

# **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, 2019**



Martin County, North Carolina  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2019

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# INTRODUCTORY SECTION





## MARTIN COUNTY FINANCE OFFICE

305 East Main Street • PO BOX 668  
Williamston, NC 27892

Phone (252) 789-4330 • Fax (252) 789-4339  
[www.martincountyncgov.com/finance](http://www.martincountyncgov.com/finance)

November 22, 2019

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, 2019. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Carr, Riggs & Ingram, LLC. The firm's unqualified opinion is included in the Financial Section of this report. However, the report itself is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

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

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

The County is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures of federal and State awards, the auditor’s reports on the internal control structure and compliance with applicable laws and regulations, are included in the Compliance Section of this report.

The financial reporting entity consists of the following:

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

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

Discretely Presented Component Units – These organizations are less closely related than the blended component unit but still have sufficient relationships with the primary government. They are reported in separate columns in the financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations and cash flows, if applicable, from those of the primary government.

The component units included in this CAFR are as follows:

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

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

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

## **DESCRIPTION OF THE COUNTY**

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

## **FINANCIAL INFORMATION**

### **LONG-TERM FINANCIAL PLANNING**

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

### **RELEVANT FINANCIAL POLICIES**

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

### **INTERNAL CONTROLS**

County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and State financial assistance programs. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the County's single audit, the independent auditor performed a review of the County's internal control structure. This review was not an audit, and no opinion was issued on the County's internal control structure; however, the procedures performed by the independent auditor did not indicate any material internal control weaknesses or reportable conditions.

## ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Martin County Board of Education	Education	500 - 999
Ann's House of Nuts	Manufacturer	500 - 999
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
Food Lion	Trade	100 - 249

## MAJOR INITIATIVES

### FOR THE YEAR...

Martin County Water District #1 received a grant award of \$1.476 million from the NC Infrastructure Authority Board in January 2017. The grant will be used to make improvements in the Oak City area. Engineering design work was completed in May 2018, and construction should be completed by 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. Construction is nearing completion, and the ribbon cutting ceremony is scheduled for September 2019.

#### FOR THE FUTURE...

Martin County received notice in June 2018 of a \$1,013,940 grant award from the NC Department of Commerce's Rural ReadySites Program. The Rural ReadySites program, run out of the Department of Commerce in partnership with the Rural Infrastructure Authority, helps rural communities prepare prospective sites for industrial development. The program will invest more than \$14 million in public infrastructure construction and improvements for sites that have a strong potential to attract employers, create jobs and strengthen the local, regional and state economy. The NC General Assembly appropriated \$2 million for this purpose, and the Department of Commerce added the additional \$12 million to fund these projects.

The scope of the project will include expansion of the gravity sewer system and the rehabilitation of the existing elevated storage tank at the Martin County Regional Industrial Park in Everetts. The work on the water storage tank will be to the benefit of all tenants in the park, while the additional sewer infrastructure is necessary to serve the western parcels in the industrial park. The design work was completed in July 2019, and construction should begin soon. The estimated cost for the work is \$1,126,600. Martin County is providing a 10% match for the grant.

Martin County Commissioners approved an economic development incentive package with Domtar on August 14, 2019, which will result in new investments to be made between 2019 and 2023 at the mill. Domtar is a leading provider of a variety of fiber-based products. The Plymouth mill employs almost 350 people and produces fluff pulp, largely used in personal hygiene products.

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.

As a result of the rail extension project at the industrial park in conjunction with Weitron, Inc., rail access is available to several additional industrial sites. Rail availability at the sites increases the potential for growth at the park in the near future.

#### **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.

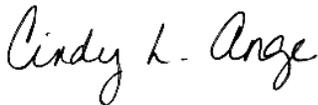
AWARDS. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Martin County for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of achievement 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-eight consecutive years (fiscal years ended 1991-2018). 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**

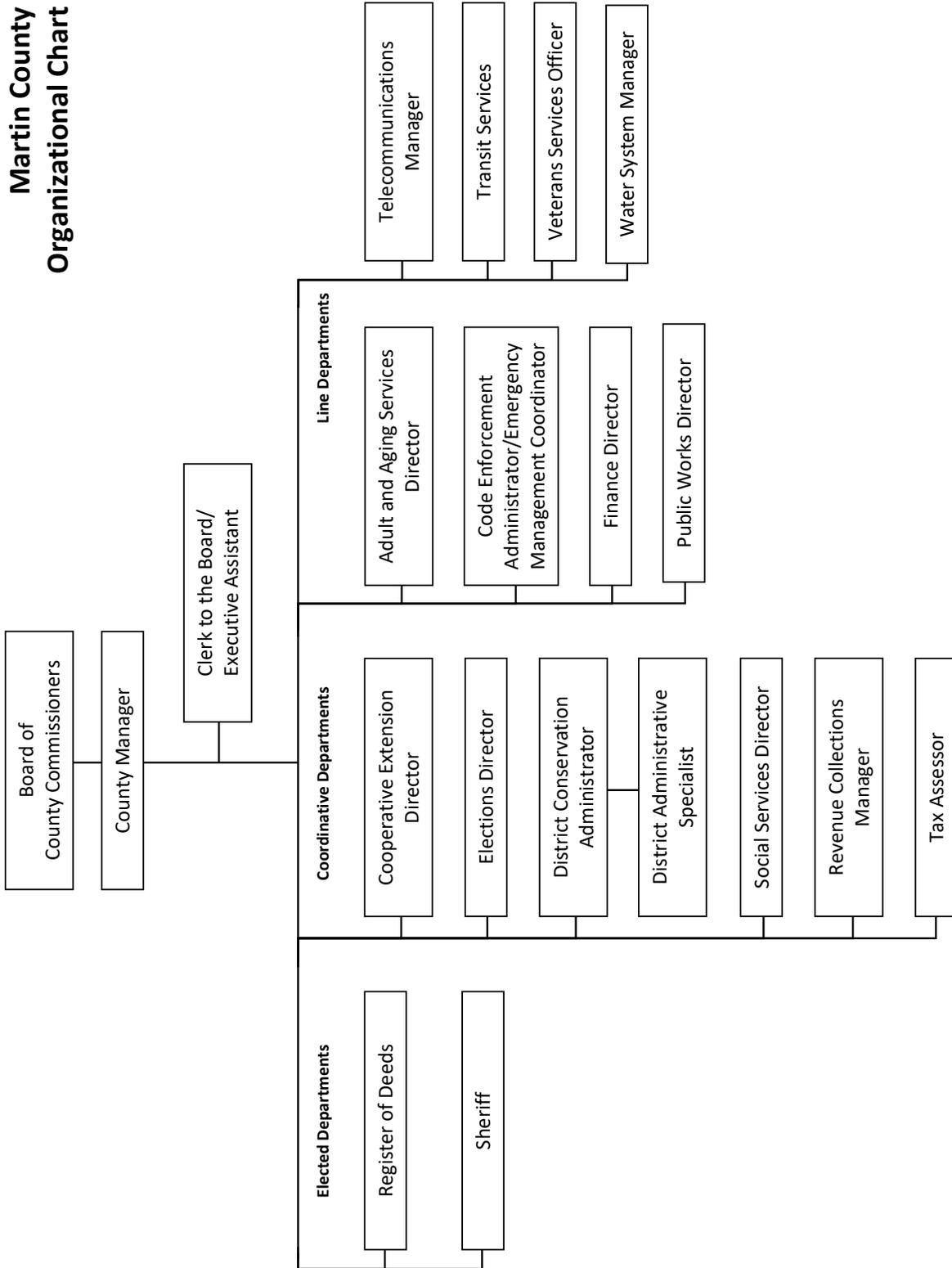
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*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**



Carr, Riggs & Ingram, LLC  
3105 Trent Road  
New Bern, North Carolina 28563

Mailing Address:  
P.O. Box 1547  
New Bern, North Carolina 28563-1547

(252) 633-5821  
(252) 633-0199 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## Independent Auditor's Report

To the Board of County Commissioners  
Martin County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Martin County, North Carolina, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note IX to the financial statements, Martin County, North Carolina created an OPEB Trust, which required a change in accounting assumptions under Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to that matter. Please refer to Notes IX and XI for restatement information. In addition, the County posted a prior period adjustment to correct a capital lease transaction.

### ***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 Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Postemployment Benefits Schedules of Changes in the Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns on pages 17 through 27 and 87 through 94, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Martin County, North Carolina. The 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 November 22, 2019, on our consideration of Martin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Martin County's internal control over financial reporting and compliance.

*Cary Riggs & Ingram, L.L.C.*

New Bern, North Carolina  
November 22, 2019

## 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, 2019. 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

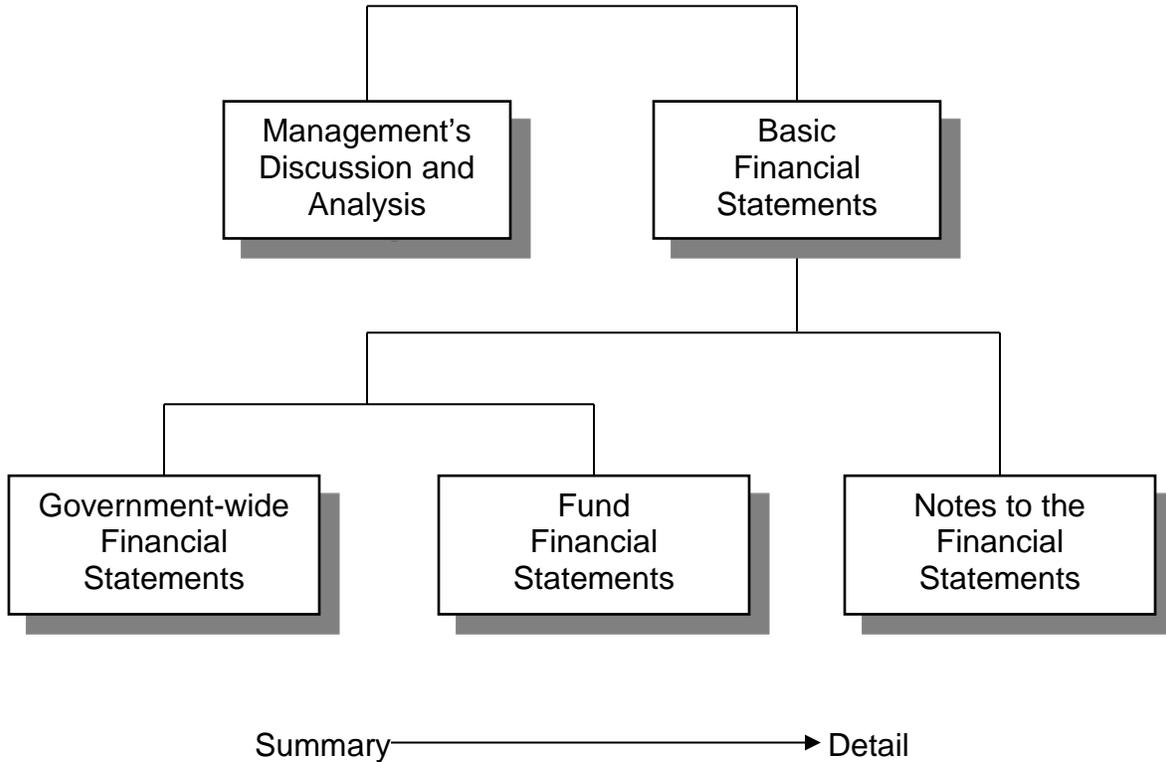
- The assets and deferred outflow of resources of Martin County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,174,269 (net position).
- As of the close of the current fiscal year, Martin County's General Fund reported an ending fund balance of \$11,624,113, a decrease of \$450,136, in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$7,735,034, or 26.5 percent of total General Fund expenditures for the fiscal year.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Following the notes is the **Required Supplemental Information**. This section contains funding information about the County's pension and benefit plans.

## **Government-wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, animal control, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those the County charges customers to provide. They include the water services offered by Martin County. The final category is the component units. Martin County Tourism Development Authority promotes travel and tourism in Martin County. The County appoints members of the governing board of the Authority. Although legally separate from the County, the ABC Board is important to the County, because the County is financially accountable for the ABC Board, due to the County's authority to appoint members, and because the ABC Board is required to distribute its profits to the County. Martin County Council on Aging, Inc. provides the County money earned on fundraisers. The County uses these funds to promote activities for the County's senior population. The County appoints the Council on Aging's governing board.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

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

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

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Martin County has nine fiduciary funds, two of which are private purpose trust funds, and six 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		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 37,072,129	\$ 36,185,846	\$ 1,579,291	\$ (947,166)	\$ 38,651,420	\$ 35,238,680
Capital assets	23,321,699	18,465,077	13,858,601	15,765,215	37,180,300	34,230,292
Total assets	<u>60,393,828</u>	<u>54,650,923</u>	<u>15,437,892</u>	<u>14,818,049</u>	<u>75,831,720</u>	<u>69,468,972</u>
Total deferred outflow of resources	2,774,947	1,635,202	71,795	35,440	2,846,742	1,670,642
Long-term liabilities outstanding	33,658,365	33,874,384	13,532,271	13,788,185	47,190,636	47,662,569
Other liabilities	1,321,055	795,232	198,445	53,852	1,519,500	849,084
Total liabilities	<u>34,979,420</u>	<u>34,669,616</u>	<u>13,730,716</u>	<u>13,842,037</u>	<u>48,710,136</u>	<u>48,511,653</u>
Total deferred inflow of resources	6,748,116	7,271,764	45,941	40,088	6,794,057	7,311,852
Net position:						
Net investment in capital assets	9,262,178	4,405,556	3,486,266	2,505,140	12,748,444	6,910,696
Restricted	18,795,360	17,529,543	-	-	18,795,360	17,529,543
Unrestricted	<u>(6,616,299)</u>	<u>(7,590,354)</u>	<u>(1,753,236)</u>	<u>(1,533,776)</u>	<u>(8,369,535)</u>	<u>(9,124,130)</u>
Total net position	<u>\$ 21,441,239</u>	<u>\$ 14,344,745</u>	<u>\$ 1,733,030</u>	<u>\$ 971,364</u>	<u>\$ 23,174,269</u>	<u>\$ 15,316,109</u>

As noted earlier, net positions may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Martin County exceeded liabilities and deferred inflows of resources by \$23,174,269 as of June 30, 2019. As of June 30, 2018, the net position of Martin County stood at \$15,316,109. The County's net position increased by \$7,858,160 after restatement for the fiscal year ended June 30, 2019, compared to a decrease of \$6,371,160 in 2018. 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 (55% or \$12,748,444) 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 (82% or \$18,795,360) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(8,369,535) is unrestricted.

## Martin County's Changes in Net Position

### Figure 3

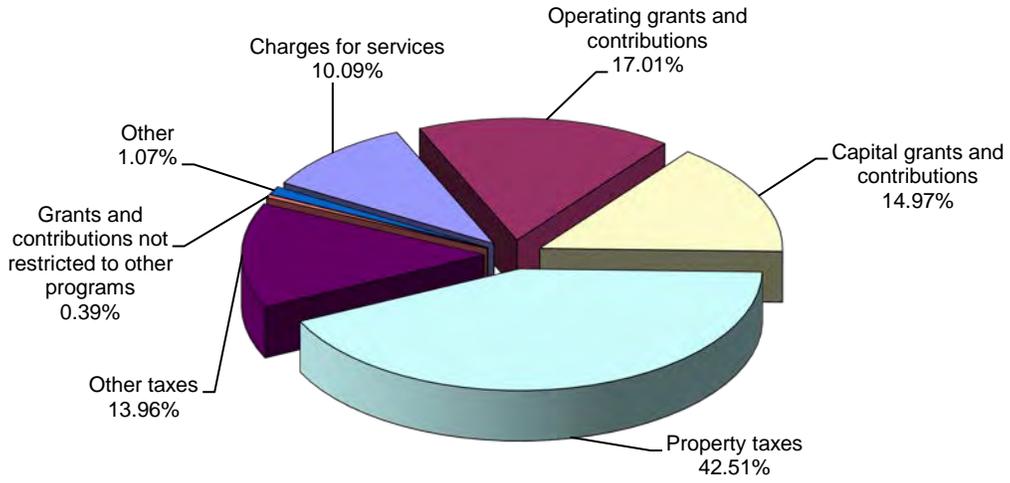
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,893,658	\$ 3,894,493	\$ 1,664,017	\$ 1,485,716	\$ 5,557,675	\$ 5,380,209
Operating grants and contributions	6,566,689	5,468,838	64,200	186,557	6,630,889	5,655,395
Capital grants and contributions	5,778,435	3,400,720	771,754	49,270	6,550,189	3,449,990
General revenues:						
Property taxes	16,408,519	16,459,963	-	-	16,408,519	16,459,963
Other taxes	5,388,542	5,327,306	-	-	5,388,542	5,327,306
Grants and contributions not restricted to other programs	150,375	169,389	-	-	150,375	169,389
Other	414,061	313,442	101,623	23,577	515,684	337,019
Total revenues	<u>38,600,279</u>	<u>35,034,151</u>	<u>2,601,594</u>	<u>1,745,120</u>	<u>41,201,873</u>	<u>36,779,271</u>
<b>Expenses:</b>						
General government	3,582,095	3,094,228	-	-	3,582,095	3,094,228
Public safety	7,642,046	7,147,854	-	-	7,642,046	7,147,854
Environmental Protection	2,433,270	2,284,860	-	-	2,433,270	2,284,860
Economic and physical development	2,747,201	1,191,108	-	-	2,747,201	1,191,108
Human services	6,315,078	6,325,579	-	-	6,315,078	6,325,579
Cultural and recreation	172,156	170,463	-	-	172,156	170,463
Transportation	1,007,097	1,165,929	-	-	1,007,097	1,165,929
Education	7,579,133	7,520,394	-	-	7,579,133	7,520,394
Interest on long-term debt	763,432	763,432	-	-	763,432	763,432
Water and sewer	-	-	2,054,002	1,870,730	2,054,002	1,870,730
Total expenses	<u>32,241,508</u>	<u>29,663,847</u>	<u>2,054,002</u>	<u>1,870,730</u>	<u>34,295,510</u>	<u>31,534,577</u>
Increase in net position	6,358,771	5,370,304	547,592	(125,610)	6,906,363	5,244,694
Net position, July 1	14,344,745	20,255,759	971,364	1,431,510	15,316,109	21,687,269
Restatement	737,723	(11,281,318)	214,074	(334,536)	951,797	(11,615,854)
Net position beginning, restated	<u>15,082,468</u>	<u>8,974,441</u>	<u>1,185,438</u>	<u>1,096,974</u>	<u>16,267,906</u>	<u>10,071,415</u>
Net position, June 30	<u>\$ 21,441,239</u>	<u>\$ 14,344,745</u>	<u>\$ 1,733,030</u>	<u>\$ 971,364</u>	<u>\$ 23,174,269</u>	<u>\$ 15,316,109</u>

**Governmental activities.** Governmental activities increased the County's net position by \$6,358,771 prior to restatement. This compares to an increase of \$5,370,304 in 2018. Key elements of this increase in 2019 are as follows:

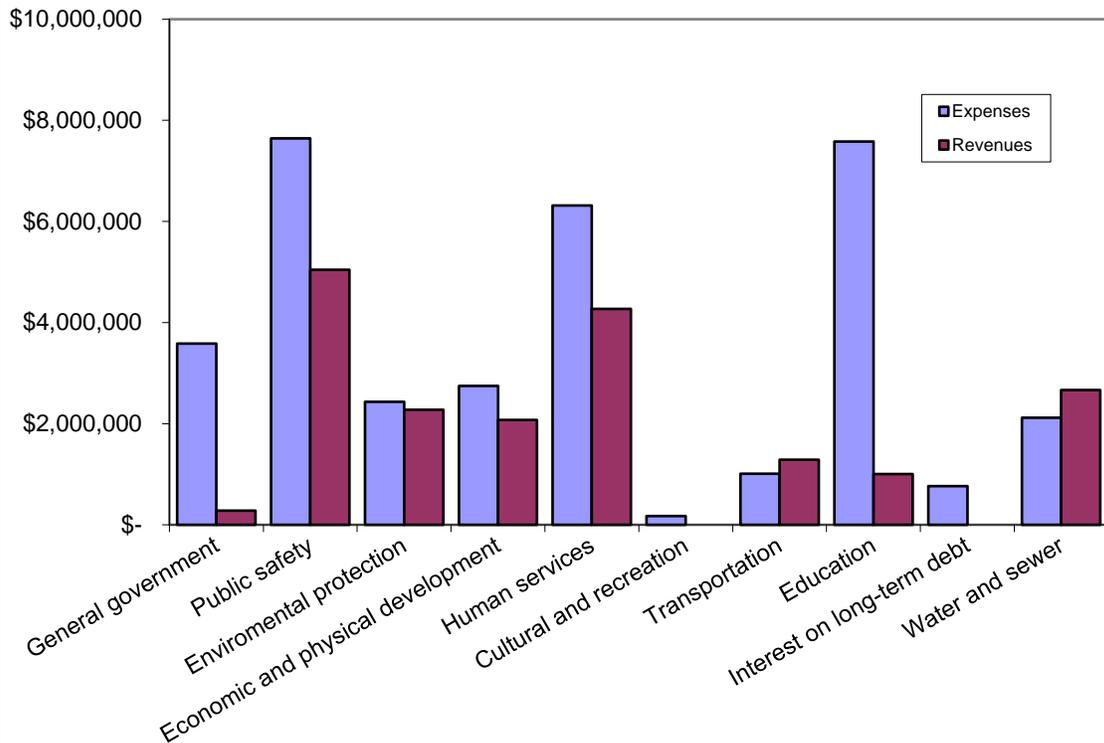
- Hospital Fund revenue of \$566,667.
- Capital grants for a communications center, industrial park project, and airport project.

The following charts illustrate the 2019 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 \$761,666, after restatement for the year ended June 30, 2019. Net position decreased \$125,610 in 2018. The key element of these changes are as follows:

- Capital project for Water District No. 1, which is funded by a grant.
- Both Districts raised the base water rate by \$2 per month.
- A prior period adjustment to properly record a capital lease.

### **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 \$7,735,034, while total fund balance reached \$11,624,113. 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 26.84% 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 \$7,488,250, a decrease of \$250,191 over the previous year.

At June 30, 2019, the governmental funds of Martin County reported a combined fund balance of \$27,659,849, a 2.5 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 \$767,700. Additional grant revenue was the primary reason for the increase.

Actual expenditures were \$3,094,720 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 (\$1,753,236). The total increase in net position for these funds was (\$761,666) after restatement. \$3,486,266 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, 2019.

For the fiscal year ended June 30, 2019, the monthly water rates increased for both districts to \$50 per account for the base rate and \$8.50 per 1,000 gallons for water usage over 1,000 gallons.

### Capital Asset and Debt Administration

**Capital assets.** Martin County’s capital assets for its governmental and business-type activities as of June 30, 2019, totals \$37,180,300 (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

### Martin County’s Capital Assets (Net of Depreciation)

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,984,450	\$ 2,984,450	\$ 46,800	\$ 46,800	\$ 3,031,250	\$ 3,031,250
Buildings and systems	12,925,314	11,008,340	12,773,050	15,481,352	25,698,364	26,489,692
Equipment	1,323,084	1,501,812	39,236	13,873	1,362,320	1,515,685
Vehicles	1,033,922	842,411	62,440	73,908	1,096,362	916,319
Construction in progress	<u>5,054,929</u>	<u>2,128,064</u>	<u>937,075</u>	<u>149,282</u>	<u>5,992,004</u>	<u>2,277,346</u>
Total	<u>\$ 23,321,699</u>	<u>\$ 18,465,077</u>	<u>\$ 13,858,601</u>	<u>\$ 15,765,215</u>	<u>\$ 37,180,300</u>	<u>\$ 34,230,292</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, 2019, Martin County had total bonded debt outstanding of \$12,930,075, all of which is debt backed by the full faith and credit of the County.

### Martin County's Outstanding Debt

Figure 5

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<b>Governmental activities:</b>					
Direct placement installment purchase	\$ 14,059,521	\$ -	\$ -	\$ 14,059,521	\$ -
Compensated absences	641,146	254,701	206,963	688,884	200,000
Net OPEB liability	16,994,837	-	1,184,627	15,810,210	-
Net pension liability (LGERS)	1,427,544	827,937	-	2,255,481	-
Total pension liability (LEOSSA)	751,336	92,933	-	844,269	-
Total governmental activities	<u>\$ 33,874,384</u>	<u>\$ 1,175,571</u>	<u>\$ 1,391,590</u>	<u>\$ 33,658,365</u>	<u>\$ 200,000</u>
<b>Business-type activities:</b>					
Limited obligation bonds	\$ 13,260,075	\$ -	\$ 330,000	\$ 12,930,075	\$ 330,000
Net OPEB liability	417,800	114,982	-	532,782	-
Net pension liability (LGERS)	43,808	25,606	-	69,414	-
Compensated absences	12,502	8,999	7,165	14,336	3,000
Total business-type activities	<u>\$ 13,734,185</u>	<u>\$ 149,587</u>	<u>\$ 337,165</u>	<u>\$ 13,546,607</u>	<u>\$ 333,000</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 4.9% at June 30, 2018 to 5.9% at June 30, 2019.
- The County's population decreased from 23,510 at June 30, 2018 to 23,227 at June 30, 2019.

### Governmental Activities:

Martin County increased the tax rate to \$0.81 per \$100 valuation for the 2019-2020 fiscal year. The tax valuation decreased slightly from \$1.7578 billion to \$1.7509 billion.

The County is continuing several construction projects. The new PSAP Communication Building is scheduled to be occupied in Fall 2019, 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 2019-2020 fiscal year. District 2 is budgeted to lose an additional \$102,757; and District 1 is budgeted to lose an additional \$5,809. 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, 2019**

	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.
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,851,408	\$ 14,293	\$ 12,865,701	\$ 228,039	\$ 356,387	\$ 171,198
Investments	9,108,116	1,063	9,109,179	-	70,543	-
Receivables (net):						
Taxes	1,811,768	-	1,811,768	-	-	-
Accounts	3,900,024	648,994	4,549,018	-	31,179	248
Internal balances	1,646,095	(1,646,095)	-	-	-	-
Inventories	-	-	-	393,876	-	12,700
Note receivable	-	2,557,740	2,557,740	-	-	-
Prepaid expenses	110,772	3,296	114,068	4,923	2,600	-
Restricted cash	7,616,017	-	7,616,017	-	-	-
Net Pension Asset	27,929	-	27,929	-	-	-
Capital assets:						
Land, improvements, and construction in progress	8,039,379	983,875	9,023,254	68,016	-	-
Other capital assets, net of depreciation	15,282,320	12,874,726	28,157,046	90,843	15,889	47,580
Total capital assets	23,321,699	13,858,601	37,180,300	158,859	15,889	47,580
Total assets	60,393,828	15,437,892	75,831,720	785,697	476,598	231,726
<b>DEFERRED OUTFLOW OF RESOURCES</b>	2,774,947	71,795	2,846,742	87,802	17,284	-
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	1,321,055	173,945	1,495,000	177,140	2,129	458
Customer deposits	-	24,500	24,500	-	-	-
Long-term liabilities due within one year	200,000	350,000	550,000	-	1,500	-
Noncurrent liabilities due in more than one year:						
Net pension liability-LGERS	2,255,481	69,414	2,324,895	51,480	12,811	-
Net OPEB liability	15,810,210	532,782	16,342,992	403,513	-	-
Total pension liability-LEOSSA	844,269	-	844,269	-	-	-
Due in more than one year	14,548,405	12,580,075	27,128,480	-	7,716	-
Total noncurrent liabilities	33,458,365	13,182,271	46,640,636	454,993	20,527	-
Total liabilities	34,979,420	13,730,716	48,710,136	632,133	24,156	458
<b>DEFERRED INFLOWS OF RESOURCES</b>	6,748,116	45,941	6,794,057	2,619	66	-
<b>NET POSITION</b>						
Net investment in capital assets	9,262,178	3,486,266	12,748,444	158,859	15,889	-
Restricted for:						
Stabilization of State Statute	2,985,899	-	2,985,899	-	31,179	-
Register of Deeds	27,057	-	27,057	-	-	-
Public Safety	494,351	-	494,351	-	-	-
Economic Development Projects	296,369	-	296,369	-	-	-
Human Services	7,488,250	-	7,488,250	-	-	-
School Debt	7,503,434	-	7,503,434	-	-	-
Transportation	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-
Working Capital	-	-	-	68,517	-	-
Unrestricted (deficit)	(6,616,299)	(1,753,236)	(8,369,535)	11,371	422,592	231,268
Total net position	\$ 21,441,239	\$ 1,733,030	\$ 23,174,269	\$ 238,747	\$ 469,660	\$ 231,268

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, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Martin County ABC Board	Martin County Tourism Development Authority	Martin County Council on Aging, Inc.
<b>Primary government:</b>										
Governmental Activities:										
General government	\$ 3,582,095	\$ 266,194	\$ 11,026	\$ -	\$ (3,304,875)	\$ -	\$ (3,304,875)			
Public safety	7,642,046	685,105	471,132	3,889,841	(2,595,968)	-	(2,595,968)			
Environmental protection	2,433,270	2,228,672	46,332	-	(158,266)	-	(158,266)			
Economic and physical development	2,747,201	-	1,537,113	537,593	(672,495)	-	(672,495)			
Human services	6,315,078	566,667	3,706,172	-	(2,042,239)	-	(2,042,239)			
Cultural and recreation	172,156	-	-	-	(172,156)	-	(172,156)			
Transportation	1,007,997	147,020	509,363	632,787	282,073	-	282,073			
Education	7,579,133	-	285,551	718,214	(6,575,368)	-	(6,575,368)			
Interest on long-term debt	763,432	-	-	-	(763,432)	-	(763,432)			
Total governmental activities	32,241,508	3,893,658	6,566,689	5,778,435	(16,002,726)	-	(16,002,726)			
Business-type activities:										
Water and Sewer	2,054,002	1,664,017	64,200	771,754	-	445,969	445,969			
Total business-type activities	2,054,002	1,664,017	64,200	771,754	-	445,969	445,969			
	34,295,510	5,557,675	6,630,889	6,550,189	(16,002,726)	445,969	(15,556,757)			
<b>Component units:</b>										
ABC Board	2,235,693	2,303,251	-	-	-	-	-	\$ 67,538	\$ -	\$ -
Tourism Development Authority	255,068	-	-	-	-	-	-	-	(255,068)	-
Council on Aging	153,563	-	-	-	-	-	-	-	-	(153,563)
Total component units	\$ 2,644,324	\$ 2,303,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,538	\$ (255,068)	\$ (153,563)
General revenues:										
Taxes:										
Property taxes, levied for general purpose					16,408,519		16,408,519			
Local option sales tax					4,806,218		4,806,218			
Other taxes					582,324		582,324		322,952	
Grants and contributions unrestricted to specific programs					150,375		150,375			149,025
Investment earnings, unrestricted					338,703		338,703		2,213	13
Miscellaneous, unrestricted					75,358		75,358		340	
Total general revenues, special items, and transfers					22,361,497		22,361,497		325,505	149,038
Change in net position					6,358,771		6,358,771		67,538	70,437
Net position—beginning, previously reported					14,344,745		14,344,745		171,189	399,223
Restatement					737,723		737,723		214,074	951,797
Net position beginning, restated					15,082,468		15,082,468		171,189	399,223
Net position—ending					\$ 21,441,239		\$ 21,441,239		\$ 238,447	\$ 469,660

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

**Martin County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Hospital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,057,806	\$ -	\$ 8,816,537	\$ 977,065	\$ 12,851,408
Investments	5,194,741	-	3,913,375	-	9,108,116
Restricted cash	112,583	7,503,434	-	-	7,616,017
Taxes receivable	1,729,782	-	-	81,986	1,811,768
Accounts receivable, net	2,651,518	-	-	1,248,506	3,900,024
Prepaid items	110,772	-	-	-	110,772
Advances to other funds	1,928,429	-	-	-	1,928,429
Total assets	<u>\$ 14,785,631</u>	<u>\$ 7,503,434</u>	<u>\$ 12,729,912</u>	<u>\$ 2,307,557</u>	<u>\$ 37,326,534</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 424,532	\$ -	\$ -	\$ 896,523	\$ 1,321,055
Advance from other funds	-	-	-	282,334	282,334
Total liabilities	<u>424,532</u>	<u>-</u>	<u>-</u>	<u>1,178,857</u>	<u>1,603,389</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>2,736,986</u>	<u>-</u>	<u>5,241,662</u>	<u>84,648</u>	<u>8,063,296</u>
Fund balances:					
Non-spendable:					
Prepays	110,772	-	-	-	110,772
Advances	1,928,429	-	-	-	1,928,429
Restricted:					
Stabilization by State Statute	1,737,393	-	-	1,248,506	2,985,899
Human Services	-	-	7,488,250	-	7,488,250
School Debt	-	7,503,434	-	-	7,503,434
Register of Deeds	27,057	-	-	-	27,057
Economic Development	-	-	-	296,369	296,369
Public Safety Programs	-	-	-	494,351	494,351
Committed:					
Tax Revaluation	85,428	-	-	-	85,428
Unassigned	7,735,034	-	-	(995,174)	6,739,860
Total fund balances	<u>11,624,113</u>	<u>7,503,434</u>	<u>7,488,250</u>	<u>1,044,052</u>	<u>27,659,849</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,785,631</u>	<u>\$ 7,503,434</u>	<u>\$ 12,729,912</u>	<u>\$ 2,307,557</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.					23,321,699
Deferred inflows of resources for taxes receivable					2,728,555
Net pension asset					27,929
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position					519,366
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position					7,502
Net pension liability					(2,255,481)
Total pension liability					(844,269)
Pension related deferrals					1,380,634
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 4).					(14,748,405)
Net OPEB Liability					(15,810,210)
Contributions to OPEB plan and administration costs are deferred outflows of resources on the Statement of Net Position					374,944
OPEB related deferrals					(920,874)
Net position of governmental activities					<u>\$ 21,441,239</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, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Hospital Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Ad valorem taxes	\$ 15,522,718	\$ -	\$ -	\$ 681,903	\$ 16,204,621
Local option sales taxes	4,806,218	-	-	189,456	4,995,674
Other taxes and licenses	446,893	-	-	-	446,893
Unrestricted intergovernmental	79,027	-	-	-	79,027
Restricted intergovernmental	5,866,078	-	-	6,686,703	12,552,781
Licenses and fees	290,976	-	-	-	290,976
Sales and services	2,630,056	-	566,667	-	3,196,723
Investment earnings	154,899	661	183,142	-	338,702
Miscellaneous	223,503	-	-	-	223,503
Total revenues	<u>30,020,368</u>	<u>661</u>	<u>749,809</u>	<u>7,558,062</u>	<u>38,328,900</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,513,800	-	-	-	3,513,800
Public safety	6,188,372	-	-	4,834,469	11,022,841
Environmental protection	2,483,181	-	-	-	2,483,181
Economic and physical development	1,361,178	-	-	1,847,454	3,208,632
Human services	6,089,607	-	-	-	6,089,607
Cultural and recreational	159,949	-	-	-	159,949
Transportation	1,103,820	-	-	742,414	1,846,234
Intergovernmental:					
Education	7,579,133	-	-	-	7,579,133
Debt service:					
Interest	763,432	-	-	-	763,432
Total expenditures	<u>29,242,472</u>	<u>-</u>	<u>-</u>	<u>7,424,337</u>	<u>36,666,809</u>
Excess (deficiency) of revenues over expenditures	<u>777,896</u>	<u>661</u>	<u>749,809</u>	<u>133,725</u>	<u>1,662,091</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	(1,240,961)	937,301	-	303,660	-
Transfers to other funds	-	-	(1,000,000)	-	(1,000,000)
Sale of capital assets	12,929	-	-	-	12,929
Total other financing sources (uses)	<u>(1,228,032)</u>	<u>937,301</u>	<u>(1,000,000)</u>	<u>303,660</u>	<u>(987,071)</u>
Net change in fund balance	(450,136)	937,962	(250,191)	437,385	675,020
Fund balances-beginning	12,074,249	6,565,472	7,738,441	606,667	26,984,829
Fund balances-ending	<u>\$ 11,624,113</u>	<u>\$ 7,503,434</u>	<u>\$ 7,488,250</u>	<u>\$ 1,044,052</u>	<u>\$ 27,659,849</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, 2019**

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

Net changes in fund balances - total governmental funds	\$ 675,020
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.	4,945,522
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.	(88,900)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	526,868
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	1,381,140
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	258,445
Some expenses reported on the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.	<u>(1,339,324)</u>
Total changes in net position of governmental activities	<u><u>\$ 6,358,771</u></u>

**Martin County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Over (Under)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 15,199,572	\$ 15,199,572	\$ 15,522,718	\$ 323,146
Local option sales tax	4,469,250	4,469,250	4,806,218	336,968
Other taxes and licenses	386,798	456,798	446,893	(9,905)
Unrestricted intergovernmental	78,500	78,500	79,027	527
Restricted intergovernmental	5,919,916	6,573,647	5,866,078	(707,569)
Licenses and fees	265,100	265,100	290,976	25,876
Sales and services	2,535,236	2,555,236	2,616,612	61,376
Investment earnings	60,000	60,000	154,899	94,899
Miscellaneous	124,300	148,269	183,454	35,185
Total revenues	<u>29,038,672</u>	<u>29,806,372</u>	<u>29,966,875</u>	<u>160,503</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,785,034	3,959,234	3,513,800	445,434
Public safety	5,985,722	6,450,603	6,188,372	262,231
Environmental protection	2,514,884	2,574,884	2,483,181	91,703
Economic and physical development	1,106,392	1,494,070	1,305,918	188,152
Human services	6,954,179	7,154,399	6,089,607	1,064,792
Cultural and recreational	154,489	159,989	159,949	40
Transportation	1,077,988	1,146,188	1,103,820	42,368
<b>Intergovernmental:</b>				
Education	8,579,133	8,579,133	7,579,133	1,000,000
<b>Debt service:</b>				
Interest and other charges	763,432	763,432	763,432	-
Total expenditures	<u>30,921,253</u>	<u>32,281,932</u>	<u>29,187,212</u>	<u>3,094,720</u>
Revenues over (under) expenditures	<u>(1,882,581)</u>	<u>(2,475,560)</u>	<u>779,663</u>	<u>3,255,223</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	(973,302)	(1,275,962)	(1,275,961)	1
Transfers from other funds	1,566,667	1,566,667	-	(1,566,667)
Sale of capital assets	20,000	20,000	12,929	(7,071)
Total other financing sources (uses)	<u>613,365</u>	<u>310,705</u>	<u>(1,263,032)</u>	<u>(1,573,737)</u>
Appropriated fund balance	1,269,216	2,164,855		(2,164,855)
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	(483,369)	<u>\$ (483,369)</u>
<b>Fund balances:</b>				
Beginning of year, July 1			<u>11,994,271</u>	
End of year, June 30			<u>\$ 11,510,902</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, 2019**

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		\$ 11,510,902
Tax Revaluation Fund		
Expenditures	-	
Transfer in from General Fund	35,000	
Fund Balance, beginning	50,428	
Net Change	85,428	85,428
Capital Reserve Fund		
Transfer to General Fund	-	
Fund Balance, beginning	-	
Net Change	-	-
4-H fund		
Revenue	53,493	
Expenditures	(55,260)	
Fund Balance, beginning	29,550	
Net Change	27,783	27,783
Ending Fund Balance (Exhibit 4)		\$ 11,624,113

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, 2019**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Water and Sewer District No. 1</b>	<b>Water and Sewer District No. 2</b>	<b>Non- MajorEnterprise Funds</b>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,507	\$ 10,786	\$ -	\$ 14,293
Investments	-	1,063	-	1,063
Receivables, net	548,514	100,480	-	648,994
Note receivable	20,055	48,975	-	69,030
Prepaid items	1,648	1,648	-	3,296
Total current assets	<u>573,724</u>	<u>162,952</u>	<u>-</u>	<u>736,676</u>
Noncurrent assets:				
Note receivable	558,675	1,930,035	-	2,488,710
Capital assets:				
Land, improvements, and construction in progress	909,548	32,800	41,527	983,875
Other capital assets, net of depreciation	3,417,550	9,457,176	-	12,874,726
Total capital assets	<u>4,327,098</u>	<u>9,489,976</u>	<u>41,527</u>	<u>13,858,601</u>
Total noncurrent assets	<u>4,885,773</u>	<u>11,420,011</u>	<u>41,527</u>	<u>16,347,311</u>
Total assets	<u>5,459,497</u>	<u>11,582,963</u>	<u>41,527</u>	<u>17,083,987</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension deferrals	28,585	28,587	-	57,172
OPEB deferrals	7,312	7,311	-	14,623
Total deferred outflows of resources	<u>35,897</u>	<u>35,898</u>	<u>-</u>	<u>71,795</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	150,505	9,104	-	159,609
Customer deposits	10,590	13,910	-	24,500
Advances from other funds	379,145	1,256,529	10,421	1,646,095
Compensated absences	1,500	1,500	-	3,000
Limited obligation bonds payable	105,000	245,000	-	350,000
Total current liabilities	<u>646,740</u>	<u>1,526,043</u>	<u>10,421</u>	<u>2,183,204</u>
Noncurrent liabilities:				
Net pension liability	34,707	34,707	-	69,414
Compensated absences	5,668	5,668	-	11,336
Net OPEB liability	266,391	266,391	-	532,782
Limtied obligation bonds payable	2,925,000	9,655,075	-	12,580,075
Total noncurrent liabilities	<u>3,231,766</u>	<u>9,961,841</u>	<u>-</u>	<u>13,193,607</u>
Total liabilities	<u>3,878,506</u>	<u>11,487,884</u>	<u>10,421</u>	<u>15,376,811</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension deferrals	144	144	-	288
OPEB deferrals	22,827	22,826	-	45,653
Total deferred inflows of resources	<u>22,971</u>	<u>22,970</u>	<u>-</u>	<u>45,941</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,875,828	1,568,911	41,527	3,486,266
Unrestricted	(281,911)	(1,460,904)	(10,421)	(1,753,236)
Total net position	<u>\$ 1,593,917</u>	<u>\$ 108,007</u>	<u>\$ 31,106</u>	<u>\$ 1,733,030</u>

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

**Martin County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Water and Sewer District No. 1</b>	<b>Water and Sewer District No. 2</b>	<b>Non-Major Enterprise Funds</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 738,092	\$ 925,925	\$ -	\$ 1,664,017
Total operating revenues	<u>738,092</u>	<u>925,925</u>	<u>-</u>	<u>1,664,017</u>
<b>OPERATING EXPENSES</b>				
Water operations	408,277	413,108	-	821,385
Administration	182,964	184,132	-	367,096
Depreciation	115,931	236,826	-	352,757
Total operating expenses	<u>707,172</u>	<u>834,066</u>	<u>-</u>	<u>1,541,238</u>
Operating income	<u>30,920</u>	<u>91,859</u>	<u>-</u>	<u>122,779</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Miscellaneous	-	-	-	-
Interest earnings	23,547	78,076	-	101,623
Distributions from other governments	64,200	-	-	64,200
Interest and other charges	(123,154)	(389,610)	-	(512,764)
Total nonoperating revenue (expenses)	<u>(35,407)</u>	<u>(311,534)</u>	<u>-</u>	<u>(346,941)</u>
Income(loss) before contributions and transfers	(4,487)	(219,675)	-	(224,162)
Capital contributions	<u>771,754</u>	<u>-</u>	<u>-</u>	<u>771,754</u>
Change in net position	767,267	(219,675)	-	547,592
Net position - beginning	767,941	172,317	31,106	971,364
Restatement	58,709	155,365	-	214,074
Net position - beginning, restated	<u>826,650</u>	<u>327,682</u>	<u>31,106</u>	<u>1,185,438</u>
Total net position - ending	<u>\$ 1,593,917</u>	<u>\$ 108,007</u>	<u>\$ 31,106</u>	<u>\$ 1,733,030</u>

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

**Martin County, North Carolina**  
**Statement of Cash Flows**  
**Enterprise Fund**  
**For The Year Ended June 30, 2019**

	<b>Enterprise Funds</b>		
	<b>Water and Sewer District No. 1</b>	<b>Water and Sewer District No. 2</b>	<b>Total</b>
	<u>No. 1</u>	<u>No. 2</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 817,380	\$ 907,583	\$ 1,724,963
Cash paid to employees for services	(145,015)	(145,017)	(290,032)
Cash paid for goods and services	(451,250)	(435,867)	(887,117)
Customer deposits returned	(615)	-	(615)
Net cash provided by operating activities	<u>220,500</u>	<u>326,699</u>	<u>547,199</u>
Cash flows from noncapital financing activities			
Due to other funds	223,112	185,204	408,316
Prepaid items	(324)	(324)	(648)
Distributions from other governments	64,200	-	64,200
Net cash provided by noncapital financing activities	<u>286,988</u>	<u>184,880</u>	<u>471,868</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(661,426)	(16,000)	(677,426)
Interest earned on note	23,547	78,054	101,601
Note receivable payment	19,100	45,977	65,077
Grant	334,445	-	334,445
Principal paid on bond maturities	(100,000)	(230,000)	(330,000)
Interest paid on bond maturities	(123,154)	(389,610)	(512,764)
Net cash used by capital and related financing activities	<u>(507,488)</u>	<u>(511,579)</u>	<u>(1,019,067)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, July 1	3,507	10,786	14,293
Cash and cash equivalents, June 30	<u>\$ 3,507</u>	<u>\$ 10,786</u>	<u>\$ 14,293</u>

(continued)

**Martin County, North Carolina**  
**Statement of Cash Flows**  
**Enterprise Fund**  
**For The Year Ended June 30, 2019**

	<b>Enterprise Funds</b>		
	(continued)		
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 30,920	\$ 91,859	\$ 122,779
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	115,931	236,826	352,757
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	79,288	(18,342)	60,946
(Increase) decrease in deferred outflows of resources for pensions	(10,866)	(10,866)	(21,732)
(Increase) decrease in deferred outflows of resources for OPEB	(7,312)	(7,311)	
Increase (decrease) in accounts payable	(16,437)	4,942	(11,495)
Increase(decrease) in deferred inflows of resources for pensions	(500)	(500)	(1,000)
Increase (decrease) in deferred inflows of resources for OPEB	3,427	3,426	6,853
Increase (decrease) in net pension liability	12,803	12,803	25,606
Increase (decrease) in OPEB liability	12,944	12,945	25,889
Increase (decrease) in accrued vacation	917	917	1,834
Increase (decrease) in customer deposits	(615)	-	(615)
Total adjustments	189,580	234,840	424,420
Net cash provided by operating activities	<u>\$ 220,500</u>	<u>\$ 326,699</u>	<u>\$ 547,199</u>

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, 2019**

	OPEB Trust Fund	Private-purpose Trusts	Agency Fund
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 134,342	\$ 511,343
Accounts receivable (net)	-	-	33,439
Restricted assets			
Investments:			
Cash and cash equivalents	102,790	-	-
Domestic equities	549,246	-	-
Fixed income	435,064	-	-
Total assets	<u>\$ 1,087,100</u>	<u>\$ 134,342</u>	<u>\$ 544,782</u>
<b>Liabilities and Net Position</b>			
Liabilities:			
Miscellaneous liabilities	\$ -	\$ -	\$ 439,406
Intergovernmental payable	-	-	105,376
Total liabilities	<u>-</u>	<u>-</u>	<u>544,782</u>
Net position:			
Assets held in trust	-	134,342	-
Restricted for postemployment benefits other than pensions	1,087,100	-	-
Total net position	<u>\$ 1,087,100</u>	<u>\$ 134,342</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, 2019**

	OPEB Trust Fund	Private-purpose Trusts
Additions:		
Employer contributions	\$ 1,000,000	\$ -
Investment income:		
Net appreciation (depreciation) in fair value of investments	49,261	-
Interest and dividends	37,902	800
Less Investment expense	(63)	-
Net investment income	<u>87,100</u>	<u>800</u>
Miscellaneous:		
Norfolk Foundation contribution	-	17,380
Total additions	<u>1,087,100</u>	<u>18,180</u>
Deductions:		
Benefit payments	-	9,474
Total deductions	<u>-</u>	<u>9,474</u>
Change in net position	1,087,100	8,706
Net position - beginning of year	-	125,636
Net position - end of year	<u>\$ 1,087,100</u>	<u>\$ 134,342</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, 2019

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**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, 2019

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

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

*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

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

*General Fund.* This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund, the 4-H Fund, and the Capital Reserve Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB 54, they are consolidated in the General Fund.

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Martin County Board of Education; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Tax Agency Fund, which accounts for funds that are billed and collected by the County for various municipalities within the County, but that are not revenues to the County. The Deed of Trust fee that the County is required to remit to the state of NC and the Albemarle-Tideland Retirees Fund, which accounts for money held to pay for health insurance benefits for retirees of the dissolved entities.

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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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 eight legally budgeted funds. The Emergency Telephone System Fund, the Fire District Fund, the Program Grant Fund, the Scattered Sites CDBG Fund, and the Controlled Substance Tax Distribution Fund are reported as nonmajor special revenue funds. The Business Park Fund, the Airport Expansion Project Fund, and the Building Construction Fund are reported as capital projects funds.

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

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

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

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

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

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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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 operating portion of Martin County Water and Sewer District No. 1 and 2, and the County Water Fund. All annual appropriations lapse at the fiscal year-end. Multi-year project ordinances are adopted for the remaining Special Revenue Funds (Program Grant fund, Capital Reserve fund, Scattered Site CDBG fund), the Capital Projects Funds (Airport Expansion fund, Business Park fund, and Building Construction fund) and also Enterprise Fund's Water and Sewer Capital Projects Funds (blended component units). All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund and the Special Revenue Funds, except the Revaluation Fund. Expenditures may not legally exceed appropriations at the functional level for the Revaluation Fund. The project level is used for the Capital Projects Funds and the Enterprise Fund's Water and Sewer Capital Projects Funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a department. Any revisions that alter total expenditures of any department must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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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) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios 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, 2019 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 7.81 years at June 30, 2019.
- 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, 2019 the fair value of the funds was \$22.562358 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.

<b>Restricted Cash</b>	
Governmental Activities	
General Fund	
Tax revaluation	\$ 85,428
4-H	27,155
Debt Service Fund	7,503,434
Total Governmental Activities	\$ 7,616,017

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaids

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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	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 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.

Martin County, North Carolina  
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For the Year Ended June 30, 2019

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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 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.

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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

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

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

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

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

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

Committed for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation.

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

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

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

## 12. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Local Governmental Employees’ Retirement System (LGERS), the Registers of Deeds’ Supplemental Pension Fund (RODSPF) and the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined

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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 \$(6,218,610) 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)	\$ 38,896,603
Less accumulated depreciation	<u>(15,574,904)</u>
Net capital assets	23,321,699
Net pension asset	27,929
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	2,728,555
Contributions to the pension plan in the current fiscal year	519,366
Contributions to the OPEB plan in the current fiscal year	374,944
Benefit payments and pension administration costs for LEOSSA	7,502
Pension related deferrals	1,380,634
OPEB related deferrals	(920,874)
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	(688,884)
Net OPEB liability	(15,810,210)
Total pension liability	(844,269)
Net pension liability	<u>(2,255,481)</u>
Total adjustment	<u>\$ (6,218,610)</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 \$5,683,751 as follows:

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Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 5,969,461
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.	(1,023,939)
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.	(88,900)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	519,366
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position	7,502
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	374,944
Health Benefit Expense	6,196
Transfer to OPEB Trust	1,000,000
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	(47,738)
OPEB Expense	(537,699)
The County's portion of collective pension expense	(753,887)
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 7/1/18	(1,650,448)
Recording of tax receipts deferred in the fund statements as of 6/30/19	1,846,653
Reversal of deferred availability fees recorded at 7/1/18	(765,670)
Recording of availability fee receipts deferred in the fund statements as of 6/30/19	841,861
Reversal of legal receipts deferred in the fund statements as of 7/1/18	(8,198)
Recording of legal receipts deferred in the fund statements as of 6/30/19	10,389
Reversing of assessment receipts deferred in the fund statements as of 6/30/18	(45,793)
Recording of assessment receipts deferred in the fund statements as of 6/30/19	29,651
Total adjustment	<u>\$ 5,683,751</u>

**II. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All of the County's, the ABC Board's, the Authority's and the Council's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the Authority's, the Council's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent

Martin County, North Carolina  
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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, 2019, the County's deposits had a carrying amount of \$21,126,353 and a bank balance of \$21,061,936. 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, 2019, Martin County had \$1,050 cash on hand.

At June 30, 2019, the carrying amount of deposits for Martin County ABC Board was \$225,029 and the bank balance was \$215,466. Of the bank balance, \$215,466 was covered by federal depository insurance and none was covered by collateral held under the pooling method. At June 30, 2019, Martin County ABC Board had \$3,010 cash on hand.

At June 30, 2019, the carrying amount of deposits for Martin County Tourism Development Authority was \$356,387, and the bank balance was \$366,053. \$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, 2019, the carrying amount of deposits for Martin County Council on Aging, Inc. was \$171,198. At June 30, 2019, uninsured amounts held at these institutions totaled \$0.

**2. Investments**

As of June 30, 2019, 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	\$ 9,109,179	\$ 9,109,179	N/A

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As of June 30, 2019, 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	\$ 70,543	N/A	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, 2019, the Martin County HCB Plan Fund had \$1,087,100 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 9.46%; State Treasurer’s BIP 40.02%; and BlackRock’s MSCI ACWI EQ Index Non-Lendable Class B Fund 50.52%. As of June 30, 2019, 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, 2019. The State Treasurer’s BIF is unrated and had a weighted average maturity of 7.81 years at June 30, 2019.

*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).

**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.

Martin County, North Carolina  
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Year Levied	Tax	Interest	Total
2016	\$ 2,139,406	\$ 700,655	\$ 2,840,061
2017	2,139,406	508,109	2,647,515
2018	2,139,406	315,562	2,454,968
2019	2,139,406	123,016	2,262,422
Total	<u>\$ 8,557,624</u>	<u>\$ 1,647,342</u>	<u>\$ 10,204,966</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes and Related Accrued Interest	Other	Total
Governmental Activities:				
General	\$ 2,655,518	\$ 1,729,782	\$ -	\$ 4,385,300
Other Governmental	1,248,506	81,986	-	1,330,492
Total receivables	3,904,024	1,811,768	-	5,715,792
Allowance for doubtful accounts	(4,000)	-	-	(4,000)
Total governmental activities	<u>\$ 3,900,024</u>	<u>\$ 1,811,768</u>	<u>\$ -</u>	<u>\$ 5,711,792</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	\$ 721,494	\$ -	\$ -	\$ 721,494
Total receivables	721,494	-	-	721,494
Allowance for doubtful accounts	(72,500)	-	-	(72,500)
Total business-type activities	<u>\$ 648,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,994</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	\$ 1,302,697
Scrap tire tax	8,493
Public safety services	547,975
Airport grant funds	536,615
Total	<u>\$ 2,395,780</u>

**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

Martin County, North Carolina  
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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, 2019, including \$264,036 of interest are as follows:

Year Ending <u>June 30</u>	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20,055	\$ 22,783	\$ 42,838
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
2025-2029	128,925	82,207	211,132
2030-2034	156,620	53,887	210,507
2035-2039	158,530	21,497	180,027
2040	25,785	935	26,720
Total	<u>\$ 578,730</u>	<u>\$ 264,036</u>	<u>\$ 842,766</u>

The future minimum payments to Martin County Water District No. 2 as a June 30, 2019, including \$1,111,213 of interest are as follows:

Year Ending <u>June 30</u>	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 48,976	\$ 77,396	\$ 126,372
2021	49,975	74,391	124,366
2022	51,974	72,475	124,449
2023	53,973	70,476	124,449
2024	55,972	68,393	124,365
2025-2029	314,842	304,894	619,736
2030-2034	383,808	237,757	621,565
2035-2039	470,764	153,673	624,437
2040	548,726	51,758	600,484
Total	<u>\$1,979,010</u>	<u>\$1,111,213</u>	<u>\$3,090,223</u>

Martin County, North Carolina  
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**6. Capital Assets**

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets not being depreciated				
Land	\$ 2,984,450	\$ -	\$ -	\$ 2,984,450
Construction in Progress	2,128,064	5,338,530	2,411,665	5,054,929
Total Capital Assets not being depreciated	<u>5,112,514</u>	<u>5,338,530</u>	<u>2,411,665</u>	<u>8,039,379</u>
Capital Assets being depreciated				
Buildings	20,204,211	2,497,493	60,000	22,641,704
Equipment	5,587,310	93,752	12,902	5,668,160
Vehicles and motor equipment	2,299,431	451,351	203,422	2,547,360
Total Capital Assets being depreciated	<u>28,090,952</u>	<u>3,042,596</u>	<u>276,324</u>	<u>30,857,224</u>
Less accumulated depreciations for:				
Buildings	9,195,871	520,519	-	9,716,390
Equipment	4,085,498	266,021	6,443	4,345,076
Vehicles and motor equipment	1,457,020	237,399	180,981	1,513,438
Total accumulated depreciation	<u>14,738,389</u>	<u>\$ 1,023,939</u>	<u>\$ 187,424</u>	<u>15,574,904</u>
Total Capital Assets being depreciated, net	<u>13,352,563</u>			<u>15,282,320</u>
Governmental activity capital assets, net	<u>\$ 18,465,077</u>			<u>\$ 23,321,699</u>

**Primary Government**

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

General government	\$ 190,572
Public Safety	380,408
Transportation	156,437
Environmental Protection	26,075
Economic and Physical Development	98,350
Human Services	151,087
Cultural and Recreation	21,010
Total Depreciation Expense	<u>\$ 1,023,939</u>

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

	<b>Beginning Balances Restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Business-type activities:				
Martin County Water District #1				
Capital Assets not being depreciated:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Construction in progress	107,755	787,793	-	895,548
Total Capital Assets not being depreciated	<u>121,755</u>	<u>787,793</u>	<u>-</u>	<u>909,548</u>
Capital Assets being depreciated:				
Plant and distribution systems	5,220,113	-	-	5,220,113
Equipment	133,420	16,000	-	149,420
Vehicles and motor equipment	106,524	-	14,795	91,729
Total Capital Assets being depreciated	<u>5,460,057</u>	<u>16,000</u>	<u>14,795</u>	<u>5,461,262</u>
Less accumulated depreciations for:				
Plant and distribution systems	1,759,300	104,538	-	1,863,838
Equipment	119,548	5,659	-	125,207
Vehicles and motor equipment	63,728	5,734	14,795	54,667
Total accumulated depreciation	<u>1,942,576</u>	<u>115,931</u>	<u>14,795</u>	<u>2,043,712</u>
Total Capital Assets being depreciated, net	<u>3,517,481</u>			<u>3,417,550</u>
Martin County Water District #1 capital assets, net	<u>3,639,236</u>			<u>4,327,098</u>
Martin County Water District #2				
Capital Assets not being depreciated:				
Land	32,800	-	-	32,800
Construction in progress	-	-	-	-
Total Capital Assets not being depreciated	<u>32,800</u>	<u>-</u>	<u>-</u>	<u>32,800</u>
Capital Assets being depreciated:				
Equipment	5,700	16,000	-	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>11,570,470</u>	<u>16,000</u>	<u>-</u>	<u>11,586,470</u>
Less accumulated depreciations for:				
Equipment	5,699	978	-	6,677
Plant and distribution systems	1,864,148	230,114	-	2,094,262
Vehicles and motor equipment	22,621	5,734	-	28,355
Total accumulated depreciation	<u>1,892,468</u>	<u>236,826</u>	<u>-</u>	<u>2,129,294</u>
Total Capital Assets being depreciated, net	<u>9,678,002</u>			<u>9,457,176</u>
Martin County Water District #2 capital assets, net	<u>9,710,802</u>			<u>9,489,976</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>\$ 13,391,565</u>			<u>\$ 13,858,601</u>

Capital asset beginning balances are restated due to a prior period adjustment to properly record a capital lease agreement.

Martin County, North Carolina  
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**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 68,016	\$ -	\$ -	\$ 68,016
Capital assets being depreciated:				
Buildings	324,152	3,850	-	328,002
Leasehold improvements	10,071	-	-	10,071
Furniture and equipment	130,589	4,908	-	135,497
Total capital assets being depreciated	<u>464,812</u>	<u>8,758</u>	<u>-</u>	<u>473,570</u>
Less accumulated depreciations for:				
Buildings	270,284	2,494	-	272,778
Leasehold improvements	4,041	1,387	-	5,428
Furniture and equipment	95,060	9,461	-	104,521
Total accumulated depreciation	<u>369,385</u>	<u>\$ 13,342</u>	<u>\$ -</u>	<u>382,727</u>
Total capital assets being depreciated, net	<u>95,427</u>			<u>90,843</u>
ABC capital assets, net	<u>\$ 163,443</u>			<u>\$ 158,859</u>

Activity for the Martin County Tourism Development Authority for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Equipment and furniture	\$ 36,989	\$ 6,860	\$ -	\$ 43,849
Less accumulated depreciation:				
Equipment and furniture	24,452	\$ 3,508	\$ -	27,960
Capital assets, net	<u>\$ 12,537</u>			<u>\$ 15,889</u>

Activity for the Martin County Council on Aging for the year ended June 30, 2019, 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	\$ 4,811	\$ -	105,830
Capital assets, net	<u>\$ 41,395</u>			<u>\$ 47,580</u>

Martin County, North Carolina  
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**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:			
General	\$ 424,532	\$ -	\$ 424,532
Other Governmental	<u>896,523</u>	<u>-</u>	<u>896,523</u>
Total-governmental activities	<u>\$ 1,321,055</u>	<u>\$ -</u>	<u>\$ 1,321,055</u>
Business-type Activities			
Water and Sewer District	<u>\$ 173,945</u>	<u>\$ -</u>	<u>\$ 173,945</u>
Total - business-type activities	<u>\$ 173,945</u>	<u>\$ -</u>	<u>\$ 173,945</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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at 50 with 20 years of creditable service of at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of

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creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic 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, 2019, was 8.5% of compensation for law enforcement officers and 7.84% 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 \$534,244 for the year ended June 30, 2019.

*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, 2019, the County reported a liability of \$2,324,895 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019, the County's proportion was .098%, which was an increase of .002% from its proportion measured as of June 30, 2018 (measured as of June 30, 2017).

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For the year ended June 30, 2019, the County recognized pension expense of \$675,352. At June 30, 2019, 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	\$ 358,676	\$ 12,035
Changes of assumptions	616,937	
Net difference between projected and actual earnings on pension plan investments	319,139	
Changes in proportion and differences between County contributions and proportionate share of contributions	66,360	165
County contributions subsequent to the measurement date	<u>534,244</u>	
Total	<u>\$ 1,895,356</u>	<u>\$ 12,200</u>

\$534,244 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, 2020. Other amounts reported as deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2020	\$ 642,595
2021	\$ 422,844
2022	\$ 92,545
2023	\$ 190,928
2024	\$ -
Thereafter	\$ -

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 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 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 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:

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	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	\$ 5,584,600	\$ 2,324,895	\$ (398,965)

*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, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>36</u>
Total	<u>37</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, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	2.5%
Salary increases	3.50 to 7.35 %, including inflation and productivity factor
Discount rate	3.64 percent

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

The actuarial assumptions used in the December 31, 2017 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 \$7,502 as benefits came due for the reporting period.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the County's reported a total pension liability on \$844,269. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$91,868.

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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 44,275	\$ 45,370
Net difference between expected and actual experience	66,813	-
County benefit payments and plan administrative expense made subsequent to the measurement date	7,502	-
Total	\$ 118,590	\$ 45,370

The County paid \$7,502 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2020	\$ 14,304
2021	\$ 14,304
2022	\$ 14,304
2023	\$ 14,855
2024	\$ 7,084
Thereafter	\$ 867

*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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 933,382	\$ 844,269	\$ 763,820

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

	<b>2019</b>
Beginning Balance	\$ 751,336
Service Cost	53,324
Difference between expected and actual experience	65,142
Interest on the total pension liability	23,624
Changes of assumptions or other inputs	(41,655)
Benefit payments	(7,502)
Ending balance of the total pension liability	\$ 844,269

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*Change of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. 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, 2019 were \$113,755, which consisted of \$91,355 from the County and \$22,400 from the law enforcement officers.

In 2018-2019 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 2018-2019 year 3% contributions were \$ 200,892, which consisted of \$144,520 from the County and \$56,372 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

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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](http://www.osc.nc.gov).

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary’s required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,476 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$27,929 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County’s proportion was .169%, which was a decrease of .008% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$6,515. At June 30, 2019, 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	\$ 246	\$ 1,275
Changes in assumptions	1,314	-
Net difference between projected and actual earnings on pension plan investments	4,452	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,815	16
County contributions subsequent to the measurement date	<u>1,476</u>	<u>-</u>
Total	<u>\$ 9,303</u>	<u>\$ 1,291</u>

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\$1,476 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, 2020. Other amounts reported as deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2020	\$ 3,629
2021	\$ 904
2022	\$ 1,312
2023	\$ 691
2024	\$ -
Thereafter	\$ -

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 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, 2017 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, 2019 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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

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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 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:

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	\$ (22,020)	\$ (27,929)	\$ (32,911)

*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, 2017, 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, 2018, with an actuarial valuation date of December 31, 2017. 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:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate share of the net pension liability (asset)	\$ 2,324,895	\$ (27,929)	\$ -	\$ 2,296,966
Proportion of the net pension liability (asset)	0.098%	0.170%		
Total Pension Liability			\$ 844,269	\$ 844,269
Pension Expense	\$ 675,352	\$ 6,515	\$ 91,868	\$ 773,735

At June 30, 2019, 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>
<b><u>Deferred Outflows of Resources</u></b>				
Difference between expected and actual experience	\$ 358,676	\$ 246	\$ 66,813	\$ 425,735
Changes of assumptions	616,937	1,314	44,275	662,526
Net difference between projected and actual earnings on pension plan investments	319,139	4,452	-	323,591
Changes in proportion and differences between County contributions and proportionate share of contributions	66,360	1,815	-	68,175
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	534,244	1,476	7,502	543,222
<b><u>Deferred Outflows of Resources</u></b>				
Difference between expected and actual experience	\$ 12,035	\$ 1,275	\$ -	\$ 13,310
Changes of assumptions	-	-	45,370	45,370
Changes in proportion and differences between County contributions and proportionate share of contributions	165	16	-	181

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 - 15years	66% of coverage paid for by County
16 - 19 years	75% of coverage paid for by County
20+ years	Full coverage paid for by County

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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, 2019, the date of the latest actuarial valuation:

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

**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, 2019:

<b>Asset Class</b>	<b>Target Allocation 2019</b>	<b>Long-Term Expected Real Rate of Return 2019</b>
Cash and Cash Equivalents	10.00%	2.32%
Equity Index Fund	50.00%	6.75%
Fixed Income	40.00%	2.84%
Total	100.00%	

*Rate of return.* For the year ended June 30, 2019, 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, 2019 were as follows:

Total OPEB liability	\$	17,430,092
Plan fiduciary net position		1,087,100
County's net OPEB liability		16,342,992
Plan fiduciary net position as a percentage of the total OPEB liability		6.24%

**Net OPEB Liability**

The County’s Total OPEB liability of \$16,342,992 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Martin County, North Carolina  
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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	3.89%
Measurement date	3.50%
Year FNP is projected to be depleted	
Measurement date	2028
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.89%
Measurement date	3.61%
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.

*Discount Rate (SEIR).* The discount rate used to measure the TOL as of the Measurement Date was 3.61%. 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

Martin County, North Carolina  
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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 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.
- Projected assets include an annual employer contribution of \$1,000,000 and do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2028 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 2028 and the Municipal Bond Index Rate at the Measurement Date (3.50%) was applied to periods on and after 2028, resulting in a SEIR at the Measurement Date (3.61%). There was a change in the discount rate from 3.89% at the Prior Measurement Date to 3.61% 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**

	<b>Total OPEB Liability (a)</b>	<b>Plan Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance as of June 30, 2018*	\$ 17,135,153	\$ -	\$ 17,135,153
Changes for the year:			
Service Cost at the end of the year (includes interest)	411,375	-	411,375
Interest on TOL and Cash Flows	659,387	-	659,387
Change in benefit terms	-	-	-
Difference between expected and actual experience	(1,015,294)	-	(1,015,294)
Changes of assumptions or other inputs	611,658	-	611,658
Contributions - employer	-	1,372,187	(1,372,187)
Contributions - non-employer	-	-	-
Net investment income	-	87,100	(87,100)
Benefit payments	(372,187)	(372,187)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	<u>294,939</u>	<u>1,087,100</u>	<u>(792,161)</u>
Balance as of June 30, 2019	<u>\$ 17,430,092</u>	<u>\$ 1,087,100</u>	<u>\$ 16,342,992</u>

\*Martin County is changing the accounting principal to align the Measurement Date and the Reporting Date between GASB 74 and GASB 75; the net result is to remove the lag between the Measurement Date and the Reporting Date for GASB 75. The difference of \$331,484 between the 2018 ending TOL of \$17,466,637 and the 2019 beginning TOL is due to the change in accounting principal that was adopted for measurement period ending June 30, 2019.

*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 (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	<u>1% Decrease (2.5%)</u>	<u>Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Net OPEB Liability	\$ 19,270,753	\$ 16,342,992	\$ 14,011,974

*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:

	<u>1% Decrease</u>	<u>Trend Rate *</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 13,713,638	\$ 16,342,992	\$ 19,687,213

\* 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, 2019**

Service Cost at end of year*	\$	411,375
Interest on the Total OPEB Liability and Cash Flow		659,387
Current-period benefit changes		-
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability		(270,745)
Expensed portion of current-period changes of assumptions or other inputs		163,109
Active member contributions		-
Projected earnings on plan investments		(23,426)
Expensed portion of current-period differences between actual and projected earnings on plan investments		(12,735)
Administrative Costs**		-
Other		-
Recognition of beginning Deferred Outflows of Resources as OPEB Expense		-
Recognition of beginning Deferred Inflows of Resources as OPEB Expense***		(371,146)
		<u>555,819</u>
OPEB Expense	\$	<u>555,819</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, 2019, the County recognized OPEB expense of \$555,819. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 760,581
Changes in assumptions	448,549	588,935
Differences between projected and actual earnings	-	50,939
County contributions subsequent to measurement date	374,944	-
Total	\$ 823,493	\$ 1,400,455

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

**Measurement period ended June 30:**

2020	\$	(491,517)
2021		(354,192)
2022		(93,463)
2023		(12,734)
2024		-
Thereafter		-

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**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, 2019, the County paid \$4,959 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**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB - difference between expected and actual experience	\$ -	\$ 760,581
OPEB - change in assumptions	448,549	588,935
OPEB - Net Difference between projected and actual earnings		50,939
Pensions - difference between expected and actual experience		
LGERS	358,676	12,035
Register of Deeds	246	1,275
LEOSSA	66,813	
Pensions - difference between projected and actual investment earnings		
LGERS	319,139	
Register of Deeds	4,452	
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	66,360	165
Register of Deeds	1,815	16
Pensions - change in assumptions		
LGERS	616,937	
Register of Deeds	1,314	
LEOSSA	44,275	45,370
Contributions to the OPEB plan in fiscal year	374,944	
Contributions to pension plan in fiscal year		
LGERS	534,244	
Register of Deeds	1,476	
Benefit payments/administrative costs paid subsequent to the measurement date (LEOSSA)	7,502	
Prepaid taxes not yet earned (General)	-	93,079
Prepaid lease proceeds (Special Revenue)	-	5,241,662
Total	<u>\$ 2,846,742</u>	<u>\$ 6,794,057</u>

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**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**  
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**6. Contingent Liabilities**

At June 30, 2019, 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, 2019 are as follows:

Year Ending June 30	
2020	\$ 566,667
2021	566,667
2022	566,667
2023	566,667
2024	566,667
2025-2029	2,408,327
Total minimum future rentals	\$ 5,241,662

**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, 2019, including \$5,339,910 of interest are:

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Year Ending June 30	Governmental Activities	
	Principal	Interest
2020		\$ 763,432
2021		763,432
2022		763,432
2023		763,432
2024		763,432
2025-2026	\$ 14,059,021	1,522,750
Principal payments	\$ 14,059,021	
Total interest payments		\$ 5,339,910

Currently the County is being refunded 93.4% 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.

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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 \$6,941,318 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 350,000	\$ 499,981
2021	360,000	485,981
2022	375,000	471,581
2023	390,000	456,581
2024	400,000	440,981
2025-2029	2,250,000	1,951,706
2030-2034	2,740,000	1,458,869
2035-2039	3,185,000	867,875
2040-2044	2,880,075	307,763
Principal payments	<u>\$ 12,930,075</u>	
Total interest payments		<u>\$ 6,941,318</u>

At June 30, 2019, Martin County had a legal debt margin of \$141,089,443.

**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, 2019.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<b>Governmental activities:</b>					
Direct placement installment purchase	\$ 14,059,521	\$ -	\$ -	\$ 14,059,521	\$ -
Compensated absences	641,146	254,701	206,963	688,884	200,000
Net OPEB liability	16,994,837	-	1,184,627	15,810,210	-
Net pension liability (LGERS)	1,427,544	827,937	-	2,255,481	-
Total pension liability (LEOSSA)	751,336	92,933	-	844,269	-
Total governmental activities	<u>\$ 33,874,384</u>	<u>\$ 1,175,571</u>	<u>\$ 1,391,590</u>	<u>\$ 33,658,365</u>	<u>\$ 200,000</u>
<b>Business-type activities:</b>					
Limited obligation bonds	\$ 13,260,075	\$ -	\$ 330,000	\$ 12,930,075	\$ 350,000
Net OPEB liability	417,800	114,982	-	532,782	-
Net pension liability (LGERS)	43,808	25,606	-	69,414	-
Compensated absences	12,502	8,999	7,165	14,336	3,000
Total business-type activities	<u>\$ 13,734,185</u>	<u>\$ 149,587</u>	<u>\$ 337,165</u>	<u>\$ 13,546,607</u>	<u>\$ 353,000</u>
<b>Discretely presented component units:</b>					
Compensated absences	\$ 8,437	\$ 1,494	\$ 715	\$ 9,216	\$ 1,500
Net pension liability (LGERS)	42,775	21,516	-	64,291	-
Total OPEB liability	456,084	15,336	67,907	403,513	-
Total discretely presented component units long-term liabilities	<u>\$ 507,296</u>	<u>\$ 38,346</u>	<u>\$ 68,622</u>	<u>\$ 477,020</u>	<u>\$ 1,500</u>

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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, 2019, 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, 2019 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	\$	379,145
Water and Sewer District No. 2		1,256,529
Water and Sewer District No. 4		10,421
	\$	<u>1,646,095</u>

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

Scattered Site CDBG Fund	\$	28,305
Airport Expansion Project Fund		254,029
	\$	<u>282,334</u>

Transfers to/from other funds at June 30, 2019, consist of the following:

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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		23,000
From the General Fund to the CDBG Fund to provide a match for grant revenue		8,000
From the General Fund to the Airport Capital Project Fund to provide a match for grant revenue		160,000
From the General Fund to the Business Park Fund to expand the infrastructure at the park		112,660
From the Hospital Fund to the OPEB Trust Fund to provide investment in the OPEB Trust		1,000,000
		<u>1,000,000</u>
	\$	<u>2,240,961</u>

**D. Net Investment in Capital Assets**

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Total capital assets	\$ 23,321,699	\$ 13,858,601	\$ 37,180,300
Note Receivable	-	2,557,740	2,557,740
Outstanding debt	(14,059,521)	(12,930,075)	(26,989,596)
Net Investment in Capital Assets	\$ 9,262,178	\$ 3,486,266	\$ 12,748,444

**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	\$	11,624,113
Less:		
Advances		(1,928,429)
Prepays		(110,772)
Stabilization by State Statute		(1,737,393)
Register of Deeds		(27,057)
Tax Revaluation		(85,428)
Working Capital/Fund Balance Policy		(7,735,034)
Remaining Fund Balance	\$	-

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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, 2019. In accordance with the intergovernmental agreement between the participating 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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$1,346,486 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, 2019. 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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$64,835 to the Center to supplement its activities. Complete financial statements for

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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the Center may be obtained from the Center's offices at 1141 North Road Street, Suite L, Elizabeth City, NC 27909.

The County, in conjunction with the State of North Carolina and the Martin County Board of Education, participates in a joint venture to operate Martin County Community College. Each of the three participants appoints four members of the thirteen member Board of Trustees of the Community College. The president of the Community College's student government association serves as a non-voting, ex officio member of the Board of Trustees. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,029,054 and \$60,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2019. 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, 2019. 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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$544,904 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, 2019.

**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.

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

<u>Program Title</u>	<u>CFDA No.</u>	Federal	State
Supplemental Nutrition Assistance Program	10.561	6,149,184	-
Temporary Assistance for Needy Families	93.558	110,281	-
Adoption Assistance	93.659	165,012	41,750
Foster Care - Title IV-E	93.658	75,613	23,303
Medical Assistance Program	93.778	31,050,058	16,566,267
Children's Health Insurance Program	93.767	599,332	-
Child Welfare Services Adoption		-	57,741
Foster Care		-	21,136
State / County Special Assistance program		-	247,989
State Foster Home		-	29,364

**VII. SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

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

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

**VIII. LEASE OF HOSPITAL**

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

**IX. CHANGE IN ACCOUNTING ASSUMPTIONS/RESTATEMENT**

Due to the creation of the OPEB Trust, an accounting assumption for GASB 75 has changed. In accordance with GASB 62 paragraph 75, the nature and justification for this change must be disclosed. Martin County is changing the accounting assumption to align the Measurement Date and

Reporting Date between GASB 74 and GASB 75; the net result is to remove the lag between the Measurement Date and the Reporting Date for GASB 75. As a result, net position for the governmental activities and business-type activities increased \$702,630.

Martin County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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**X. 911 DISCLAIMER**

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

**XI. PRIOR PERIOD ADJUSTMENT RESTATEMENT**

The beginning fund balance in the Business-Type Activities as of July 1, 2018 has been restated to record two capital leases between the Martin County Water Districts No.1 and 2 and the Town of Williamston as described in Note A.5. As a result, beginning net position in the Water and Sewer Funds increased \$249,167, as shown below:

	Water District #1	Water District #2	Total
Water lines leased to Town	\$ (790,263)	\$ (2,436,942)	\$ (3,227,205)
Less accumulated depreciation	268,689	584,866	853,555
Net decrease in capital assets	(521,574)	(1,852,076)	(2,373,650)
 Note receivable to Town of Williamston	 597,830	 2,024,987	 2,622,817
 Net increase in net position	 \$ 76,256	 \$ 172,911	 \$ 249,167

The total prior period adjustment resulted from:

	Governmental Activities	Business-type Activities	Total
Note receivable - Town of Williamston	\$ -	\$ 249,167	\$ 249,167
OPEB change in accounting principle	737,723	(35,093)	702,630
Total restatement	\$ 737,723	\$ 214,074	\$ 951,797

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

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**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, 2019

Total OPEB Liability

	2019	2018
Service cost	\$ 411,375	\$ 497,888
Interest on the total pension liability	659,387	551,475
Changes of benefit terms		-
Differences between expected and actual experience	(1,015,294)	(45,543)
Changes of assumptions or other inputs	611,658	(1,672,862)
Benefit payments	(372,187)	(368,773)
Net change in total OPEB liability	294,939	(1,037,815)
Beginning pension liability balance	17,135,153	18,504,452
Ending Total OPEB Liability	17,430,092	17,466,637
Plan Fiduciary Net Position		
Contributions - Employer	1,372,187	
Net Investment Income	87,100	
Benefit Payments	(372,187)	
Net Change in Plan Fiduciary Net Position	1,087,100	
Plan Fiduciary Net Position - beginning	-	
Plan Fiduciary Net Position - ending	1,087,100	
Net OPEB Liability - ending	\$ 16,342,992	
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2019

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Healthcare Benefits Plan

	2019
Actuarially Determined Contribution	\$ 1,119,978
Contributions in relation to the Actuarially Determined Contribution	1,372,187
Annual contribution deficiency (excess)	\$ (252,209)

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 7.55% 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, 2019

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Healthcare Benefits Plan Investment Returns

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

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

Local Governmental Employees' Retirement System

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)%	0.098%	0.096%	0.089%	0.092%	0.920%	0.096%
County's proportionate share of the net pension liability (asset)\$	\$ 2,324,895	\$ 1,471,352	\$ 1,896,306	\$ 412,038	\$ (540,618)	\$ 1,152,347
County's covered-payroll	\$ 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	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%	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 Six Fiscal Years

Local Governmental Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 534,244	\$ 502,127	\$ 458,014	\$ 392,341	\$ 387,294	\$ 389,832
Contributions in relation to the contractually required contribution	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-payroll	\$ 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	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 Six Fiscal Years

Register of Deeds' Supplemental Pension Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)%	0.170%	0.180%	0.190%	0.190%	0.190%	0.170%
County's proportionate share of the net pension liability (asset)\$	\$ (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%

\*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 Six Fiscal Years

Register of Deeds' Supplemental Pension Fund

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

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**

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Law Enforcement Officers' Special Separation Allowance

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

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Law Enforcement Officers' Special Separation Allowance

	2019	2018	2017
Total pension liability	\$ 844,269	\$ 751,336	\$ 607,009
Covered payroll	1,684,306	1,672,357	1,293,818
Total pension liability as a percentage of covered payroll	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**

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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.

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Martin County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	-	\$ 14,829,932	-
Prior years	-	528,141	-
Tax penalties and interest	-	155,773	-
Tax commission	-	8,872	-
Total	<u>\$ 15,199,572</u>	<u>15,522,718</u>	<u>\$ 323,146</u>
Local option sales taxes:			
Local option sales tax 1 cent	-	1,608,338	-
Local option sales tax ½ cent	-	1,605,618	-
Local option sales tax - Board of Education - ½ cent	-	1,043,686	-
Local options sales tax ¼ cent	-	548,576	-
Total	<u>4,469,250</u>	<u>4,806,218</u>	<u>336,968</u>
Other taxes and licenses:			
Beer and wine license	-	1,760	-
Room occupancy tax	-	330,785	-
Cable TV franchise	-	25,016	-
Scrap tire disposal tax	-	32,548	-
Gross receipts tax	-	11,615	-
Deeds stamp tax	-	31,385	-
Solid waste disposal tax	-	13,784	-
Total	<u>456,798</u>	<u>446,893</u>	<u>(9,905)</u>
Unrestricted intergovernmental revenues:			
Beer and wine	-	64,125	-
State reimbursement for DWI	-	1,885	-
Jail fees	-	13,017	-
Total	<u>78,500</u>	<u>79,027</u>	<u>527</u>
Restricted intergovernmental revenues:			
ABC bottle tax	-	8,289	-
Court facilities fees	-	69,002	-
Automation enhancement	-	9,142	-
OJJ grants	-	123,303	-
Emergency management	-	39,524	-
DSS	-	2,993,940	-
Sheriff:			
SRO grant	-	418,570	-
Officer fees	-	23,709	-
Contract deputy fees	-	39,813	-
Misdemeanant confinement	-	1,521	-
Miscellaneous grants	-	3,600	-
Soil conservation	-	3,600	-
HCCBG Aging grant	-	296,826	-
Public School Building Capital Fund	-	285,551	-

Martin County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
<b>Intergovernmental revenues (continued):</b>			
Stream Clean-up grant	-	222,650	-
USDA grant	-	22,547	-
Hurricane relief	-	3,081	-
QSCB Interest reimbursement	-	718,214	-
Electronic mgmt fund	-	1,461	-
Spay/Neuter program	-	14,499	-
Veterans Administration grant	-	2,216	-
Senior Center – grants	-	25,657	-
Martin County Council on Aging	-	30,000	-
NCDOT grant	-	384,532	-
Transit grants	-	124,831	-
Total	<u>6,573,647</u>	<u>5,866,078</u>	<u>(707,569)</u>
<b>Licenses and fees:</b>			
Register of Deeds fees	-	71,735	-
Building permits and inspection fees	-	67,999	-
DMV fees	-	118,584	-
Sheriff's pistol permits	-	4,238	-
Concealed weapon permits	-	13,120	-
Ambulance franchise fees	-	15,300	-
Total	<u>265,100</u>	<u>290,976</u>	<u>25,876</u>
<b>Sales and services:</b>			
Rents and concessions	-	55,772	-
Airport operations	-	98,304	-
Solid waste fees	-	2,152,481	-
TDA management fee	-	4,980	-
Senior center operations	-	54,113	-
Transit operations	-	193,899	-
Sheriff fees and miscellaneous	-	57,063	-
Total	<u>2,555,236</u>	<u>2,616,612</u>	<u>61,376</u>
Investment earnings	<u>60,000</u>	<u>154,899</u>	<u>94,899</u>
<b>Miscellaneous:</b>			
ABC proceeds	-	86,250	-
Other	-	28,220	-
White Oak paving	-	16,142	-
Insurance proceeds	-	39,910	-
Legal reimbursements	-	12,932	-
Total	<u>148,269</u>	<u>183,454</u>	<u>35,185</u>
Total revenues	<u>29,806,372</u>	<u>29,966,875</u>	<u>160,503</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, 2019

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
<u>General Government:</u>			
Governing Body:			
Salaries and benefits	-	80,732	-
Other operating expenditures	-	176,516	-
Total	331,249	257,248	74,001
County Manager:			
Salaries and benefits	-	246,400	-
Other operating expenditures	-	21,295	-
Capital outlay	-	60,000	-
Total	377,058	327,695	49,363
Elections:			
Salaries and benefits	-	74,752	-
Other operating expenditures	-	44,456	-
Total	137,763	119,208	18,555
Data Processing:			
Salaries and benefits	-	95,746	-
Other operating expenditures	-	276,363	-
Total	405,226	372,109	33,117
Finance:			
Salaries and benefits	-	316,415	-
Other operating expenditures	-	96,544	-
Total	423,763	412,959	10,804
Tax Assessor:			
Salaries and benefits	-	207,269	-
Other operating expenditures	-	114,166	-
Total	383,771	321,435	62,336
Tax Collector:			
Salaries and benefits	-	214,044	-
Other operating expenditures	-	109,889	-
Total	376,472	323,933	52,539
Legal:			
Salaries and benefits	-	3,961	-
Other operating expenditures	-	7,615	-
Total	13,214	11,576	1,638
DMV License Plate Agency:			
Salaries and benefits	-	88,047	-
Other operating expenditures	-	21,302	-
Total	113,815	109,349	4,466

Martin County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
<b>Register of Deeds:</b>			
Salaries and benefits	-	206,306	-
Other operating expenditures	-	38,386	-
Total	250,280	244,692	5,588
<b>Public buildings:</b>			
<b>Governmental Center:</b>			
Salaries and benefits	-	226,200	-
Other operating expenditures	-	294,032	-
Capital outlay	-	53,503	-
Total	610,425	573,735	36,690
<b>County Office building:</b>			
Utilities	-	10,140	-
Other operating expenditures	-	26,757	-
Capital outlay	-	39,821	-
Total	73,406	76,718	(3,312)
<b>Agricultural building:</b>			
Utilities	-	9,466	-
Other operating expenditures	-	20,024	-
Total	41,101	29,490	11,611
<b>Farmer's Market:</b>			
Utilities	-	5,126	-
Other operating expenditures	-	15,608	-
Total	21,729	20,734	995
<b>Moratoc Park:</b>			
Utilities	-	9,463	-
Other operating expenditures	-	28,692	-
Capital outlay	-	8,802	-
Total	49,570	46,957	2,613
<b>Health Department:</b>			
Utilities	-	22,732	-
Other operating expenditures	-	69,166	-
Total	99,037	91,898	7,139
<b>Kehukee Office Building:</b>			
Utilities	-	13,759	-
Other operating expenditures	-	25,442	-
Capital outlay	-	12,618	-
Total	52,421	51,819	602
<b>Shooting Range Building:</b>			
Other operating expenditures	-	1,990	-
Total	3,500	1,990	1,510

Martin County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Watts Street Building:			
Other operating expenditures	-	5,620	-
Total	18,093	5,620	12,473
Ray Street Building:			
Other operating expenditures	-	9,559	-
Total	15,791	9,559	6,232
Total public buildings	985,073	908,520	76,553
Court facilities:			
Other operating expenditures	-	76,958	-
Capital outlay	-	28,118	-
Total	161,550	105,076	56,474
<u>Total General Government</u>	3,959,234	3,513,800	445,434
<u>Public Safety:</u>			
Sheriff:			
Salaries and benefits	-	2,731,126	-
Other operating expenditures	-	535,647	-
Capital outlay	-	277,546	-
Total	3,694,833	3,544,319	150,514
Communications:			
Salaries and benefits	-	560,511	-
Other operating expenditures	-	59,881	-
Total	643,024	620,392	22,632
Emergency Management:			
Salaries and benefits	-	94,817	-
Other operating expenditures	-	30,790	-
Total	133,136	125,607	7,529
Building Inspector:			
Salaries and benefits	-	86,158	-
Other operating expenditures	-	6,280	-
Total	105,564	92,438	13,126
Medical Examiner	55,000	46,750	8,250
Jail:			
Bertie-Martin Regional Jail	-	1,346,486	-
Youth Services – detention subsidy	-	11,102	-
Total	1,416,486	1,357,588	58,898

Martin County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Rescue Squads	402,560	401,278	1,282
<u>Total Public Safety</u>	<u>6,450,603</u>	<u>6,188,372</u>	<u>262,231</u>
<u>Environmental Protection:</u>			
Construction and Demolition Facility:			
Salaries and benefits	-	191,936	-
Other operating expenditures	-	2,118,681	-
Capital outlay	-	84,002	-
Total	<u>2,486,322</u>	<u>2,394,619</u>	<u>91,703</u>
Forest Fire Protection	88,562	88,562	-
<u>Total Environmental Protection</u>	<u>2,574,884</u>	<u>2,483,181</u>	<u>91,703</u>
<u>Economic &amp; Physical Development:</u>			
Soil conservation:			
Salaries and benefits	-	116,666	-
Other operating expenditures	-	229,152	-
Total	<u>374,629</u>	<u>345,818</u>	<u>28,811</u>
Cooperative extension:			
Contracted services	-	138,102	-
Other operating expenditures	-	36,205	-
Total	<u>214,641</u>	<u>174,307</u>	<u>40,334</u>
Water:			
Water tank maintenance	-	7,182	-
Other operating expenditures	-	15,433	-
Total	<u>124,490</u>	<u>22,615</u>	<u>101,875</u>
Martin County Chamber of Commerce	20,900	20,900	-
Economic Development Corporation	433,610	423,606	10,004
Martin County Travel & Tourism Authority	325,800	318,672	7,128
<u>Total Economic &amp; Physical Development</u>	<u>1,494,070</u>	<u>1,305,918</u>	<u>188,152</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, 2019

	Budget	Actual	Variance Positive (Negative)
<b>Human Services:</b>			
Social Services:			
Administration:			
Salaries and benefits	-	3,144,138	-
Other operating expenditures	-	581,788	-
Capital Outlay	-	21,557	-
Total	3,963,378	3,747,483	215,895
Assistance Programs:			
Work First	-	54,957	-
Independent Living	-	1,403	-
Special assistance for adults	-	271,936	-
Low Income Energy Assistance	-	201,900	-
General assistance	-	10,495	-
TANF – Foster Care	-	110,372	-
State Foster Home Fund	-	85,424	-
Adoption assistance	-	62,488	-
Medicaid transportation	-	6,968	-
Aid to blind	-	5,403	-
Crisis intervention	-	111,667	-
Total	1,691,385	923,013	768,372
Total Social Services	5,654,763	4,670,496	984,267
Veterans Service Officer:			
Salaries and benefits	-	54,877	-
Other operating expenditures	-	7,319	-
Total	66,741	62,196	4,545
Mental Health – Trillium Health Resources	66,462	64,835	1,627
Martin-Tyrrell-Washington Health Department	378,733	378,733	-
Office of Juvenile Justice:			
Educational Support Services	-	18,509	-
Friends of Families	-	40,354	-
Network Initiative for Families	-	28,200	-
Task Force Certification	-	2,465	-
Smithwick Chapel Summer	-	14,400	-
Riverside Intervention	-	41,871	-
Total	145,799	145,799	-

Martin County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Vocational Rehabilitation:			
Martin Enterprises	-	36,250	-
Other operating expenses	-	4,461	-
Total	<u>40,711</u>	<u>40,711</u>	<u>-</u>
Department of Aging:			
Administration:			
Salaries and benefits	-	255,681	-
Other operating expenditures	-	136,370	-
Total	<u>414,003</u>	<u>392,051</u>	<u>21,952</u>
Congregate Nutrition:			
Salaries and benefits	-	44,825	-
Other operating expenditures	-	52,051	-
Total	<u>116,018</u>	<u>96,876</u>	<u>19,142</u>
Home Delivered Meals:			
Salaries and benefits	-	12,007	-
Other operating expenditures	-	109,068	-
Total	<u>125,085</u>	<u>121,075</u>	<u>4,010</u>
Respite:			
Other operating expenditures	-	9,086	-
Total	<u>10,000</u>	<u>9,086</u>	<u>914</u>
Personal Care:			
Salaries and benefits	-	48,528	-
Other operating expenditures	-	2,971	-
Total	<u>79,334</u>	<u>51,499</u>	<u>27,835</u>
Total Department of Aging	<u>744,440</u>	<u>670,587</u>	<u>73,853</u>
Other Human Services:			
Choanoke Area Development	-	25,000	-
County projects	-	31,250	-
Total	<u>56,750</u>	<u>56,250</u>	<u>500</u>
Total Human Services	<u>7,154,399</u>	<u>6,089,607</u>	<u>1,064,792</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, 2019

	Budget	Actual	Variance Positive (Negative)
<b><u>Cultural and Recreational:</u></b>			
Recreation:			
Williamston	-	9,677	-
Bear Grass	-	4,446	-
Robersonville	-	7,650	-
Oak City	-	3,985	-
Jamesville	-	5,285	-
Hamilton	-	4,127	-
Other	-	5,460	-
Total	<u>40,670</u>	<u>40,630</u>	<u>40</u>
BHM Regional Library	<u>104,194</u>	<u>104,194</u>	<u>-</u>
Martin County Arts Council	<u>7,125</u>	<u>7,125</u>	<u>-</u>
Martin Community Players	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Roanoke River Project	<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>Total Cultural and Recreational</u>	<u>159,989</u>	<u>159,949</u>	<u>40</u>
<b><u>Transportation</u></b>			
Airport:			
Salaries and benefits	-	2,100	-
Contracted services	-	89,318	-
Other operating expenditures	-	138,537	-
Total	<u>234,712</u>	<u>229,955</u>	<u>4,757</u>
Martin County Transit:			
Salaries and benefits	-	419,665	-
Other operating expenditures	-	163,430	-
Capital outlay	-	290,770	-
Total	<u>911,476</u>	<u>873,865</u>	<u>37,611</u>
<u>Total Transportation</u>	<u>1,146,188</u>	<u>1,103,820</u>	<u>42,368</u>
<b><u>Education:</u></b>			
Martin Community College:			
Current expenditures	-	1,029,054	-
Capital outlay	-	60,000	-
Total	<u>1,089,054</u>	<u>1,089,054</u>	<u>-</u>
Board of Education:			
Current expenditures	-	5,950,207	-
Capital outlay	-	539,872	-
Total	<u>7,490,079</u>	<u>6,490,079</u>	<u>1,000,000</u>
<u>Total Education</u>	<u>8,579,133</u>	<u>7,579,133</u>	<u>1,000,000</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, 2019

	Budget	Actual	Variance Positive (Negative)
<u>Debt Service:</u>			
Interest and fees	-	763,432	-
<u>Total Debt Service</u>	<u>763,432</u>	<u>763,432</u>	<u>-</u>
Total expenditures	<u>32,281,932</u>	<u>29,187,212</u>	<u>3,094,720</u>
Revenues over (under) expenditures	<u>(2,475,560)</u>	<u>779,663</u>	<u>3,255,223</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)	-
Scattered Site CDBG Fund	-	(8,000)	-
Revaluation Fund	-	(35,000)	-
Airport Fund	-	(160,000)	-
Business Park Fund	-	(112,660)	-
Program Grant Fund	-	(23,000)	-
Total	<u>(1,275,962)</u>	<u>(1,275,961)</u>	<u>1</u>
Sale of fixed assets	<u>20,000</u>	<u>12,929</u>	<u>(7,071)</u>
Total other financing sources (uses)	<u>310,705</u>	<u>(1,263,032)</u>	<u>(1,573,737)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,164,855)</u>	<u>(483,369)</u>	<u>1,681,486</u>
Fund balance appropriation	<u>2,164,855</u>	<u>-</u>	<u>(2,164,855)</u>
Revenues, other financing sources over (under) expenditures and other financing uses and appropriated fund balance	<u>\$ -</u>	<u>(483,369)</u>	<u>\$ (483,369)</u>
Fund balances:			
Beginning of year, July 1		<u>11,994,271</u>	
End of year, June 30		<u>\$ 11,510,902</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, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Sales and Service:			
Agricultural services	\$ -	\$ 4,028	\$ -
4-H camp	-	3,077	-
Home economics program	-	3,260	-
Horticulture	-	772	-
Farmers Market Association	-	2,307	-
Total	<u>25,173</u>	<u>13,444</u>	<u>(11,729)</u>
Miscellaneous:			
Lamb and swine show	-	37,154	-
Miscellaneous	-	2,895	-
Total	<u>40,000</u>	<u>40,049</u>	<u>49</u>
Total revenues	<u>65,173</u>	<u>53,493</u>	<u>(11,680)</u>
Expenditures:			
Current:			
Economic and physical development:			
Agricultural program	-	2,963	-
Home economics program	-	1,903	-
4-H program	-	5,746	-
Farm Heritage Day	-	1,835	-
Lamb and swine show	-	39,703	-
Horticulture	-	664	-
Farmers market	-	2,446	-
Total expenditures	<u>80,173</u>	<u>55,260</u>	<u>24,913</u>
Revenues over (under) expenditures	(15,000)	(1,767)	13,233
Fund balance appropriation	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(1,767)</u>	<u>\$ (1,767)</u>
Fund Balance at beginning of year		<u>29,550</u>	
Fund balance at end of year		<u>\$ 27,783</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, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
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>-</u></u>	35,000	\$ <u><u>35,000</u></u>
Fund balance at beginning of year		<u>50,428</u>	
Fund balance at end of year		<u>\$ 85,428</u>	

# Combining Statements for Nonmajor Governmental Funds Martin County

## ***Special Revenue Funds***

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

## ***Capital Projects Funds***

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

Martin County, North Carolina  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 598,374	\$ 378,691	\$ 977,065
Taxes receivable(net)	81,986	-	81,986
Accounts receivable(net)	126,315	1,122,191	1,248,506
Total assets	<u>\$ 806,675</u>	<u>\$ 1,500,882</u>	<u>\$ 2,307,557</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 135,853	\$ 760,670	\$ 896,523
Advance from general fund	28,305	254,029	282,334
Total liabilities	<u>164,158</u>	<u>1,014,699</u>	<u>1,178,857</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable	84,648	-	84,648
Total deferred inflows of resources	<u>84,648</u>	<u>-</u>	<u>84,648</u>
 <b>Fund Balances:</b>			
<b>Restricted:</b>			
Stabilization by State Statute	126,315	1,122,191	1,248,506
Public safety programs	494,351	-	494,351
Economic development	22,220	274,149	296,369
Unassigned	(85,017)	(910,157)	(995,174)
Total fund balances	<u>557,869</u>	<u>486,183</u>	<u>1,044,052</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 806,675</u>	<u>\$ 1,500,882</u>	<u>\$ 2,307,557</u>

Martin County, North Carolina  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 681,903	\$ -	\$ 681,908
Local option sales tax	189,456	-	189,456
Intergovernmental revenues	1,626,482	5,060,221	6,686,703
Total revenues	<u>2,497,841</u>	<u>5,060,221</u>	<u>7,558,062</u>
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	1,102,128	3,732,341	4,834,469
Economic and physical development	1,274,448	573,006	1,847,454
Transportation	-	742,414	742,414
Total expenditures	<u>2,376,576</u>	<u>5,047,761</u>	<u>7,424,337</u>
Excess (deficiency) of revenues over expenditures	<u>121,265</u>	<u>12,460</u>	<u>133,725</u>
<b>Other financing sources (uses)</b>			
<b>Operating transfer in (out):</b>			
Transfers from other funds	31,000	272,660	303,660
Total other financing sources(uses)	<u>31,000</u>	<u>272,660</u>	<u>303,660</u>
Net change in fund balances	152,265	285,120	437,385
Fund balances – beginning	405,604	201,063	606,667
Fund balances – ending	<u>\$ 557,869</u>	<u>\$ 486,183</u>	<u>\$ 1,044,052</u>



View from Moratoc Park overlooking the Roanoke River

Martin County, North Carolina  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUND**  
June 30, 2019

	Fire District Fund	Emergency Telephone System Fund	Controlled Substance Tax Fund	Program Grant Fund	Scattered Site CDBG Fund	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 72,058	\$ 451,044	\$ 52,870	\$ 22,402	\$ -	\$ 598,374
Taxes receivable (net)	81,986	-	-	-	-	81,986
Accounts receivable (net)	56,712	31,888	1,410	-	36,305	126,315
<b>TOTAL ASSETS</b>	<b>\$ 210,756</b>	<b>\$ 482,932</b>	<b>\$ 54,280</b>	<b>\$ 22,402</b>	<b>\$ 36,305</b>	<b>\$ 806,675</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Advance from general fund	\$ -	\$ -	\$ -	\$ -	\$ 28,305	\$ 28,305
Accounts payable and accrued liabilities	126,108	9,497	66	182	-	135,853
<b>Total liabilities</b>	<b>126,108</b>	<b>9,497</b>	<b>66</b>	<b>182</b>	<b>28,305</b>	<b>164,158</b>
Deferred inflows of resources:						
Taxes receivable	84,648	-	-	-	-	84,648
<b>Total deferred inflows of resources</b>	<b>84,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,648</b>
Fund balances:						
Restricted:						
Stabilization by State Statute	56,712	31,888	1,410	-	36,305	126,315
Public safety	-	441,547	52,804	-	-	494,351
Economic development	-	-	-	22,220	-	22,220
Unassigned	(56,712)	-	-	-	(28,305)	(85,017)
<b>Total fund balances</b>	<b>-</b>	<b>473,435</b>	<b>54,214</b>	<b>22,220</b>	<b>8,000</b>	<b>557,869</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 210,756</b>	<b>\$ 482,932</b>	<b>\$ 54,280</b>	<b>\$ 22,402</b>	<b>\$ 36,305</b>	<b>\$ 806,675</b>

Martin County, North Carolina  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUND**  
June 30, 2019

	Building Const. Fund	Business Park Fund	Airport Expansion Project Fund	Total
<b>ASSETS</b>				
Cash	\$ 104,542	\$ 274,149	\$ -	\$ 378,691
Accounts receivable (net)	<u>582,995</u>	<u>-</u>	<u>539,196</u>	<u>1,122,191</u>
TOTAL ASSETS	<u>\$ 687,537</u>	<u>\$ 274,149</u>	<u>\$ 539,196</u>	<u>\$ 1,500,882</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 530,037	\$ -	\$ 230,633	\$ 760,670
Advance from general fund	-	-	254,029	254,029
Total liabilities	<u>530,037</u>	<u>-</u>	<u>484,662</u>	<u>1,014,699</u>
Fund balances:				
Restricted:				
Stabilization by State Statue	582,995	-	539,196	1,122,191
Economic development	-	274,149	-	274,149
Unassigned	<u>(425,495)</u>	<u>-</u>	<u>(484,662)</u>	<u>(910,157)</u>
Total fund balances	<u>157,500</u>	<u>274,149</u>	<u>54,534</u>	<u>486,183</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 687,537</u>	<u>\$ 274,149</u>	<u>\$ 539,196</u>	<u>\$ 1,500,882</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, 2019

	Fire District Fund	Emergency Telephone System Fund	Controlled Substance Tax Fund	Program Grant Fund	Scattered Site CDBG Fund	Total
<b>REVENUES</b>						
Ad valorem taxes	\$ 681,903	\$ -	\$ -	\$ -	\$ -	\$ 681,903
Local option sales tax	189,456	-	-	-	-	189,456
Intergovernmental revenue	-	310,903	59,670	655,960	599,949	1,626,482
Total revenues	<u>871,359</u>	<u>310,903</u>	<u>59,670</u>	<u>655,960</u>	<u>599,949</u>	<u>2,497,841</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	872,782	200,921	28,425	-	-	1,102,128
Economic and physical development	-	-	-	674,499	599,949	1,274,448
Total expenditures	<u>872,782</u>	<u>200,921</u>	<u>28,425</u>	<u>674,499</u>	<u>599,949</u>	<u>2,376,576</u>
Excess (deficiency) of revenues over expenditures	<u>(1,423)</u>	<u>109,982</u>	<u>31,245</u>	<u>(18,539)</u>	<u>-</u>	<u>121,265</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers from other funds	-	-	-	23,000	8,000	31,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>8,000</u>	<u>31,000</u>
Net change in fund balances	<u>(1,423)</u>	<u>109,982</u>	<u>31,245</u>	<u>4,461</u>	<u>8,000</u>	<u>152,265</u>
Fund balances, beginning	<u>1,423</u>	<u>363,453</u>	<u>22,969</u>	<u>17,759</u>	<u>-</u>	<u>405,604</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 473,435</u>	<u>\$ 54,214</u>	<u>\$ 22,220</u>	<u>\$ 8,000</u>	<u>\$ 557,869</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, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Current year	\$ 728,000	\$ 647,640	\$ (80,360)
Prior year	29,000	26,599	(2,401)
Interest	7,300	7,664	364
Total ad valorem taxes	<u>764,300</u>	<u>681,903</u>	<u>(82,397)</u>
Other taxes:			
Local option sales taxes	181,700	189,456	7,756
Total revenues	<u>946,000</u>	<u>871,359</u>	<u>(74,641)</u>
Expenditures:			
Current:			
Public safety:			
Jamesville Fire District	191,000	190,908	92
Roanoke Fire District	98,200	96,608	1,592
Williamston Fire District	292,300	252,713	39,587
Goose Nest Fire District	78,500	71,105	7,395
Griffins Fire District	72,800	68,095	4,705
Bear Grass Fire District	102,300	95,067	7,233
Hamilton Fire District	110,900	98,286	12,614
Total expenditures	<u>946,000</u>	<u>872,782</u>	<u>73,218</u>
Revenues over (under) expenditures	\$ <u>-</u>	(1,423)	\$ <u>(1,423)</u>
Fund balance at beginning of year		<u>1,423</u>	
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, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental revenue:			
911 access charges	\$ -	\$ 310,903	\$ -
Total revenues	<u>310,903</u>	<u>310,903</u>	<u>-</u>
Expenditures:			
Current:			
Public Safety:			
Training	-	4,769	-
Maintenance	-	2,669	-
Telephone	-	116,573	-
Office supplies	-	70,195	-
Capital outlay	-	6,715	-
Total expenditures	<u>310,903</u>	<u>200,921</u>	<u>(109,982)</u>
Revenues over (under) expenditures	<u>\$ -</u>	109,982	<u>\$ (109,982)</u>
Fund balance at beginning of year		<u>363,453</u>	
Fund balance at end of year		<u>\$ 473,435</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
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
Total revenues	<u>1,394,960</u>	<u>750,000</u>	<u>655,960</u>	<u>1,405,960</u>	<u>11,000</u>
<b>Expenditures:</b>					
Economic and physical development:					
Administration	123,460	57,741	54,499	112,240	11,220
Construction	1,370,000	750,000	620,000	1,370,000	-
Total expenditures	<u>1,493,460</u>	<u>807,741</u>	<u>674,499</u>	<u>1,482,240</u>	<u>11,220</u>
Revenues over (under) expenditures	<u>(98,500)</u>	<u>(57,741)</u>	<u>(18,539)</u>	<u>(76,280)</u>	<u>22,220</u>
<b>Other financing sources:</b>					
Transfer from General Fund	98,500	75,500	23,000	98,500	-
Total other funding sources	<u>98,500</u>	<u>75,500</u>	<u>23,000</u>	<u>98,500</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 17,759</u>	4,461	<u>\$ 22,220</u>	<u>\$ 22,220</u>
Fund balance at beginning of year			<u>17,759</u>		
Fund balance at end of year			<u>\$ 22,220</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, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental revenue:			
Controlled substance tax distribution	\$ 21,000	\$ 59,670	\$ 38,670
Total revenues	21,000	59,670	38,670
 Expenditures:			
Public Safety:			
Supplies and materials	41,000	28,425	12,575
Total expenditures	41,000	28,425	12,575
 Revenues over (under) expenditures	(20,000)	31,245	51,245
 Appropriated fund balance	20,000	-	(20,000)
 Revenues and fund balance appropriations over (under) expenditures	\$ -	31,245	\$ 31,245
 Fund balance at beginning of year		22,969	
Fund balance at end of year		\$ 54,214	

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, 2019

	Actual			Total to Date	Variance  Positive (Negative)
	Project Authorization	Prior Years	Current Year		
Revenues:					
Intergovernmental revenue:					
NCHFA-SFR #SFRLP1515	\$ 504,903	\$ 380,741	\$ 78,819	\$ 459,560	\$ 45,343
NCHFA-SFR #SFRLPDR1718	2,075,000	9,080	521,130	530,210	1,544,790
CDBG-NR	750,000	-	-	-	750,000
Total revenues	<u>3,329,903</u>	<u>389,821</u>	<u>599,949</u>	<u>989,770</u>	<u>2,340,133</u>
Expenditures:					
Economic and physical development:					
Administration	575,903	90,332	167,769	258,101	317,802
Rehabilitation	2,762,000	299,489	432,180	731,669	2,030,331
Total expenditures	<u>3,337,903</u>	<u>389,821</u>	<u>599,949</u>	<u>989,770</u>	<u>2,348,133</u>
Revenues over (under) expenditures	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Other financing sources:					
Operating transfer in (out):					
From general fund	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ 8,000</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, 2019

	Building Construction Fund	Business Park Fund	Airport Expansion Project Fund	Total
<b>REVENUES</b>				
Intergovernmental revenues	\$ 3,889,841	\$ 537,593	\$ 632,787	\$ 5,060,221
Total revenues	<u>3,889,841</u>	<u>537,593</u>	<u>632,787</u>	<u>5,060,221</u>
<b>EXPENDITURES</b>				
Current:				
Economic & physical development	-	573,006	-	573,006
Transportation	-	-	742,414	742,414
Public Safety	3,732,341	-	-	3,732,341
Total expenditures	<u>3,732,341</u>	<u>573,006</u>	<u>742,414</u>	<u>5,047,761</u>
Revenues over(under) expenditures	<u>157,500</u>	<u>(35,413)</u>	<u>(109,627)</u>	<u>12,460</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in:				
From general fund	-	112,660	160,000	272,660
Total other financing sources	<u>-</u>	<u>112,660</u>	<u>160,000</u>	<u>272,660</u>
<b>NET CHANGE</b>	157,500	77,247	50,373	285,120
Fund balance at beginning of year	-	196,902	4,161	201,063
Fund balance at end of year	<u>\$ 157,500</u>	<u>\$ 274,149</u>	<u>\$ 54,534</u>	<u>\$ 486,183</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, 2019

	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	\$ 406,172	\$ 3,732,341	\$ 4,138,513	\$ 1,057,802
Pasquotank Co. Contribution	157,500	-	157,500	157,500	-
Total revenues	<u>5,353,815</u>	<u>406,172</u>	<u>3,889,841</u>	<u>4,296,013</u>	<u>1,057,802</u>
Expenditures:					
Public Safety:					
Capital outlay:					
Consultative services	378,000	98,280	162,540	260,820	117,180
Construction	3,272,365	307,022	2,895,710	3,202,732	69,633
Furniture & fixtures	158,741	870	152,415	153,285	5,456
Technology	1,257,799	-	521,676	521,676	736,123
Security	118,237	-	-	-	118,237
Contingency	168,673	-	-	-	168,673
Total expenditures	<u>5,353,815</u>	<u>406,172</u>	<u>3,732,341</u>	<u>4,138,513</u>	<u>1,215,302</u>
Revenues over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	157,500	\$ <u>-</u>	\$ <u>-</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ 157,500</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental revenue:					
NC DOC Rural	\$ 1,013,940	\$ -	\$ -	\$ -	\$ (1,013,940)
Department of Commerce	387,500	211,280	176,220	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
NCRR	467,000	444,457	82,543	527,000	60,000
Weitron contribution	300,000	221,170	78,830	300,000	-
Total revenues	<u>2,582,365</u>	<u>1,126,907</u>	<u>537,593</u>	<u>1,664,500</u>	<u>917,865</u>
Expenditures:					
Economic and physical development:					
Admin/Engineering	448,988	215,015	48,587	263,602	185,386
Sewer	31,200	31,200	-	31,200	-
Miscellaneous	96,400	24,812	-	24,812	71,588
Construction	2,742,835	1,279,532	524,419	1,803,951	938,884
Total expenditures	<u>3,319,423</u>	<u>1,550,559</u>	<u>573,006</u>	<u>2,123,565</u>	<u>1,195,858</u>
Revenues over (under) expenditures	(737,058)	(423,652)	(35,413)	(459,065)	277,993
Other financing sources:					
Operating transfer in:					
From general fund	<u>737,058</u>	<u>620,554</u>	<u>112,660</u>	<u>733,214</u>	<u>(3,844)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 196,902</u>	77,247	<u>\$ 274,149</u>	<u>\$ 274,149</u>
Fund balance at beginning of year			<u>196,902</u>		
Fund balance at end of year			<u>\$ 274,149</u>		

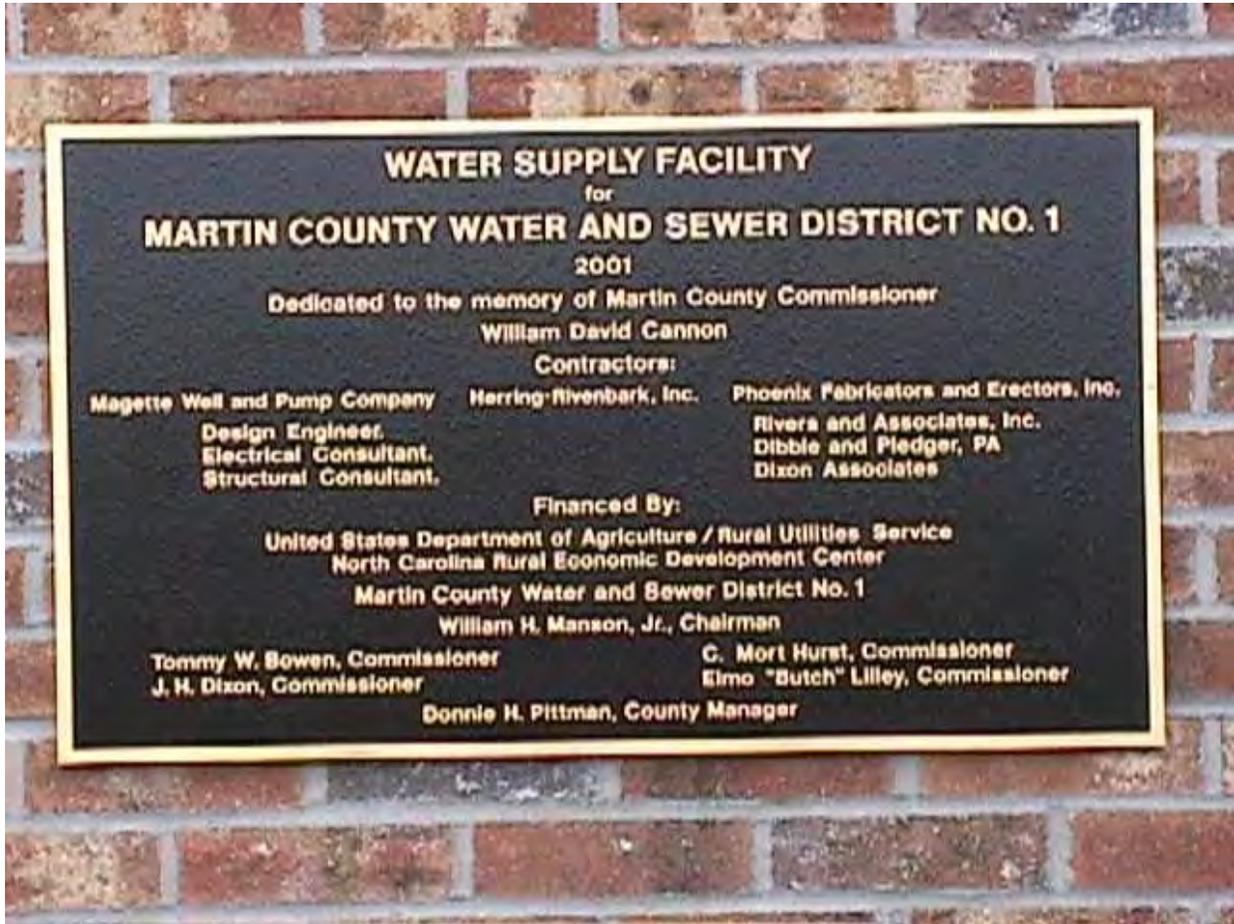
Martin County, North Carolina  
**AIRPORT EXPANSION PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
From Inception and for the Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Intergovernmental revenue:					
NC DOT - #44.6.1	\$ 95,000	\$ -	\$ 12,691	\$ 12,691	\$ 82,309
NC DOT - #44.7.1	217,804	36,710	70,042	106,752	(111,052)
Vision 100 - #33.14.1	318,219	269,139	33,958	303,097	(15,122)
Vision 100 - #33.16.2	532,078	4,506	516,096	520,602	(11,476)
Total revenues	<u>1,163,101</u>	<u>310,355</u>	<u>632,787</u>	<u>943,142</u>	<u>(219,959)</u>
Expenditures:					
Transportation:					
Capital outlay:					
Land	171,950	168,375	-	168,375	3,575
Professional fees/Admin.	432,364	84,387	162,507	246,894	185,470
Construction	754,144	86,944	579,907	666,851	87,293
Total expenditures	<u>1,358,458</u>	<u>339,706</u>	<u>742,414</u>	<u>1,082,120</u>	<u>276,338</u>
Revenues over (under) expenditures	(195,357)	(29,351)	(109,627)	(138,978)	56,379
Other financing sources:					
Operating transfer in:					
From general fund	<u>195,357</u>	<u>27,391</u>	<u>160,000</u>	<u>187,391</u>	<u>(7,966)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (1,960)</u>	50,373	<u>\$ 48,413</u>	<u>\$ 48,413</u>
Fund balance at beginning of year			<u>4,161</u>		
Fund balance at end of year			<u>\$ 54,534</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, 2019

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

Martin County, North Carolina  
**WATER AND SEWER DISTRICT NO. 1 FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Charges for services:			
Water sales	\$ -	\$ 738,092	\$ -
Total charges for services	<u>748,743</u>	<u>738,092</u>	<u>(10,651)</u>
Non-operating revenues:			
Note receivable payment	-	19,100	-
NCDOT	-	64,200	-
Investment earnings	-	23,547	-
Total nonoperating revenue	<u>106,846</u>	<u>106,847</u>	<u>1</u>
Total revenues	<u>855,589</u>	<u>844,939</u>	<u>(10,650)</u>
Expenditures:			
Administration			
Salaries and benefits	-	145,015	-
Uniforms	-	548	-
Office supplies	-	3,322	-
Telephone	-	3,067	-
Postage	-	3,521	-
Travel	-	6,692	-
Contract service	-	39	-
Insurance	-	4,615	-
Maintenance	-	4,732	-
Total	<u>205,972</u>	<u>170,551</u>	<u>34,421</u>
Water operations			
Water purchased	-	281,235	-
Testing	-	5,369	-
Utilities	-	9,065	-
Maintenance	-	95,212	-
Permits and fees	-	1,257	-
Contracted services	-	16,139	-
Total	<u>410,335</u>	<u>408,277</u>	<u>2,058</u>
Debt service			
Principal	-	100,000	-
Interest	-	123,154	-
Total	<u>223,282</u>	<u>223,154</u>	<u>128</u>
Capital outlay	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total expenditures	<u>855,589</u>	<u>818,982</u>	<u>36,607</u>
Revenues over (under) expenditures	\$ -	\$ 25,957	\$ 25,957

Continued

Martin County, North Carolina  
**WATER AND SEWER DISTRICT NO. 1 FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2019

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

Revenues over (under) expenditures	\$	25,957
Reconciling items:		
Capital outlay		16,000
Increase in deferred outflows of resources – pensions		10,866
Increase in net pension liability		(12,803)
Decrease in deferred inflows of resources – pensions		500
Depreciation		(115,931)
Increase in accrued vacation pay		(917)
Decrease in deferred inflows of resources – OPEB		(3,427)
Capital contributions		771,754
Principal debt payment		100,000
Increase in deferred outflows of resources – OPEB		7,312
Increase in OPEB liability		(12,944)
Note receivable payment		(19,100)
Total reconciling items		<u>741,310</u>
Change in net position	\$	<u><u>767,267</u></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, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Charges for services:			
Water sales	\$ -	\$ 925,925	\$ -
Total charges for services	<u>1,015,559</u>	<u>925,925</u>	<u>(89,634)</u>
Non-operating revenues:			
Note receivable payment	-	45,977	-
Investment earnings	-	78,076	-
Total nonoperating revenue	<u>339,307</u>	<u>124,053</u>	<u>(215,254)</u>
Total revenues	<u>1,354,866</u>	<u>1,049,978</u>	<u>(304,888)</u>
<b>Expenditures:</b>			
Administration			
Salaries and benefits	-	145,017	-
Uniforms	-	548	-
Office supplies	-	3,322	-
Telephone	-	2,924	-
Postage	-	3,629	-
Travel	-	6,692	-
Contract services	-	39	-
Insurance	-	5,815	-
Maintenance	-	4,732	-
Total	<u>186,121</u>	<u>172,718</u>	<u>13,403</u>
Water operations			
Water purchased	-	263,669	-
Testing	-	8,072	-
Utilities	-	7,276	-
Maintenance	-	21,819	-
Permits and fees	-	1,057	-
Contracted Services	-	111,215	-
Total	<u>532,845</u>	<u>413,108</u>	<u>119,737</u>
Debt service			
Principal	-	230,000	-
Interest	-	389,610	-
Total	<u>619,900</u>	<u>619,610</u>	<u>290</u>
Capital outlay			
Total expenditures	<u>1,354,866</u>	<u>1,221,436</u>	<u>133,430</u>
Revenues over (under) expenditures	\$ -	\$ (171,458)	\$ (171,458)

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, 2019

---

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

Revenues over (under) expenditures	\$	(171,458)
Reconciling items:		
Capital outlay		16,000
Increase in deferred outflows on resources – pension		10,866
Increase in net pension liability		(12,803)
Decrease in deferred inflows of resources – pension		500
Depreciation		(236,826)
Decrease in OPEB liability		(12,945)
Increase in accrued vacation pay		(917)
Increase in deferred inflows of resources – OPEB		(3,426)
Increase in deferred outflows of resources – OPEB		7,311
Principal debt payment		230,000
Note receivable payment		(45,977)
Total reconciling items		<u>(48,217)</u>
Change in net position	\$	<u><u>(219,675)</u></u>

Martin County, North Carolina  
**COUNTY WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Year Ended June 30, 2019

	2019		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Non-operating revenues:			
District 1 Contribution	\$ -	\$ 100,000	\$ -
District 2 Contribution	-	230,000	-
Interest Revenue	-	512,764	-
Total revenues	<u>843,182</u>	<u>842,764</u>	<u>(418)</u>
Expenditures:			
Debt service			
Principal	-	330,000	-
Interest	-	512,764	-
Total expenditures	<u>843,182</u>	<u>842,764</u>	<u>418</u>
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, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
<b>Revenues:</b>					
Intergovernmental revenue:					
NC Water Infrastructure Grant	\$ 1,476,275	\$ 107,755	\$ 771,754	\$ 879,509	\$ 596,766
Total	<u>1,476,275</u>	<u>107,755</u>	<u>771,754</u>	<u>879,509</u>	<u>596,766</u>
<b>Expenditures:</b>					
Capital outlay:					
Engineering	263,000	107,755	122,049	229,804	33,196
Construction	1,213,275	-	649,705	649,705	563,570
Administration	22,145	-	16,039	16,039	6,106
Total expenditures – capital outlay	<u>1,498,420</u>	<u>107,755</u>	<u>787,793</u>	<u>895,548</u>	<u>602,872</u>
Revenues over (under) expenditures	(22,145)	-	(16,039)	(16,039)	(6,106)
<b>Other financing sources:</b>					
Transfer from general fund	<u>22,145</u>	<u>22,145</u>	<u>-</u>	<u>22,145</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>22,145</u>	\$ <u>(16,039)</u>	\$ <u>6,106</u>	\$ <u>(6,106)</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, 2019

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

# Combining Statements for Trust and Agency Funds Martin County

## ***Private-purpose Trust Funds***

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

## ***Agency Funds***

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

Martin County, North Carolina  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
June 30, 2019

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	Mary W. Taylor Fund for the Hearing Impaired	Carrie Biggs Morrison Trust	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 375	\$ 133,967	\$ 134,342
TOTAL ASSETS	375	133,967	134,342
<b>NET POSITION</b>			
Assets held in trust	\$ 375	\$ 133,967	\$ 134,342

Martin County, North Carolina  
**PRIVATE-PURPOSE TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FUDUCIARY NET POSITION**  
For the Year Ended June 30, 2019

	Mary W. Taylor Fund for the Hearing Impaired	Carrie Biggs Morrison Trust	Total
<b>Additions:</b>			
Investment earnings	\$ -	\$ 800	\$ 800
<b>Miscellaneous:</b>			
Norfolk Foundation contribution	-	17,380	17,380
Donations	-	-	-
Total additions	<u>-</u>	<u>18,180</u>	<u>18,180</u>
<b>Deductions:</b>			
Benefits	-	9,474	9,474
Total deductions	<u>-</u>	<u>9,474</u>	<u>9,474</u>
Change in net position	-	8,706	8,706
Net position - Beginning of year	375	125,261	125,636
Net position - End of year	<u>\$ 375</u>	<u>\$ 133,967</u>	<u>\$ 134,342</u>

Martin County, North Carolina  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
For the Year Ended June 30, 2019

	Balance 06/30/18	Additions	Deductions	Balance 06/30/19
<b><u>Tax Agency Fund</u></b>				
Assets:				
Cash and cash equivalents	\$ 19,983	\$ 612,321	\$ 560,367	\$ 71,937
Liabilities:				
Intergovernmental payable	19,893	612,321	560,367	71,937
<b><u>Social Services</u></b>				
Assets:				
Cash and cash equivalents	15,911	79,311	75,446	19,776
Liabilities:				
Miscellaneous liabilities	15,911	79,311	75,446	19,776
<b><u>Fines and Forfeitures</u></b>				
Assets:				
Accounts receivable (net)	-	213,296	179,857	33,439
Liabilities:				
Intergovernmental payable	-	213,296	179,857	33,439
<b><u>Deed of Trust Fee</u></b>				
Assets:				
Cash and cash equivalents	691	7,960	7,940	711
Liabilities:				
Miscellaneous liabilities	691	7,960	7,940	711
<b><u>Albemarle-Tideland Retirees</u></b>				
Assets:				
Cash and cash equivalents	480,786	19,936	81,803	418,919
Liabilities:				
Miscellaneous liabilities	480,786	19,936	81,803	418,919
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and cash equivalents	517,371	719,528	725,556	511,343
Accounts receivable (net)	-	213,296	179,857	33,439
Total assets	517,371	932,824	905,413	544,782
Liabilities:				
Miscellaneous liabilities	497,388	107,207	165,189	439,406
Intergovernmental payable	19,983	825,617	740,224	105,376
Total liabilities	\$ 517,371	\$ 932,824	\$ 905,413	\$ 544,782

## **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, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019		\$ 15,374,018	\$ 14,633,285	\$ 740,733
2017-2018	\$ 697,090		274,549	422,541
2016-2017	383,059		109,022	274,037
2015-2016	252,215		61,111	191,104
2014-2015	168,030		38,263	129,767
2013-2014	127,736		24,064	103,672
2012-2013	91,371		15,628	75,743
2011-2012	60,858		6,622	54,236
2010-2011	47,551		3,246	44,305
2009-2010	39,968		1,986	37,982
2008-2009	34,527		34,527	-
Total	<u>\$ 1,902,405</u>	<u>\$ 15,374,018</u>	<u>\$ 15,202,303</u>	<u>\$ 2,074,120</u>
Plus: uncollected 2018-2019 ad valorem taxes receivable				33,671
Less: allowance for uncollectible ad valorem taxes receivable				<u>(378,009)</u>
Ad valorem taxes receivable – net				<u>\$ 1,729,782</u>
Reconciliation with revenues:				
Taxes – ad valorem - general fund				\$ 15,522,718
Reconciling items:				
Interest collected				(155,773)
Amounts written off for tax year 2009-2010 per statute of limitations				34,527
Collections written off in previous years				-
Refunds and other adjustments				(192,452)
Releases – prior years				13,343
Garnishment fees and commissions				<u>(20,060)</u>
Total reconciling items				<u>(354,852)</u>
Total collections and credits				<u>\$ 15,202,303</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, 2019

	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	\$ 2,030,457,848	\$ 0.790	\$ 16,040,617	\$ 14,462,152	\$ 1,578,465
Penalties	5,373,291		42,449	42,449	
Total	<u>2,035,831,139</u>		<u>16,083,066</u>	<u>14,504,601</u>	<u>1,578,465</u>
Abatements:	<u>(96,469,116)</u>		<u>(709,048)</u>	<u>(702,990)</u>	<u>(6,058)</u>
Total property valuation	<u>\$ 1,939,362,024</u>		15,374,018	13,801,611	1,572,407
Uncollected taxes at June 30, 2019			<u>740,733</u>	<u>740,733</u>	<u>-</u>
Current year's taxes collected			<u>\$ 14,633,285</u>	<u>\$ 13,060,878</u>	<u>\$ 1,572,407</u>
Current levy collection percentage			<u>95.18%</u>	<u>94.63%</u>	<u>100.00%</u>

**Secondary Market Disclosures:**

Assessed Valuation:	
Assessment Ratio <sup>1</sup>	103.80%
Real Property	\$ 1,060,524,939
Personal Property	803,315,953
Public Service Companies <sup>2</sup>	<u>75,521,132</u>
Total Assessed Valuation	<u>\$ 1,939,362,024</u>
Tax Rate per \$100	0.7900
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 15,374,018</u>

<sup>1</sup> Percentage of appraised value has been established by statute.

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

<sup>3</sup> The levy includes interest and penalties.

Martin County, North Carolina  
**TEN LARGEST TAXPAYERS**  
 June 30, 2019

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Domtar Paper Co	Wood pulp manufacturer	\$ 319,564,057	16.48%
Weyerhaeuser Wood Products Co	Wood products manufacturer	34,594,074	1.78%
Weyerhaeuser Co	Timberland	28,265,210	1.46%
Ann's House of Nuts	Food processing	25,128,191	1.30%
Penco Products, Inc.	Manufacturing	13,819,650	0.71%
AR Textiles Ltd	Textiles	13,091,171	0.68%
Community Health Systems	Health Care	13,162,432	0.68%
Walmart	Retail	13,083,760	0.67%
Syfan	Manufacturing	12,376,024	0.64%
Swain Properties LLC	Property management	6,460,827	0.33%
Totals		<u>\$ 479,545,396</u>	<u>24.73%</u>

Source: Martin County Tax Department

## STATISTICAL SECTION

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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.

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

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

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

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

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



	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Schedule 1</b>									
<b>Martin County</b>									
<b>Net Position by Component</b>									
<b>Last Nine Fiscal Years</b>									
(accrual basis of accounting)									
<b>Governmental activities</b>									
Net Investment in capital assets	\$ 14,882,445	\$ 14,524,550	\$ 15,117,276	\$ 15,911,611	\$ 1,645,223	\$ 1,450,737	\$ 1,832,686	\$ 4,405,556	\$ 9,262,178
Restricted	17,670,253	4,951,518	4,046,859	2,564,821	11,607,715	13,798,102	14,005,627	17,529,543	18,795,360
Unrestricted	(1,528,239)	(2,642,861)	(2,875,501)	(538,319)	5,082,066	4,408,063	4,417,446	(7,590,354)	(6,616,299)
<b>Total governmental activities net position</b>	<b>\$ 31,024,459</b>	<b>\$ 16,833,207</b>	<b>\$ 16,288,634</b>	<b>\$ 17,938,113</b>	<b>\$ 18,335,004</b>	<b>\$ 19,656,902</b>	<b>\$ 20,255,759</b>	<b>\$ 14,344,745</b>	<b>\$ 21,441,239</b>
<b>Business-type activities</b>									
Net Investment in capital assets	\$ 1,397,181	\$ 1,640,824	\$ 2,668,505	\$ 2,486,343	\$ 2,597,644	\$ 2,537,343	\$ 2,513,165	\$ 2,505,140	\$ 3,486,266
Unrestricted	(625,486)	(889,095)	732,601	(932,251)	(820,393)	(896,341)	(1,081,655)	(1,533,776)	(1,753,236)
<b>Total business-type activities</b>	<b>\$ 771,695</b>	<b>\$ 751,729</b>	<b>\$ 3,401,106</b>	<b>\$ 1,554,092</b>	<b>\$ 1,777,251</b>	<b>\$ 1,641,002</b>	<b>\$ 1,431,510</b>	<b>\$ 971,364</b>	<b>\$ 1,733,030</b>
<b>Primary government</b>									
Net Investment in capital assets	\$ 16,279,626	\$ 16,165,374	\$ 17,785,781	\$ 18,397,954	\$ 4,242,867	\$ 3,988,080	\$ 4,345,851	\$ 6,910,696	\$ 12,748,444
Restricted	17,670,253	4,951,518	4,046,859	2,564,821	11,607,715	13,798,102	14,005,627	17,529,543	18,795,360
Unrestricted	(2,153,725)	(3,531,956)	(2,142,900)	(1,470,570)	4,261,673	3,511,722	3,335,791	(9,124,130)	(8,369,535)
<b>Total primary government net position</b>	<b>\$ 31,796,154</b>	<b>\$ 17,584,936</b>	<b>\$ 19,689,740</b>	<b>\$ 19,492,205</b>	<b>\$ 20,112,255</b>	<b>\$ 21,297,904</b>	<b>\$ 21,687,269</b>	<b>\$ 15,316,109</b>	<b>\$ 23,174,269</b>

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

	Fiscal Year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>									
Governmental activities:									
General government	\$ 2,709,660	\$ 2,759,214	\$ 2,920,061	\$ 3,062,535	\$ 2,949,440	\$ 3,155,063	\$ 3,520,961	\$ 3,094,228	\$ 3,582,095
Public safety	5,664,786	7,222,003	6,279,348	6,547,884	6,605,428	6,417,741	6,949,230	7,147,854	7,642,046
Environmental protection	2,092,369	2,147,945	2,073,198	2,144,234	2,165,280	2,157,190	2,221,149	2,284,860	2,433,270
Economic and physical development	1,011,409	1,643,364	1,519,704	2,420,655	2,374,453	2,950,722	2,087,831	1,191,108	2,747,201
Human services	7,111,463	7,319,108	7,066,046	6,848,442	6,845,609	7,067,122	7,172,049	6,325,579	6,315,078
Cultural and recreation	160,686	167,974	166,724	171,745	597,059	162,321	190,283	170,463	172,156
Transportation	850,030	930,768	978,683	963,734	554,959	923,615	927,933	1,165,929	1,007,097
Education	7,876,240	20,210,393	9,239,801	8,208,634	7,065,581	7,076,879	7,270,323	7,520,394	7,579,133
Interest on long term debt	6,412	818,038	816,457	815,822	768,215	763,432	763,432	763,432	763,432
Total governmental activities	\$ 27,483,055	\$ 43,218,807	\$ 31,060,022	\$ 31,183,685	\$ 29,926,024	\$ 30,674,085	\$ 31,103,191	\$ 29,663,847	\$ 32,241,508
Business-type activities:									
Water	1,365,131	1,384,864	3,011,475	3,256,721	1,779,560	1,830,853	1,886,929	1,870,730	2,054,002
Total primary government expenses	\$ 28,848,186	\$ 44,603,671	\$ 34,071,497	\$ 34,440,406	\$ 31,705,584	\$ 32,504,938	\$ 32,990,120	\$ 31,534,577	\$ 34,295,510
<b>Program Revenues</b>									
Governmental activities									
Charges for services:									
General government	\$ 259,713	\$ 230,369	\$ 559,926	\$ 384,939	\$ 255,555	\$ 256,707	\$ 276,597	\$ 244,717	\$ 266,194
Public safety	611,773	628,915	643,843	690,676	733,149	502,486	508,338	547,885	685,105
Social services	566,667	566,667	566,667	566,667	566,667	566,667	566,667	566,667	566,667
Economic and physical development	24	0	0	0	0	0	0	0	0
Environmental protection	2,053,438	2,054,862	2,018,607	2,002,172	2,270,341	2,221,986	2,207,872	2,235,110	2,228,672
Transportation	125,392	118,334	108,860	89,619	102,939	54,523	93,532	300,114	147,020
Operating grants and contributions:									
General government	16,015	18,357	17,622	12,158	11,436	33,284	14,331	10,918	11,026
Public safety	103,114	269,635	266,393	715,517	402,714	377,900	547,315	153,766	471,132
Social services	4,731,941	5,668,249	4,818,039	4,384,418	5,021,266	4,954,406	4,846,644	3,873,989	3,706,172
Economic and physical development	143,805	104,277	479,442	1,439,137	480,809	1,716,785	1,181,457	829,902	1,537,113
Environmental protection	40,021	49,918	51,178	44,485	42,035	43,385	334,605	48,137	46,332
Transportation	147,682	115,322	114,820	129,328	253,493	255,172	530,699	262,933	509,363
Cultural and recreation	0	0	0	0	0	0	0	0	0
Education	592,478	264,812	1,175,787	1,389,759	364,210	289,957	0	289,193	285,551
Capital grants and contributions:									
General government	0	0	0	0	0	0	0	0	0
Public safety	0	0	0	0	0	0	67,051	339,121	3,889,841
Social services	0	0	0	0	0	0	0	0	0
Economic and physical development	0	0	0	0	0	0	0	2,139,600	537,593
Environmental protection	0	0	0	0	0	0	0	0	0
Transportation	221,371	134,816	579,160	756,071	172,044	81,236	0	208,954	632,787
Cultural and recreation	0	43,976	370,763	755,856	0	0	0	0	0
Education	0	814,500	829,069	755,856	712,663	711,509	710,755	713,045	718,214
Total government activities program revenues	\$ 9,613,434	\$ 11,083,009	\$ 12,600,176	\$ 13,360,802	\$ 11,389,321	\$ 12,066,003	\$ 11,885,883	\$ 12,764,051	\$ 16,238,782

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
<b>Business-type activities:</b>										
Charge for services - Water	868,605	1,005,538	1,055,793	1,201,256	1,278,005	1,495,679	1,430,343	1,485,716	1,664,017	
Operating grants and contributions - Water	226,082	208,316	208,604	208,451	231,260	198,923	166,460	186,557	64,200	
Capital grants and contributions - Water	241,423	70,158	4,321,816	0	0	0	58,485	49,270	771,754	
Total business-type activities program revenues	1,336,110	1,284,012	5,586,213	1,409,707	1,509,265	1,694,602	1,655,288	1,721,543	2,499,971	
Total primary government program revenues	\$ 10,949,544	\$ 12,367,021	\$ 18,186,389	\$ 14,770,509	\$ 12,898,586	\$ 13,760,605	\$ 13,541,171	\$ 14,485,594	\$ 18,738,753	
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (17,869,621)	\$ (32,135,798)	\$ (18,459,846)	\$ (17,822,883)	\$ (18,536,703)	\$ (18,608,082)	\$ (19,217,308)	\$ (16,899,796)	\$ (16,002,726)	
Business-type activities	(29,021)	(100,852)	2,574,738	(1,847,014)	(270,295)	(136,251)	(231,641)	(149,187)	445,969	
Total primary government net (expense)/revenue	\$ (17,898,642)	\$ (32,236,650)	\$ (15,885,108)	\$ (19,669,897)	\$ (18,806,998)	\$ (18,744,333)	\$ (19,448,949)	\$ (17,048,983)	\$ (15,556,757)	
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 12,823,848	\$ 13,263,159	\$ 13,459,165	\$ 14,884,376	\$ 14,719,652	\$ 14,972,699	\$ 14,986,950	\$ 16,459,963	\$ 16,408,519	
Local option sales tax	3,650,972	3,965,061	3,733,134	3,862,305	4,095,482	4,093,208	4,326,559	4,522,228	4,806,218	
Other taxes and licenses	638,826	475,242	459,549	496,322	516,439	511,140	517,211	805,078	582,324	
Grants and contributions	128,847	152,817	109,702	104,760	163,168	219,471	172,073	169,389	150,375	
Investment earnings	62,503	58,512	56,579	38,384	13,245	29,503	60,634	158,436	338,703	
Loss on sale of assets	(2,308,691)	(85,169)	(31,390)	0	0	0	0	0	0	
Miscellaneous	64,837	114,924	128,534	86,215	128,549	103,959	25,045	155,006	75,358	
Transfers	0	0	0	0	0	0	(22,145)	0	0	
Total governmental activities:	\$ 15,061,142	\$ 17,944,546	\$ 17,915,273	\$ 19,472,362	\$ 19,636,535	\$ 19,929,980	\$ 20,066,327	\$ 22,270,100	\$ 22,361,497	
<b>Business-type activities:</b>										
Miscellaneous	5,295	80,886	74,639	0	272,891	2	4	23,565	0	
Investment earnings	0	0	0	84	242,413	0	0	12	101,623	
Transfers	0	0	0	0	0	0	22,145	0	0	
Total business-type activities	\$ 5,295	\$ 80,886	\$ 74,639	\$ 84	\$ 515,304	\$ 2	\$ 22,149	\$ 23,577	\$ 101,623	
Total primary government	\$ 15,066,437	\$ 18,025,432	\$ 17,989,912	\$ 19,472,446	\$ 20,151,839	\$ 19,929,982	\$ 20,088,476	\$ 22,293,677	\$ 22,463,120	
<b>Change in Net Position</b>										
Governmental activities	\$ (2,808,479)	\$ (14,191,252)	\$ (544,573)	\$ 1,649,479	\$ 1,099,832	\$ 1,321,898	\$ 849,019	\$ 5,370,304	\$ 6,358,771	
Business-type activities	(23,726)	(19,966)	2,649,377	(1,846,930)	245,009	(136,249)	(209,492)	(125,610)	547,592	
Total primary government	\$ (2,832,205)	\$ (14,211,218)	\$ 2,104,804	\$ (197,451)	\$ 1,344,841	\$ 1,185,649	\$ 639,527	\$ 5,244,694	\$ 6,906,363	

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund									
Reserved									
Unreserved									
Nonspendable	1,621,910	1,871,012	1,578,259	1,119,724	1,013,975	1,119,260	1,370,326	1,831,322	2,039,201
Restricted	1,685,059	2,051,864	1,763,823	2,036,930	1,816,778	3,164,983	1,796,139	1,756,099	1,764,450
Committed	1,053,832	1,089,659	924,802	620,121	505,121	342,733	15,428	50,428	85,428
Assigned	1,815,289	2,470,693	0	0	0	0	0	0	0
Unassigned	3,779,019	1,059,012	3,363,265	5,507,145	7,790,454	7,776,204	8,834,079	8,436,400	7,735,034
Total General Fund	\$ 9,955,109	\$ 8,542,240	\$ 7,630,149	\$ 9,283,920	\$ 11,126,328	\$ 12,403,180	\$ 12,015,972	\$ 12,074,249	\$ 11,624,113
All Other Governmental Funds									
Reserved									
Unreserved									
Special Revenue Funds									
Capital Projects Funds									
Permanent Trust Funds									
Nonspendable	0	0	0	0	0	0	0	0	0
Restricted	15,985,194	3,899,692	11,264,710	10,000,819	9,790,937	10,633,119	12,209,488	15,773,444	17,030,910
Committed	84,795	83,797	157,699	73,327	0	0	0	0	0
Assigned	0	0	0	0	0	0	0	0	0
Unassigned	6,161,949	6,595,592	(504,241)	(180,576)	(52,635)	(296,395)	(263,765)	(862,864)	(995,174)
Total All Other Governmental Funds	\$ 22,231,938	\$ 10,579,081	\$ 10,918,168	\$ 9,893,570	\$ 9,738,302	\$ 10,336,724	\$ 11,945,723	\$ 14,910,580	\$ 16,035,736

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>									
Ad valorem taxes	\$ 12,695,529	\$ 13,270,201	\$ 13,305,601	\$ 14,872,052	\$ 14,819,792	\$ 14,872,159	\$ 14,908,949	\$ 16,315,858	\$ 16,204,621
Local option sales taxes	3,768,683	4,115,212	3,882,550	4,006,177	4,247,682	4,248,663	4,491,610	4,692,965	4,995,674
Other taxes and licenses	305,158	375,008	361,311	396,934	406,274	405,357	396,427	406,904	446,893
Unrestricted intergovernmental	90,872	80,195	77,751	79,792	86,385	75,503	86,669	76,340	79,027
Restricted intergovernmental	6,404,966	7,636,539	8,793,673	9,816,406	7,710,691	8,627,585	8,276,972	9,362,910	12,552,781
Licenses and fees	260,010	245,400	254,958	276,844	296,509	325,975	305,945	305,280	290,976
Sales and services	2,976,618	3,038,909	3,326,049	3,091,871	3,199,871	2,973,269	2,962,934	3,182,552	3,196,723
Investment earnings	62,503	58,513	44,439	38,384	13,245	29,503	60,634	158,436	338,702
Miscellaneous	236,678	275,762	282,688	190,348	217,168	277,577	341,312	289,645	223,503
<b>Total Revenues</b>	<b>26,801,017</b>	<b>29,095,739</b>	<b>30,329,020</b>	<b>32,768,808</b>	<b>30,997,617</b>	<b>31,835,591</b>	<b>31,831,452</b>	<b>34,790,890</b>	<b>38,328,900</b>
<b>Expenditures</b>									
General government	2,426,175	2,497,835	2,734,454	2,834,811	2,837,997	3,006,131	3,289,542	3,336,542	3,513,800
Public safety	5,814,822	7,032,497	6,051,064	6,890,016	6,491,752	6,384,364	6,845,020	7,213,676	11,022,841
Environmental protection	2,046,084	2,100,981	2,029,888	2,102,558	2,133,514	2,123,054	2,407,967	2,348,637	2,483,181
Economic development	916,996	1,611,378	1,478,214	2,378,457	2,340,777	2,917,954	2,166,922	3,472,907	3,208,632
Human services	6,641,995	6,844,127	6,521,123	6,371,835	6,586,015	6,791,665	6,718,007	6,054,250	6,089,607
Cultural and recreational	176,472	241,199	747,820	150,396	141,627	148,639	149,390	149,527	159,949
Transportation	792,953	777,273	1,264,542	1,456,728	993,871	787,139	1,004,556	1,021,024	1,846,234
Education	7,876,240	20,210,393	9,239,801	8,208,634	7,065,581	7,076,879	7,270,323	7,520,394	7,579,133
Capital Outlay	0	0	0	0	0	0	0	0	0
Debt Service:									
Principal	155,116	51,427	23,882	964,998	25,169	0	0	0	0
Interest	6,412	818,038	816,457	815,822	768,215	763,432	763,432	763,432	763,432
<b>Total Expenditures</b>	<b>26,853,265</b>	<b>42,185,148</b>	<b>30,907,245</b>	<b>32,174,255</b>	<b>29,384,518</b>	<b>29,999,257</b>	<b>30,615,159</b>	<b>31,880,389</b>	<b>36,666,809</b>
Excess of revenues over (under) expenditures	(52,248)	(13,089,409)	(578,225)	594,553	1,613,099	1,836,334	1,216,293	2,910,501	1,662,091
<b>Other Financing Sources (Uses)</b>									
Transfers in	260,668	1,218,689	1,243,090	2,241,963	2,886,422	1,704,350	1,084,742	2,551,188	0
Transfers out	(260,668)	(1,218,689)	(1,243,090)	(2,241,963)	(2,886,422)	(1,704,350)	(1,106,887)	(2,551,188)	(1,000,000)
Sale of capital assets	0	23,683	5,221	34,620	74,043	38,940	27,643	112,633	12,929
Proceeds from installment note	15,000,000	0	0	0	0	0	0	0	0
<b>Total other financing sources (uses)</b>	<b>15,000,000</b>	<b>23,683</b>	<b>5,221</b>	<b>34,620</b>	<b>74,043</b>	<b>38,940</b>	<b>5,498</b>	<b>112,633</b>	<b>(987,071)</b>
<b>Net change in fund balances</b>	<b>\$ 14,947,752</b>	<b>\$ (13,065,726)</b>	<b>\$ (573,004)</b>	<b>\$ 629,173</b>	<b>\$ 1,687,142</b>	<b>\$ 1,875,274</b>	<b>\$ 1,221,791</b>	<b>\$ 3,023,134</b>	<b>\$ 675,020</b>
Debt service as a percentage of noncapital expenditures *	0.62%	2.08%	2.85%	5.53%	2.76%	2.61%	2.61%	2.70%	2.49%

\*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)*

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Public Service Companies (1)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (2)</b>	<b>Estimated Actual Taxable Value (3)</b>
2010	728,719	241,297	800,007	57,696	1,827,719	0.670	1,883,858
2011	729,407	241,482	800,807	58,969	1,830,665	0.670	1,851,401
2012	747,064	247,328	820,192	59,202	1,873,786	0.670	1,854,316
2013	763,295	252,702	838,013	63,988	1,917,998	0.670	1,875,793
2014	785,163	259,942	862,021	64,024	1,971,150	0.720	1,791,955
2015	785,163	259,942	862,021	64,024	1,971,150	0.720	1,821,765
2016	799,955	264,839	806,344	71,917	1,943,055	0.735	1,779,680
2017(4)	796,203	263,538	802,721	74,644	1,937,106	0.735	1,908,855
2018	819,862	271,369	826,574	73,106	1,990,911	0.790	1,812,721
2019	796,792	263,733	803,316	75,521	1,939,362	0.790	1,868,364

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									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Martin County	\$	0.6700	\$ 0.6700	\$ 0.6700	\$ 0.6700	\$ 0.7200	\$ 0.7200	\$ 0.7350	\$ 0.7350	\$ 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	0.5700	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5700
Hassell		0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.3000	0.3000
Jamesville		0.6500	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7300
Oak City		0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4500	0.4500
Parnele		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	0.5800	0.6000	0.6000	0.6500	0.6500
Williamston		0.7400	0.7400	0.7400	0.7500	0.7400	0.7400	0.7400	0.7400	0.7900	0.7900
<u>Fire Districts:</u>											
Williamston		0.0500	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Goose Nest		0.0500	0.0500	0.0500	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	0.0500	0.0600	0.0600	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Jamesville		0.0500	0.0500	0.0500	0.0500	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  
 Martin County  
 Principal Property Tax Payers,  
 Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Domtar Paper Co	Wood pulp manufacturer	\$ 319,564,057	1	16.48%	\$ 332,127,047	1	18.17%
Weyerhaeuser Wood Products Co	Wood products manufacturer	34,594,074	2	1.78%	21,696,392	4	1.19%
Weyerhaeuser Co	Timberland	28,265,210	3	1.46%	23,013,260	3	1.26%
Ann's House of Nuts	Food processing	25,128,191	4	1.30%	17,217,293	6	0.94%
Penco Products, Inc.	Manufacturing	13,819,650	5	0.71%	11,361,436	10	0.62%
AR Textiles Ltd	Textiles	13,091,171	6	0.68%			
Community Health Systems	Health Care	13,162,432	7	0.68%	14,457,319	7	0.79%
Walmart	Retail	13,083,760	8	0.67%	14,295,690	8	0.78%
Syfan	Manufacturing	12,376,024	9	0.64%			
Swain Properties LLC	Property management	6,460,827	10	0.33%			
Martin Mills	Textiles				16,457,179	5	0.90%
Embarq	Utility				18,507,091	9	1.01%
Dominion NC Power	Utility				54,765,676	2	3.00%
Totals		\$ 479,545,396		24.73%	\$ 523,898,383		28.66%

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		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (Original Levy)	Adjustments			Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2010	12,323,310	(59,200)	12,264,110	11,535,186	94.06%	690,942	12,226,128	99.69%	
2011	12,297,618	-	12,297,618	11,552,824	93.94%	700,489	12,253,313	99.64%	
2012	12,582,732	(21,074)	12,561,658	11,852,003	94.35%	655,419	12,507,422	99.57%	
2013	12,869,626	(19,039)	12,850,587	12,086,071	94.05%	688,773	12,774,844	99.41%	
2014	14,241,561	(49,282)	14,192,279	13,538,803	95.40%	549,804	14,088,607	99.27%	
2015	13,809,086	(10,512)	13,798,574	13,212,999	95.76%	455,808	13,668,807	99.06%	
2016	14,231,106	50,352	14,281,458	13,624,358	95.40%	465,996	14,090,354	98.66%	
2017	14,277,529	(39,800)	14,237,729	13,598,174	95.51%	365,518	13,963,692	98.08%	
2018	15,779,249	(47,498)	15,731,751	15,034,661	95.57%	274,549	15,309,210	97.31%	
2019	16,083,066	(709,048)	15,374,018	14,633,285	95.18%		14,633,285	95.18%	

Source: Martin County Tax Department

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Revenue Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Limited Obligation Bonds	Installment Loans			
2010	0	0	280,113	0	15,516,000	0	0	0	15,796,113	658	2.13%
2011	0	0	15,124,997	0	15,376,000	0	0	0	30,500,997	1,280	4.19%
2012	0	0	15,073,570	0	15,160,900	0	0	0	30,234,470	1,237	3.89%
2013	0	0	15,049,688	0	14,936,600	0	0	0	29,986,288	1,218	4.13%
2014	0	0	14,084,690	0	14,702,700	0	0	0	28,787,390	1,180	3.61%
2015	0	0	14,059,521	0	0	0	14,180,000	0	28,239,521	1,158	3.48%
2016	0	0	14,059,521	0	0	0	13,885,000	0	27,944,521	1,155	3.57%
2017	0	0	14,059,521	0	0	0	13,580,025	0	27,639,546	1,165	3.34%
2018	0	0	14,059,521	0	0	0	13,260,075	0	27,319,596	1,162	-
2019	0	0	14,059,521	0	0	0	12,930,075	0	26,989,596	1,162	-

\* Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.  
(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar year 2018 personal income not available to calculate fiscal year 2019.

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

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal					
2010	15,516,000	0	0	15,516,000	2.09%	848.93%	647
2011	15,376,000	0	0	15,376,000	2.11%	839.91%	645
2012	15,160,900	0	0	15,160,900	1.95%	809.11%	620
2013	14,936,600	0	0	14,936,600	2.06%	778.76%	607
2014	14,702,700	0	0	14,702,700	1.84%	745.89%	603
2015	0	0	0	0	-	0.00%	0
2016	0	0	0	0	-	0.00%	0
2017	0	0	0	0	-	0.00%	0
2018	0	0	0	0	-	0.00%	0
2019	0	0	0	0	-	0.00%	0

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

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 1,827,719	\$ 1,830,665	\$ 1,873,786	\$ 1,917,998	\$ 1,971,150	\$ 1,971,150	\$ 1,943,055	\$ 1,937,106	\$ 1,990,911	\$ 1,939,362
Debt Limit, 8% of Assessed Value (Statutory Limitation)	146,218	146,453	149,903	153,440	157,692	157,692	155,444	154,968	159,273	155,149
Amount of Debt Applicable to Limit										
Gross debt	15,796	30,501	30,234	29,986	28,787	28,240	27,945	27,640	27,320	26,990
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	15,516	15,376	15,161	14,937	14,703	14,180	13,885	13,580	13,260	12,930
Revenue bonds	0	0	0	0	0	0	0	0	0	0
Total net debt applicable to limit	280	15,125	15,074	15,050	14,085	14,060	14,060	14,060	14,060	14,060
Legal Debt Margin	\$ 145,937	\$ 131,328	\$ 134,829	\$ 138,390	\$ 143,607	\$ 143,632	\$ 141,385	\$ 140,909	\$ 145,213	\$ 141,089
Total net debt applicable to the limit as a percentage of debt limit	0.19%	10.33%	10.06%	9.81%	8.93%	8.92%	9.04%	9.07%	8.83%	9.06%

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

The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

**Schedule 12**  
**Martin County**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**

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

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**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Number of Building Permits Issued (5)</b>
2010	23,993	\$ 742,881	31,833	3,960	10.50%	140
2011	23,823	\$ 728,072	29,728	3,957	11.70%	153
2012	24,437	\$ 776,662	32,414	3,962	11.90%	134
2013	24,625	\$ 726,662	32,414	3,968	9.10%	129
2014	24,392	\$ 797,123	33,635	3,662	8.00%	140
2015	24,199	\$ 810,742	34,567	3,370	8.70%	114
2016	24,199	\$ 783,202	33,532	3,370	7.00%	103
2017	23,729	\$ 826,463	35,666	3,349	5.60%	155
2018	23,510	\$ 784,274	34,415	3,428	4.90%	127
2019	23,227	*	*	3,307	4.90%	127

\* Information not yet available.

Notes:

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

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Martin County Board of Education	500 - 999	1	8.47%	500 - 999	1	7.12%
Dontar Paper Company	250 - 499	2	4.23%	250 - 499	2	3.56%
Ann's House of Nuts	250 - 499	3	4.23%	250 - 499	5	3.56%
Walmart	100 - 249	4	1.98%	250 - 499	3	3.56%
Martin General Hospital	100 - 249	5	1.98%	250 - 499	4	3.56%
County of Martin	100 - 249	6	1.98%	100 - 249	7	1.66%
Martin Community College	100 - 249	7	1.98%			
Industrial Manufacturing Company	100 - 249	8	1.98%	100 - 249	10	1.66%
Town of Williamston	100 - 249	9	1.98%			
Home Life Care	100 - 249	10	1.98%			
Williamston Yarn Mill				100 - 249	6	1.66%
State of North Carolina				100 - 249	9	1.66%
Weyerhaeuser Co				100 - 249	8	1.66%
Total Employment	8,859			10,536		

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	34	34	34	35	34	33	31	31	30	30
Public safety	57	57	55	58	54	52	55	57	57	59
Human services	80	83	83	84	80	79	79	79	76	75
Economic and physical development	9	9	2	2	2	2	2	2	2	2
Environmental protection	4	4	4	4	4	4	5	4	4	4
Transporation	14	13	14	13	13	12	9	11	11	11
Water/Sewer (Business activity)	4	4	4	5	5	5	5	5	5	6
<b>Total</b>	<b>202</b>	<b>204</b>	<b>196</b>	<b>201</b>	<b>192</b>	<b>187</b>	<b>186</b>	<b>189</b>	<b>185</b>	<b>187</b>

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								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety									
Concealed Weapon Permits	110	152	289	275	216	296	299	453	385
Index Crime Rate	4,116	4,151	5,012	4694	3827	4120	3268	3003	*
Violent Crime Rate	436	486	511	530	552	506	400	417	*
Property Crime Rate	3,681	3,666	4,501	4163	3276	3613	2868	2586	*
Transportation									
Transit Miles	319,405	362,492	313,198	267,660	248,924	255,771	248,992	247,532	258,060
Transit Trips	39,619	43,961	33,592	28,336	27,349	29,036	29,415	26,603	26,507
Based Aircraft	6	6	8	8	7	10	9	9	11
Takeoffs & Landings	350	350	2,600	2,700	5,140	5,140	4,500	4,500	4,500
Water/Sewer (Business activity)									
Taps	2,538	2,087	1,903	2,168	1,999	2,015	1,914	1,970	1,977

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								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety									
# Stations	1	1	1	1	1	1	1	1	1
# Patrol Units	40	40	41	41	41	41	41	41	41
Transportation									
Standard Vans	3	3	2	2	2	2	2	2	2
Conversion Vans	3	3	3	3	3	3	3	3	3
Lift Vans	7	7	5	5	5	4	2	2	2
Buses	4	4	4	4	4	4	4	4	4
Minivans	1	1	1	1	1	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**





Carr, Riggs & Ingram, LLC  
3105 Trent Road  
New Bern, North Carolina 28563

Mailing Address:  
P.O. Box 1547  
New Bern, North Carolina 28563-1547

(252) 633-5821  
(252) 633-0199 (fax)  
www.cricpa.com

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

Independent Auditor's Report

To the Board of County Commissioners  
Martin County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Martin County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises Martin County's basic financial statements, and have issued our report thereon dated November 22, 2019. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Martin County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

described in the accompanying schedule of findings and questioned costs (2019-1) that we consider to be material weaknesses.

#### 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*.

#### Martin County's Response to Findings

Martin County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

*Cary Riggs & Ingram, L.L.C.*

New Bern, North Carolina  
November 22, 2019



Carr, Riggs & Ingram, LLC  
3105 Trent Road  
New Bern, North Carolina 28563

Mailing Address:  
P.O. Box 1547  
New Bern, North Carolina 28563-1547

(252) 633-5821  
(252) 633-0199 (fax)  
www.cricpa.com

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

### **Independent Auditor's Report**

To the Board of County Commissioners  
Martin County, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited Martin County, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Martin County's major federal programs for the year ended June 30, 2019. 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, 2019.

### **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.

*Cary Riggs & Ingram, L.L.C.*

New Bern, North Carolina

November 22, 2019



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

**Independent Auditor's Report**

To the Board of County Commissioners  
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, 2019. 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, 2019.

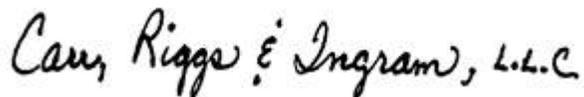
## **Report on Internal Control Over Compliance**

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.



New Bern, North Carolina  
November 22, 2019

Martin County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2019

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?   | Yes        |
| 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 programs:  |   |                 |        |   |        |                             |        |   |  |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA<br/>Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">93.778</td> <td style="text-align: center;">Medical Assistance Program (Medicaid Cluster)</td> </tr> <tr> <td style="text-align: center;">20.106</td> <td style="text-align: center;">Airport Improvement Program</td> </tr> <tr> <td style="text-align: center;">14.228</td> <td style="text-align: center;">Community Development Block Grants/State Program and non-entitlement Grants in Hawaii</td> </tr> </tbody> </table> | CFDA<br>Number  | Federal Program | 93.778 | Medical Assistance Program (Medicaid Cluster) | 20.106 | Airport Improvement Program | 14.228 | Community Development Block Grants/State Program and non-entitlement Grants in Hawaii |  |
| CFDA<br>Number  | Federal Program   |                 |        |   |        |                             |        |   |  |
| 93.778  | Medical Assistance Program (Medicaid Cluster)   |                 |        |   |        |                             |        |   |  |
| 20.106  | Airport Improvement Program   |                 |        |   |        |                             |        |   |  |
| 14.228  | Community Development Block Grants/State Program and non-entitlement Grants in Hawaii |                 |        |   |        |                             |        |   |  |
| 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, 2019

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 programs:   |            |

Program Name

NC E-911 Project Funds  
NC Connect Bonds

Martin County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2019

Continued

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Finding	2019-1 Reporting of Capital Leases
Criteria:	Leases that contain a bargain purchase option or title passes to the lease at the end of the lease term should be reported as capital leases.
Condition:	Martin County entered into two separate management agreements with Town of Williamston, whereby the County borrowed funds to construct water lines. Upon the completion of construction, the Town of Williamston managed these water lines including providing all maintenance, normal repairs and insurance for the water lines, and billing and collection of water revenues from customers. The Town paid Martin County a proportionate share of the debt service expenditures of the County equal to the share of loan proceeds the County used to construct the water lines. The Town retained all revenues collected for current and future customers. At the end of the lease term or payment of the final debt service payment, title to the water lines passes from the County to the Town. Therefore, the management agreements are capital leases.
Effect:	Payments from the Town to the County for its proportionate share of debt service expenditures, were recorded as management fee revenue rather than principal and interest payments on the debt payable from the Town of Williamston to Martin County. The purchase of the water lines and related debt was not recorded. Therefore, note receivable was understated and capital assets were overstated.
Cause:	The construction debt for these water lines is in the name of Martin County Water and Sewer Districts No 1 and 2. It is the intent of the Town and County for title to these assets to remain with the County until the debt is paid in full.
Recommendation:	Martin County should review the terms of all lease agreements to determine if the lease qualifies as a capital lease or an operating lease in preparation for the implementation of GASB 87, Leases.
Management response:	Martin County agrees with this finding and has recorded a prior period adjustment to properly record the capital assets purchased by the Town and the related receivable from the Town.

**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

Finding 2019-1 Reporting of Capital Leases

Name of contact person: Cindy Ange, Finance Officer

Corrective action: Martin County has recorded a prior period adjustment to record the sale of water lines to the Town of Williamston. The County will review the terms of all leases to determine the proper accounting of all leases as either capital leases or operating leases.

Proposed completion date: Martin County has implemented the above procedures immediately.

### SECTION III – FEDERAL AWARD FINDINGS

None noted

### SECTION IV – STATE AWARD FINDINGS

None noted

Martin County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2019

Exhibit 14

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.S. Department of Agriculture					
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 Cluster					
Total U.S. Department of Agriculture					
	10.561	XXXX	299,328	-	-
			<u>299,328</u>	<u>-</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
Passed through NC Department of Commerce					
Community Development Block Grant/State Program and					
non-entitlement Grants in Hawaii					
Home Investment Partnership Program					
Total U.S. Department of Housing and Urban Development					
	14.228	XXXX	620,000	-	-
	14.239	XXXX	599,949	-	-
			<u>1,219,949</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program					
Formula Grants for Rural Areas and Tribal Transit Program					
Total U.S. Department of Transportation					
	20.106	XXXX	502,485	-	-
	20.509	XXXX	364,904	-	-
			<u>867,389</u>	<u>-</u>	<u>-</u>
U. S. Department of Homeland Security					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially					
Declared Disasters)					
	97.036	XXXX	2,311	770	-
Emergency Management Performance Grant					
	97.042	XXXX	38,524	-	-
Homeland Security Grant Program					
	97.067	XXXX	2,137	-	-
Total U. S. Department of Homeland Security					
			<u>42,972</u>	<u>770</u>	<u>-</u>
U.S. Dept. of Health & Human Services					
Passed-through Red Bird Council of Governments:					
Division of Aging and Adult Services:					
Aging Cluster:					
Special Programs for the Aging - Title III Part B					
Grants for Supportive Services and Senior Centers					
	93.044	XXXX	43,058	2,533	-
Special Programs for the Aging - Title III Part C					
Nutrition Services					
	93.045	XXXX	106,299	6,253	-
Nutrition Services Incentive Program					
	93.053	XXXX	22,547	-	-
Total Aging Cluster					
			<u>171,904</u>	<u>8,786</u>	<u>-</u>
Social Services Block Grant					
	93.667	XXXX	10,146	290	-
Division of Social Services					
Temporary Assistance for Needy Families (TANF) Cluster					
TANF - Work First					
	93.558	XXXX	363,635	-	-
Foster Care and Adoption Cluster (Note 4 & 5)					
Foster Care - Title IV-E					
	93.658	XXXX	151,101	8,243	-

Martin County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2019

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
Child Support Enforcement	93.563	XXXX	290,454	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	XXXX	340,967	-	-
Energy Assistance Payments	93.568	XXXX	-	-	-
Crisis Intervention Program	93.568	XXXX	-	-	-
Total Low-Income Home Energy Assistance			340,967	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids	93.645	XXXX	2,996	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program:			2,996	-	-
Promoting Safe and Stable Families	93.556	XXXX	6,262	-	-
SSBG - Other Service and Training	93.667	XXXX	200,787	-	-
Total Social Service Block Grant			200,787	-	# -
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 Development Mandatory and Match Fund-Administration	93.596	XXXX	68,901	-	-
Total Subsidized Child Care (Note 5)			68,901	-	# -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Health Benefits:					
Division of Social Services:					
Administration:					
Medical Assistance Program (Medicaid Cluster) (Note 5)	93.778	XXXX	1,071,022	2,902	-
Total Medical Assistance Program			1,071,022	2,902	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice (Note 5)	93.767	XXXX	29,090	-	-
Total Children's Health Insurance Program - N.C. Health			29,090	-	-
Total U.S. Dept. of Health and Human Services			2,709,481	20,221	-
Total federal awards			5,139,119	20,991	-
State Awards:					
N.C. Department of Agriculture					
Stream Cleanup Funds		XXXX	-	226,250	-
Spay & Neuter Program		XXXX	-	14,499	-
Total N.C. Department of Agriculture			-	240,749	-
N.C. Dept. of Commerce					
Rural Infrastructure Grant - Weitron		XXXX	-	176,220	-
One NC Grant		XXXX	-	24,960	-
Total N.C. Dept. of Commerce			-	201,180	-

Martin County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2019

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
<b><u>N.C. Department of Environmental Quality</u></b>					
NC Connect Bonds		XXXX	-	771,754	-
Total N.C. Department of Environmental Quality			-	771,754	-
<b>N.C. Dept. of Health and Human Services</b>					
Division of Social Services					
Smart Start		XXXX	-	8,520	-
Foster Care At Risk Child Welfare		XXXX	-	8,106	-
Division of Aging and Adult Services					
90% State Funds - Access		XXXX	-	20,984	-
90% State Funds - In-Home Services		XXXX	-	83,921	-
90% State Funds - Home Delivered Meals		XXXX	-	32,201	-
Total N.C. Department of Health and Human Services			-	153,732	-
<b>N.C. Dept. of Information Technology</b>					
NC E-911 Project funds		XXXX	-	3,732,341	-
<b>N.C. Dept. of Public Safety</b>					
Juvenile Crime Prevention Programs		XXXX	-	123,019	-
<b>N.C. Dept. of Transportation</b>					
NC DOT Cluster ROAP/SMAP					
- ROAP Elderly and Disabled Transportation Assistance Program		XXXX	-	57,505	-
- ROAP Rural General Public Program		XXXX	-	59,219	-
- ROAP Work First Transitional - Employment		XXXX	-	8,107	-
Total ROAP Cluster			-	124,831	-
DOT-11			-	7,628	-
DOT-23			-	200,000	-
DOT-14			-	12,000	-
DOT-8			-	64,766	-
Total N.C. Department of Transportation			-	409,225	-
Total State awards			-	5,632,000	-

Martin County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2019

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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, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Martin County, it is not intended to and does not present the financial position, changes in net position or cash flows of Martin County.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

Martin County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Additionally, Martin County did not have any subrecipients receive noncash contributions, federal loans, or federally funded insurance during the year ended June 30, 2019.

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.

