97.05%
2020	16,283,636	(34,184)	16,249,452	15,375,066	94.62%		15,375,066	94.62%

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				
2011	0	0	0	15,124,997	0	15,376,000	0	0	0	0	30,500,997	1,280	4.19%
2012	0	0	0	15,073,570	0	15,160,900	0	0	0	0	30,234,470	1,237	3.89%
2013	0	0	0	15,049,688	0	14,936,600	0	0	0	0	29,986,288	1,218	4.13%
2014	0	0	0	14,084,690	0	14,702,700	0	0	0	0	28,787,390	1,180	3.61%
2015	0	0	0	14,059,521	0	0	0	0	14,180,000	0	28,239,521	1,158	3.48%
2016	0	0	0	14,059,521	0	0	0	0	13,885,000	0	27,944,521	1,155	3.57%
2017	0	0	0	14,059,521	0	0	0	0	13,580,025	0	27,639,546	1,165	3.34%
2018	0	0	0	14,059,521	0	0	0	0	13,260,075	0	27,319,596	1,162	3.48%
2019	0	0	0	14,059,521	0	0	0	0	12,930,075	0	26,989,596	1,162	3.44%
2020	0	0	0	14,059,521	0	0	0	0	12,580,075	0	26,639,596	1,156	-

* 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 2019 personal income not available to calculate fiscal year 2020.

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

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts		Total			
		Restricted to Repaying Principal					
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	-	-	-
2016	0	0		0	-	-	-
2017	0	0		0	-	-	-
2018	0	0		0	-	-	-
2019	0	0		0	-	-	-
2020	0	0		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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value of Property	\$ 1,830,665	\$ 1,873,786	\$ 1,917,998	\$ 1,971,150	\$ 1,971,150	\$ 1,943,055	\$ 1,937,106	\$ 1,990,911	\$ 1,939,362	\$ 2,056,569
Debt Limit, 8% of Assessed Value (Statutory Limitation)	146,453	149,903	153,440	157,692	157,692	155,444	154,968	159,273	155,149	164,526
Amount of Debt Applicable to Limit										
Gross debt	30,501	30,234	29,986	28,787	28,240	27,945	27,640	27,320	26,990	26,640
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	15,376	15,161	14,937	14,703	0	13,885	13,580	13,260	12,930	12,580
Revenue bonds	0	0	0	0	0	0	0	0	0	0
Total net debt applicable to limit	15,125	15,074	15,050	14,085	28,240	14,060	14,060	14,060	14,060	14,060
Legal Debt Margin	\$ 131,328	\$ 134,829	\$ 138,390	\$ 143,607	\$ 129,452	\$ 141,385	\$ 140,909	\$ 145,213	\$ 141,089	\$ 150,466
Total net debt applicable to the limit as a percentage of debt limit	10.33%	10.06%	9.81%	8.93%	17.91%	9.04%	9.07%	8.83%	9.06%	8.55%

Note: NC Statute CS159-55 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, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
Williamston	\$ 2,282,595	100.00%	\$ 2,282,595
Hamilton	-	100.00%	-
Robersonville	-	100.00%	-
Subtotal, overlapping debt			2,282,595
Total direct debt			<u>14,059,021</u>
Total direct and overlapping debt			<u>\$ 16,341,616</u>

Note: Overlapping rates are rates that apply specifically to special districts and do not apply to the entire County. Overlapping rates only apply to property located within the special districts.

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)
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	\$ 784,274	34,415	3,428	4.90%	127
2019	23,227	\$ 785,492	34,647	3,307	4.90%	121
2020	23,054	*	*	3,157	8.40%	141

* 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 14
Martin County
Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Martin County Board of Education	500 - 999	1	8.60%	500 - 999	1	7.80%
Dontar Paper Company	250 - 499	2	4.30%	250 - 499	2	3.90%
Ann's House of Nuts	250 - 499	3	4.30%	250 - 499	5	3.90%
County of Martin	100 - 249	4	2.01%	100 - 249	7	3.90%
Walmart	100 - 249	5	2.01%	100 - 249	4	3.90%
Martin General Hospital	100 - 249	6	2.01%	100 - 249	5	1.82%
Martin Community College	100 - 249	7	2.01%	100 - 249	8	1.82%
Industrial Manufacturing Company	100 - 249	8	2.01%	100 - 249	10	1.82%
Town of Williamston	100 - 249	9	2.01%			
Home Life Care	100 - 249	10	2.01%			
Martin Mills				100 - 249	6	1.82%
Martin Community Action				100 - 249	9	1.82%
Total Employment	8,726			9,619		

Source: NCESC

Note: Percentage of total county employment is based on the midpoints in the ranges given.

**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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	34	34	35	34	33	31	31	30	30	29
Public safety	57	55	58	54	52	55	57	57	59	60
Human services	83	83	84	80	79	79	79	76	75	73
Economic and physical development	9	2	2	2	2	2	2	2	2	2
Environmental protection	4	4	4	4	4	5	4	4	4	4
Transportation	13	14	13	13	12	9	11	11	11	10
Water/Sewer (Business activity)	4	4	5	5	5	5	5	5	6	6
Total	204	196	201	192	187	186	189	185	187	184

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								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety									
Concealed Weapon Permits	152	289	275	216	296	299	453	385	345
Index Crime Rate	4,151	5,012	4,694	3,827	4,120	3,268	3,003	3,364	*
Violent Crime Rate	486	511	530	552	506	400	417	500	*
Property Crime Rate	3,666	4,501	4,163	3,276	3,613	2,868	2,586	2,864	*
Transportation									
Transit Miles	362,492	313,198	267,660	248,924	255,771	248,992	247,532	258,060	221,071
Transit Trips	43,961	33,592	28,336	27,349	29,036	29,415	26,603	26,507	20,966
Based Aircraft	6	8	8	7	10	9	9	11	10
Takeoffs & Landings	350	2,600	2,700	5,140	5,140	4,500	4,500	4,500	4,500
Water/Sewer (Business activity)									
Taps	2,087	1,903	2,168	1,999	2,015	1,914	1,970	1,977	1,998

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								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety									
# Stations	1	1	1	1	1	1	1	1	1
# Patrol Units	40	41	41	41	41	41	41	41	41
Transportation									
Standard Vans	3	2	2	2	2	2	2	2	1
Conversion Vans	3	3	3	3	3	3	3	3	3
Lift Vans	7	5	5	5	4	2	2	2	2
Buses	4	4	4	4	4	4	4	4	5
Minivans	1	1	1	1	2	2	2	2	2
Water/Sewer (Business activity)									
Miles of Distribution Line	285	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





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

Independent Auditors' Report

To the Board of County Commissioners
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, 2020, and the related notes to the financial statements, which collectively comprises Martin County's basic financial statements, and have issued our report thereon dated December 10, 2020. Our report includes a reference to other auditors who audited the financial statements of the Martin County ABC Board, as described in our report on Martin County's financial statements. The financial statements of the Martin County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with or that are reported on separately by those auditors who audited the financial statements of the Martin County ABC Board.

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 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.

A handwritten signature in black ink that reads "Cam, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

New Bern, North Carolina
December 10, 2020

**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 Auditors' 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, 2020. 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, 2020.

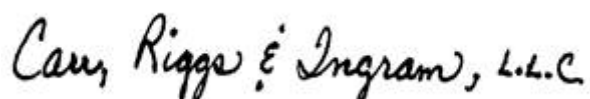
Report on Internal Control Over Compliance

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.

A handwritten signature in black ink that reads "Cam Riggs & Ingram, L.L.C." The signature is written in a cursive, slightly slanted style.

New Bern, North Carolina
December 10, 2020



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

Independent Auditors' Report

To the Board of County Commissioners
Martin County, North Carolina

Report on Compliance for Each Major State 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, 2020. 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 *Audit Manual for Governmental Auditors in North Carolina* and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the *State Single Audit Implementation Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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 State 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, 2020.

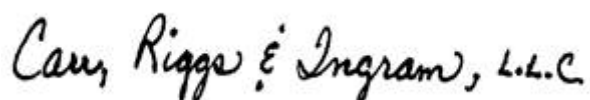
Report on Internal Control Over Compliance

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.

A handwritten signature in black ink that reads "Cary Riggs & Ingram, L.L.C." The signature is written in a cursive, slightly slanted style.

New Bern, North Carolina
December 10, 2020

Martin County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

Exhibit 11

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |
| 4. Identification of major federal programs: | |
| <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="text-align: center; border-bottom: 1px solid black; width: 20%;">CFDA
Number</div> <div style="text-align: center; border-bottom: 1px solid black; width: 60%;">Federal Program</div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">93.778</div> <div style="text-align: center;">Medical Assistance Program (Medicaid Cluster)</div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">93.558</div> <div style="text-align: center;">Temporary Assistance for Needy Families</div> </div> | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee under 2 CFR 200.520? | No |

Martin County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

Continued

State Awards:

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act? | None noted |
| 4. Identification of major state programs: | |

Program Name_____

NC E-911 Project Funds
Essential Single Family Rehabilitation Loan Pool-Disaster Recovery

Martin County, North Carolina
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

Continued

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – STATE AWARD FINDINGS

None noted



MARTIN COUNTY FINANCE OFFICE

Martin County Governmental Center
305 East Main Street - PO Box 668
Williamston, NC 27892

Phone: 252-789-4330 Fax: 252-789-4339

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – STATE AWARD FINDINGS

None noted

Martin County, North Carolina
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS,
For the Fiscal Year Ended June 30, 2020

Exhibit 13

Finding: 2019-1

Status: Corrected

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program Cluster:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561	XXXX	357,055	-	-
Total U.S. Department of Agriculture			357,055	-	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed through NC Department of Commerce					
Home Investment Partnership Program	14.239	XXXX	15,580	-	-
Total U.S. Department of Housing and Urban Development			15,580	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program	20.106	XXXX	118,541	-	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	XXXX	269,159	-	-
Total U.S. Department of Transportation			387,700	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grants	97.042	XXXX	38,904	-	-
Homeland Security Grant Program	97.067	XXXX	7,250	-	-
Total U. S. Department of Homeland Security			46,154	-	-
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through Mid-East Commission					
Division of Aging and Adult Services:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III Part B					
Grants for Supportive Services and Senior Centers	93.044	XXXX	34,852	2,050	-
Special Programs for the Aging - Title III Part C					
Nutrition Services	93.045	XXXX	101,602	5,977	-
Nutrition Services Incentive Program	93.053	XXXX	22,168	-	-
Total Aging Cluster			158,622	8,027	-
Social Services Block Grant	93.667	XXXX	23,447	670	-
Division of Social Services					
<u>Temporary Assistance for Needy Families (TANF)</u>					
TANF - Work First	93.558	XXXX	359,522	-	-
<u>Foster Care and Adoption Cluster (Note 4 & 5)</u>					
Foster Care - Title IV-E	93.658	XXXX	111,858	7,170	-
Adoption Assistance	93.659	XXXX	1,514	-	-
Total Foster Care and Adoption Cluster (Note 4 & 5)			113,372	7,170	-
Child Support Enforcement	93.563	XXXX	308,739	-	-
<u>Low-Income Home Energy Assistance:</u>					
Administration	93.568	XXXX	22,978	-	-
Energy Assistance Payments	93.568	XXXX	145,604	-	-
Crisis Intervention Program	93.568	XXXX	134,973	-	-
Total Low-Income Home Energy Assistance			303,555	-	-

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
Stephanie Tubbs Jones Child Welfare Services Program: Permanency Planning - Families for Kids	93.645	XXXX	3,812	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program:			3,812	-	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	XXXX	6,086	-	-
Social Services Block Grant - Other Service and Training	93.667	XXXX	184,048	-	-
Division of Child Development and Early Education: Subsidized Child Care (Note 5) <u>Child Care Development Fund Cluster:</u> Division of Social Services: Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Admin	93.596	XXXX	72,491	-	-
Total Subsidized Child Care (Note 5)			72,491	-	-
Passed-through the N.C. Dept. of Health and Human Services: Division of Health Benefits: Division of Social Services: Administration: Medical Assistance Program Cluster (Note 5) Total Medical Assistance Program Cluster	93.778	XXXX	1,103,926	3,318	-
			1,103,926	3,318	-
Division of Social Services: Administration: Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	XXXX	30,245	1,064	-
Total Children's Health Insurance Program - N.C. Health Choice			30,245	1,064	-
Total U.S. Dept. of Health and Human Services			2,483,817	20,249	-
Total federal awards			3,290,306	20,249	-

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
State Awards:					
<u>N.C. Department of Agriculture</u>					
Stream Cleanup Funds		XXXX	-	424,771	
Spay & Neuter Program		XXXX	-	32,234	-
Total N.C. Department of Agriculture			-	457,005	-
<u>N.C. Housing Finance Agency</u>					
Essential Single Family Rehabilitation Loan Pool - Disaster Recovery		XXXX	-	863,936	-
<u>N.C. Department of Environmental Quality</u>					
Division of Water Resources		XXXX	-	186,681	-
Total N.C. Department of Environmental Quality			-	186,681	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services					
Smart Start		XXXX	-	8,583	-
Foster Care At Risk Child Welfare		XXXX	-	10,072	-
Division of Aging and Adult Services					
90% State Funds - Access		XXXX	-	3,657	-
90% State Funds - In-Home Services		XXXX	-	100,437	-
90% State Funds - Home Delivered Meals		XXXX	-	28,238	-
Total N.C. Department of Health and Human Services			-	150,987	-
<u>N.C. Dept. of Information Technology</u>					
NC E-911 Project funds		XXXX	-	704,548	-
<u>N.C. Dept. of Public Safety</u>					
DOP Custody and Security		XXXX	-	2,720	-
Juvenile Crime Prevention Programs		XXXX	-	137,534	-
Total N.C. Department of Public Safety			-	140,254	-
<u>N.C. Dept. of Transportation</u>					
NC DOT Cluster ROAP/SMAP					
- ROAP Elderly and Disabled Transportation Assistance Program		XXXX	-	44,597	-
- ROAP Rural General Public Program		XXXX	-	67,188	-
- ROAP Work First Transitional - Employment		XXXX	-	9,344	-
Total ROAP Cluster			-	121,129	-
DOT-11			-	7,023	-
DOT-14			-	40,272	-
DOT-8			-	158,490	-
Total N.C. Department of Transportation			-	326,914	-
Total State awards			-	2,830,325	-
Total federal and State awards			\$ 3,474,354	\$ 2,850,574	\$ -

Martin County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

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, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of 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.

4. Cluster of Programs

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

5. Benefit Payments Issued by The State

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Supplemental Nutrition Assistance Program	10.561	6,918,002	-
Temporary Assistance for Needy Families	93.558	96,336	13,637
Adoption Assistance	93.659	194,455	44,602
Foster Care - Title IV-E	93.658	76,066	19,796
Medical Assistance Program	93.778	33,150,833	15,604,334
Children's Health Insurance Program	93.767	501,254	37,252
Child Welfare Services Adoption		-	46,752
Foster Care		-	11,330
State / County Special Assistance program		-	240,864
State Foster Home		-	25,983

6. Coronavirus Relief Funds

Martin County received \$615,106 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$435,514.32 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Martin County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020 or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Department of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties.