

**HALIFAX COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Prepared by:**  
**Office of Budget and Finance**

**Submitted by:**  
**Mary W. Duncan**  
**Finance Director**

**HALIFAX COUNTY, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018**

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TABLE OF CONTENTS

	Page Number
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i-vii
GFOA Certificate of Achievement .....	viii
List of Principle Officials .....	ix
Organizational Chart.....	x
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	1-3
Management’s Discussion & Analysis .....	4-14
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position.....	15 and 16
Statement of Activities.....	17 and 18
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds .....	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds.....	26
Statement of Fiduciary Net Position – Fiduciary Funds.....	27
Notes to Financial Statements.....	28-77
<b>Required Supplementary Information:</b>	
Schedule of Changes in the County’s Total OPEB Liability and Related Ratios – OPEB Plan .....	78
Schedule of Changes in Total Pension Liability – LEOSSA.....	79
Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA .....	80
Schedule of County’s Proportionate Share of Net Pension Liability (Asset) – LGERS.....	81

**HALIFAX COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

TABLE OF CONTENTS

	Page Number
<b>Required Supplementary Information (Continued):</b>	
Schedule of County’s Contributions – LGERS.....	82
Notes to Required Supplementary Information – LGERS .....	83
Schedule of County’s Proportionate Share of Net Pension Liability (Asset) – Register of Deeds .....	84
Schedule of County’s Contributions – Register of Deeds .....	85
Notes to Required Supplementary Information – Register of Deeds.....	86
 <b>Combining and Individual Fund Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	87-88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	89-90
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) .....	91-97
General Fund – Public Health Department – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) .....	98-100
General Fund – Social Services Department – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) .....	101
General Fund – Emergency Services Management Department – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) .....	102
General Fund – Reassessment Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis).....	103
Emergency Telephone System Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (NON-GAAP) .....	104
Our Community Hospital Center Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	105
Weldon School District Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	106
Local Fire District Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	107
Roanoke Rapids School Graded District Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	108
Halifax County School District Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	109
Manning Elementary School Project Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	110
Klausner Lumber Two Project Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	111

**HALIFAX COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

TABLE OF CONTENTS

	Page Number
<b>Combining and Individual Fund Statements and Schedules (Continued):</b>	
RPO Peanut Belt Capital Project Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	112
CDBG Infrastructure Aeration System Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	113
Project Freebird Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	114
4-H Rural Life Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	115
Solid Waste Landfill Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	116
Landfill Closure Capital Reserve Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	117
White Goods Disposal Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	118
Electronic Management Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	119
Tire Disposal Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	120
Ash Monofill Landfill Project Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	121
Construction & Debris Landfill Project Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	122
Water Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	123
Water Debt Service Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	124
Mid-Atlantic Sewer Project Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	125
Combining Statement of Net Position – Internal Service Funds .....	126
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds .....	127
Combining Statement of Cash Flows – Internal Service Funds .....	128
Health Insurance Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	129
Unemployment Insurance Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (NON-GAAP) .....	130
Combining Statement of Assets and Liabilities .....	131

**HALIFAX COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

TABLE OF CONTENTS

	Page Number
<b>Combining and Individual Fund Statements and Schedules (Continued):</b>	
Statement of Changes in Changes in Assets and Liabilities .....	132
Schedule of Ad Valorem Taxes Receivable .....	133
Analysis of Current Tax Levy .....	134
Analysis of Current Tax Levy – Secondary Market Disclosure .....	135
 <b>STATISTICAL SECTION</b>	
Net Position by Component – Last Ten Fiscal Years .....	136
Changes in Net Position – Last Ten Fiscal Years .....	137-138
Fund Balances – Governmental Funds – Last Ten Fiscal Years .....	139
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years .....	140
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .....	141
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years .....	142
Principal Taxpayers – Current Year and Ten Years Ago .....	143
Property Tax Levies and Collections – Last Ten Fiscal Years .....	144
Ratios of Net General Bonded Debt Outstanding .....	145
Direct and Overlapping Governmental Activities Debt .....	146
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	147
Legal Debt Margin Information - Last Ten Fiscal Years .....	148
Demographic and Economic Statistics - Last Ten Fiscal Years .....	149
Principal Employers – Current Year and Nine Years Ago .....	150
Full-Time Equivalent County Government Employees by Function/Program - Last Ten Fiscal Years .....	151
Operating Indicators by Function/Program - Last Ten Fiscal Years .....	152
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years .....	153
 <b>COMPLIANCE SECTION</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	154-155
Independent Auditor’s Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act .....	156-158
Independent Auditor’s Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act .....	159-161
Schedule of Expenditure of Federal and State Awards .....	162-164
Schedule of Findings and Questioned Costs .....	165-173
Schedule of Prior Year Findings .....	174
Management’s Corrective Action Plan .....	175-176

## INTRODUCTORY SECTION

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## State of North Carolina County of Halifax

HISTORIC COURTHOUSE ~ PO BOX 38 ~ KING STREET ~ HALIFAX, NC 27839  
252-583-1131 ~ FAX: 252-583-9824

TONY N. BROWN  
COUNTY MANAGER

January 15, 2019

Board of County Commissioners  
and the Citizens of Halifax County

We are pleased to present the comprehensive annual financial report (CAFR) of Halifax County, North Carolina, for the fiscal year ended June 30, 2018. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Mauldin & Jenkins, CPAs. Their unmodified opinion is included in the basic financial statements. Halifax County however, is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe that the data, as presented, is accurate in all material aspects; that they are presented in a manner designed to fairly set forth 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.

Halifax County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, U. S. Office of Management and Budget Uniform Guidance, and the State Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures of federal and state awards, the auditors' report 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 includes all the funds of the primary government (Halifax County), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable.

The Halifax County ABC Board and the Halifax County Tourism Development Authority are component units of Halifax County and are corporate bodies with powers outlined by North Carolina General Statute 18B-701. The Board of Commissioners appoints some members of the ABC, Tourism Authority and Airport Authority Boards.

The ABC Board is required by state statute to distribute its surpluses to the General Funds of the County, cities and towns in which it operates which represent a financial benefit to those entities. Since Halifax County receives 75% of the distributions and appoints the entire Board, the Halifax County ABC Board is reported as a discretely presented component unit in the County's financial statements.

The Halifax County Tourism Development Authority is required by state law to spend the "net proceeds" of occupancy tax funds remitted to it to promote travel and tourism in Halifax County and to finance tourist related capital projects in Halifax County. The Halifax County Tourism Development Authority receives 97% of the occupancy tax collected in Halifax County and the Halifax County Board of Commissioners appoints its entire board. The

Tourism Development Authority is reported as a discretely presented component unit in the County's financial statements.

### ***Description of the County***

Halifax County was chartered by the North Carolina General Assembly in 1758. The residents of the parish of Edgecombe petitioned for the formation of a new county composed of all the territory of Edgecombe County north of Fishing Creek and Rainbow Banks on the Roanoke River.

The County was named by Governor Dobbs for Charles Montague, Earl of Halifax. The Town of Halifax, the County seat, was founded in 1760. From 1776-1782 Halifax served as the center of the North Carolina State Government. On April 12, 1776, the provincial congress of North Carolina adopted the "Halifax Resolves" which was the first official Declaration of Independence by a colony.

Halifax County is located in northeastern North Carolina in the upper coastal plains, halfway between New York and Florida. It is the fourteenth largest county in North Carolina and covers an area of 731 square miles. Interstate 95 and US Highway 301, oriented north and south, split the county in the middle. US Highway 158 is near the northern boundary and orients east and west. US Highway 258 is oriented north and south through the county on the eastern side. CSX Railroad parallels the path of US 301.

The most recent census reports Halifax County's population at 51,310. There are seven municipalities in Halifax County, the largest being Roanoke Rapids with a population of 14,787.

The County also appropriates funding for certain boards, agencies and commissions to assist their efforts in serving citizens. Among these are the Halifax County Board of Education, the Weldon City Board of Education, the Roanoke Rapids Graded School District, Halifax Community College, and the Upper Coastal Plain Council of Governments. Because County allocations do not constitute a major portion of their revenues and the County has no authority to designate their management, none of these organizations have been included in this report.

### ***Economic Conditions and Outlook***

The Halifax County Board of Commissioners is committed to improving the quality-of-life for its citizens, which requires a long-term commitment to economic development. Halifax County's efforts to support new job creation and investment is based on business recruitment and expansion, agriculture and tourism development. Halifax County continues to build on its reputation as a prime location for business and industry development. After several years of flat economic growth, the local economy is showing measurable signs of improvement. Agriculture continues to be a major foundation of the local economy with major crops including cotton, soybeans, peanuts, and tobacco. Halifax County ranks #2 in cotton and #3 in peanut production in North Carolina. Halifax County's location along the Interstate 95 corridor is a major driver for commerce and tourism.

Major economic indicators show expansion of the Halifax County economy through June 30, 2018 led by growth in employment, consumer activity, construction activity and visitor spending. Halifax County's unemployment rate as of June 2018 was 6.5% compared to 7.4% in 2017. Retail sales increased to \$515,454,495 in Fiscal Year 2017-2018, increasing 4.7% over the previous period. Additional evidence of economic growth is construction; for

Fiscal Year 2017-2018, the value of building permits was \$35,151,548. Visitor spending in Halifax County increased by 5.6% over the previous year to \$96.9 million.

### ***Recent Initiatives***

Halifax County is the hub for commercial and business activity in northeastern North Carolina. Commercial and industrial sites, industrial-quality utilities, and abundant water and sewer capacities are available in Halifax County to meet the demands of business and industry. Continued investments in infrastructure and site development by the Halifax County Board of Commissioners are now supporting new commercial and industrial opportunities, higher wage jobs, and diversification of the local employment base. Over the past year, Halifax County has seen a marked improvement in the economy and increased economic growth.

In March, ***Site Selection Magazine*** named the Roanoke Rapids Micropolitan Area as one of the **Top 100 Micropolitan** in the US. The Roanoke Rapids Micropolitan Area, which encompasses all of Halifax and Northampton Counties, received an overall **ranking of #18** based on the number of new and expanding economic development projects.

Major industrial activity includes:

- Klausner Lumber Two, LLC is constructing a \$110 million lumber processing facility near Enfield that will create 350 jobs. Company plans to be operational in September.
- Culpeper Wood Preservers purchased and renovated the former Georgia Pacific facility in Roanoke Rapids for wood treating and has created 20 new jobs.
- The Center for Energy Education (C4EE) opened in October at the former Airport site and is gaining national attention as a hub for renewable energy research, education, and workforce development for Halifax County and Eastern NC.
- Carolina Chips, Inc. completed a \$48 million chip mill facility at the KapStone Paper mill site that created 16 new jobs.
- Enfield Timber, LLC is completing of renovation of the former Quality Forest Products facilities near Enfield that will create 36 new jobs.
- Meherrin River Forest Products, an exporter of hardwood lumber, completed its second expansion that added an additional 35 jobs.
- Patton Mechanical, an industrial/commercial mechanical contractor, constructed a new facility at the Halifax Corporate Park that employs 16 people.
- CCX intermodal terminal facility will begin construction in 2019 and will be located on US Highway 301, approximately 20 miles from the Halifax Corporate Park.

Halifax County is working collaboratively with Halifax County Business Horizons and the City of Roanoke Rapids in redevelopment of the former WestPoint Stevens manufacturing site and buildings. The Division of Environmental Quality continues to review the Brownsfield application. A former textile manufacturing facility, this heavy industrial site offers tremendous potential for redevelopment as a prime manufacturing location.

A number of important commercial projects are planned or under construction throughout Halifax County. In Roanoke Rapids, Windsor Commercial will begin construction any day on a four-unit retail complex on Premier Boulevard. Drug-Co Pharmacy has completed its

second retail location on Tenth Street and Sonic Drive-In is expanding its footprint, including a playground area. Additional retail and commercial development are also focused in along the Roanoke Avenue Historic District in conjunction with the Roanoke Rapids Main Street

Program and in the Towns of Littleton, Scotland Neck, Enfield, Weldon, and Hobgood. Revitalization efforts are also underway in the historic Town of Halifax, including redevelopment of the old Halifax Hotel and the Joseph Montfort Amphitheater. The Affinity Living Group recently completed construction of a \$6 million Assisted Living Community in Scotland Neck.

Major transportation and infrastructure improvements are in progress which will enhance industrial and commercial development opportunities. Improvements include the four-laning of US Highway 125 from Old Farm Road in Roanoke Rapids to Exit 171 at Interstate 95, extension of Premier Boulevard to NC Highway 125, resurfacing of Roanoke Avenue, and the planned replacement of the Gaston Bridge.

Additionally, the Town of Weldon and Halifax County are working collaboratively with NCDOT to support Amtrak passenger rail service at the former Depot in Weldon. The project is being developed in conjunction with freight/logistics improvements planned to support increased traffic that will be generated by the planned CCX Intermodal facility near Rocky Mount.

The Halifax-Northampton Regional Airport, a partnership between Halifax County, Northampton County, and the City of Roanoke Rapids, continues to increase in use and revenues and stays busy year-round.

Halifax County Public Utilities has completed the \$800,000 CDBG – Infrastructure Grant to install aeration systems in the 1-million-gallon Ground Storage Tank south of Halifax. The aeration systems are intended to reduce Trihalomethane levels in our water system.

The Halifax County Public Solid Waste Division is currently in the process of bidding a closure project for the coal combustion residue disposal site. Bidding is also underway to close the existing C&D facility and excavate a new C&D disposal area.

The County secured a long-term lease with the State of North Carolina to renovate, promote and operate the Joseph Montfort Amphitheater, near the state Historic Halifax site. A grant in the amount of \$150,000 was obtained for architectural design. Schematics have been presented to the committee and Board of Commissioners.

The County has been focusing on information technology efforts in the last year. Remote wireless connection points were established in the historic courthouse as well as court services building to enhance access to the internet. VOIP, Voice Over Internet Provider, telephone service, Phase 2, was implemented for the Historic Courthouse, Public Utilities and Central Planning buildings in Fiscal Year 18. Phase 3 will complete the transition by connecting the Court Services Building, Sheriff's Office and Jail; this should be completed by December 31, 2018.

Roanoke Rapids Graded School District's Manning Elementary replacement project is approximately 95% complete. Students moved into the new building in January 2018. The old building was demolished and new playgrounds built during the 2018 summer break. The district also purchased two adjacent lots which will be cleared for the creation of 50 additional parking spaces; this should be completed by June 30, 2019.

The 4H Rural Life Center underwent a much-needed renovation with funds obtained from Kate B. Reynolds Charitable Trust, PARTF and Dominion Power. New playground equipment, multi-purpose tennis/basketball/pickleball courts and a 9-hole disc golf course

was added along with a 1-acre pond for fishing. Other improvements are planned to fully use the available funding.

The County provided the three public school systems with \$5,463,054 in current expense and \$4,214,670 in capital outlay funds. Halifax Community College received \$1,063,851 in operating funds and \$240,527 in capital outlay funds. In addition, debt service payments were made on QSCB projects for the Roanoke Rapids Graded School District and the Weldon City School District.

### ***Future Initiatives***

The Halifax County Economic Development Commission (HCEDC), the County's industrial recruitment arm and liaison with local industry, is the lead economic development agency in Halifax County and promotes and markets the area to new and existing industrial opportunities. The EDC also partners with the Economic Development Partnership of North Carolina, NC Department of Commerce, local utilities and other industrial allies to retain existing industries, promote expansion opportunities and to locate new industrial development in the County.

Finally, Standard & Poor's affirmed Halifax County's A+ bond rating, citing a stable residential tax base along with strong wealth per capita, a very strong financial position, and low overall debt.

### ***Financial Information***

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Halifax County, appropriations in all funds are formally budgeted at the departmental level or project level. However, for internal accounting purposes, budgetary control is maintained by object class (line account). Purchase orders that would create an over-encumbrance at that level are not written until additional appropriations are available. Encumbrances are liquidated at year end; however, encumbrances generally are re-appropriated as part of the following year's budget and are reported as reservations of fund balance.

The County, because of population, is required by North Carolina General Statute 159-26(d) to use an encumbrance system.

In accordance with state law, the County's budget is prepared on the modified accrual basis; its accounting records also are maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for un-matured principal and interest on long-term debt and certain compensated absences.

Governmental Fund types, such as the County's General Fund, Special Revenue Funds, Capital Project Funds, and Agency Funds are reported on the modified accrual basis in the financial statements. The County's Enterprise Funds are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (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 requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As a part of the County's single audit (discussed in more detail in a later paragraph), the independent auditor considered the County's internal control structure. The procedures performed by the independent auditor did not indicate any material internal control weaknesses or reportable conditions.

The Management's Discussion and Analysis, located in the Financial Section, contains highlights of the County's financial status as well as descriptions of the various fund types and financial statements.

### ***Single Audit***

As a recipient of federal and state financial assistance, the County is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the County's single audit, described above, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the County complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2018, provided no instances of material weaknesses in internal control structure or significant violations of applicable laws and regulations.

### ***Enterprise Operations***

The Water/Wastewater Division is responsible for providing safe drinking water to approximately 20,250 rural county residents, and for the collection and disposal of wastewater from approximately 1,100 rural county residents. The Water Division is funded through water and wastewater charges. Rates are adjusted annually to ensure that funds are available for repayment of debt and for daily operations and maintenance.

The Solid Waste Division is responsible for collection and disposal of household garbage and recyclables for approximately 14,300 households through a contract with Unity of the Carolinas. The Solid Waste Division operates one county owned centrally located C&D landfill, a transfer station for MSW, a disposal site for coal combustion residue, and seven manned convenience sites located strategically throughout the County for use by residents to dispose of furniture, yard waste, appliances, electronics, and tires. The Division is funded through annual solid waste fees and tipping fees which are adjusted annually. Tipping fees are charged to each commercial client at the landfill and County transfer station.

Halifax County's enterprise operations are comprised of one department with two separate and distinct divisions: Water/Wastewater Division and Solid Waste Division. Except for administrative staff, each division has a separate staff and budget and operates independently from the other.

## OTHER INFORMATION

### *Independent Audit*

North Carolina General Statutes require each unit of local government to have its accounts audited annually by an independent certified public accountant. The accounting firm of Mauldin & Jenkins, CPA located in Atlanta, Georgia was selected by the Board of Commissioners after audit request for proposals were submitted.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance along with the State Single Audit Implementation Act. The auditors' report on the Basic Financial Statements is included in the Financial Section of this report. The auditors' reports related specifically to the single audit are included in the Compliance Section.

### *Comprehensive Annual Financial Report*

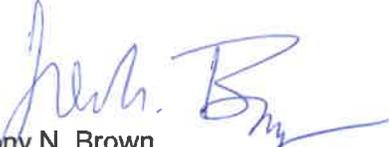
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Halifax County for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the eighteenth consecutive year Halifax County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### *Acknowledgments*

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Office Staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit also should be given to the Board of Commissioners for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,

  
Tony N. Brown  
County Manager

  
Mary W. Duncan  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Halifax County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

***Halifax County, North Carolina***

**LIST OF PRINCIPAL OFFICIALS**

June 30, 2018

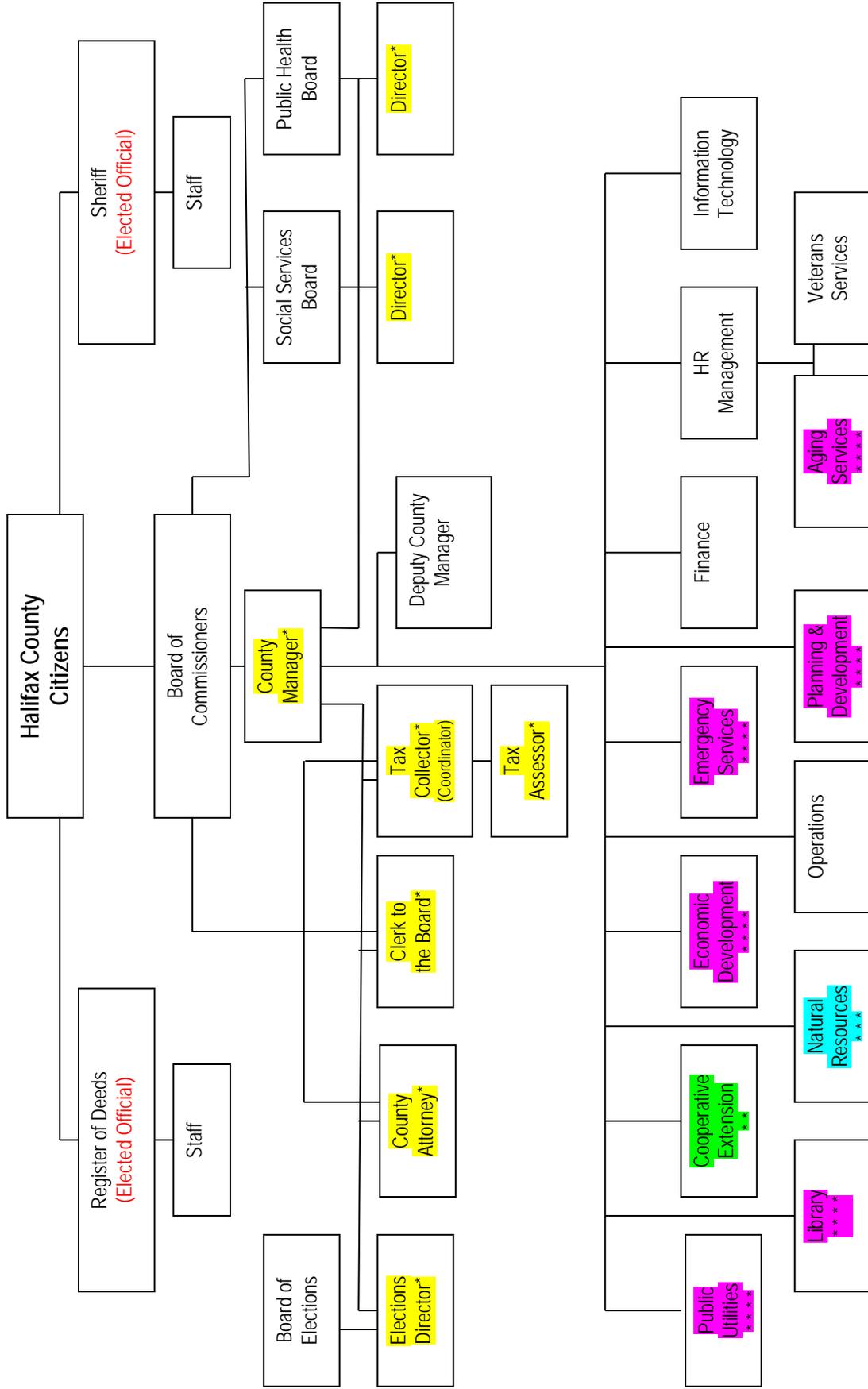
**Board of Commissioners**

Vernon J. Bryant, Chairman  
J. Rives Manning, Jr., Vice-Chairman  
Linda A. Brewer  
Carolyn C. Johnson  
Marcelle O. Smith  
T. Patrick W. Qualls

**Administrative Officials**

Tony N. Brown, County Manager  
Dia H. Denton, Deputy County Manager  
Mary W. Duncan, Finance Director  
Christie C. Avens, Register of Deeds  
S. Wesley Tripp, Jr, Sheriff  
Bruce L. Robistow, Director of Health Services  
Dora A. Carter, Director of Social Services  
Virginia N. Orvedahl, Director of Library

**Organizational Chart ~ Halifax County North Carolina  
June 30, 2018**



\*Reports to a Governing Board  
 \*\*Director is a State Employee (NCSU)  
 \*\*\*Director is a Federal Employee  
 \*\*\*\*Coordinates with an Advisory Board

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**Members of the Board of Commissioners  
Halifax 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 **Halifax County, North Carolina (the "County")**, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Halifax County ABC Board, which represents 71%, 67%, and 83% of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Halifax 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 from material misstatement. The financial statements of the Halifax County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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.

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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 aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of Halifax County, North Carolina as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for 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 Notes 10 and 14, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changed the accounting for the County's total other postemployment benefits (OPEB) liability and related disclosures. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the County's Total OPEB Liability and Related Ratios – OPEB Plan, the Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, the County's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of the County's Contributions – LGERS, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds Supplemental Pension Fund, and the Schedule of the County's Contributions – Register of Deeds Supplemental Pension Fund, on pages 4-14, 78, 79, 80, 81, 82, 84 and 85, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund statements and schedules, the schedule of expenditures of federal and state awards as required 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, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards (the "supplementary information") 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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 the County's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 15, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis is designed to provide an objective and easy to read analysis of Halifax County, North Carolina's (the "County"), financial activities for the fiscal year ended June 30, 2018. It is intended to provide a broad overview using a short-term and long-term analysis of the County's activities based on information presented in the financial report and fiscal policies that have been adopted by the Board of County Commissioners.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of Halifax County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,366,110. The County's net position of governmental activities exhibited a decrease of \$3,081,721 with the business-type activities showing a decrease of \$254,411 resulting in the government's total net position decreasing by \$3,336,132.

As of the close of the current fiscal year, Halifax County's governmental funds reported combined ending fund balances of \$34,414,169 after a net decrease of \$3,824,121. Approximately 77.7% of this total amount, or \$26,747,756, is restricted or non-spendable.

The County's unassigned fund balance for the General Fund was \$4,253,587, or 7.44%, of net General Fund expenditures and transfers at the close of the current fiscal year.

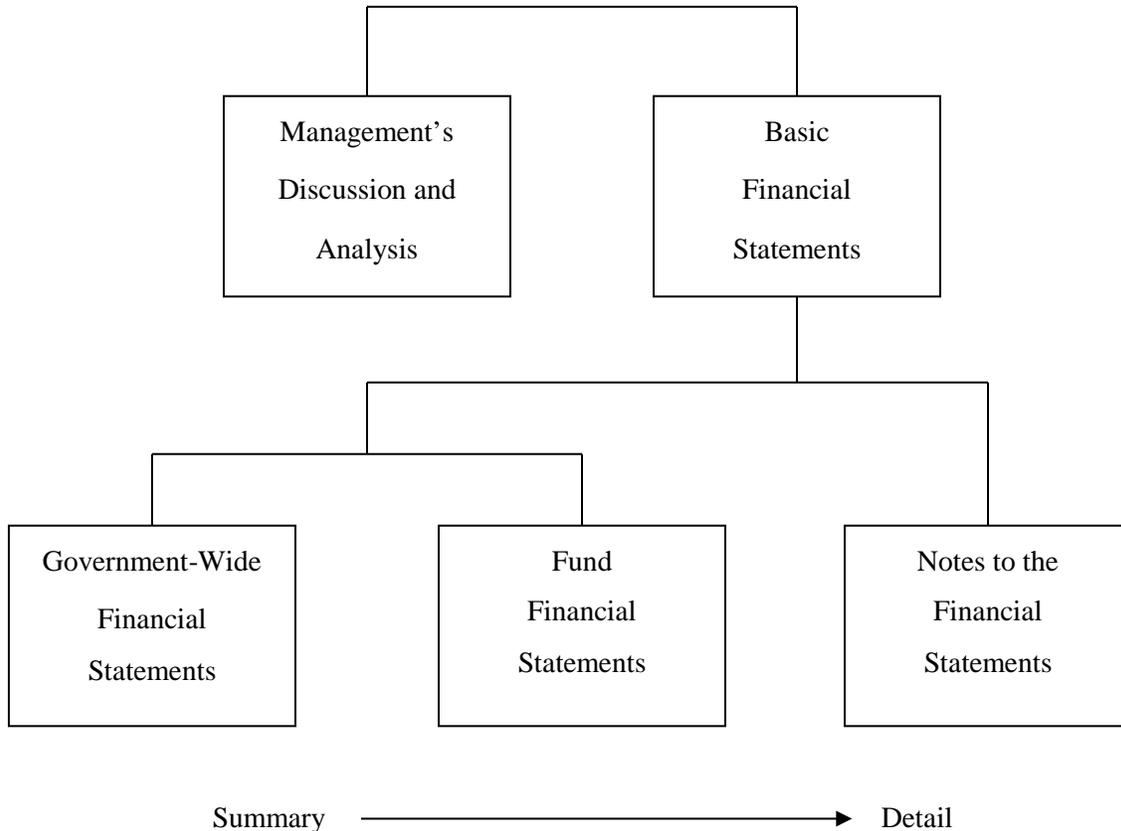
The County holds an A+ bond rating from Standard and Poor's effective as of June 30, 2018.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management's Discussion and Analysis is intended to serve as an introduction to the County's Comprehensive Annual Financial Report (CAFR). The CAFR contains the basic financial statements, which include three components: government-wide financial statements, fund financial statements, and notes to the financial statements. The report also contains the statistical section, single audit, and other supplementary information in addition to the basic financial statements; these will assist the reader's understanding of the fiscal condition of the County.

## Required Components of Annual Financial Report

Figure 1



### BASIC FINANCIAL STATEMENTS

The first section of the basic financial statements is the **Government-Wide Financial Statements**, which provide both short and long-term information concerning the County's financial status.

The following section is the **Fund Financial Statements**. These focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the fund financial statements: governmental funds, budgetary comparison, proprietary fund, and fiduciary fund statements.

The final section is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in the statements. Following the notes, **Supplemental Information** provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the State of North Carolina General Statutes can also be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans and other postemployment benefit plan.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements include a **Statement of Net Position** and a **Statement of Activities** which provide short and long-term information about the County's financial status as a whole.

The Statement of Net Position presents information on all of the County's assets, deferred outflows and inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying economic event occurs, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the statement will have cash flows in future fiscal periods. For example, taxes are shown as revenue although cash receipts will occur early in the following fiscal year; an increase in unused vacation leave is recorded as an expense although the related cash flow will occur in the future.

Both of the government-wide financial statements show a distinction between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public education, economic development, human services, and general administration. The business-type activities are public utilities, which are comprised of water systems and solid waste (landfill) systems.

The government-wide financial statements include not only the County itself (primary government), but also the ABC Board and the Tourism Development Authority. Financial information for these component units is reported separately from the financial information presented for primary government.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources, which have been segregated for specific activities or objectives. The County, like other State and local governments in North Carolina, uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provision. The fund statements focus on the major funds of the County. All of the County's funds may be divided into three categories: governmental, proprietary, and fiduciary.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements with the major difference being how the funds can be readily converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the County's programs. Governmental funds presented individually in the County's statements include three major funds: General Fund, Manning Elementary School, and Klausner Lumber Two Project.

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

### **Proprietary Funds**

The County maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report in greater detail the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer system and solid waste services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various departments. The County uses internal service funds to account for Health Insurance Fund and Unemployment Insurance Fund. Because this operation benefits predominately governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the governmental-wide financial statements.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. The County has one fiduciary fund type, 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 held by the County as an agent on the behalf of others. The County has three trust and agency funds: Social Services Trust Fund – monies deposited with DSS for the benefits of certain individuals; Tax Collection Agency Fund – revenues collected by the County on behalf of municipalities within the County; Register of Deeds Trust Fund Fee – monies remitted monthly to the State from marriage licenses.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

### **Other Information**

Combining and individual statements and schedules referred to earlier, which present more detailed views of nonmajor funds, are found in the *Combining and Individual Fund Statements and Schedules* of the CAFR. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning funding of employee pension obligations. Required supplementary information can be found on pages 78 through 86 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Halifax County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017-Restated	2018	2017-Restated	2018	2017-Restated
<b>Assets</b>						
Current and other assets	\$ 38,868,973	\$ 35,005,637	\$ 16,201,375	\$ 15,324,024	\$ 55,070,348	\$ 50,329,661
Restricted assets	2,316,768	9,973,904	97,850	292,659	2,414,618	10,266,563
Capital assets	20,544,195	21,738,217	33,417,381	35,119,705	53,961,576	56,857,922
<b>Total assets</b>	61,729,936	66,717,758	49,716,606	50,736,388	111,446,542	117,454,146
<b>Deferred Outflows of Resources</b>						
	4,385,725	6,729,911	131,170	254,732	4,516,895	6,984,643
<b>Liabilities</b>						
Current liabilities	1,932,691	3,293,680	829,715	616,379	2,762,406	3,910,059
Non-current liabilities	48,875,898	52,414,330	29,899,764	30,998,354	78,775,662	83,412,684
<b>Total liabilities</b>	50,808,589	55,708,010	30,729,479	31,614,733	81,538,068	87,322,743
<b>Deferred Inflows of Resources</b>						
	1,052,436	403,302	6,823	10,502	1,059,259	413,804
<b>Net Position</b>						
Net investment in capital assets	17,187,742	21,388,949	11,290,268	11,824,479	28,478,010	33,213,428
Restricted	24,454,078	22,911,749	-	-	24,454,078	22,911,749
Unrestricted	(27,387,184)	(26,964,341)	7,821,206	7,541,406	(19,565,978)	(19,422,935)
<b>Total net position</b>	\$ 14,254,636	\$ 17,336,357	\$ 19,111,474	\$ 19,365,885	\$ 33,366,110	\$ 36,702,242

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$33,366,110 at fiscal year-end. Net position decreased in the current fiscal year primarily due to approximately \$7.5 million of outlays for school assets, which are reported by the School Districts. \$28,478,010 (85.4%) reflects the County's investment in capital assets such as land, buildings, equipment, and construction in progress, less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate these liabilities. The payment of maintenance and debt service costs on these capital assets will require future government resources.

Seventy-three percent (73.3%) of total net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, may be used to meet the ongoing obligations to citizens and creditors.

## Halifax County's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 5,750,547	\$ 15,241,151	\$ 10,321,058	\$ 10,165,152	\$ 16,071,605	\$ 25,406,303
Operating grants and contributions	16,755,893	17,721,133	117,952	-	16,873,845	17,721,133
Capital grants and contributions	903,585	4,101,133	-	128,416	903,585	4,229,549
General Revenues:						
Property Taxes	34,488,840	31,809,653	-	-	34,488,840	31,809,653
Local option sales tax	9,677,612	-	-	-	9,677,612	-
Other Taxes	285,520	-	-	-	285,520	-
Other	203,391	82,528	49,564	16,275	252,955	98,803
<b>Total Revenues</b>	<b>68,065,388</b>	<b>68,955,598</b>	<b>10,488,574</b>	<b>10,309,843</b>	<b>78,553,962</b>	<b>79,265,441</b>
<b>Expenses:</b>						
General Government	8,473,124	11,824,803	-	-	8,473,124	11,824,803
Public Safety	17,137,119	15,223,699	-	-	17,137,119	15,223,699
Economic & physical development	1,522,518	5,070,877	-	-	1,522,518	5,070,877
Human services	20,581,114	20,258,952	-	-	20,581,114	20,258,952
Culture & recreational	686,028	506,484	-	-	686,028	506,484
Education	21,888,553	22,071,399	-	-	21,888,553	22,071,399
Interet and fees	882,908	1,012,473	-	-	882,908	1,012,473
Water & sewer	-	-	4,532,991	5,982,662	4,532,991	5,982,662
Landfill/Solid waste	-	-	6,185,739	3,700,588	6,185,739	3,700,588
<b>Total Expenses</b>	<b>71,171,364</b>	<b>75,968,687</b>	<b>10,718,730</b>	<b>9,683,250</b>	<b>81,890,094</b>	<b>85,651,937</b>
Increase/decrease in net position before transfers	(3,105,976)	(7,013,089)	(230,156)	626,593	(3,336,132)	(6,386,496)
Transfers	24,255	-	(24,255)	-	-	-
Increase/Decrease in net position after transfer	(3,081,721)	(7,013,089)	(254,411)	626,593	(3,336,132)	(6,386,496)
<b>Net Position:</b>						
Beginning of year - July 1	23,096,058	30,779,533	17,858,136	17,231,543	40,954,194	48,011,076
Restatement	(5,759,701)	(670,386)	1,507,749	-	(4,251,952)	(670,386)
<b>Total net position</b>	<b>\$ 14,254,636</b>	<b>\$ 23,096,058</b>	<b>\$ 19,111,474</b>	<b>\$ 17,858,136</b>	<b>\$ 33,366,110</b>	<b>\$ 40,954,194</b>

## **Governmental Activities**

Of total net position, governmental activities accounted for \$14,254,636, with operating grants and contributions funding \$16,755,893 of the County's governmental activities. Only property taxes provided a higher source of income. During fiscal year 2018, interest revenues improved along with the economy and the County continues the utilization of interest earnings credit as an off-set against bank charges/administrative fees. Revenues remained fairly constant with fees from construction, which had taken a downturn in the previous fiscal years. The Commissioners continue to be aggressive in pursuing businesses through economic development incentives of building reuse grants and other infrastructure needs.

## **Business-Type Activities**

Business-type activities decreased the County's net position by \$254,411. A restatement to Solid Waste saw an increase in the net position which can be tied to the long-term receivable from Westmoreland Ash Monofill closure expense. Water and Sewer rates were changed to market prices after several years of absorbing increased costs and to improve debt covenant percentages per revenue bond guidelines.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

### **Governmental Funds**

The focus of Halifax County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Halifax 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 Halifax County. At the end of the current fiscal year, fund balance available (unassigned and restricted, excluding state stabilization amounts) in the General Fund was \$18,371,191, while total fund balance reached \$31,970,830. The County currently has an available fund balance of 33.2% of General Fund expenditures and transfers out, while total fund balance represents 55.7% of that same amount.

At June 30, 2018, the governmental funds of Halifax County reported a combined fund balance of \$34,414,169, a 6.1% decrease from last year. This can be primarily attributed to the new Manning Elementary School project being 95% completed.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This difference in focus and purpose creates significant variances between the governmental fund financial statements of the government-wide financial statements. For the year ended June 30, 2018, the net change in fund balances per the governmental funds showed a decrease of \$3,824,121, while the governmental activities column of the government-wide financial statements indicated a decrease of \$3,081,721 in net position. A major contributing factor to this difference is due to the reporting of debt service and capital outlays as expenditures in the governmental funds, but as balance sheet/capital items (i.e., not expenses immediately, but rather over the life of the assets) on the government-wide statements.

Fund balance may serve as a useful measure of a government's net resources available for spending. Prepaid items of \$30,048 and advances of \$342,460 are considered non-spendable. Approximately \$26.4 million of the total governmental fund balances constitutes restricted fund balance, which is available for spending within the constraints of each particular fund. The remainder of the fund balance is available for spending at the County's discretion.

Special revenue funds are used to account for specific revenue sources and their related expenditures. The aggregate fund balance of all special revenue funds was \$553,283 at year-end. All the fund balances for special revenue funds are considered restricted.

Capital project funds reported expenditures of \$8,307,293 for the current fiscal year. Projects, which become assets of the County, excluding school expenses, have their yearly expenses added to the County's construction in progress until the project is completed and then depreciated over their useful lives.

### **Proprietary Funds**

Proprietary funds provide the same type of information found in the government-wide finance statements, but in more detail. Net position of solid waste at year-end totaled \$5,410,941 and the Water Fund totaled \$13,700,533 for a cumulative total of \$19,111,474. Other factors concerning the finances of the proprietary funds have previously been addressed during the discussion of the County's business-type activities.

### **Internal Service Funds**

Internal service funds are designed to recover the internal costs of general services provided to the other fund groups. At June 30, 2018, total net position amounted to \$1,795,147, which is an increase of \$868,511 from the previous fiscal year.

### **General Fund Budgetary Highlights**

During the year, the County revised the budget on several occasions. Generally, the budget amendments fall into 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, which become necessary to maintain services. The majority of amendments, which increased revenues are attributable to restricted intergovernmental revenues and annual grants, which are not included until final authorizations are signed. The County also increased the allotments for the general government departments based on the increase in sales tax and available intergovernmental revenues. Another significant increase in the budgeted expenditures of the General Fund was an approximately \$1 million increase in the education allotments, which was increased for additional projects which were originally not approved in the budget. A comparison of actual results versus the final budget reveals a net increase in the General Fund's fund balance by \$3,040,663 a portion of this increase can be tied to property tax collections, conservative spending and postponement of several improvement projects. The County achieved this through managing the expenditures throughout the year.

## Capital Asset and Debt Administration

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$53,691,576 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, water lines, and solid waste convenience sites. The decrease in the County's capital assets for the current fiscal year was approximately 5.6%.

#### Halifax County's Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Improvements	\$ 3,884,023	\$ 3,884,023	\$ 463,850	\$ 463,850	\$ 4,347,873	\$ 4,347,873
Buildings	32,424,780	33,842,439	57,136,762	57,136,762	89,561,542	90,979,201
Equipment	6,368,277	5,789,205	3,636,621	3,636,621	10,004,898	9,425,826
Vehicles	4,797,052	4,513,332	1,067,850	1,044,643	5,864,902	5,557,975
Construction in Progress	268,077	53,862	204,187	204,187	472,264	258,049
Sub-total	47,742,209	48,082,861	62,509,270	62,486,063	110,251,479	110,568,924
Less: Accumulated depreciation	(27,198,014)	(26,344,644)	(29,091,889)	(27,366,358)	(56,289,903)	(53,711,002)
Total	\$ 20,544,195	\$ 21,738,217	\$ 33,417,381	\$ 35,119,705	\$ 53,961,576	\$ 56,857,922

Our financial statements present capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities, and those assets not subject to depreciation, such as land and construction in progress.

Prior to implementation of GASB No. 34, accumulated depreciation and depreciation expenses were required to be reported only in the enterprise funds and internal service funds. With the implementation of GASB 34, accumulated depreciation was reported in the Statement of Net Position for capital assets, which were not held by the enterprise or internal service funds. In addition, the corresponding depreciation expenses were reported in the Statement of Activities. Please refer to the notes to financial statements beginning on page 28 for further details regarding capital assets.

### Long-Term Debt

A significant component of the County's debt is the general obligation bonds, at \$17,823,825, representing bonds backed by the full faith and credit of the County.

This outstanding general obligation indebtedness is only a portion of the legal debt limit of approximately \$285,252,000. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which restricts the amount of net bonded debt a county may have outstanding to 8% of the appraised value subject to taxation.

**Halifax County's Outstanding Debt  
General Obligation and Revenue Bonds**

	Business Type Activities	
	2018	2017
General Obligation Bonds	\$ 17,823,825	\$ 18,033,808
Revenue Bonds	2,502,000	2,549,000
Total	\$ 20,325,825	\$ 20,582,808

The County has a rating of A+ by Standard & Poor's (S&P). The County's general obligation debt per capita is \$347 as of June 30, 2018, while the County's gross debt per capita is \$1019.

Additional information of the County's long-term debt can be found beginning on page 48 in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Local and national economic factors influence the County's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales tax, fuel taxes, charges for services, as well as federal and State grants. Economic growth may be measured by such indicators as employment growth, unemployment, increases in new construction and assessed values, diversification of the property tax base, enterprise fund revenue, and net asset growth. Economic factors considered in preparing the County's budget for the 2019 fiscal year included, but were not limited to, the following:

The County labor force equals approximately 20,372 and has an unemployment rate of 6.5% as of June 30, 2018. This compares unfavorably to the State's unemployment rate of 4.2% and the United States' rate of 4.0% for the same period. The labor force, per Employment Security Commission charts, showed a decrease, and unemployment rate has decreased in comparison to the prior fiscal year.

- Inflationary trends in the region compare favorably to national indices.
- Population of 51,310 has continued to decrease from 2017 by approximately .08%.

Additional information regarding economic factors is provided in the statistical section of the CAFR.

**BUDGET HIGHLIGHTS FOR FISCAL YEAR 2018-2019**

**Governmental Activities**

The County's property revaluation was effective January 1, 2015. The County had held the property tax rate steady at \$.68 per \$100 since the previous revaluation in 2007. In order to be revenue neutral in response to the lower property values, the tax rate was increased to \$.73 per \$100. An additional \$.05 per \$100 was levied for the purpose of raising revenue for the repayment of debt incurred by the County related to the construction of a new Manning Elementary School. A property tax decrease of \$.01 was approved by the Board of Commissioners for Fiscal Year 2019. The County's current property valuation is \$3.5 billion dollars and the estimated property collection rate for Fiscal Year 2019 is 97.75%.

Property taxes and revenues from permits and fees are expected to continue to lead the increase in revenue projections. Sales tax revenues are increasing moderately with the improvement of the economy. With the

improved economy, revenues from earned interest are rising while conservative budgeting is still in place. Expenditure modifications implemented in prior fiscal years were carried forward into fiscal year 2019.

Economic development will continue to be emphasized during the 2018-2019 fiscal year. In conjunction with the NC Department of Commerce, several economic incentive packages are being developed for existing business expansions. Development continues in the Halifax Corporate Park with infrastructure construction for Klausner Lumber. Six industrial sites are being promoted with emphasis on the proximity to the Halifax-Northampton Regional Airport.

### **Business-Type Activities**

The 2019 budgeted expenditures for the Solid Waste Fund are \$4,032,224 which is a 1.1% increase as compared to fiscal year 2018. Public Utilities – Water Division’s fiscal year 2019 budgeted expenditures are \$6,154,676 which is an increase of 2.0% from the previous fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County’s finances for those with an interest in this area. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Halifax County Finance Director, P.O. Box 38, Halifax, North Carolina 27839. You may also visit our web-site at [www.halifaxnc.com](http://www.halifaxnc.com).

**HALIFAX COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

	Primary Government			Component Unit	
	Governmental	Business-type	Total	Halifax County Tourism Development Authority	Halifax County ABC Board
	Activities	Activities			
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,119,335	\$ 9,476,493	\$ 38,595,828	\$ 960,239	\$ 912,060
Receivables, net of allowance for uncollectibles	6,496,360	1,581,190	8,077,550	-	-
Taxes receivable, net of allowance for uncollectibles	2,129,519	-	2,129,519	-	-
Due from other governments	878,043	50,061	928,104	96,099	-
Internal balances	142,460	(142,460)	-	-	-
Inventories	-	57,656	57,656	-	428,265
Prepaid items	30,048	-	30,048	1,583	274
Restricted cash and cash equivalents	2,316,768	97,850	2,414,618	-	-
Long-term receivable	-	5,178,435	5,178,435	-	-
Net pension asset	73,208	-	73,208	-	-
Capital assets:					
Non-depreciable	4,152,100	640,914	4,793,014	-	520,373
Depreciable, net of accumulated depreciation	16,392,095	32,776,467	49,168,562	-	710,636
Total assets	61,729,936	49,716,606	111,446,542	1,057,921	2,571,608
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	3,961,964	131,170	4,093,134	27,611	48,544
OPEB related items	423,761	-	423,761	-	7,744
Total deferred outflows of resources	4,385,725	131,170	4,516,895	27,611	56,288
<b>LIABILITIES</b>					
Accounts payable	1,792,554	454,818	2,247,372	40,972	98,670
Accrued liabilities	140,137	98,832	238,969	-	252,347
Customer deposits	-	276,065	276,065	-	-
Interest payable	105,444	-	105,444	-	-
Claims payable	761,975	-	761,975	-	-
Landfill postclosure liability, due in more than one year	-	7,529,044	7,529,044	-	-
Installment notes, due within one year	2,548,524	1,125,305	3,673,829	-	-
Installment notes, due in more than one year	27,308,736	16,698,520	44,007,256	-	-
Notes payable, due within one year	-	118,746	118,746	-	-
Notes payable, due in more than one year	-	1,682,542	1,682,542	-	-
Bonds payable, due within one year	-	48,000	48,000	-	-
Bonds payable, due in more than one year	-	2,454,000	2,454,000	-	-
Capital lease, due within one year	75,662	-	75,662	-	-
Capital lease, due in more than one year	238,527	-	238,527	-	-
Compensated absences, due within one year	778,350	32,495	810,845	4,433	-
Compensated absences, due in more than one year	1,167,524	48,738	1,216,262	6,648	-
Total pension liability, due in more than one year	1,691,384	-	1,691,384	-	-
Net pension liability, due in more than one year	4,979,789	162,374	5,142,163	31,624	39,568
Total OPEB liability, due in more than one year	9,219,983	-	9,219,983	10,470	243,534
Total liabilities	50,808,589	30,729,479	81,538,068	94,147	634,119

# HALIFAX COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION JUNE 30, 2018

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Halifax County Tourism Development Authority	Halifax County ABC Board
	<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tax revenue	329,156	-	329,156	-	-
OPEB related items	464,515	-	464,515	239	-
Pension related items	258,765	6,823	265,588	5,943	1,120
Total deferred inflows of resources	1,052,436	6,823	1,059,259	6,182	1,120
<b>NET POSITION</b>					
Net investment in capital assets	17,187,742	11,290,268	28,478,010	-	1,231,009
Restricted for:					
Stabilization by State Statute	10,980,011	-	10,980,011	96,099	-
Public safety	2,163,491	-	2,163,491	-	-
Human services	10,335,475	-	10,335,475	-	-
Education	216,737	-	216,737	-	-
Tax reassessment	599,639	-	599,639	-	-
Economic and physical development	158,725	-	158,725	-	-
Other	-	-	-	-	157,671
Unrestricted	(27,387,184)	7,821,206	(19,565,978)	889,104	603,977
Total net position	\$ 14,254,636	\$ 19,111,474	\$ 33,366,110	\$ 985,203	\$ 1,992,657

The accompanying notes are an integral part of these financial statements.

# HALIFAX COUNTY, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 8,473,124	\$ 3,259,332	\$ 1,141,192	\$ -
Public safety	17,137,119	2,167,892	1,058,220	-
Economic and physical development	1,522,518	272,355	517,507	265,086
Human services	20,581,114	39,560	13,396,546	-
Culture and recreation	686,028	11,408	99,573	-
Education	21,888,553	-	542,855	638,499
Interest on long-term debt	882,908	-	-	-
Total governmental activities	71,171,364	5,750,547	16,755,893	903,585
Business-type activities:				
Solid waste	4,532,991	4,101,802	117,952	-
Water and sewer	6,185,739	6,219,256	-	-
Total business-type activities	10,718,730	10,321,058	117,952	-
Total primary government	\$ 81,890,094	\$ 16,071,605	\$ 16,873,845	\$ 903,585
Component Unit:				
Halifax County Tourism Development Authority	\$ 911,936	\$ 14,544	\$ -	\$ -
Halifax County ABC Board	5,235,299	5,305,623	-	-
Total component unit	\$ 6,147,235	\$ 5,320,167	\$ -	\$ -

General revenues:

- Ad valorem taxes
- Sales and use taxes
- Other taxes
- Investment earnings
- Miscellaneous

Transfers

- Total general revenues
- Change in net position

Net position, beginning of year, restated

Net position, end of year

The accompanying notes are an integral part of these financial statements.

**Changes in Net Position**

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Halifax County	
			Tourism Development Authority	Halifax County ABC Board
\$ (4,072,600)	\$ -	\$ (4,072,600)	\$ -	\$ -
(13,911,007)	-	(13,911,007)	-	-
(467,570)	-	(467,570)	-	-
(7,145,008)	-	(7,145,008)	-	-
(575,047)	-	(575,047)	-	-
(20,707,199)	-	(20,707,199)	-	-
(882,908)	-	(882,908)	-	-
<u>(47,761,339)</u>	<u>-</u>	<u>(47,761,339)</u>	<u>-</u>	<u>-</u>
-	(313,237)	(313,237)	-	-
-	33,517	33,517	-	-
-	(279,720)	(279,720)	-	-
<u>\$ (47,761,339)</u>	<u>\$ (279,720)</u>	<u>\$ (48,041,059)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (897,392)	\$ -
-	-	-	-	70,324
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (897,392)</u>	<u>\$ 70,324</u>
\$ 34,488,840	\$ -	\$ 34,488,840	\$ -	\$ -
9,677,612	-	9,677,612	-	-
285,520	-	285,520	1,058,405	-
203,391	49,564	252,955	500	5,715
-	-	-	886	-
24,255	(24,255)	-	-	-
<u>44,679,618</u>	<u>25,309</u>	<u>44,704,927</u>	<u>1,059,791</u>	<u>5,715</u>
(3,081,721)	(254,411)	(3,336,132)	162,399	76,039
17,336,357	19,365,885	36,702,242	822,804	1,916,618
<u>\$ 14,254,636</u>	<u>\$ 19,111,474</u>	<u>\$ 33,366,110</u>	<u>\$ 985,203</u>	<u>\$ 1,992,657</u>

# HALIFAX COUNTY, NORTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2018

	General Fund	Klausner Lumber Two Project	Manning Elementary School	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 19,676,686	\$ 4,785,266	\$ 1,187,357	\$ 849,623	\$ 26,498,932
Taxes receivable, net	1,733,921	-	-	395,598	2,129,519
Accounts receivable	6,003,289	-	-	493,071	6,496,360
Due from other governments	-	-	240,021	638,022	878,043
Due from other funds	4,692,584	-	-	-	4,692,584
Advances to other funds	342,460	-	-	-	342,460
Prepaid items	29,845	-	-	203	30,048
Restricted cash and cash equivalents	2,316,768	-	-	-	2,316,768
Total assets	<u>\$ 34,795,553</u>	<u>\$ 4,785,266</u>	<u>\$ 1,427,378</u>	<u>\$ 2,376,517</u>	<u>\$ 43,384,714</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 998,727	\$ -	\$ 288,149	\$ 442,397	\$ 1,729,273
Accrued payroll and withholdings	92,343	-	-	-	92,343
Accrued liabilities	47,794	-	-	-	47,794
Due to other funds	-	4,692,429	-	155	4,692,584
Advances due to other funds	-	-	-	200,000	200,000
Total liabilities	<u>1,138,864</u>	<u>4,692,429</u>	<u>288,149</u>	<u>642,552</u>	<u>6,761,994</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - ad valorem taxes	1,483,797	-	-	395,598	1,879,395
Deferred revenue - prepaid taxes	329,156	-	-	-	329,156
Total deferred inflows of resources	<u>1,812,953</u>	<u>-</u>	<u>-</u>	<u>395,598</u>	<u>2,208,551</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	29,845	-	-	203	30,048
Advances	342,460	-	-	-	342,460
Restricted:					
Stabilization by State Statute	10,945,997	-	-	34,014	10,980,011
Public safety	1,519,789	-	-	519,269	2,039,058
Debt service	2,316,768	-	-	-	2,316,768
Human services	10,281,047	-	-	-	10,281,047
Tax reassessment	599,639	-	-	-	599,639
Economic and physical development	-	-	-	158,725	158,725
Assigned:					
Use in subsequent fiscal year	1,554,604	-	-	-	1,554,604
Economic and physical development	-	92,837	1,139,229	626,156	1,858,222
Unassigned	4,253,587	-	-	-	4,253,587
Total fund balances	<u>31,843,736</u>	<u>92,837</u>	<u>1,139,229</u>	<u>1,338,367</u>	<u>34,414,169</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,795,553</u>	<u>\$ 4,785,266</u>	<u>\$ 1,427,378</u>	<u>\$ 2,376,517</u>	<u>\$ 43,384,714</u>

The accompanying notes are an integral part of these financial statements.

# HALIFAX COUNTY, NORTH CAROLINA

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2018

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

Fund balances - total governmental funds	\$	34,414,169
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		20,544,195
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,879,395
The net pension liability (assets), total pension liability, and related deferred inflows and outflows of resources are resources related to the County's defined benefit pension plans which are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		(2,894,766)
The total OPEB liability and related deferred inflows and outflows of resources are resources related to the County's OPEB plan which are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.		(9,260,737)
Internal service funds are used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.		1,795,147
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(32,222,767)</u>
Net position - governmental activities	\$	<u><u>14,254,636</u></u>

**The accompanying notes are an integral part of these financial statements.**

# HALIFAX COUNTY, NORTH CAROLINA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Klausner Lumber Two Project	Manning Elementary School	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 27,672,575	\$ -	\$ -	\$ 6,654,182	\$ 34,326,757
Sales tax	9,024,452	-	-	653,160	9,677,612
Other taxes	89,084	-	-	196,436	285,520
Intergovernmental revenues	16,441,301	-	-	1,825,140	18,266,441
Permits and fees	1,458,043	-	-	-	1,458,043
Charges for services	3,825,133	-	-	-	3,825,133
Investment earnings	199,311	-	466	3,614	203,391
Miscellaneous	467,371	-	-	-	467,371
Total revenues	59,177,270	-	466	9,332,532	68,510,268
<b>Expenditures</b>					
Current:					
General government	7,999,497	-	-	-	7,999,497
Public safety	15,280,058	-	-	1,863,269	17,143,327
Economic and physical development	1,387,081	-	-	220,080	1,607,161
Human services	19,814,480	-	-	480,126	20,294,606
Culture and recreation	676,777	-	-	-	676,777
Education	8,403,994	-	7,484,294	5,988,518	21,876,806
Capital outlay		171,495	-	-	171,495
Debt service:					
Principal retirements	2,715,667	-	-	-	2,715,667
Interest and fiscal charges	889,271	-	-	-	889,271
Total expenditures	57,166,825	171,495	7,484,294	8,551,993	73,374,607
Excess (deficiency) of revenues over expenditures	2,010,445	(171,495)	(7,483,828)	780,539	(4,864,339)
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	371,757	-	-	-	371,757
Issuance of capital lease	397,706	-	-	-	397,706
Transfers in	272,706	-	-	10,000	282,706
Transfers out	(11,951)	-	-	-	(11,951)
Total other financing sources (uses)	1,030,218	-	-	10,000	1,040,218
Net change in fund balances	3,040,663	(171,495)	(7,483,828)	790,539	(3,824,121)
<b>Fund balances, beginning of year, restated</b>	28,803,073	264,332	8,623,057	547,828	38,238,290
<b>Fund balances, end of year</b>	\$ 31,843,736	\$ 92,837	\$ 1,139,229	\$ 1,338,367	\$ 34,414,169

The accompanying notes are an integral part of these financial statements.

# HALIFAX COUNTY, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

---

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

Net change in fund balances - total governmental funds	\$	(3,824,121)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(346,581)
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and sales) is to decrease net position.		(847,441)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(444,880)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,317,961
Internal service funds are used by management to charge the costs of the County's insurance plan to individual funds. The net expense of the internal service fund is reported within governmental activities.		868,511
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(805,170)</u>
Change in net position - governmental activities	\$	<u><u>(3,081,721)</u></u>

**The accompanying notes are an integral part of these financial statements.**

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 27,232,880	\$ 27,232,880	\$ 27,672,575	\$ 439,695
Other taxes and licenses	8,178,550	8,178,550	9,113,536	934,986
Intergovernmental revenue	17,640,868	19,037,674	16,441,301	(2,596,373)
Permits and fees	1,393,074	1,399,017	1,458,043	59,026
Sales and services	3,836,879	3,982,979	3,825,133	(157,846)
Miscellaneous	285,348	440,828	467,371	26,543
Investment earnings	15,000	15,000	199,311	184,311
Total revenues	58,582,599	60,286,928	59,177,270	(1,109,658)
<b>Expenditures</b>				
Current:				
General government	8,795,620	10,069,480	7,999,497	2,069,983
Public safety	15,234,642	15,718,636	15,280,058	438,578
Economic and physical development	965,657	1,674,808	1,387,081	287,727
Human services	23,811,635	24,376,402	19,814,480	4,561,922
Culture and recreation	643,121	847,687	676,777	170,910
Education	7,914,742	9,019,070	8,403,994	615,076
Debt service:				
Principal retirements	2,901,370	2,980,287	2,715,667	264,620
Interest	856,104	893,511	889,271	4,240
Total expenditures	61,122,891	65,579,881	57,166,825	8,413,056
Excess (deficiency) of revenues over expenditures	(2,540,292)	(5,292,953)	2,010,445	7,303,398
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	37,407	371,757	334,350
Issuance of capital lease	-	-	397,706	397,706
Transfers in	2,956,858	2,978,674	2,968,364	(10,310)
Transfers out	(2,936,842)	(2,763,914)	(2,707,609)	56,305
Appropriated fund balance	2,520,276	5,040,786	-	(5,040,786)
Total other financing sources	2,540,292	5,292,953	1,030,218	(4,262,735)
Net change in fund balances	-	-	3,040,663	3,040,663
<b>Fund balances, beginning of year</b>	28,803,073	28,803,073	28,803,073	-
<b>Fund balances, end of year</b>	\$ 28,803,073	\$ 28,803,073	\$ 31,843,736	\$ 3,040,663

The accompanying notes are an integral part of these financial statements.

**HALIFAX COUNTY, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018**

ASSETS	Solid Waste Landfill Fund	Water Fund	Totals	Internal Service Funds
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 5,711,266	\$ 3,765,227	\$ 9,476,493	\$ 2,620,403
Accounts receivable, net of allowances	740,913	840,277	1,581,190	-
Due from other governments	21,571	28,490	50,061	-
Restricted cash and cash equivalents	-	97,850	97,850	-
Inventories	-	57,656	57,656	-
Total current assets	6,473,750	4,789,500	11,263,250	2,620,403
<b>NONCURRENT ASSETS - RECEIVABLES</b>				
Long-term receivables	5,178,435	-	5,178,435	-
<b>CAPITAL ASSETS</b>				
Nondepreciable	337,486	303,428	640,914	-
Depreciable, net of accumulated depreciation	1,843,302	30,933,165	32,776,467	-
Total noncurrent assets	7,359,223	31,236,593	38,595,816	-
Total assets	13,832,973	36,026,093	49,859,066	2,620,403
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	51,547	79,623	131,170	-
Total deferred outflows of resources	51,547	79,623	131,170	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	199,022	255,796	454,818	63,281
Accrued liabilities	5,407	93,425	98,832	-
Customer deposits	-	276,065	276,065	-
Claims payable	-	-	-	761,975
Installment contracts, current	176,825	948,480	1,125,305	-
Notes payable, current	-	118,746	118,746	-
Bonds payable, current	-	48,000	48,000	-
Compensated absences payable, current	9,709	22,786	32,495	-
Total current liabilities	390,963	1,763,298	2,154,261	825,256
<b>NONCURRENT LIABILITIES</b>				
Landfill postclosure	7,529,044	-	7,529,044	-
Advance from other funds	-	142,460	142,460	-
Installment contracts, due in more than one year	472,394	16,226,126	16,698,520	-
Notes payable, due in more than one year	-	1,682,542	1,682,542	-
Bonds payable, due in more than one year	-	2,454,000	2,454,000	-
Compensated absences payable	14,561	34,177	48,738	-
Net pension liability	63,931	98,443	162,374	-
Total noncurrent liabilities	8,079,930	20,637,748	28,717,678	-
Total liabilities	8,470,893	22,401,046	30,871,939	825,256
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	2,686	4,137	6,823	-
Total deferred inflows of resources	2,686	4,137	6,823	-
<b>NET POSITION</b>				
Net investment in capital assets	1,531,569	9,758,699	11,290,268	-
Unrestricted	3,879,372	3,941,834	7,821,206	1,795,147
Total net position	\$ 5,410,941	\$ 13,700,533	\$ 19,111,474	\$ 1,795,147

The accompanying notes are an integral part of these financial statements.

**HALIFAX COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Solid Waste Landfill Fund	Water Fund	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,013,054	\$ 5,940,692	\$ 9,953,746	\$ -
Other operating revenues	-	-	-	4,974,568
Miscellaneous	88,748	278,564	367,312	-
Total operating revenues	<u>4,101,802</u>	<u>6,219,256</u>	<u>10,321,058</u>	<u>4,974,568</u>
<b>OPERATING EXPENSES</b>				
Landfill	328,573	-	328,573	-
Administrative and general	-	1,231,326	1,231,326	-
Operations and maintenance	4,032,563	2,683,258	6,715,821	-
Depreciation	154,907	1,581,124	1,736,031	-
Claims and payments to third party administrators	-	-	-	3,876,103
Total operating expenses	<u>4,516,043</u>	<u>5,495,708</u>	<u>10,011,751</u>	<u>3,876,103</u>
Operating income (loss)	<u>(414,241)</u>	<u>723,548</u>	<u>309,307</u>	<u>1,098,465</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	117,952	-	117,952	-
Investment earnings	46,425	3,139	49,564	16,546
Interest expense	(16,948)	(690,031)	(706,979)	-
Total non-operating revenue (expenses)	<u>147,429</u>	<u>(686,892)</u>	<u>(539,463)</u>	<u>16,546</u>
Loss before transfers and capital contributions	(266,812)	36,656	(230,156)	1,115,011
Transfers in	1,951	-	1,951	-
Transfers out	(11,473)	(14,733)	(26,206)	(246,500)
Change in net position	(276,334)	21,923	(254,411)	868,511
<b>Net position, beginning of year, restated</b>	<u>5,687,275</u>	<u>13,678,610</u>	<u>19,365,885</u>	<u>926,636</u>
<b>Net position, end of year</b>	<u>\$ 5,410,941</u>	<u>\$ 13,700,533</u>	<u>\$ 19,111,474</u>	<u>\$ 1,795,147</u>

The accompanying notes are an integral part of these financial statements.

# HALIFAX COUNTY, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Solid Waste Landfill Fund	Water Fund	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 4,083,108	\$ 6,153,292	\$ 10,236,400	\$ 4,974,568
Payments to suppliers	(3,412,121)	(3,252,638)	(6,664,759)	(3,938,393)
Payments to employees	(543,329)	(569,056)	(1,112,385)	-
Net cash provided by (used in) operating activities	<u>127,658</u>	<u>2,331,598</u>	<u>2,459,256</u>	<u>1,036,175</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental operating grants	117,952	-	117,952	-
Transfers from other funds	1,951	-	1,951	-
Transfers to other funds	(11,473)	(14,733)	(26,206)	(246,500)
Net cash provided by non-capital financing activities	<u>108,430</u>	<u>(14,733)</u>	<u>93,697</u>	<u>(246,500)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases and acquisition of capital assets	-	(33,707)	(33,707)	-
Proceeds from issuance of debt	-	3,250,000	3,250,000	-
Payment to refunding escrow agent	-	(3,242,504)	(3,242,504)	-
Cost of issuance	-	(54,640)	(54,640)	-
Principal payments on long-term debt	(173,084)	(1,032,948)	(1,206,032)	-
Interest paid	(16,754)	(647,658)	(664,412)	-
Net cash provided by (used in) capital and related financing activities	<u>(189,838)</u>	<u>(1,761,457)</u>	<u>(1,951,295)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	46,425	3,139	49,564	16,546
Net cash provided by investing activities	<u>46,425</u>	<u>3,139</u>	<u>49,564</u>	<u>16,546</u>
Net increase (decrease) in cash and cash equivalents	92,675	558,547	651,222	806,221
Cash and cash equivalents, beginning of year	5,618,591	3,304,530	8,923,121	1,814,182
Cash and cash equivalents, end of year	<u>\$ 5,711,266</u>	<u>\$ 3,863,077</u>	<u>\$ 9,574,343</u>	<u>\$ 2,620,403</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (414,241)	\$ 723,548	\$ 309,307	\$ 1,098,465
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	154,907	1,581,124	1,736,031	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Increase in accounts receivable	(11,057)	(73,591)	(84,648)	-
Increase in amounts due from other governments	(7,637)	(5,698)	(13,335)	-
Increase in inventory	-	(4,082)	(4,082)	-
Increase in long-term receivables	(71,715)	-	(71,715)	-
Increase (decrease) in accounts payable	154,772	(53,592)	101,180	(54,922)
Increase in postclosure liability	328,573	-	328,573	-
Increase in customer deposits	-	13,325	13,325	-
Increase in compensated absences payable	4,642	10,803	15,445	-
Increase in advance from other funds	-	142,460	142,460	-
Decrease in claims payable	-	-	-	(7,368)
Decrease in pension related items	(10,586)	(2,699)	(13,285)	-
Net cash provided by (used in) operating activities	<u>\$ 127,658</u>	<u>\$ 2,331,598</u>	<u>\$ 2,459,256</u>	<u>\$ 1,036,175</u>

The accompanying notes are an integral part of these financial statements.

**HALIFAX COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**JUNE 30, 2018**

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<b>ASSETS</b>	<b>Agency Funds</b>
Cash and cash equivalents	\$ 100,122
Taxes receivable	999,348
Total assets	<u>\$ 1,099,470</u>
<b>LIABILITIES</b>	
Due to others	\$ 100,122
Uncollected taxes	999,348
Total liabilities	<u>\$ 1,099,470</u>

**The accompanying notes are an integral part of these financial statements.**

# HALIFAX COUNTY, NORTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Halifax County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

#### A. Reporting Entity

Halifax County, North Carolina (the "County"), was founded in 1758 and is located in the northeastern portion of North Carolina. The County has a commissioner/manager form of government with a six-member elected Board of Commissioners comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

#### Halifax County ABC Board

The Halifax County Alcoholic Beverage Control Board (the "ABC Board") operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. Complete separate financial statements for the ABC Board may be obtained at its administrative office:

Halifax County ABC Board  
411 US-301  
Halifax, NC 27839

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Halifax County Tourism Development Authority

The Halifax County Tourism Development Authority (the "Authority"), is an entity which promotes the growth of tourism and the travel-related industry in Halifax County. The members of the Board are appointed by the County Commissioners of Halifax County. In addition, the County levies and collects the occupancy tax that is remitted to the Authority. Complete separate financial statements for the Authority may be obtained at its administrative office:

Halifax County Tourism Development Authority  
260 Premier Blvd.  
Roanoke Rapids, NC 27870

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes, which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Property Revaluation Fund is a legally budgeted fund under North Carolina General Statutes, which for reporting purposes is presented in the General Fund. The Community Loan Fund is also presented in the General Fund, for reporting purposes.

The **Klausner Lumber Two Project** fund is used to account for a project supporting economic development efforts in the area.

The **Manning Elementary School** fund is used for the design, engineering, and construction costs for Manning Elementary School.

The County reports the following major enterprise funds:

The **Solid Waste Landfill Fund** accounts for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Halifax County.

The **Water Fund** accounts for the purpose of providing water and sewer service for the citizens of Halifax County.

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for specific revenues, such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **capital projects funds** account for financial resources to be used for the acquisition and construction of major capital projects

The **internal service funds** account for the County's partially self-insured health and dental benefits plan as well as partially self-insured unemployment insurance benefit plan which charges the other funds of the County for the insurance claims.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The **fiduciary funds** consist of agency funds which are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: Tax Collection Agency Fund, which accounts for the collection and disbursement of taxes revenues to municipalities within the County; Social Services Trust Fund, which accounts for monies deposited within the Department of Social Services for the benefit of certain individuals; and the ROD Trust Fund Fee, which accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which did not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated, as this process would distort the direct costs and program revenues reported in the various functions.

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. 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 enterprise funds include the cost of these goods 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgets

Annual appropriated budgets are adopted for all funds, with the exception of all the capital project funds, including the enterprise capital project funds, for which project length budgets are adopted. In accordance with State law, the budgets adopted for the enterprise funds are adopted on the modified accrual basis of accounting, and a reconciliation is provided along with the budget schedule to reconcile from the modified accrual basis to the accrual basis. The governmental funds' budgets are adopted on a basis other than accounting principles generally accepted in the United States of America. Budgets are adopted to show use of fund balance as other financing sources for both governmental and proprietary funds, as well as the proprietary funds are budgeted on the modified accrual basis of accounting. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, special revenue funds, and the enterprise funds. During the fiscal year ended June 30, 2018, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

#### E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT- Government Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Restricted cash and cash equivalents

The County has restricted cash and cash equivalents in a QZAB sinking fund and a QSCB sinking fund in the General Fund. These sinking funds are restricted for the purposes of long-term debt retirement. The Water Fund also reports restricted cash for the sinking fund required through the long-term debt agreements.

#### G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017.

#### H. Allowances

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

#### I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### J. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method in the governmental funds.

#### L. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The County holds title to certain Halifax County Board of Education and Roanoke Rapids School District 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 and School District give the Board/District 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 Halifax County Board of Education and the Roanoke Rapids School District.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings and land improvements	30 years
Improvements	7 years
Furniture and equipment	5 years
Vehicles	5 years
Computers	5 years

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes collected in advance of the period they were intended to finance. Additionally, the County reports one (1) item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liabilities – ROD, total pension liability – LEOSA, and total other postemployment benefit (OPEB) liability. Certain changes in the pension liabilities and OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the pension liability and OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the pension liability and OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **N. Compensated Absences**

Permanent employees of the County can earn vacation leave at a rate that is dependent upon their years of service at the County. Vacation leave may be accumulated with a maximum until December 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to January 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. The amount accrued for this sick pay has been estimated based on the amount which is probable to be paid. These amounts are not considered a current liability within the governmental fund types' balance sheets since they will be paid from appropriations of subsequent years. Permanent employees of the County earn sick leave at a rate that is dependent upon their years of service at the County. There is no limit on the accumulation of sick leave for the County. Sick leave does not vest with employees and therefore the County does not report a liability for unused sick leave. However, unused sick leave that has accumulated at the time of retirement may be used to determine the length of service as it relates to retirement benefits.

#### **O. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **P. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute (*G.S. 159-8(a)*) which requires total fund balance less the fund balance available for appropriation equals the total amount that must be restricted.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the County's Board of Commissioners. Approval of a resolution after a formal vote of the County's Board is required to establish a commitment of fund balance. Similarly, the County's Board may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners have retained the authority to make assignments.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

**Net Position** – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. As with many counties in the State of North Carolina, the County’s deficit in unrestricted net position is due primarily to the portion of the County’s outstanding general obligation and installment debt totaling approximately \$26.8 million incurred for the Halifax County Board of Education and the Roanoke Rapids Graded School District (the “school system”). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County’s financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system’s financial statements.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### Q. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS’ and RODSPF’s fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS**

**A. 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. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$32,222,767 difference are as follows:

Installment notes	\$ (29,857,260)
Capital lease payable	(314,189)
Accrued interest payable	(105,444)
Compensated absences (i.e., vacation)	<u>(1,945,874)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (32,222,767)</u>

Another element of that reconciliation explains that “total OPEB liability and related deferred inflows and outflows of resources related to the County’s OPEB plan is not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$9,260,737 difference are as follows:

Total OPEB liability	\$ (9,219,983)
OPEB related deferred inflows and outflows of resources	<u>(40,754)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (9,260,737)</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

Another element of that reconciliation explains that “the net pension liability (asset), total pension liability, and related deferred inflows and outflows of resources related to the County’s defined benefit pension plan is not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$2,894,766 difference are as follows:

Total pension liability and related deferred inflows and outflows of resources - Law Enforcement Officers' Special Separation Allowance (LEOSSA) - pension plan	\$	(1,597,212)
Net pension liability and related deferred inflows and outflows of resources - LGERS - pension plan		(1,394,490)
Net pension asset and related deferred inflows and outflows of resources - Register of Deeds Retirement Plan - pension plan		<u>96,936</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u><u>(2,894,766)</u></u>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$346,581 difference are as follows:

Capital outlay	\$	1,199,795
Depreciation expense		<u>(1,546,376)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u><u>(346,581)</u></u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)**

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$2,317,961 difference are as follows:

Debt service payments on long-term liabilities	\$	2,715,667
Issuance of long-term liabilities		<u>(397,706)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u><u>2,317,961</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$316,974 difference are as follows:

Compensated absences (i.e., vacation)	\$	(212,933)
Change in accrued interest		6,363
Net pension liability and related deferred outflows and inflows - LGERS		(161,028)
Total pension liability and related deferred outflows and inflows - LEOSSA		(79,344)
Net pension asset and related deferred outflows and inflows- ROD		(9,553)
Net OPEB liability and related deferred outflows and inflows		<u>139,521</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u><u>(316,974)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Expenditures in Excess of Appropriations.** The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the County will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the County Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The following is a list of the funds and departments which reported expenditures in excess of approved budgets:

General Fund:		
Emergency management services:	\$	272,573
Weldon School District		1,694

The over expended departments were funded through greater than anticipated revenues and other savings noted in other departments within the funds.

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2018 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	\$	38,595,828
Restricted cash and cash equivalents		2,414,618
Fiduciary - agency funds		100,122
	<u>\$</u>	<u>41,110,568</u>
Cash deposited with financial institutions	\$	19,661,088
Cash deposited with NCCMT		21,449,480
	<u>\$</u>	<u>41,110,568</u>

**Credit risk.** State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The County does not have a credit rating policy which provides restrictions or limitations on credit ratings for the County's investments.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2018, the County had \$15,372,938 invested in the NCCMT's government cash portfolio which carried a credit rating of AAAm by Standard and Poor's. The NCCMT's government cash portfolio is valued using amortized costs. The County has no policy regarding credit risk. The County has \$6,076,542 invested in the NCCMT term portfolio as of June 30, 2018. The NCCMT term portfolio is reported at fair value, measured using level 1 inputs from the fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets.

**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 County's investments with the NCCMT term portfolio reported a weighted-average duration of 0.09 years at June 30, 2018.

**Custodial credit risk – deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2018, the County's deposits are insured or collateralized as required by GASB and state statutes.

### NOTE 5. RECEIVABLES

Receivables at June 30, 2018, for the County's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Manning Elem. School Design</u>	<u>Water</u>	<u>Solid Waste Landfill</u>	<u>Other Governmental</u>
Receivables:					
Taxes	\$ 2,355,415	\$ -	\$ 28,490	\$ 21,571	\$ 395,598
Accounts	7,285,041	-	1,075,112	979,522	493,071
Due from other governments	-	240,021	-	-	638,022
Long-term receivables	-	-	-	5,178,435	-
Less allowance for uncollectible	(1,903,246)	-	(234,835)	(238,609)	-
Net total receivables	<u>\$ 7,737,210</u>	<u>\$ 240,021</u>	<u>\$ 868,767</u>	<u>\$ 5,940,919</u>	<u>\$ 1,526,691</u>

The long-term receivable is related to the landfill closure and postclosure costs discussed further in Note 7.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Nondepreciable capital assets:				
Land and improvements	\$ 3,884,023	\$ -	\$ -	\$ 3,884,023
Construction in progress	53,862	214,215	-	268,077
Total	<u>3,937,885</u>	<u>214,215</u>	<u>-</u>	<u>4,152,100</u>
Capital assets, being depreciated:				
Buildings and improvements	33,842,439	51,700	(1,469,359)	32,424,780
Vehicles	4,513,332	354,808	(71,088)	4,797,052
Equipment	5,789,205	579,072	-	6,368,277
Total being depreciated	<u>44,144,976</u>	<u>985,580</u>	<u>(1,540,447)</u>	<u>43,590,109</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,933,063)	(858,272)	624,479	(18,166,856)
Vehicles	(3,503,386)	(410,068)	68,527	(3,844,927)
Equipment	(4,908,195)	(278,036)	-	(5,186,231)
Total	<u>(26,344,644)</u>	<u>(1,546,376)</u>	<u>693,006</u>	<u>(27,198,014)</u>
Total capital assets, being depreciated, net	<u>17,800,332</u>	<u>(560,796)</u>	<u>(847,441)</u>	<u>16,392,095</u>
Governmental activities capital assets, net	<u>\$ 21,738,217</u>	<u>\$ (346,581)</u>	<u>\$ (847,441)</u>	<u>\$ 20,544,195</u>

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

Governmental activities:	
General government	\$ 382,311
Public safety	586,713
Economic and physical development	180,489
Human services	387,612
Cultural and recreational	<u>9,251</u>
Total depreciation expense - governmental activities	<u>\$ 1,546,376</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Solid Waste Landfill:</b>				
Nondepreciable capital assets:				
Land and improvements	\$ 312,250	\$ -	\$ -	\$ 312,250
Construction in progress	25,236	-	-	25,236
Total	<u>337,486</u>	<u>-</u>	<u>-</u>	<u>337,486</u>
Capital assets, being depreciated:				
Land improvements	27,123	-	-	27,123
Buildings	1,956,534	-	-	1,956,534
Vehicles	682,962	-	(10,500)	672,462
Equipment	1,689,432	-	-	1,689,432
Total	<u>4,356,051</u>	<u>-</u>	<u>(10,500)</u>	<u>4,345,551</u>
Less accumulated depreciation for:				
Land improvements	(24,569)	(1,614)	-	(26,183)
Buildings	(235,028)	(65,342)	-	(300,370)
Vehicles	(631,060)	(27,636)	10,500	(648,196)
Equipment	(1,467,185)	(60,315)	-	(1,527,500)
Total	<u>(2,357,842)</u>	<u>(154,907)</u>	<u>10,500</u>	<u>(2,502,249)</u>
Total capital assets being depreciated, net	<u>1,998,209</u>	<u>(154,907)</u>	<u>-</u>	<u>1,843,302</u>
Solid Waste Landfill capital assets, net	<u>\$ 2,335,695</u>	<u>\$ (154,907)</u>	<u>\$ -</u>	<u>\$ 2,180,788</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Water Fund:</b>				
Nondepreciable capital assets:				
Land and improvements	\$ 124,477	\$ -	\$ -	\$ 124,477
Construction in progress	<u>178,951</u>	<u>-</u>	<u>-</u>	<u>178,951</u>
Total	<u>303,428</u>	<u>-</u>	<u>-</u>	<u>303,428</u>
Capital assets, being depreciated:				
Plant and distribution systems	55,180,228	-	-	55,180,228
Vehicles	361,681	33,707	-	395,388
Equipment and furniture	<u>1,947,189</u>	<u>-</u>	<u>-</u>	<u>1,947,189</u>
Total	<u>57,489,098</u>	<u>33,707</u>	<u>-</u>	<u>57,522,805</u>
Less accumulated depreciation for:				
Plant and distribution systems	(22,774,304)	(1,551,550)	-	(24,325,854)
Vehicles	(296,118)	(26,121)	-	(322,239)
Equipment and furniture	<u>(1,938,094)</u>	<u>(3,453)</u>	<u>-</u>	<u>(1,941,547)</u>
Total	<u>(25,008,516)</u>	<u>(1,581,124)</u>	<u>-</u>	<u>(26,589,640)</u>
Total capital assets being depreciated, net	<u>32,480,582</u>	<u>(1,547,417)</u>	<u>-</u>	<u>30,933,165</u>
Water and Sewer Fund capital assets, net	<u>\$ 32,784,010</u>	<u>\$ (1,547,417)</u>	<u>\$ -</u>	<u>\$ 31,236,593</u>

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

Business-type activities	
Solid Waste Landfill	\$ 154,907
Water	1,581,124
Total depreciation expense - business-type activities	<u>\$ 1,736,031</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 is as follows:

	<b>Restated Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Installment notes payable	\$ 32,489,410	\$ -	\$ (2,632,150)	\$ 29,857,260	\$ 2,548,524
Capital lease payable	-	397,706	(83,517)	314,189	75,662
Net pension liability - LGERS	7,152,054	2,159,666	(4,331,931)	4,979,789	-
Total pension liability - LEOSSA	1,586,970	228,099	(123,685)	1,691,384	-
Compensated absences	1,732,941	945,215	(732,282)	1,945,874	778,350
Total OPEB liability	<u>9,400,258</u>	<u>836,863</u>	<u>(1,017,138)</u>	<u>9,219,983</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 52,361,633</u>	<u>\$ 4,567,549</u>	<u>\$ (8,920,703)</u>	<u>\$ 48,008,479</u>	<u>\$ 3,402,536</u>
<b>Business-type activities:</b>					
Installment notes payable	\$ 18,856,111	\$ 3,250,000	\$ (4,282,286)	\$ 17,823,825	\$ 1,125,305
Revenue bonds	2,549,000	-	(47,000)	2,502,000	48,000
Notes payable	1,920,034	-	(118,746)	1,801,288	118,746
Postclosure liability	7,197,471	331,573	-	7,529,044	-
Net pension liability - LGERS	236,432	71,934	(145,992)	162,374	-
Compensated absences	65,788	38,715	(23,270)	81,233	32,495
Long-term liabilities	<u>\$ 30,824,836</u>	<u>\$ 3,692,222</u>	<u>\$ (4,617,294)</u>	<u>\$ 29,899,764</u>	<u>\$ 1,324,546</u>

Beginning balance for the governmental activities installment notes payable were restated to increase beginning balances by \$842,870 for amounts held in sinking fund accounts as of June 30, 2017 which were previously shown net of the outstanding balance of the notes as of June 30, 2017. Additionally, as discussed in notes 10 and 14, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 75 effective July 1, 2017.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Installment Notes Payable**

The County has various installment notes outstanding for buildings, equipment, and vehicle financing arrangements. The outstanding balances for the notes as of June 30, 2018 are as follows:

<i><b>Governmental activities</b></i>	<b>Balance as of June 30, 2018</b>
Intallment note for \$18,100,000 was issued in May 2016 with semi-annual payments ranging from \$622,037 to \$883,883 with an interest rate of 3.11%; secured by RRGSD Board of Education	\$ 15,686,666
Promissary note of \$12,005,000 was issued in June 2017 with semi-annual payments ranging from \$567,000 to \$1,020,088 with a 2.35% interest rate; secured by the Department of Social Services building and School Board facilities	9,790,000
Qualified Zone Academy Bond installment purchase contract for \$1,642,400 was issued in December 2004 with annual sinking fund payments of \$89,500 with an interest rate of 1.79%	1,642,400
Qualified School Construction Bond installment purchase contract for \$2,488,997 was issued in September 2011 with annual sinking fund payments of \$165,933 with an interest rate of 5.0%	2,488,997
Promissary note for \$258,000 was issued in August 2017 with monthly payments of \$9,215 with a 0% interest rate	249,197
<b>Total outstanding general obligation bonds payable</b>	<b>\$ 29,857,260</b>

Of the original amount serviced by the County's governmental activities shown above, \$26,814,996 is considered to be school related debt.

The debt service to maturity on the governmental installment notes is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year Ending June 30,			
2019	\$ 2,548,524	\$ 665,882	\$ 3,214,406
2020	2,527,524	642,732	3,170,256
2021	2,505,524	619,616	3,125,140
2022	2,483,524	596,537	3,080,061
2023	2,458,524	573,500	3,032,024
2024-2028	13,713,320	1,552,186	15,265,506
2029-2031	3,620,320	196,385	3,816,705
Total	\$ 29,857,260	\$ 4,846,838	\$ 34,704,098

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Capital Lease Payable

In 2018, the County entered into a lease agreement as lessee for financing the acquisition of new emergency management service equipment. The lease agreement qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception.

As of June 30, 2018, the County has \$397,706 of machinery and equipment under capital leases with accumulated depreciation of \$28,408. The amortization expense for the capital lease is included in depreciation expense.

The County's total capital lease debt service requirements to maturity are as follows:

	<b>Total Payments</b>
Year Ending June 30,	
2019	\$ 75,662
2020	77,554
2021	79,493
2022	81,480
Total debt service payments	<u>314,189</u>
Interest payments	-
Principal portion	<u>\$ 314,189</u>

#### Installment Notes Payable – Business-Type Activities

All installment notes payable, serviced by the County's Water Fund, are collateralized by full faith, credit, and taxing power of the County. The outstanding balances for the bonds as of June 30, 2018 are as follows:

<b><i>Business-type activities</i></b>	<b>Balance as of June 30, 2018</b>
\$3,250,000 2017 Refunding serial water bond, due in annual installments ranging from \$323,160 to \$301,323 through June 2028; interest at 2.23%	\$ 2,974,000
\$6,800,000 2009 Water bond, due in annual installments ranging from \$151,393 to \$359,500 through June 2049; interest at 4.125%	6,180,000
\$1,916,000 2011 Water bond, due in annual installments ranging from \$62,270 to \$89,495 through June 2050; interest at 2.79%	1,741,000
\$1,700,000 Installment note, due in semi-annual installments ranging from \$252,402 to \$13,572 through February 2022 with a 2.15% interest rate	649,219
\$9,048,000 2012 Refunding serial water bond, due in semi-annual installments ranging from \$347,030.79 to \$694,061.59 through September 2028; interest at 2.79%	6,279,606
Total outstanding general obligation bonds payable	<u>\$ 17,823,825</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Installment Notes Payable – Business-Type Activities (Continued)**

The debt service to maturity on the general obligation bonds is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,125,305	\$ 592,262	\$ 1,717,567
2020	1,149,805	502,198	1,652,003
2021	1,176,802	474,430	1,651,232
2022	1,125,960	445,901	1,571,861
2023	1,040,716	419,334	1,460,050
2024-2028	5,568,981	1,725,950	7,294,931
2029-2033	1,423,256	1,161,444	2,584,701
2034-2038	1,311,000	926,694	2,237,694
2039-2043	1,591,000	647,510	2,238,510
2044-2048	1,906,000	297,856	2,203,856
2049-2050	405,000	17,031	422,031
Total	<u>\$ 17,823,825</u>	<u>\$ 7,210,611</u>	<u>\$ 25,034,436</u>

The 2017 Refunding Bonds were used to advance refund the full outstanding \$3,195,000 of the 2004 bonds. Amounts are considered defeased and are no longer reported as a liability of the County. The advance refunding reduced the overall cash flows of the County by \$357,486, which resulted in an economic gain of \$313,322.

**Revenue Bonds Payable**

Revenue bonds serviced by the County enterprise funds are as follows:

<i>Business-type activities</i>	<u>Balance as of</u> <u>June 30, 2018</u>
<b>Water and Sewer Fund:</b>	
\$2,687,000 Water revenue bond with annual payments ranging from \$46,000 to \$95,000 through June 2054 with an interest rate of 2.00%	\$ 2,502,000
Total outstanding revenue bonds payable	<u>\$ 2,502,000</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Revenue Bonds Payable (Continued)**

The debt service to maturity on the revenue bonds payable is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 48,000	\$ 50,040	\$ 98,040
2020	49,000	49,080	98,080
2021	50,000	48,100	98,100
2022	51,000	47,100	98,100
2023	52,000	46,080	98,080
2024-2028	276,000	214,400	490,400
2029-2033	306,000	185,600	491,600
2034-2038	337,000	153,780	490,780
2039-2043	372,000	118,680	490,680
2044-2048	412,000	79,960	491,960
2049-2053	454,000	37,100	491,100
2054	95,000	1,900	96,900
Total	<u>\$ 2,502,000</u>	<u>\$ 1,031,820</u>	<u>\$ 3,533,820</u>

**State Revolving Loan Serviced by Enterprise Funds**

The July 15, 2013 and January 1, 2015, the County was approved for maximum loan amounts of \$1,376,823 and \$925,632, respectively, from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The loan proceeds are being used for the construction of an extension to the Water and Sewer System. The loan is being reported as long-term debt in business-type activities and is repayable at 0% for 20 year beginning six months after the completion of the project. Debt service on the loans are as follows:

Year Ending June 30,	<u>Principal</u>
2019	\$ 118,746
2020	118,746
2021	118,746
2022	118,746
2023	118,746
2024-2028	593,730
2029-2033	521,265
2034-2035	92,563
Total	<u>\$ 1,801,288</u>

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. LONG-TERM DEBT (CONTINUED)**

#### **Landfill Closure and Postclosure**

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability for closure and postclosure care of its two landfills in the Solid Waste Fund of \$7,529,044. The County's construction and demolition landfill continues to accept waste. As of June 30, 2018, the construction and demolition landfill has used approximately 88% of the permitted 131,267 cubic yards of capacity. The ash monofill continues to accept waste, and as of June 30, 2018, has used approximately 95% of the permitted 1,016,288 cubic yards of capacity. The County has an agreement with Westmoreland, where they will pay 100% of the closure liability for the ash monofill, as well as 50% of the total corrective action costs once the landfill is closed. The County has recorded a receivable to offset this portion of Westmoreland's liability. The receivable of \$5,178,435 is reported in the Solid Waste Landfill Fund as of June 30, 2018. The remaining costs, not yet accrued for the construction and demolition landfill of \$644,328 will be recognized over the future life of the landfills as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, or changes in regulations.

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND BALANCES AND TRANSFERS

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Klausner Lumber Two Project	\$ 4,692,429
General Fund	Nonmajor governmental funds	155
		<u>\$ 4,692,584</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made.

Advance to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 200,000
General Fund	Water Fund	142,460
		<u>\$ 342,460</u>

The 4-H Rural Life Fund and the Water Fund each have a payable to the General Fund for a reimbursement owed for prior financing sources provided to the fund. The balance is expected to be repaid within the next several fiscal years.

Interfund transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	<u>\$ 10,000</u>
Solid Waste Landfill Fund	General Fund	<u>\$ 1,951</u>
General Fund	Solid Waste Landfill Fund	\$ 11,473
General Fund	Water Fund	14,733
General Fund	Internal service fund	246,500
		<u>\$ 272,706</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS

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

	LGERS	LEOSSA	RODSPF	Total
Net pension asset	\$ -	\$ -	\$ 73,208	\$ 73,208
Net pension liability	5,142,163	-	-	5,142,163
Total pension liability	-	1,691,384	-	1,691,384
Deferred outflows of resources related to pensions	3,925,718	142,412	25,004	4,093,134
Deferred inflows of resources related to pensions	216,072	48,240	1,276	265,588

#### A. Local Governmental Employees' Retirement System

**Plan Description.** Halifax County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Halifax 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 Halifax County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 Halifax County were \$1,608,639 for the year ended June 30, 2018.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**A. Local Governmental Employees' Retirement System (Continued)**

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

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

At June 30, 2018, the County reported a liability of \$5,142,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was 0.33659%, which was a decrease of 0.01154% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,758,383. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 296,236	\$ 145,558
Net difference between projected and actual earnings on pension plan investments	1,248,524	-
Changes in proportion and differences between County contributions and proportionate share of contributions	37,947	70,514
Changes in plan assumptions	734,372	-
County contributions subsequent to the measurement date	1,608,639	-
Total	\$ 3,925,718	\$ 216,072

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of \$1,608,639, are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	
2019	\$ 272,641
2020	1,490,243
2021	738,495
2022	(400,372)
Total	<u><u>\$ 2,101,007</u></u>

**Actuarial Assumptions.** The total pension liability as of June 30, 2017 was determined by the December 31, 2016 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLANS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

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, 2017 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%	

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 3.00%. All rates of return and inflation are annualized.

**Discount rate.** The discount rate used to measure the total pension liability was 7.20%. This represents a reduction from the discount rate used in the prior year rate of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**A. Local Governmental Employees' Retirement System (Continued)**

**Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.** The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
County's proportionate share of the net pension liability (asset)	\$ 15,436,889	\$ 5,142,163	\$ (3,450,684)

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

**B. Law Enforcement Officers Special Separation Allowance**

**Plan Description.** Halifax County administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is not issued for the Plan.

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2016, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Active plan members	65
Total	72

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

**Basis of Accounting.** The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the total pension liability is the Standard & Poor's 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.86% to 3.16% due to a change in the Municipal Bond Rate.

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

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

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$103,077 as benefits came due for the reporting period.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

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

At June 30, 2018, the County reported a total pension liability of \$1,691,384. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$139,472. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ 82,284	\$ 25,414
Differences between expected and actual experience	-	22,826
County benefit payments made subsequent to the measurement date.	60,128	-
Total	\$ 142,412	\$ 48,240

An amount of \$60,128, reported as deferred outflows of resources related to pensions, resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>		
2019	\$	6,408
2020		6,408
2021		6,408
2022		6,408
2023		8,412
Total	\$	34,044

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**Changes in the Total Pension Liability.** The changes in the total pension liability of the County for the fiscal year ended June 30, 2018 were as follows:

	<b>Total Pension Liability</b>	
Balance at June 30, 2017	\$	1,586,970
Service cost		69,552
Interest		59,401
Experience differences		(27,504)
Assumption changes		99,146
Benefit payments		(96,181)
Balance at June 30, 2018	\$	1,691,384

The required schedule of changes in the County’s total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

**Sensitivity of the County’s total pension liability to changes in the discount rate.** The following presents the County’s total pension liability calculated using the discount rate of 3.16 percent, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	<b>1% Decrease (2.16%)</b>	<b>Discount Rate (3.16%)</b>	<b>1% Increase (4.16%)</b>
Total pension liability	\$ 1,829,505	\$ 1,691,384	\$ 1,565,864

**C. Register of Deeds’ Supplemental Pension Fund**

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund (Continued)

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,556 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$73,208 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was 0.42784%, which was a decrease of 0.00569% from its proportion measured as of June 30, 2016.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**C. Register of Deeds' Supplemental Pension Fund (Continued)**

For the year ended June 30, 2018, the County recognized pension expense of \$11,295. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,254	\$ 235
Net difference between projected and actual earnings on pension plan investments	6,208	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,664	1,041
Changes in assumptions	12,322	-
County contributions subsequent to the measurement date	3,556	
Total	\$ 25,004	\$ 1,276

County contributions made subsequent to the measurement date of \$3,556 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	
2019	\$ 11,932
2020	5,947
2021	710
2022	1,583
Total	\$ 20,172

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLANS (CONTINUED)

#### C. Register of Deeds' Supplemental Pension Fund (Continued)

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 3.75%, including inflation.

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 3.00%. All rates of return and inflation are annualized.

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9. PENSION PLANS (CONTINUED)**

**C. Register of Deeds' Supplemental Pension Fund (Continued)**

**Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.** The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) 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)	\$ (57,399)	\$ (73,208)	\$ (86,171)

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

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Administration and Benefits.** The County, as authorized by the County Commission, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the "PHCB Plan"). The PHCB Plan is administered by the County management, under the direction of the County's Board of Commissioners. The County will provide, at its expense, medical insurance for all full time employees who retire with at least 30 years of retirement service with the North Carolina Local Governmental Employees' Retirement System (NCLGERS), of which the last 20 years of service must be with Halifax County. Employees with at least 20 years of Halifax County service who are retiring early, based on a disability approved by the NCLGERS will be provided medical insurance, at the County's expense, for a period of 18 months from the approved retirement date. Employees who are retiring with at least 20 years of Halifax County service may continue to participate in the County's health insurance plan by paying the full premium amount. Coverage will cease when the retiree reaches 65 years of age and is eligible for Medicare.

The County's Board of Commissioners established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the PHCB Plan.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Plan Membership.** Membership of the PHCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active participants	484
Retirees and beneficiaries currently receiving benefits	<u>34</u>
Total	<u><u>518</u></u>

**Contributions.** The Board of Commissioners has elected to fund the PHCB plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. Per a County resolution, the County is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the year ended June 30, 2018, the County contributed \$293,530 for the pay as you go benefits for the PHCB Plan.

**Total OPEB Liability of the County**

Effective July 1, 2017, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the County’s accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The County’s total OPEB liability was measured as of June 30, 2017, as determined by an actuarial valuation as of June 30, 2017.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.56%
Healthcare Cost Trend Rate:	7.50% - 5.00%, Ultimate Trend in 2023 (Pre-Medicare) 5.50% - 5.00%, Ultimate Trend in 2020 (Medicare)
Inflation Rate:	2.50%
Salary increase:	3.50% to 7.35% (LEO) or 7.75% (other), including inflation
Participation rate:	20% to 100%, depending on length of service

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014.

**Discount rate.** The discount rate used to measure the total OPEB liability was 3.56%. The rate was increased from the discount rate of 3.01% which was used for the prior measurement period. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.56% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2018.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability of the County.** The changes in the components of the total OPEB liability of the County for the year ended June 30, 2018, were as follows:

	<b>Total OPEB Liability</b>
<b>Balances at 6/30/17</b>	\$ 9,400,258
<b>Changes for the year:</b>	
Service cost	412,915
Interest	275,655
Differences between expected and actual experience	148,293
Assumption Changes	(528,942)
Benefit payments	(488,196)
<b>Net changes</b>	<b>(180,275)</b>
<b>Balances at 6/30/18</b>	<b>\$ 9,219,983</b>

The required schedule of changes in the County’s total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 10,207,529	\$ 9,219,983	\$ 8,342,226

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% to 4.0%)	Current (7.5% to 5.0%)	1% increase (8.5% to 6.0%)
Total OPEB liability	\$ 8,176,136	\$ 9,219,983	\$ 10,467,894

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2018 and the current sharing pattern of costs between employer and inactive employees.

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$642,205. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,231	\$ -
Changes in assumptions	-	464,515
Benefits paid subsequent to measurement period	293,530	
Total	\$ 423,761	\$ 464,515

Benefits paid by the County subsequent to the measurement date of \$293,530 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2018	\$ (46,365)
2019	(46,365)
2020	(46,365)
2021	(46,365)
2022	(46,365)
Thereafter	(102,459)
Total	\$ (334,284)

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. 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 is insured through the North Carolina Association of County Commissioners with claims

The County obtained blanket property insurance coverage of \$73,720,649 with a limit of 100% of the applicable building or personal property limit in any one occurrence. Replacement cost, subject to limitations, applies to all types of covered property excluding buildings and business personal property, which have actual cash values. The County has a \$4,000,000 general aggregate limit for commercial general liability coverage. There have been no significant reductions in insurance coverage in the prior years.

The County does not carry flood insurance.

The County is self-insured for employee health and accident insurance. Premiums are paid into the Internal Service Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actual estimates of the amounts needed to pay prior and current year claims. The County has stop-loss insurance coverage with a commercial insurance company for claims that exceed \$85,000. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Claim Liability	Beginning Liability	Current Year Claims	Claims Paid	Ending Liability
June 30, 2018	\$ 769,342	\$ 3,858,869	\$ 3,866,236	\$ 761,975
June 30, 2017	804,049	4,477,225	4,511,932	769,342

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the County Manager are each individually bonded for \$25,000, while the Register of Deeds and Tax Collector are each individually bonded for \$10,000 and \$100,000, respectively. The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. RISK MANAGEMENT (CONTINUED)

#### **Litigation:**

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

#### **Grant Contingencies:**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

#### **Construction Commitments:**

The County has one active construction project as of June 30, 2018 with contractual commitments on the uncompleted contract of approximately \$998,316.

### NOTE 12. JOINTLY GOVERNED ORGANIZATIONS

**Upper Coastal Plains Council of Governments.** The County, along with three other counties and thirty-two municipalities jointly govern the Upper Coastal Plains Council of Governments, which is also referred to as the Region L Council ("Council"). The participating governments established the Council to coordinate funding received from various federal and state agencies. The County paid membership fees and professional service fees of \$23,840 to the council during the fiscal year ended June 30, 2018.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. JOINT VENTURES

**Halifax Community College.** Halifax County, Halifax County Board of Education, and the State of North Carolina participate in a joint venture to operate Halifax Community College (“The College”). Each participant appoints four members to the board, with the thirteenth member being the College’s student government association president. The County provides financial support for the College’s operations. The County has an ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College’s facilities. There is no equity interest recognized by any participant. During the fiscal year ended June 30, 2018, the County contributed \$1,304,378 for operating purposes and capital outlay. Complete financial statements may be obtained from the College’s administrative office at Highway 158, Weldon, North Carolina 27890

**Choanoke Public Transportation Authority.** Counties Halifax, Bertie, Herford, and Northampton, participate in a joint venture to operate the Choanoke Public Transportation Authority (“The Transportation Authority”). Halifax County appoints three members to the board, and the other Counties each appoint two members. The Counties are legally obligated under the intergovernmental agreement that created the Transportation Authority to honor any deficiencies in the event that proceeds from other default remedies are insufficient. There is no equity interest recognized by any participant. During the fiscal year ended June 30, 2018, the County contributed \$191,079 for operating purposes. Complete financial statements may be obtained from the Transportation Authority’s administrative office at 106 North main Street, Rich Square, North Carolina 27869.

**Halifax-Northampton Regional Airport Authority.** Halifax County, Northampton County, and the City of Roanoke Rapids participate in a joint venture to operate the Halifax-Northampton Regional Airport Authority (“The Airport”). Halifax County appoints two members to the board. The County has an ongoing financial responsibility to the Airport for its operational funding. There is no equity interest recognized by any participant. During the fiscal year ended June 30, 2018, the County contributed \$40,000 for operating purposes. Complete financial statements may be obtained from the Airport’s administrative office at 700 Gregory Farm Road, Halifax North Carolina 27839.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 14. RESTATEMENTS

The County has determined restatements to beginning net position of governmental activities and the fund balance of the General Fund were required (1) for the implementation of GASB Statement No. 75, which requires retroactive reporting of opening balances, (2) to adjust the accrued interest reported in the prior year due to an error in calculation, (3) to recognize eligible grant revenues associated with prior year expenses which were not accrued in the prior year, (4) to recognize sales tax revenues for June 2017 sales, and (5) to record sinking fund deposits held in the County's account which were previously reported as expended in the fund as debt service and reported as a reduction of long-term liabilities in the prior year. The effect of the restatement resulted in a change to beginning net position of the governmental activities and beginning fund balance of the General Fund, are as follows:

	<b>Governmental Activities</b>
Net Position, governmental activities, as previously reported	\$ 23,096,058
Restatement for implementation of GASB Statement No. 75:	
Total OPEB liability as of June 30, 2017	(9,400,258)
Deferred outflows of resources - contributions	488,196
Removal of prior Net OPEB obligation reported June 30, 2017 - Governmental activities	1,556,631
Prior year grant reimbursements which were eligible for accrual but were not accrued as of June 30, 2017 - these amounts were unavailable for modified accrual purposes	606,963
Restatement of accrued interest payable amounts previously reported	242,909
Increase in accrued revenues for the sales tax for June 2017 which were not accrued as of June 30, 2017	745,858
Increase in cash equivalents related to sinking fund account held by the County	842,870
Increase in long-term liabilities associated with bonds understated in prior year, related to sinking fund amounts	(842,870)
Net Position, governmental activities, as restated	\$ 17,336,357
<b>General Fund</b>	
Fund balance, general fund, as previously reported	\$ 27,214,345
Increase in accrued revenues for the sales tax for June 2017 which were not accrued as of June 30, 2017	745,858
Increase in cash equivalents related to sinking fund account held by the County	842,870
Fund balance, general fund, as restated	\$ 28,803,073

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14. RESTATEMENTS (CONTINUED)**

The County has determined restatements to beginning net position of business-type activities, the Water & Sewer Fund, and the Solid Waste Fund were required (1) for the implementation of GASB Statement No. 75, which requires retroactive reporting of opening balances, (2) to adjust the accrued interest payable reported in the prior year due to an error in calculation, (3) adjust the accrual of the closure and postclosure landfill liabilities which were not being ratably recognized based on capacity of the landfill, and (4) to recognize accrued revenues which were previously reported as unavailable in error. The effect of the restatements resulted in a change to beginning net position of the business-type activities, the Water & Sewer Fund, and the Solid Waste Fund, are as follows:

	<b>Business-type Activities</b>
Net Position, business-type activities, as previously reported	\$ 17,858,136
Restatement for implementation of GASB Statement No. 75:	
Removal of prior Net OPEB obligation reported June 30, 2017 - Business-type activities	64,161
Restatement of accrued interest payable amounts previously reported	363,609
Overstated accrued closure and post-closure liability which was not recognized in accordance with GASB Statement No. 18	828,382
Recognition of accrued revenues, reported as unavailable revenues in the prior year	251,597
Net Position, business-type activities, as restated	\$ 19,365,885
<b>Water Fund</b>	
Net position, water fund, as previously reported	\$ 13,277,676
Removal of prior Net OPEB obligation reported June 30, 2017	34,478
Restatement of accrued interest payable amounts previously reported	366,456
Net position, water fund, as restated	\$ 13,678,610
<b>Solid Waste Fund</b>	
Net position, solid waste landfill fund, as previously reported	\$ 4,580,460
Removal of prior Net OPEB obligation reported June 30, 2017	29,683
Restatement of accrued interest payable amounts previously reported	(2,847)
Overstated accrued closure and post-closure liability which was not recognized in accordance with GASB Statement No. 18	828,382
Recognition of accrued revenues, reported as unavailable revenues in the prior year	251,597
Net position, solid waste landfill fund, as restated	\$ 5,687,275

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 14.      RESTATEMENTS (CONTINUED)**

The Halifax County ABC Board (the “Board”) implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires retroactive reporting of opening balances. The effect of the restatement resulted in a change to beginning net position of the governmental activities is as follows:

	<b>Halifax County ABC Board</b>
Net Position, as previously reported	\$       2,063,156
Restatement for implementation of GASB Statement No. 75	(146,538)
Net Position, as restated	<u><u>\$       1,916,618</u></u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**HALIFAX COUNTY, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**OPEB RETIREMENT PLAN**

**SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY**

**AND RELATED RATIOS**

	<b>2018</b>
Total OPEB liability	
Service cost	\$ 412,915
Interest on total OPEB liability	275,655
Difference between expected and actual experience	148,293
Changes of assumptions and other inputs	(528,942)
Benefit payments	(488,196)
<b>Net change in total OPEB liability</b>	<b>(180,275)</b>
<b>Total OPEB liability - beginning</b>	<b>9,400,258</b>
<b>Total OPEB liability - ending</b>	<b>\$ 9,219,983</b>
<b>Covered-employee payroll</b>	<b>\$ 18,532,504</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>49.8%</b>

**Notes to the Schedule:**

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

The County is not accumulating assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

**HALIFAX COUNTY, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
JUNE 30, 2018**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

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	<u>2018</u>	<u>2017</u>
Beginning balance of the total pension liability	\$ 1,586,970	\$ 1,579,681
Service Cost	69,552	77,159
Interest on the total pension liability	59,401	54,829
Difference between expected and actual experience	(27,504)	-
Changes of assumptions or other inputs	99,146	(36,966)
Benefit payments	(96,181)	(87,733)
Ending balance of the total pension liability	<u>\$ 1,691,384</u>	<u>\$ 1,586,970</u>

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

**HALIFAX COUNTY, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAST TWO FISCAL YEARS**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

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	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,691,384	\$ 1,586,970
County's covered-employee payroll	\$ 2,854,139	\$ 2,682,099
Total pension liability as a percentage of covered-employee payroll	59.26%	59.17%

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

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

# HALIFAX COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LAST FIVE FISCAL YEARS\*

### LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.33659%	0.34813%	0.34115%	0.33898%	0.34810%
County's proportion of the net pension liability (asset) (\$)	\$ 5,142,163	\$ 7,388,485	\$ 1,531,061	\$ (1,999,122)	\$ 4,195,942
County's covered payroll	\$ 21,387,061	\$ 21,143,405	\$ 20,409,317	\$ 20,433,406	\$ 19,174,991
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.04%	34.94%	7.50%	( 9.78%)	21.88%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

# HALIFAX COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST THREE FISCAL YEARS

### LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,608,639	\$ 1,582,517	\$ 1,429,886	\$ 1,439,526	\$ 1,438,766
Contributions in relation to the contractually required contribution	1,608,639	1,582,517	1,429,886	1,439,526	1,438,766
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 21,024,756	\$ 21,387,061	\$ 21,143,405	\$ 20,409,317	\$ 20,433,406
Contributions as a percentage of covered payroll	7.65%	7.40%	6.76%	7.05%	7.04%

# HALIFAX COUNTY, NORTH CAROLINA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

# HALIFAX COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LAST FIVE FISCAL YEARS\*

### REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2018	2017	2016	2015	2014
County's proportion of the net pension asset (%)	0.42784%	0.42215%	0.43917%	0.42865%	0.40189%
County's proportion of the net pension liability (asset) (\$)	\$ (73,208)	\$ (78,925)	\$ (101,773)	\$ (97,158)	\$ (85,844)
County's covered payroll	\$ 87,076	\$ 89,433	\$ 84,819	\$ 84,385	\$ 81,119
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-84.07%	-88.25%	-119.99%	-115.14%	-105.82%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

# HALIFAX COUNTY, NORTH CAROLINA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST FIVE FISCAL YEARS

### REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,556	\$ 3,717	\$ 3,449	\$ 3,514	\$ 3,500
Contributions in relation to the contractually required contribution	3,556	3,717	3,449	3,514	3,500
Contribution deficiency (excess)	<u>\$ -</u>				
County's covered payroll	\$ 61,939	\$ 87,076	\$ 89,433	\$ 84,819	\$ 84,385
Contributions as a percentage of covered payroll	5.74%	4.27%	3.86%	4.14%	4.15%

# HALIFAX COUNTY, NORTH CAROLINA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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***Method and assumptions used in calculations of actuarially determined contributions:*** The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

## **NONMAJOR GOVERNMENTAL FUNDS**

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### **Special Revenue Funds**

**Emergency Telephone System Fund** -accounts for collection of monies to provide enhanced 911 services

**Our Community Hospital Center Fund** –accounts for the ad valorem tax levies for the hospital

**Weldon School District Fund** –accounts for the ad valorem tax levies for the Weldon School District

**Local Fire Districts Fund** -accounts for the collection of special fire district taxes that are returned quarterly to the fire districts on a budgeted basis.

**Roanoke Rapids School Graded District Fund** –accounts for the ad valorem tax levies for the Roanoke Rapids School District

**Halifax County School District Fund** –accounts for the ad valorem tax levies for the Halifax County School District

### **Capital Project Funds**

**RPO Peanut Belt Capital Project Fund** – accounts for the economic development projects of the Peanut Belt Planning Organization

**CDBG Infrastructure Aeration System Project Fund** – accounts for expenditures incurred on the project along with the federal and state funding received associated with the project costs.

**Project Freebird Fund** – accounts for a project supporting economic development efforts in the area

**4-H Rural Life Project Fund** – accounts for the local grants and contributions to aid in the funding of the project costs.

# HALIFAX COUNTY, NORTH CAROLINA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2018

ASSETS	Special Revenue Funds				
	Emergency Telephone System	Our Community Hospital Center	Weldon School District	Fire District	Roanoke Rapids School Graded District
Cash and cash equivalents	\$ 521,878	\$ 1,870	\$ 7,060	\$ 25,470	\$ 8,612
Accounts receivable	26,211	23,755	71,828	80,938	20,280
Due from other governments	7,803	-	-	-	-
Taxes receivable, net	-	54,428	98,037	124,433	71,073
Prepays	-	-	-	-	-
Total assets	\$ 555,892	\$ 80,053	\$ 176,925	\$ 230,841	\$ 99,965
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 2,609	\$ 25,625	\$ 78,888	\$ 106,408	\$ 28,892
Advances from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	2,609	25,625	78,888	106,408	28,892
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - ad valorem	-	54,428	98,037	124,433	71,073
Total deferred inflows of resources	-	54,428	98,037	124,433	71,073
<b>FUND BALANCES</b>					
Nonspendable - prepaid items	-	-	-	-	-
Restricted:					
Stabilization by State Statute	34,014	-	-	-	-
Public safety	519,269	-	-	-	-
Economic and physical development	-	-	-	-	-
Assigned:					
Economic and physical development	-	-	-	-	-
Total fund balances	553,283	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 555,892	\$ 80,053	\$ 176,925	\$ 230,841	\$ 99,965

Special Revenue Funds		Capital Project Funds				Total Nonmajor Governmental Funds
Halifax County School District	RPO Peanut Belt Capital Project	CDBG Infrastructure Aeration System Project	Project Freebird	4-H Rural Life		
\$ 31,012	\$ 59,582	\$ -	\$ 9,193	\$ 184,946	\$ 849,623	
52,695	39,422	157,942	-	20,000	493,071	
-	-	13,794	606,963	9,462	638,022	
47,627	-	-	-	-	395,598	
-	203	-	-	-	203	
<u>\$ 131,334</u>	<u>\$ 99,207</u>	<u>\$ 171,736</u>	<u>\$ 616,156</u>	<u>\$ 214,408</u>	<u>\$ 2,376,517</u>	
\$ 83,707	\$ 1,207	\$ 111,298	\$ -	\$ 3,763	\$ 442,397	
-	-	-	-	200,000	200,000	
-	-	155	-	-	155	
<u>83,707</u>	<u>1,207</u>	<u>111,453</u>	<u>-</u>	<u>203,763</u>	<u>642,552</u>	
<u>47,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,598</u>	
<u>47,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,598</u>	
-	203	-	-	-	203	
-	-	-	-	-	34,014	
-	-	-	-	-	519,269	
-	97,797	60,283	-	645	158,725	
-	-	-	616,156	10,000	626,156	
-	98,000	60,283	616,156	10,645	1,338,367	
<u>\$ 131,334</u>	<u>\$ 99,207</u>	<u>\$ 171,736</u>	<u>\$ 616,156</u>	<u>\$ 214,408</u>	<u>\$ 2,376,517</u>	

# HALIFAX COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				
	Emergency Telephone System	Our Community Hospital Center	Weldon School District	Fire District	Roanoke Rapids School Graded District
<b>REVENUES</b>					
Property taxes	\$ -	\$ 405,762	\$ 1,134,464	\$ 1,366,905	\$ 1,988,300
Sales tax	-	74,364	332,351	246,445	-
Other taxes	-	-	-	-	-
Intergovernmental revenues	314,592	-	-	-	-
Investment earnings	3,614	-	-	-	-
Total revenues	318,206	480,126	1,466,815	1,613,350	1,988,300
<b>EXPENDITURES</b>					
General government	-	-	-	-	-
Public safety	249,919	-	-	1,613,350	-
Human services	-	480,126	-	-	-
Education	-	-	1,466,815	-	1,988,300
Economic and physical development	-	-	-	-	-
Total expenditures	249,919	480,126	1,466,815	1,613,350	1,988,300
Excess (deficiency) of revenues over expenditures	68,287	-	-	-	-
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	68,287	-	-	-	-
<b>FUND BALANCES, beginning of year</b>	484,996	-	-	-	-
<b>FUND BALANCES, end of year</b>	\$ 553,283	\$ -	\$ -	\$ -	\$ -

Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
Halifax County School District	RPO Peanut Belt Capital Project	CDBG Infrastructure Aeration System Project	Project Freebird	4-H Rural Life	
\$ 1,758,751	\$ -	\$ -	\$ -	\$ -	\$ 6,654,182
-	-	-	-	-	653,160
196,436	-	-	-	-	196,436
-	95,086	638,499	606,963	170,000	1,825,140
-	-	-	-	-	3,614
<u>1,955,187</u>	<u>95,086</u>	<u>638,499</u>	<u>606,963</u>	<u>170,000</u>	<u>9,332,532</u>
-	-	-	-	-	-
-	-	-	-	-	1,863,269
-	-	-	-	-	480,126
1,955,187	-	578,216	-	-	5,988,518
-	50,725	-	-	169,355	220,080
<u>1,955,187</u>	<u>50,725</u>	<u>578,216</u>	<u>-</u>	<u>169,355</u>	<u>8,551,993</u>
	44,361	60,283	606,963	645	780,539
-	-	-	-	10,000	10,000
-	-	-	-	10,000	10,000
-	44,361	60,283	606,963	10,645	790,539
-	53,639	-	9,193	-	547,828
<u>\$ -</u>	<u>\$ 98,000</u>	<u>\$ 60,283</u>	<u>\$ 616,156</u>	<u>\$ 10,645</u>	<u>\$ 1,338,367</u>

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Ad valorem taxes:</b>				
Taxes	\$ 27,082,880	\$ 27,082,880	\$ 27,480,976	\$ 398,096
Tax penalties and interest	150,000	150,000	191,599	41,599
Total ad valorem taxes	<u>27,232,880</u>	<u>27,232,880</u>	<u>27,672,575</u>	<u>439,695</u>
<b>Other taxes and licenses:</b>				
Local option sales tax	8,084,000	8,084,000	9,024,452	940,452
Cable franchise tax	94,550	94,550	89,084	(5,466)
	<u>8,178,550</u>	<u>8,178,550</u>	<u>9,113,536</u>	<u>934,986</u>
<b>Unrestricted intergovernmental revenues:</b>				
Fines and forfeitures	205,727	205,727	183,552	(22,175)
Beer and wine tax	125,000	125,000	129,332	4,332
Total unrestricted intergovernmental revenues	<u>330,727</u>	<u>330,727</u>	<u>312,884</u>	<u>(17,843)</u>
<b>Restricted intergovernmental revenues:</b>				
Federal and State grants	825,959	1,673,721	1,434,043	(239,678)
North Carolina ADM allocation	200,000	200,000	200,000	-
Lottery proceeds	-	740,000	342,855	(397,145)
Halifax ABC revenue	157,900	157,900	158,909	1,009
Total restricted intergovernmental revenues	<u>1,183,859</u>	<u>2,771,621</u>	<u>2,135,807</u>	<u>(635,814)</u>
<b>Permits and fees:</b>				
Facility fees	63,000	63,000	62,155	(845)
Building inspection fees	200,000	200,000	194,948	(5,052)
Register of deed's fees	253,500	253,500	347,370	93,870
Other fees and rents	860,107	866,050	850,953	(15,097)
Total permits and fees	<u>1,376,607</u>	<u>1,382,550</u>	<u>1,455,426</u>	<u>72,876</u>
<b>Sales and Services:</b>				
Occupancy tax administration	788,960	939,638	934,626	(5,012)
Jail fees	38,300	38,300	37,094	(1,206)
Central communications	439,028	439,028	439,028	-
Other sales and services	338,591	333,411	349,456	16,045
Total sales and services revenues	<u>1,604,879</u>	<u>1,750,377</u>	<u>1,760,204</u>	<u>9,827</u>
<b>Investment earnings</b>	<u>15,000</u>	<u>15,000</u>	<u>194,786</u>	<u>179,786</u>
<b>Miscellaneous revenues:</b>	<u>284,148</u>	<u>424,484</u>	<u>448,284</u>	<u>23,800</u>
<b>Total revenues</b>	<u>40,206,650</u>	<u>42,086,189</u>	<u>43,093,502</u>	<u>1,007,313</u>

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
<b>General government:</b>				
Governing body				
Salaries and employee benefits	110,820	110,820	109,194	1,626
Operating expenditures	91,326	79,108	65,926	13,182
<b>Total</b>	<b>202,146</b>	<b>189,928</b>	<b>175,120</b>	<b>14,808</b>
Administration				
Salaries and employee benefits	504,796	507,345	496,762	10,583
Operating expenditures	57,500	53,934	23,540	30,394
Capital outlay	-	-	-	-
<b>Total</b>	<b>562,296</b>	<b>561,279</b>	<b>520,302</b>	<b>40,977</b>
Human resources				
Salaries and employee benefits	319,896	350,873	317,458	33,415
Operating expenditures	20,261	21,513	11,924	9,589
<b>Total</b>	<b>340,157</b>	<b>372,386</b>	<b>329,382</b>	<b>43,004</b>
Finance				
Salaries and employee benefits	454,088	459,891	451,939	7,952
Operating expenditures	35,829	30,883	19,325	11,558
<b>Total</b>	<b>489,917</b>	<b>490,774</b>	<b>471,264</b>	<b>19,510</b>
Tax administration				
Salaries and employee benefits	998,774	1,011,004	1,000,359	10,645
Operating expenditures	280,394	342,526	174,276	168,250
<b>Total</b>	<b>1,279,168</b>	<b>1,353,530</b>	<b>1,174,635</b>	<b>178,895</b>
Tax revaluation				
Salaries and employee benefits	-	121,825	117,021	4,804
Operating expenditures	-	444,932	54,862	390,070
<b>Total</b>	<b>-</b>	<b>566,757</b>	<b>171,883</b>	<b>394,874</b>
Legal				
Salaries and employee benefits	212,429	218,357	217,679	678
Operating expenditures	35,059	53,365	42,994	10,371
<b>Total</b>	<b>247,488</b>	<b>271,722</b>	<b>260,673</b>	<b>11,049</b>
Elections				
Salaries and employee benefits	155,552	161,743	161,400	343
Operating expenditures	130,496	120,217	71,450	48,767
Capital outlay	40,000	164,647	-	164,647
<b>Total</b>	<b>326,048</b>	<b>446,607</b>	<b>232,850</b>	<b>213,757</b>

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Register of deeds				
Salaries and employee benefits	292,755	295,064	294,337	727
Operating expenditures	132,871	166,123	97,175	68,948
Total	425,626	461,187	391,512	69,675
Information technology services				
Salaries and employee benefits	251,335	251,335	234,493	16,842
Operating expenditures	360,734	321,932	209,002	112,930
Capital outlay	23,000	74,863	74,863	-
Total	635,069	648,130	518,358	129,772
Maintenance and repairs - public buildings				
Operating expenditures	540,034	816,350	683,121	133,229
Capital outlay	148,000	112,879	93,101	19,778
Total	688,034	929,229	776,222	153,007
Operations				
Salaries and employee benefits	862,658	868,244	811,752	56,492
Operating expenditures	103,790	105,815	74,958	30,857
Capital outlay	55,000	49,828	-	49,828
Total	1,021,448	1,023,887	886,710	137,177
Non-departmental expenditures				
Operating expenditures	1,990,794	2,113,541	1,767,117	346,424
Other general government				
Agriculture complex	34,790	35,689	35,689	-
Amphitheater	2,200	2,200	-	2,200
CADA	15,000	15,000	15,000	-
Community corrections building	16,802	16,802	13,605	3,197
Court service	93,852	92,953	78,078	14,875
Criminal justice building	9,779	10,433	10,433	-
CTPA	17,500	17,500	17,500	-
Fuel center	7,593	7,593	3,319	4,274
Historic Courthouse	277,262	329,702	100,119	229,583
Judicial services	17,219	17,219	9,081	8,138
Littleton building	280	280	63	217
Magistrates	7,940	7,940	7,940	-
Permits and inspections	8,722	8,722	6,738	1,984
Public buildings	11,090	11,090	9,608	1,482
Rural life complex	17,400	17,400	16,296	1,104
Total	537,429	590,523	323,469	267,054
Total general government:	8,745,620	10,019,480	7,999,497	2,019,983

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With
	Original	Final		Final Budget
<b>Public safety:</b>				
Sheriff				
Salaries and employee benefits	4,125,256	4,133,165	4,110,180	22,985
Operating expenditures	843,567	946,860	895,974	50,886
Capital outlay	-	10,877	10,877	-
Total	4,968,823	5,090,902	5,017,031	73,871
Jail				
Salaries and employee benefits	1,579,461	1,586,806	1,483,710	103,096
Operating expenditures	1,171,528	1,174,366	990,925	183,441
Total	2,750,989	2,761,172	2,474,635	286,537
Emergency management				
Salaries and employee benefits	77,532	75,030	73,945	1,085
Operating expenditures	16,664	19,628	13,618	6,010
Capital outlay	14,857	14,857	14,857	-
Total	109,053	109,515	102,420	7,095
Central communications				
Salaries and employee benefits	1,194,345	1,194,686	1,085,051	109,635
Operating expenditures	132,669	149,683	108,756	40,927
Total	1,327,014	1,344,369	1,193,807	150,562
Planning & inspections				
Salaries and employee benefits	365,921	367,826	363,584	4,242
Operating expenditures	46,622	45,814	30,653	15,161
Total	412,543	413,640	394,237	19,403
Planning board				
Salaries and employee benefits	3,175	3,175	536	2,639
Board of adjustment				
Salaries and employee benefits	3,573	3,573	1,694	1,879
Fire department allocations				
Fire departments and rescue squads	79,000	79,000	79,000	-
Other public safety				
Boards & commissioners	200	200	-	200
Bulletproof vest grant FY16	-	5,213	-	5,213
Controlled substance	32,000	32,000	9,822	22,178
Coroner	60,000	60,000	59,000	1,000
Drug enforcement	200	200	-	200
Drug task force	4,000	4,000	-	4,000
DTF - federal asset	5,000	5,000	-	5,000
DTF- controlled substance	9,000	9,000	-	9,000
Emergency management supplement	-	104,216	57,523	46,693
Federal asset forfeiture	50,000	64,000	5,000	59,000
Gang task force grant	-	33,553	17,723	15,830
Outside allocations	25,500	25,500	25,500	-
Tier II LEPC grant	-	1,000	149	851
Total	185,900	343,882	174,717	169,165
Total public safety	9,840,070	10,149,228	9,438,077	711,151

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Economic and physical development:</b>				
Development communications				
Salaries and employee benefits	189,506	192,317	191,897	420
Operating expenditures	98,856	103,620	81,912	21,708
Total	288,362	295,937	273,809	22,128
Tourism				
Salaries and employee benefits	5,295	5,295	5,295	-
Co-Op/Farmers' market				
Salaries and employee benefits	1,974	3,351	3,133	218
Operating expenditures	1,026	4,899	3,423	1,476
Total	3,000	8,250	6,556	1,694
Co-Op extension				
Salaries and employee benefits	217,729	234,990	234,683	307
Operating expenditures	50,901	45,028	37,634	7,394
Total	268,630	280,018	272,317	7,701
Rural life				
Salaries and employee benefits	43,980	44,746	44,746	-
Operating expenditures	21,716	20,950	20,888	62
Total	65,696	65,696	65,634	62
Natural Resources				
Salaries and employee benefits	157,820	160,404	160,210	194
Operating expenditures	10,722	12,591	11,366	1,225
Total	168,542	172,995	171,576	1,419
Other economic and physical development				
4-H account	2,000	16,241	2,781	13,460
AgCar farm grant	-	4,000	-	4,000
County extension	2,000	20,295	5,724	14,571
CREP	-	10,274	4,203	6,071
Economic development incentives	19,916	521,650	422,152	99,498
Extension agent	1,150	22,632	2,136	20,496
Farm and ranchlands	-	12,000	-	12,000
Forestry	114,066	114,066	114,066	-
Halifax helps	-	1,239	869	370
Halifax helps FY18	-	2,000	-	2,000
Market based conservation	-	10,725	-	10,725
Monsanto grant	-	650	-	650
No till	-	6,132	239	5,893
NRCS equipment I	-	17,433	-	17,433
NRCS equipment II	-	41,786	-	41,786
Outside allocations	27,000	30,000	29,000	1,000
RV Chamber of Commerce	-	10,276	10,724	(448)
Soil health	-	5,218	-	5,218
Total	166,132	846,617	591,894	254,723
Total economic and physical development	965,657	1,674,808	1,387,081	287,727

continued

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Human services:</b>				
Operation Restart - restitution				
Salaries and employee benefits	56,332	54,264	54,264	-
Operating expenditures	17,150	17,030	17,030	-
Total	73,482	71,294	71,294	-
Operation restart				
Salaries and employee benefits	90,736	89,267	89,267	-
Operating expenditures	13,000	11,277	11,277	-
Total	103,736	100,544	100,544	-
Student incentive				
Salaries and employee benefits	71,994	62,497	62,482	15
Operating expenditures	12,590	12,785	12,758	27
Total	84,584	75,282	75,240	42
Elderly transportation				
Operating expenditures	-	178,793	178,529	264
Total	-	178,793	178,529	264
Other human services				
Council on aging	16,575	19,394	19,394	-
Council on aging donations - MoW	-	5,703	3,130	2,573
Home and community care block grant	292,174	342,472	336,031	6,441
JCPC advisory board	-	1,500	1,500	-
JCPC grant	-	33,664	33,664	-
Mental health	30,220	30,505	30,101	404
Outside allocations	400	400	-	400
Senior health insurance grant FY18	-	2,912	2,897	15
Senior health insurance MIPPA grant FY17	-	2,593	2,577	16
Senior health insurance MIPPA grant FY18	-	3,227	-	3,227
Total	339,369	442,370	429,294	13,076
Total human services	601,171	868,283	854,901	13,382

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - GENERAL DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Cultural and recreational:</b>				
Library				
Salaries and employee benefits	508,927	504,148	489,938	14,210
Operating expenditures	125,744	183,802	173,715	10,087
Capital outlay	7,450	77	-	77
Total	<u>642,121</u>	<u>688,027</u>	<u>663,653</u>	<u>24,374</u>
Other cultural and recreational				
Adult literacy	-	3,460	560	2,900
Amphitheater	-	150,000	6,640	143,360
LSTA ARSL scholarship	-	3,400	3,200	200
LSTA EZ edge grant	-	1,800	1,724	76
Outside allocations	1,000	1,000	1,000	-
Total	<u>1,000</u>	<u>159,660</u>	<u>13,124</u>	<u>146,536</u>
Total cultural and recreational	<u>643,121</u>	<u>847,687</u>	<u>676,777</u>	<u>170,910</u>
<b>Education</b>				
Public school - current expenditures	5,576,758	5,576,758	5,463,054	113,704
Public school - capital outlay	1,044,606	1,082,606	1,082,606	-
Community college - current expenditures	1,052,851	1,063,851	1,063,851	-
Community college - capital outlay	240,527	240,527	240,527	-
ADM - public school building fund	-	1,055,328	553,956	501,372
Total education	<u>7,914,742</u>	<u>9,019,070</u>	<u>8,403,994</u>	<u>615,076</u>
<b>Debt Service</b>				
Principal	2,810,101	2,805,501	2,541,135	264,366
Interest	854,798	892,205	887,966	4,239
Total debt service	<u>3,664,899</u>	<u>3,697,706</u>	<u>3,429,101</u>	<u>268,605</u>
Total expenditures	<u>32,375,280</u>	<u>36,276,262</u>	<u>32,189,428</u>	<u>4,086,834</u>
Excess (deficiency) of revenues over expenditures	7,831,370	5,809,927	10,904,074	5,094,147
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	37,407	371,757	334,350
Transfers in	406,875	409,291	408,680	(611)
Transfers out	(10,269,664)	(10,242,005)	(10,170,679)	71,326
Appropriated fund balance	2,031,419	3,985,380	-	(3,985,380)
Total other financing sources (uses)	<u>(7,831,370)</u>	<u>(5,809,927)</u>	<u>(9,390,242)</u>	<u>(3,580,315)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,513,832</u>	<u>1,513,832</u>
Net change in fund balance from consolidated funds:				
Public health department			557,657	
Social services department			1,222,883	
Emergency services management department			(308,234)	
Reassessment fund			54,525	
<b>General Fund, net change in fund balance</b>			<u>\$ 3,040,663</u>	

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - PUBLIC HEALTH DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Restricted intergovernmental	\$ 5,089,010	\$ 4,722,054	\$ 4,342,290	\$ (379,764)
Sales and services	3,000	4,688	23,453	18,765
Miscellaneous revenue	1,200	1,200	1,997	797
Total revenues	5,093,210	4,727,942	4,367,740	(360,202)
<b>Expenditures:</b>				
<b>Human services:</b>				
General:				
Salaries and employee benefits	594,399	213,147	186,287	26,860
Operating expenditures	155,111	205,573	114,061	91,512
Total	749,510	418,720	300,348	118,372
Animal control:				
Salaries and employee benefits	210,824	215,956	215,763	193
Operating expenditures	84,050	58,817	56,891	1,926
Capital outlay	-	30,484	30,484	-
Total	294,874	305,257	303,138	2,119
AIDS control:				
Salaries and employee benefits	279,933	242,445	240,503	1,942
Operating expenditures	20,500	11,175	3,357	7,818
Total	300,433	253,620	243,860	9,760
Tuberculosis control:				
Salaries and employee benefits	88,526	76,339	74,058	2,281
Operating expenditures	31,336	31,679	16,178	15,501
Total	119,862	108,018	90,236	17,782
Communicable disease:				
Salaries and employee benefits	34,323	56,931	56,931	-
Operating expenditures	5,700	135,700	4,947	130,753
Total	40,023	192,631	61,878	130,753
Home health:				
Salaries and employee benefits	725,960	603,166	598,974	4,192
Operating expenditures	520,055	529,637	512,887	16,750
Capital outlays	20,000	-	-	-
Total	1,266,015	1,132,803	1,111,861	20,942
Hospice:				
Salaries and employee benefits	259,532	241,067	239,179	1,888
Operating expenditures	106,362	111,295	104,407	6,888
Capital outlays	5,164	-	-	-
Total	371,058	352,362	343,586	8,776
Adult health/diabetes:				
Salaries and employee benefits	169,179	84,819	57,193	27,626
Operating expenditures	74,000	97,028	55,211	41,817
Total	243,179	181,847	112,404	69,443

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - PUBLIC HEALTH DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Maternity:				
Salaries and employee benefits	292,918	231,641	213,290	18,351
Operating expenditures	89,092	96,115	76,970	19,145
Total	382,010	327,756	290,260	37,496
Family planning:				
Salaries and employee benefits	404,248	387,416	362,917	24,499
Operating expenditures	151,838	325,963	125,859	200,104
Total	556,086	713,379	488,776	224,603
Child services coordinator:				
Salaries and employee benefits	128,271	129,459	115,702	13,757
Operating expenditures	21,414	21,414	5,986	15,428
Total	149,685	150,873	121,688	29,185
Child health:				
Salaries and employee benefits	290,293	255,739	233,699	22,040
Operating expenditures	255,078	177,490	101,885	75,605
Total	545,371	433,229	335,584	97,645
Environmental health:				
Salaries and employee benefits	407,397	481,779	481,245	534
Operating expenditures	18,541	14,639	13,861	778
Total	425,938	496,418	495,106	1,312
Other human services:				
Babies easy safe sleep training program	63,425	59,529	59,529	-
Baby love plus	154,990	165,464	165,464	-
BCCP	28,877	21,250	6,209	15,041
Bioterrorism	39,084	42,014	41,986	28
Capital outlay - miscellaneous	3,000	1,905	1,562	343
Catch grant	289,387	282,025	215,179	66,846
Child health - ADA DEL AA	-	22,188	22,188	-
Child health - BESST AA	-	-	-	-
CVD/Breast cancer	17,522	17,522	2,795	14,727
Diabetes	8,558	14,741	14,741	-
Ebola	-	-	-	-
Folic acid grant	200,113	200,113	173,775	26,338
Health community program	36,173	40,252	40,252	-
Health working and wellness	37,729	37,729	35,729	2,000
Immunization action plan	89,028	103,028	85,312	17,716
KBR - WIC grant	-	-	-	-
Lazarus	-	-	-	-

*continued*

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - PUBLIC HEALTH DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Other human services (continued):				
Minority Diabetes Prevention	\$ -	\$ 18,304	\$ 8,549	\$ 9,755
Partnership in community health	3,000	-	-	-
Ready Set Baby	-	18,752	18,752	-
Ready, set, baby	-	1,950	1,950	-
RR SNFI school nurse	150,000	150,000	150,000	-
Serve safe	4,000	7,928	3,470	4,458
Smart start	15,406	14,973	14,910	63
Triple P	300,000	291,466	290,523	943
Weldon SNFI school nurse	100,000	100,000	100,000	-
WIC - administration	16,978	19,860	19,834	26
WIC - breastfeeding	26,301	17,415	12,020	5,395
WIC - client services	245,114	243,849	242,307	1,542
WIC - nutrition ed	75,756	76,132	73,153	2,979
Total other	<u>1,904,441</u>	<u>1,968,389</u>	<u>1,800,189</u>	<u>168,200</u>
 Total human services	 <u>7,348,485</u>	 <u>7,035,302</u>	 <u>6,098,914</u>	 <u>936,388</u>
 Excess of revenues over expenditures	 (2,255,275)	 (2,307,360)	 (1,731,174)	 576,186
 <b>Other financing sources (uses)</b>				
Transfers in	2,255,275	2,297,728	2,288,831	(8,897)
Appropriated fund balance	-	9,632	-	(9,632)
Total other financing sources (uses)	<u>2,255,275</u>	<u>2,307,360</u>	<u>2,288,831</u>	<u>(18,529)</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 557,657</u>	 <u>\$ 557,657</u>

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - SOCIAL SERVICES DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Restricted intergovernmental	\$ 10,637,272	\$ 10,704,317	\$ 8,906,692	\$ (1,797,625)
Permits and fees	16,467	16,467	2,617	(13,850)
Total revenues	10,653,739	10,720,784	8,909,309	(1,811,475)
<b>Expenditures:</b>				
<b>Human services:</b>				
General:				
Salaries and employee benefits	9,116,764	9,236,401	8,848,564	387,837
Operating expenditures	1,185,119	1,155,832	661,125	494,707
Capital outlay	18,000	70,466	64,762	5,704
Total	10,319,883	10,462,699	9,574,451	888,248
Other human services:				
4D-purchase	-	369,641	21,051	348,590
Adoption promotion	-	9,241	4,811	4,430
Adoptive assistance	90,026	90,026	60,576	29,450
Aid to the blind	6,991	6,991	6,812	179
CBA for foster care	383,000	397,000	286,959	110,041
Chore services	11,629	11,629	10,998	631
CP&L energy	7,564	5,239	3,469	1,770
Crisis intervention	363,804	371,756	368,450	3,306
Daycare	2,317,365	2,327,874	813,111	1,514,763
Family planning	10,000	10,000	9,106	894
Family reunification	11,158	11,158	8,350	2,808
Fees and refunds	-	33,409	6,117	27,292
Home and community care block grant	302,755	277,025	277,011	14
LIEAP program	363,804	401,756	401,400	356
Medicaid	515,000	511,040	197,070	313,970
Purchased services	66,000	66,000	27,548	38,452
SAFE kids	-	1,150	352	798
Shift NC program	18,000	34,183	13,691	20,492
Social services to the aged	725,000	725,000	612,747	112,253
Special foster care	25,000	25,000	7,731	17,269
Work first	325,000	325,000	148,854	176,146
Total	5,542,096	6,010,118	3,286,214	2,723,904
Total human services	15,861,979	16,472,817	12,860,665	3,612,152
Excess of revenues over expenditures	(5,208,240)	(5,752,033)	(3,951,356)	1,800,677
<b>Other financing uses</b>				
Transfers in	5,077,547	5,180,363	5,174,239	(6,124)
Appropriated fund balance	130,693	571,670	-	(571,670)
Total other financing sources (uses)	5,208,240	5,752,033	5,174,239	(577,794)
Net change in fund balances	\$ -	\$ -	\$ 1,222,883	\$ 1,222,883

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - EMERGENCY MANAGEMENT SERVICES DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Restricted intergovernmental	\$ 400,000	\$ 508,955	\$ 743,628	\$ 234,673
Sales and services	2,229,000	2,227,914	2,041,476	(186,438)
Miscellaneous revenue	-	15,144	17,090	1,946
Total revenues	<u>2,629,000</u>	<u>2,752,013</u>	<u>2,802,194</u>	<u>50,181</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Salaries and employee benefits	4,294,140	4,387,717	4,352,342	35,375
Operating expenditures	955,432	918,491	835,710	82,781
Capital outlay	145,000	263,200	653,929	(390,729)
Total	<u>5,394,572</u>	<u>5,569,408</u>	<u>5,841,981</u>	<u>(272,573)</u>
<b>Debt Service:</b>				
Principal	91,269	174,786	174,532	254
Interest	1,306	1,306	1,305	1
Total	<u>92,575</u>	<u>176,092</u>	<u>175,837</u>	<u>255</u>
Total expenditures	<u>5,487,147</u>	<u>5,745,500</u>	<u>6,017,818</u>	<u>(272,318)</u>
Deficiency of revenues over expenditures	(2,858,147)	(2,993,487)	(3,215,624)	(222,137)
<b>Other financing sources</b>				
Transfers in	2,512,156	2,531,556	2,521,857	(9,699)
Transfers out	(12,173)	(12,173)	(12,173)	-
Issuance of capital lease	-	-	397,706	397,706
Appropriated fund balance	358,164	474,104	-	(474,104)
Total other financing sources	<u>2,858,147</u>	<u>2,993,487</u>	<u>2,907,390</u>	<u>(86,097)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (308,234)</u>	<u>\$ (308,234)</u>

# HALIFAX COUNTY, NORTH CAROLINA

## GENERAL FUND - REASSESSMENT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 4,525	\$ 4,525
<b>Expenditures:</b>				
General government:				
Operating expenditures	50,000	50,000	-	50,000
Revenues (deficiency) over expenditures	(50,000)	(50,000)	4,525	54,525
<b>Other financing sources</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	50,000	50,000	50,000	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,525</b>	<b>\$ 54,525</b>

**HALIFAX COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental - wireless funding	\$ 314,531	\$ 314,531	\$ 314,592	\$ 61
Investment earnings	-	-	3,614	3,614
Total revenues	<u>314,531</u>	<u>314,531</u>	<u>318,206</u>	<u>3,675</u>
<b>EXPENDITURES</b>				
Public safety	<u>730,031</u>	<u>750,831</u>	<u>249,919</u>	<u>500,912</u>
Total expenditures	<u>730,031</u>	<u>750,831</u>	<u>249,919</u>	<u>500,912</u>
Excess (deficiency) of revenues over expenditures	(415,500)	(436,300)	68,287	504,587
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	<u>415,500</u>	<u>436,300</u>	-	<u>(436,300)</u>
Total other financing sources	<u>415,500</u>	<u>436,300</u>	-	<u>(436,300)</u>
Net change in fund balances	-	-	68,287	68,287
<b>FUND BALANCE, beginning of year</b>	<u>484,996</u>	<u>484,996</u>	<u>484,996</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 484,996</u>	<u>\$ 484,996</u>	<u>\$ 553,283</u>	<u>\$ 68,287</u>

**HALIFAX COUNTY, NORTH CAROLINA  
OUR COMMUNITY HOSPITAL**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 403,000	\$ 407,684	\$ 405,762	\$ (1,922)
Sales taxes	68,000	73,825	74,364	539
Total revenues	<u>471,000</u>	<u>481,509</u>	<u>480,126</u>	<u>(1,383)</u>
<b>EXPENDITURES</b>				
Human services	<u>471,000</u>	<u>481,509</u>	<u>480,126</u>	<u>1,383</u>
Total expenditures	<u>471,000</u>	<u>481,509</u>	<u>480,126</u>	<u>1,383</u>
Net change in fund balances	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA  
WELDON SCHOOL DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,107,000	\$ 1,134,464	\$ 1,134,464	\$ -
Sales taxes	300,000	330,657	332,351	1,694
Total revenues	<u>1,407,000</u>	<u>1,465,121</u>	<u>1,466,815</u>	<u>1,694</u>
<b>EXPENDITURES</b>				
Education	<u>1,407,000</u>	<u>1,465,121</u>	<u>1,466,815</u>	<u>(1,694)</u>
Total expenditures	<u>1,407,000</u>	<u>1,465,121</u>	<u>1,466,815</u>	<u>(1,694)</u>
Net change in fund balances	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA  
LOCAL FIRE DISTRICTS**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,307,965	\$ 1,393,788	\$ 1,366,905	\$ (26,883)
Other taxes and licenses	216,900	244,577	246,445	1,868
Total revenues	<u>1,524,865</u>	<u>1,638,365</u>	<u>1,613,350</u>	<u>(25,015)</u>
<b>EXPENDITURES</b>				
Public safety	<u>1,524,865</u>	<u>1,638,365</u>	<u>1,613,350</u>	<u>25,015</u>
Net change in fund balances	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA  
ROANOKE RAPIDS SCHOOL GRADED DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,015,000	\$ 2,028,686	\$ 1,988,300	\$ (40,386)
Total revenues	<u>2,015,000</u>	<u>2,028,686</u>	<u>1,988,300</u>	<u>(40,386)</u>
<b>EXPENDITURES</b>				
Education	2,015,000	2,028,686	1,988,300	40,386
Total expenditures	<u>2,015,000</u>	<u>2,028,686</u>	<u>1,988,300</u>	<u>40,386</u>
Net change in fund balances	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA  
HALIFAX COUNTY SCHOOL DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,700,000	\$ 1,758,751	\$ 1,758,751	\$ -
Other taxes and licenses	305,000	305,000	196,436	(108,564)
Total revenues	<u>2,005,000</u>	<u>2,063,751</u>	<u>1,955,187</u>	<u>(108,564)</u>
<b>EXPENDITURES</b>				
Education	<u>2,005,000</u>	<u>2,063,751</u>	<u>1,955,187</u>	<u>108,564</u>
Total expenditures	<u>2,005,000</u>	<u>2,063,751</u>	<u>1,955,187</u>	<u>108,564</u>
Net change in fund balances	-	-	-	-
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA  
MANNING ELEMENTARY SCHOOL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2018**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 1,730	\$ 466	\$ 2,196
Total revenues	<u>-</u>	<u>1,730</u>	<u>466</u>	<u>2,196</u>
<b>EXPENDITURES</b>				
Education:				
Construction	17,328,356	9,500,479	7,370,211	16,870,690
Administration	250,000	-	-	-
Legal fees	100,000	78,447	4,203	82,650
Design fees	1,251,355	899,747	109,880	1,009,627
Contingency	170,289	-	-	-
Total expenditures	<u>19,100,000</u>	<u>10,478,673</u>	<u>7,484,294</u>	<u>17,962,967</u>
Deficiency of revenues over expenditures	(19,100,000)	(10,476,943)	(7,483,828)	(17,960,771)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from bond issuance	18,100,000	18,100,000	-	18,100,000
Transfers in	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>19,100,000</u>	<u>19,100,000</u>	<u>-</u>	<u>19,100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,623,057</u>	(7,483,828)	<u>\$ 1,139,229</u>
<b>FUND BALANCE, beginning of year</b>			<u>8,623,057</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 1,139,229</u>	

**HALIFAX COUNTY, NORTH CAROLINA**  
**KLAUSNER LUMBER TWO PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**PROJECT LIFE AS OF JUNE 30, 2018**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Restricted intergovernmental:				
NC Department of Commerce	\$ 1,201,960	\$ 1,000,000	\$ -	\$ 1,000,000
NC Department of Transportation	1,150,000	1,128,360	-	1,128,360
US Department of Commerce	1,253,208	1,400,000	(146,792)	1,253,208
NC Rural Development Center	872,000	872,000	-	872,000
Contributions	1,524,470	1,405,688	-	1,405,688
Total revenues	<u>6,001,638</u>	<u>5,806,048</u>	<u>(146,792)</u>	<u>5,659,256</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Site preparation	6,893,932	6,728,638	-	6,728,638
Road construction	1,225,021	1,220,241	-	1,220,241
Administration	678,830	678,218	-	678,218
Sewer Line	505,200	460,576	24,703	485,279
Rail Spur	2,598,850	2,598,850	-	2,598,850
Contingency	199,993	-	-	-
Total expenditures	<u>12,101,826</u>	<u>11,686,523</u>	<u>24,703</u>	<u>11,711,226</u>
Excess (deficiency) of revenues over expenditures	(6,100,188)	(5,880,475)	(171,495)	(6,051,970)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	6,100,188	6,144,807	-	6,144,807
Total other financing sources	<u>6,100,188</u>	<u>6,144,807</u>	<u>-</u>	<u>6,144,807</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 264,332</u>	<u>(171,495)</u>	<u>\$ 92,837</u>
<b>FUND BALANCE, beginning of year</b>			<u>264,332</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 92,837</u>	

**HALIFAX COUNTY, NORTH CAROLINA  
RPO PEANUT BELT CAPITAL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 132,969	\$ 132,969	\$ 95,086	\$ (37,883)
Total revenues	<u>132,969</u>	<u>132,969</u>	<u>95,086</u>	<u>(37,883)</u>
<b>EXPENDITURES</b>				
Economic and physical development	<u>132,969</u>	<u>132,969</u>	<u>50,725</u>	<u>82,244</u>
Total expenditures	<u>132,969</u>	<u>132,969</u>	<u>50,725</u>	<u>82,244</u>
Net change in fund balances	-	-	44,361	44,361
<b>FUND BALANCE, beginning of year</b>	<u>53,639</u>	<u>53,639</u>	<u>53,639</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 53,639</u>	<u>\$ 53,639</u>	<u>\$ 98,000</u>	<u>\$ 44,361</u>

**HALIFAX COUNTY, NORTH CAROLINA**  
**CDBG INFRASTRUCTURE AERATION SYSTEM PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**PROJECT LIFE AS OF JUNE 30, 2018**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Restricted intergovernmental	\$ 885,000	\$ 178,951	\$ 638,499	\$ 817,450
Total revenues	<u>885,000</u>	<u>178,951</u>	<u>638,499</u>	<u>817,450</u>
<b>EXPENDITURES</b>				
Rural development:				
Construction	656,721	46,191	492,861	539,052
Engineering	88,000	48,650	27,000	75,650
Administration	176,229	84,110	58,355	142,465
Contingency	14,971	-	-	-
Total expenditures	<u>935,921</u>	<u>178,951</u>	<u>578,216</u>	<u>757,167</u>
Excess of revenues over expenditures	(50,921)	-	60,283	60,283
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,921	-	-	-
Total expenditures	<u>50,921</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	60,283	<u>\$ 60,283</u>
<b>FUND BALANCE, beginning of year</b>			<u>-</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 60,283</u>	

**HALIFAX COUNTY, NORTH CAROLINA  
PROJECT FREEBIRD**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2018**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Restricted intergovernmental:				
NC Department of Commerce	\$ 600,000	\$ -	\$ -	\$ -
US Department of Commerce	1,181,855	-	606,963	606,963
Contributions	88,490	-	-	-
Total revenues	<u>1,870,345</u>	<u>-</u>	<u>606,963</u>	<u>606,963</u>
<b>EXPENDITURES</b>				
Economic development:				
Construction	1,673,037	795,812	-	795,812
Administration	25,000	25,000	-	25,000
Engineering	128,360	79,750	-	79,750
Construction administration and observation	86,350	54,130	-	54,130
Contingency	91,478	-	-	-
Total expenditures	<u>2,004,225</u>	<u>954,692</u>	<u>-</u>	<u>954,692</u>
Excess (deficiency) of revenues over expenditures	(133,880)	(954,692)	606,963	(347,729)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	963,885	963,885	-	963,885
Appropriate reserves to fund balance	(830,005)	-	-	-
Total other financing sources (uses)	<u>133,880</u>	<u>963,885</u>	<u>-</u>	<u>963,885</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,193</u>	606,963	<u>\$ 616,156</u>
<b>FUND BALANCE, beginning of year</b>			<u>9,193</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 616,156</u>	

**HALIFAX COUNTY, NORTH CAROLINA  
4-H RURAL LIFE PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROJECT LIFE AS OF JUNE 30, 2018**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total
<b>REVENUES</b>				
Intergovernmental revenues	\$ 360,000	\$ -	\$ 170,000	\$ 170,000
Total revenues	<u>360,000</u>	<u>-</u>	<u>170,000</u>	<u>170,000</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
Construction	188,000	-	46,728	46,728
Equipment	<u>172,000</u>	<u>-</u>	<u>122,627</u>	<u>122,627</u>
Total expenditures	<u>360,000</u>	<u>-</u>	<u>169,355</u>	<u>169,355</u>
Excess of revenues over expenditures	-	-	645	645
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	-	10,000	10,000
Appropriate reserves to fund balance	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	10,645	<u>\$ 10,645</u>
<b>FUND BALANCE, beginning of year</b>			<u>-</u>	
<b>FUND BALANCE, end of year</b>			<u>\$ 10,645</u>	

**HALIFAX COUNTY, NORTH CAROLINA**  
**SOLID WASTE LANDFILL**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Landfill fees	\$ 3,984,807	\$ 4,039,138	\$ 4,013,054	\$ (26,084)
Other operating	-	-	199	199
Investment earnings	3,500	3,500	44,350	40,850
Total revenues	<u>3,988,307</u>	<u>4,042,638</u>	<u>4,057,603</u>	<u>14,965</u>
<b>EXPENDITURES</b>				
Landfill operations	960,227	954,987	950,821	4,166
Ash monofill cell	262,986	567,722	529,120	38,602
Transfer station	2,575,255	2,710,976	2,349,458	361,518
Debt service	189,839	189,838	189,838	-
Total expenditures	<u>3,988,307</u>	<u>4,423,523</u>	<u>4,019,237</u>	<u>404,286</u>
Deficiency of revenues over expenditures	-	(380,885)	38,366	419,251
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(2,537,522)	(2,537,522)	-
Appropriated fund balance	-	2,918,407	-	(2,918,407)
Total other financing sources (uses)	<u>-</u>	<u>380,885</u>	<u>(2,537,522)</u>	<u>(2,918,407)</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	(2,499,156)	<u>\$ (2,499,156)</u>
Adjustments to full accrual:				
Payments of debt service - principal			173,084	
Increase in estimated post-closure costs			(328,573)	
Increase in compensated absences			(4,955)	
Change in net pension liability and related deferred items			10,586	
Change in accrued interest			(194)	
Depreciation expense			(154,907)	
Landfill Closure Capital Reserve Fund - net change in fund balance			603	
White Goods Disposal Fund - net change in fund balance			8,951	
Electronic Management Fund - net change in fund balance			76	
Tire Disposal Fund - net change in fund balance			994	
Ash Monofill Project Fund - net change in fund balance			2,517,157	
Change in net position - GAAP Basis			<u>\$ (276,334)</u>	

**HALIFAX COUNTY, NORTH CAROLINA**  
**SOLID WASTE LANDFILL - LANDFILL CLOSURE CAPITAL RESERVE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

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	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 603	\$ 603
Total revenues	-	-	603	603
Net change in net position	\$ -	\$ -	\$ 603	\$ 603

**HALIFAX COUNTY, NORTH CAROLINA**  
**SOLID WASTE LANDFILL - WHITE GOODS HANDLING FACILITY**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 7,589	\$ 7,589
Interest	-	-	1,362	1,362
Total revenues	-	-	8,951	8,951
<b>EXPENDITURES</b>				
Landfill operations	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Deficiency of revenues over expenditures	(10,000)	(10,000)	8,951	18,951
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	10,000	10,000	-	(10,000)
Total other financing sources	10,000	10,000	-	(10,000)
Net change in net position	\$ -	\$ -	\$ 8,951	\$ 8,951

**HALIFAX COUNTY, NORTH CAROLINA**  
**SOLID WASTE LANDFILL - ELECTRONIC MANAGEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ (10,000)	\$ (10,000)	\$ -	\$ 10,000
Miscellaneous	3,000	3,000	-	(3,000)
Interest	-	-	76	76
Total revenues	<u>(7,000)</u>	<u>(7,000)</u>	<u>76</u>	<u>7,076</u>
<b>EXPENDITURES</b>				
Landfill operations	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures	(7,000)	(7,000)	76	7,076
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	7,000	7,000	-	(7,000)
Total other financing sources	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 76</u>

**HALIFAX COUNTY, NORTH CAROLINA**  
**SOLID WASTE LANDFILL - TIRE DISPOSAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 117,952	\$ 117,952	\$ -
Miscellaneous	76,000	76,000	80,960	4,960
Interest	-	-	34	34
Total revenues	<u>76,000</u>	<u>193,952</u>	<u>198,946</u>	<u>4,994</u>
<b>EXPENDITURES</b>				
Landfill operations	<u>80,000</u>	<u>197,952</u>	<u>197,952</u>	-
Total expenditures	<u>80,000</u>	<u>197,952</u>	<u>197,952</u>	-
Deficiency of revenues over expenditures	(4,000)	(4,000)	994	4,994
<b>OTHER FINANCING SOURCES</b>				
Appropriated fund balance	<u>4,000</u>	<u>4,000</u>	-	(4,000)
Total other financing sources	<u>4,000</u>	<u>4,000</u>	-	(4,000)
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994</u>	<u>\$ 994</u>

**HALIFAX COUNTY, NORTH CAROLINA  
SOLID WASTE LANDFILL - ASH MONOFILL PROJECT**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Years	
<b>EXPENDITURES</b>				
Economic and physical development:				
Construction	\$ 2,200,000	\$ -	\$ -	\$ -
Engineering	218,000	-	10,843	10,843
Contingency	110,000	-	-	-
Total expenditures	<u>2,528,000</u>	<u>-</u>	<u>10,843</u>	<u>10,843</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>2,528,000</u>	<u>-</u>	<u>2,528,000</u>	<u>2,528,000</u>
Total other financing sources	<u>2,528,000</u>	<u>-</u>	<u>2,528,000</u>	<u>2,528,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,517,157</u>	<u>\$ 2,517,157</u>

**HALIFAX COUNTY, NORTH CAROLINA  
SOLID WASTE LANDFILL - C&D LANDFILL PROJECT**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Years	
<b>EXPENDITURES</b>				
Economic and physical development	\$ 115,000	\$ 25,237	\$ -	\$ 25,237
Total expenditures	<u>115,000</u>	<u>25,237</u>	<u>-</u>	<u>25,237</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	115,000	115,000	-	115,000
Total other financing sources	<u>115,000</u>	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 89,763</u>	<u>\$ -</u>	<u>\$ 89,763</u>

**HALIFAX COUNTY, NORTH CAROLINA**  
**WATER**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 5,832,015	\$ 5,832,015	\$ 5,940,692	\$ 108,677
Investment earnings	1,714	1,714	3,013	1,299
Miscellaneous	200,451	200,451	250,104	49,653
Total revenues	<u>6,034,180</u>	<u>6,034,180</u>	<u>6,193,809</u>	<u>159,629</u>
<b>EXPENDITURES</b>				
Administration	1,155,268	1,321,885	1,223,202	98,683
Operations	2,990,037	2,827,118	2,652,123	174,995
Repairs and maintenance	127,200	130,290	31,135	99,155
Capital outlays	-	-	33,707	(33,707)
Debt service	1,648,962	4,898,720	1,684,770	3,213,950
Total expenditures	<u>5,921,467</u>	<u>9,178,013</u>	<u>5,624,937</u>	<u>3,553,076</u>
Excess (deficiency) of revenues over expenditures	112,713	(3,143,833)	568,872	3,712,705
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of bonds	-	3,249,400	3,250,000	600
Payments to refunding escrow agent	-	-	(3,242,504)	(3,242,504)
Transfers out	(97,980)	(107,297)	(112,718)	(5,421)
Appropriation of fund balance	(14,733)	1,730	-	(1,730)
Total other financing sources (uses)	<u>(112,713)</u>	<u>3,143,833</u>	<u>(105,222)</u>	<u>(3,249,055)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	463,650	<u>\$ 463,650</u>
Adjustments to full accrual:				
Depreciation expense			(1,581,124)	
Proceeds from new debt			(3,250,000)	
Payments to refunding agent			3,242,504	
Change in accrued interest			12,771	
Principal payments on long-term debt			1,032,948	
Change in compensated absences			(10,803)	
Purchase of capital assets			33,707	
Change in net pension liability and related deferred items			2,699	
Water Debt Service Fund - net change in fund balance			47,111	
Mid-Atlantic Sewer Project Fund - net change in fund balance			28,460	
Change in net position - GAAP Basis			<u>\$ 21,923</u>	

**HALIFAX COUNTY, NORTH CAROLINA**  
**WATER FUND - WATER DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest	\$ 100	\$ 100	\$ 126	\$ 26
Total revenues	<u>100</u>	<u>100</u>	<u>126</u>	<u>26</u>
<b>EXPENDITURES</b>				
Administration	100	100	20	80
Debt service	97,980	97,985	50,980	47,005
Total expenditures	<u>98,080</u>	<u>98,085</u>	<u>51,000</u>	<u>47,085</u>
Deficiency of revenues over expenditures	(97,980)	(97,985)	(50,874)	47,111
<b>OTHER FINANCING SOURCES</b>				
Transfers in	97,980	97,985	97,985	-
Total other financing sources	<u>97,980</u>	<u>97,985</u>	<u>97,985</u>	<u>-</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,111</u>	<u>\$ 47,111</u>

**HALIFAX COUNTY, NORTH CAROLINA  
WATER FUND - MID-ATLANTIC SEWER PROJECT**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Years	
<b>EXPENDITURES</b>				
Charges for services	\$ 82,460	\$ -	\$ -	\$ -
Miscellaneous	88,460	-	28,460	28,460
Total revenues	170,920	-	28,460	28,460
<b>EXPENDITURES</b>				
Operations	170,920	-	-	-
Total expenditures	170,920	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 28,460	\$ 28,460

## INTERNAL SERVICE FUNDS

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**Health Insurance Fund** -accounts for the cost of employee healthcare benefits

**Unemployment Insurance Fund** –accounts for workers' compensation insurance

**HALIFAX COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**JUNE 30, 2018**

	Unemployment		Totals
	Health Insurance Fund	Insurance Fund	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,384,658	\$ 235,745	\$ 2,620,403
Total assets	<u>2,384,658</u>	<u>235,745</u>	<u>2,620,403</u>
<b>LIABILITIES</b>			
Accounts payables	63,281	-	63,281
Claims payable	761,975	-	761,975
Total liabilities	<u>825,256</u>	<u>-</u>	<u>825,256</u>
<b>NET POSITION</b>			
Unrestricted	1,559,402	235,745	1,795,147
Total net position	<u>\$ 1,559,402</u>	<u>\$ 235,745</u>	<u>\$ 1,795,147</u>

# HALIFAX COUNTY, NORTH CAROLINA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	Health Insurance Fund	Unemployment Insurance Fund	Totals
<b>OPERATING REVENUES</b>			
Other operating revenues	\$ 4,692,084	\$ 282,484	\$ 4,974,568
Total operating revenues	4,692,084	282,484	4,974,568
<b>OPERATING EXPENSES</b>			
Claims and payments to third party administrators	3,866,236	9,867	3,876,103
Total operating expenses	3,866,236	9,867	3,876,103
Operating income	825,848	272,617	1,098,465
<b>NON-OPERATING REVENUES</b>			
Investment earnings	14,463	2,083	16,546
Total non-operating revenue	14,463	2,083	16,546
<b>OTHER FINANCING USES</b>			
Transfers out	-	(246,500)	(246,500)
Total other financing uses	-	(246,500)	(246,500)
Change in net position	840,311	28,200	868,511
Net position, beginning of year	719,091	207,545	926,636
Net position, end of year	\$ 1,559,402	\$ 235,745	\$ 1,795,147

HALIFAX COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Health Insurance Fund	Unemployment Insurance Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,692,084	\$ 282,484	\$ 4,974,568
Payments to suppliers	(3,928,526)	(9,867)	(3,938,393)
Net cash provided by operating activities	<u>763,558</u>	<u>272,617</u>	<u>1,036,175</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	14,463	2,083	16,546
Net cash provided by investing activities	<u>14,463</u>	<u>2,083</u>	<u>16,546</u>
<b>CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES</b>			
Transfers out	-	(246,500)	(246,500)
Net cash used in noncapital related financing activities	<u>-</u>	<u>(246,500)</u>	<u>(246,500)</u>
Net increase in cash and cash equivalents	778,021	28,200	806,221
Cash and cash equivalents, beginning of year	1,606,637	207,545	1,814,182
Cash and cash equivalents, end of year	<u>\$ 2,384,658</u>	<u>\$ 235,745</u>	<u>\$ 2,620,403</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 825,848	\$ 272,617	\$ 1,098,465
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease in accounts payable	(54,922)	-	(54,922)
Decrease in claims payable	(7,368)	-	(7,368)
Net cash provided by operating activities	<u>\$ 763,558</u>	<u>\$ 272,617</u>	<u>\$ 1,036,175</u>

**HALIFAX COUNTY, NORTH CAROLINA**  
**HEALTH INSURANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 4,500,000	\$ 4,500,000	\$ 4,692,084	\$ 192,084
Investment earnings	-	-	14,463	14,463
Total revenues	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,706,547</u>	<u>206,547</u>
<b>EXPENDITURES</b>				
Operations	4,500,000	4,500,000	3,873,604	626,396
Total expenditures	<u>4,500,000</u>	<u>4,500,000</u>	<u>3,873,604</u>	<u>626,396</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	832,943	<u>\$ 832,943</u>
Adjustments to full accrual:				
Increase in claims payable			<u>7,368</u>	
Change in net position - GAAP Basis			<u>\$ 840,311</u>	

**HALIFAX COUNTY, NORTH CAROLINA  
UNEMPLOYMENT INSURANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 267,589	\$ 267,589	\$ 282,484	\$ 14,895
Investment earnings	-	-	2,083	2,083
Total revenues	<u>267,589</u>	<u>267,589</u>	<u>284,567</u>	<u>16,978</u>
<b>EXPENDITURES</b>				
Claims paid	40,000	40,000	9,867	30,133
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>9,867</u>	<u>30,133</u>
Excess of revenues over expenditures	227,589	227,589	274,700	47,111
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(246,500)	(246,500)	(246,500)	-
Appropriated fund balance	18,911	18,911	-	(18,911)
Total other financing sources (uses)	<u>(227,589)</u>	<u>(227,589)</u>	<u>(246,500)</u>	<u>(18,911)</u>
Net change in fund balance / net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,200</u>	<u>\$ 28,200</u>

## AGENCY FUNDS

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**Social Services Trust Fund** -accounts for monies held by the Social Services department for the benefit of certain individuals in the County

**Tax Collection Agency Fund** –accounts for ad valorem property taxes that are billed and collected by the County for municipalities within the County

**Register of Deeds Trust Fund** –accounts for the monies remitted monthly to the State per P.S. 7-B, 1301 from all marriage licenses

**HALIFAX COUNTY, NORTH CAROLINA**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2018**

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<u>ASSETS</u>	<u>Tax Collection Agency Fund</u>	<u>Social Services Trust Fund</u>	<u>Total</u>
Cash	\$ 67,563	\$ 32,559	\$ 100,122
Taxes receivable	999,348	-	999,348
Total assets	\$ 1,066,911	\$ 32,559	\$ 1,099,470
<u>LIABILITIES</u>			
Due to others	\$ 67,563	\$ 32,559	\$ 100,122
Uncollected taxes	999,348	-	999,348
Total liabilities	\$ 1,066,911	\$ 32,559	\$ 1,099,470

**HALIFAX COUNTY, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b><u>Tax Collection Agency Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 132,962	\$ 10,915,619	\$ (10,981,018)	\$ 67,563
Taxes receivable	966,497	10,259,834	(10,226,983)	999,348
Total assets	<u>\$ 1,099,459</u>	<u>\$ 21,175,453</u>	<u>\$ (21,208,001)</u>	<u>\$ 1,066,911</u>
<b>LIABILITIES</b>				
Due to others	\$ 132,962	\$ 10,915,619	\$ (10,981,018)	\$ 67,563
Uncollected taxes	966,497	10,259,834	(10,226,983)	999,348
Total liabilities	<u>\$ 1,099,459</u>	<u>\$ 21,175,453</u>	<u>\$ (21,208,001)</u>	<u>\$ 1,066,911</u>
<b><u>Social Services Trust Fund</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,852	\$ 32,559	\$ (30,852)	\$ 32,559
Total assets	<u>\$ 30,852</u>	<u>\$ 32,559</u>	<u>\$ (30,852)</u>	<u>\$ 32,559</u>
<b>LIABILITIES</b>				
Due to others	\$ 30,852	\$ 32,559	\$ (30,852)	\$ 32,559
Total liabilities	<u>\$ 30,852</u>	<u>\$ 32,559</u>	<u>\$ (30,852)</u>	<u>\$ 32,559</u>
<b><u>ROD Trust Fund Fee</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,195	\$ -	\$ (2,195)	\$ -
Total assets	<u>\$ 2,195</u>	<u>\$ -</u>	<u>\$ (2,195)</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to others	\$ 2,195	\$ -	\$ (2,195)	\$ -
Total liabilities	<u>\$ 2,195</u>	<u>\$ -</u>	<u>\$ (2,195)</u>	<u>\$ -</u>
<b><u>Total Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 166,009	\$ 10,948,178	\$ (11,014,065)	\$ 100,122
Taxes receivable	966,497	10,259,834	(10,226,983)	999,348
Total assets	<u>\$ 1,132,506</u>	<u>\$ 21,208,012</u>	<u>\$ (21,241,048)</u>	<u>\$ 1,099,470</u>
<b>LIABILITIES</b>				
Due to others	\$ 166,009	\$ 10,948,178	\$ (11,014,065)	\$ 100,122
Uncollected taxes	966,497	10,259,834	(10,226,983)	999,348
Total liabilities	<u>\$ 1,132,506</u>	<u>\$ 21,208,012</u>	<u>\$ (21,241,048)</u>	<u>\$ 1,099,470</u>

# HALIFAX COUNTY, NORTH CAROLINA

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE JUNE 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 27,812,045	\$ 27,268,287	\$ 543,758
2016-2017	558,267	-	285,569	272,698
2015-2016	263,743	-	57,246	206,497
2014-2015	233,298	-	32,437	200,861
2013-2014	210,545	-	20,895	189,650
2012-2013	191,279	-	15,455	175,824
2011-2012	164,845	-	9,484	155,361
2010-2011	150,590	-	10,194	140,396
2009-2010	120,435	-	5,977	114,458
2008-2009	110,648	-	4,863	105,785
2007-2008	108,610	-	108,610	-
	<u>\$ 2,112,260</u>	<u>\$ 27,812,045</u>	<u>\$ 27,819,017</u>	<u>2,105,288</u>
				Less: allowance for uncollectible accounts - General Fund
				(621,494)
				Ad valorem taxes receivable - net
				<u>\$ 1,483,794</u>
				<u>Reconciliation to revenues:</u>
				Ad valorem taxes - General Fund
				\$ 27,672,575
				Reconciling items:
				Interest and penalties
				(191,599)
				Amounts written off for tax years per Statute of limitations
				108,610
				Releases
				137,037
				Refunds
				(63,386)
				Writeoffs/discounts
				204,707
				Tax bill adjustments
				(32,238)
				Discoveries and rollback
				14,431
				Miscellaneous adjustments
				(31,120)
				<u>Total collections and credits</u>
				<u>\$ 27,819,017</u>

# HALIFAX COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY JUNE 30, 2018

	County - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 3,565,646,795	0.780	\$ 27,812,045	\$ 24,849,711	\$ 2,962,334
Penalties	-		32,300	32,300	-
Total	3,565,646,795		27,844,345	24,882,011	2,962,334
Discoveries	1,696,667	0.780	13,234	13,234	-
Releases	(179,719)	0.780	(140,181)	(140,181)	-
Total property valuation	\$ 3,565,467,076				
Net levy			27,717,398	24,755,064	2,962,334
Uncollected taxes at June 30, 2018			(543,758)	(543,758)	-
Current year's taxes collected			\$ 27,173,640	\$ 24,211,306	\$ 2,962,334
Current levy collection percentage			98.04%	97.80%	100.00%

# HALIFAX COUNTY, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY FOR THE YEAR ENDED JUNE 30, 2018

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### Secondary Market Disclosure:

#### Assessed Valuation:

Assessment ratio	98%
Real property	\$ 2,506,154,072
Personal property	836,429,425
Public service companies	223,063,298
Total Assessed valuation	<u>\$ 3,565,646,795</u>
Tax rate per \$100	<u>\$ 0.78</u>
Levy (including discoveries, releases and abatements)	<u>\$ 27,812,045</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts, fire protection districts, and the community hospital:

Weldon schools	\$ 1,156,230
Fire protection districts	1,207,511
Community hospital	<u>365,632</u>
Total	<u>\$ 2,729,373</u>

## STATISTICAL SECTION

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

	<u>Page</u>
<b>Financial Trends</b> .....	<b>136</b>

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

<b>Revenue Capacity</b> .....	<b>141</b>
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These schedules contain information to help the reader assess the County's most significant local revenue source, property tax.

<b>Debt Capacity</b> .....	<b>145</b>
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These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

<b>Demographic and Economic Information</b> .....	<b>149</b>
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

<b>Operating Information</b> .....	<b>151</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Schedule 1  
Halifax County, North Carolina  
Net Position by Component,  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2018	2017 - Restated	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Invested in capital assets, net of related debt	\$ 17,187,742	\$ 21,388,949	\$ 17,831,005	\$ 18,447,019	\$ 18,794,168	\$ 18,632,877	\$ 18,477,076	\$ 15,509,024	\$ 15,987,959	\$ 16,324,481
Restricted	24,454,078	22,911,749	21,136,844	15,462,261	13,537,120	16,312,505	16,423,142	11,130,798	58,992	58,192
Unrestricted	(27,387,184)	(26,964,341)	(8,188,316)	(3,431,783)	(1,637,019)	(1,029,184)	(21,964)	6,009,922	14,562,807	10,725,835
Total governmental activities net assets	\$ 14,254,636	\$ 17,336,357	\$ 30,779,533	\$ 30,477,497	\$ 30,694,269	\$ 33,916,198	\$ 34,878,254	\$ 32,649,744	\$ 30,609,758	\$ 27,108,508
Business-type activities										
Invested in capital assets, net of related debt	\$ 11,290,268	\$ 11,824,479	\$ 12,055,155	\$ 12,077,355	\$ 11,956,839	\$ 11,368,747	\$ 11,893,823	\$ 13,581,258	\$ 13,947,296	\$ 12,725,129
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,821,206	7,541,406	5,176,388	4,801,751	5,260,162	6,831,496	6,156,006	7,257,654	7,598,212	8,209,572
Total business-type activities net assets	\$ 19,111,474	\$ 19,365,885	\$ 17,231,543	\$ 16,879,106	\$ 17,217,001	\$ 18,200,243	\$ 18,049,829	\$ 20,838,912	\$ 21,545,508	\$ 20,934,701
Primary government										
Invested in capital assets, net of related debt	\$ 28,478,010	\$ 33,213,428	\$ 29,886,160	\$ 30,524,374	\$ 30,751,007	\$ 30,001,624	\$ 30,370,899	\$ 29,090,282	\$ 29,935,255	\$ 29,049,610
Restricted	24,454,078	22,911,749	21,136,844	15,462,261	13,537,120	16,312,505	16,423,142	11,130,798	58,992	58,192
Unrestricted	(19,565,978)	(19,422,935)	(3,011,928)	1,369,968	3,623,143	5,802,312	6,134,042	13,267,576	22,161,019	18,935,407
Total primary government net assets	\$ 33,366,110	\$ 36,702,242	\$ 48,011,076	\$ 47,356,603	\$ 47,911,270	\$ 52,116,441	\$ 52,928,083	\$ 53,488,656	\$ 52,155,266	\$ 48,043,209

**Schedule 2**  
**Halifax County, North Carolina**  
**Changes in Net Position,**  
**Last Four Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,473,124	\$ 11,824,803	\$ 11,900,686	\$ 11,265,630	\$ 11,521,305	\$ 11,421,727	\$ 11,155,986	\$ 10,435,130	\$ 9,781,235	\$ 11,094,199
Public safety	17,137,119	15,223,699	14,740,869	14,197,958	13,761,938	14,124,871	12,844,194	12,274,234	11,872,036	12,291,389
Economic & physical development	1,522,518	5,070,877	2,479,719	2,936,494	7,185,719	1,418,100	1,711,426	1,757,528	1,648,548	1,156,054
Human Services	20,581,114	20,258,952	19,782,077	19,339,216	20,392,320	20,918,807	21,780,366	22,082,009	21,431,637	25,268,365
Cultural & Recreational	686,028	506,484	579,074	540,741	651,086	617,701	683,275	539,435	528,298	578,152
Education	21,888,553	22,071,399	13,339,997	11,437,522	11,257,890	12,758,774	14,579,569	11,696,274	11,920,920	12,159,112
Interest & Fees	882,908	1,012,473	1,119,155	805,349	1,042,433	921,100	938,783	396,649	460,169	532,773
Total governmental activities expenses	\$ 71,171,364	\$ 75,968,687	\$ 63,941,577	\$ 60,522,910	\$ 65,812,691	\$ 62,181,080	\$ 63,693,599	\$ 59,181,259	\$ 57,642,843	\$ 63,080,044
Business-type activities:										
Water & Sewer	\$ 6,185,739	\$ 5,982,662	\$ 6,213,780	\$ 6,011,145	\$ 5,759,890	\$ 5,730,039	\$ 6,961,383	\$ 5,071,355	\$ 5,064,811	\$ 5,787,146
Landfill/Solid Waste	4,532,991	3,700,588	4,568,587	3,802,629	3,982,453	3,703,772	8,871,212	3,906,530	3,465,856	3,210,966
Total business-type activities	\$ 10,718,730	\$ 9,683,250	\$ 10,782,367	\$ 9,813,774	\$ 9,742,343	\$ 9,433,811	\$ 15,832,595	\$ 8,977,885	\$ 8,530,667	\$ 8,998,112
Total primary governmental expenses	\$ 81,890,094	\$ 85,651,937	\$ 74,723,944	\$ 70,336,684	\$ 75,555,034	\$ 71,614,891	\$ 79,526,194	\$ 68,159,144	\$ 66,173,510	\$ 72,078,156
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,259,332	\$ 11,687,133	\$ 3,155,714	\$ 2,389,281	\$ 2,400,963	\$ 2,754,422	\$ 2,149,215	\$ 2,787,711	\$ 2,695,952	\$ 2,301,996
Public Safety	2,167,892	3,533,202	3,206,930	3,187,812	3,271,235	2,528,535	3,436,113	3,584,112	2,413,056	3,152,842
Economic and physical development	272,355	-	80,544	-	-	-	-	-	-	-
Human Services	39,560	-	-	124,808	148,547	102,747	158,807	143,102	40,693	19,664
Cultural and recreation	11,408	20,816	26,945	24,904	25,439	21,822	19,223	26,895	5,992	4,514
Operating grants and contributions	16,755,893	17,721,133	17,909,200	17,490,294	16,704,854	17,435,430	21,669,387	17,744,622	18,458,663	19,390,471
Capital grants and contributions	903,585	4,101,133	1,843,555	1,340,173	1,349,798	1,257,897	1,369,143	1,018,199	1,371,293	640,654
Total governmental activities program revenues	\$ 23,410,025	\$ 37,063,417	\$ 26,222,888	\$ 24,557,272	\$ 23,900,836	\$ 24,100,853	\$ 28,801,888	\$ 25,304,641	\$ 24,985,649	\$ 25,510,141
Business-type activities:										
Charges of services:										
Water and sewer	\$ 6,219,256	\$ 6,055,217	\$ 5,638,615	\$ 5,233,713	\$ 4,987,948	\$ 4,980,159	\$ 4,616,130	\$ 4,664,667	\$ 4,825,979	\$ 5,389,856
Solid waste	4,101,502	4,109,935	5,009,713	3,727,923	3,814,991	3,728,939	8,356,624	3,372,705	3,194,215	3,129,176
Operating grants and contributions	117,952	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	128,416	404,482	553,201	642,755	766,515	2,511	224,763	1,021,862	252,287
Total business-type activities program revenues	\$ 10,438,710	\$ 10,293,568	\$ 11,052,810	\$ 9,514,837	\$ 9,445,694	\$ 9,475,613	\$ 12,975,265	\$ 8,262,135	\$ 9,042,056	\$ 8,771,319
Total primary governmental program revenues	\$ 33,848,735	\$ 47,356,985	\$ 37,275,698	\$ 34,072,109	\$ 33,346,530	\$ 33,576,466	\$ 41,777,153	\$ 33,566,776	\$ 34,027,705	\$ 34,281,461
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (47,761,339)	\$ (38,905,270)	\$ (37,718,688)	\$ (35,965,638)	\$ (41,911,855)	\$ (38,080,227)	\$ (34,891,710)	\$ (33,876,618)	\$ (32,657,194)	\$ (37,569,903)
Business-type activities	(280,020)	610,318	270,443	(298,937)	(296,649)	41,802	(2,857,330)	(715,750)	511,389	(226,793)
Total primary government net expense	\$ (48,041,359)	\$ (38,294,952)	\$ (37,448,245)	\$ (36,264,575)	\$ (42,208,504)	\$ (38,038,425)	\$ (37,749,040)	\$ (34,592,368)	\$ (32,145,805)	\$ (37,796,696)

continued

Fiscal Year

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 34,488,840	\$ 31,809,653	\$ 29,927,726	\$ 29,566,702	\$ 29,938,070	\$ 29,176,862	\$ 29,060,545	\$ 28,853,192	\$ 29,073,973	\$ 27,031,921
Local option sales tax	9,677,612	-	7,961,352	8,161,488	7,211,131	7,462,883	7,441,555	6,544,483	6,765,382	9,017,316
Other taxes	285,520	-	93,902	99,262	118,989	144,424	121,816	124,282	131,484	138,512
Interest earned on investments	203,391	82,528	56,252	37,586	67,661	39,775	39,565	99,372	109,491	436,090
Miscellaneous	-	-	-	441,373	1,567,406	312,523	432,380	206,482	72,410	107,007
Transfers	24,255	(2,443,123)	(49,541)	-	-	(18,296)	24,359	88,793	5,704	(30,684)
Total governmental activities	\$ 44,679,618	\$ 29,449,058	\$ 37,989,691	\$ 38,306,411	\$ 38,903,257	\$ 37,118,171	\$ 37,120,220	\$ 35,916,604	\$ 36,158,444	\$ 36,700,162
Business-type activities:										
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Privilege Tax	-	-	70,542	67,973	74,366	83,280	84,179	81,674	78,893	76,003
Interest	49,564	16,275	11,911	3,357	5,556	7,036	8,427	16,273	26,229	156,961
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(24,255)	-	(459)	-	-	18,296	(24,359)	(88,793)	(5,704)	30,684
Total business-type activities	\$ 25,309	\$ 16,275	\$ 81,994	\$ 71,330	\$ 79,922	\$ 108,612	\$ 68,247	\$ 9,154	\$ 99,418	\$ 263,648
Total primary government	\$ 44,704,927	\$ 29,465,333	\$ 38,071,685	\$ 38,377,741	\$ 38,983,179	\$ 37,226,783	\$ 37,188,467	\$ 35,925,758	\$ 36,257,862	\$ 36,963,810
<b>Change in Net Position</b>										
Governmental activities	\$ (3,081,721)	\$ (7,013,089)	\$ 271,003	\$ 2,340,773	\$ (3,008,598)	\$ (962,056)	\$ 2,228,510	\$ 2,039,986	\$ 3,501,250	\$ (869,741)
Business-type activities	(254,711)	431,690	352,437	(227,607)	(216,727)	150,414	(2,789,083)	(706,596)	610,807	36,855
Total primary government	\$ (3,336,432)	\$ (6,581,399)	\$ 623,440	\$ 2,113,166	\$ (3,225,325)	\$ (811,642)	\$ (560,573)	\$ 1,333,390	\$ 4,112,057	\$ (832,886)

Schedule 3  
Halifax County, North Carolina  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017 - Restated	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nonspendable	\$ 372,305	\$ 34,500	\$ 193,435	\$ 108,076	\$ 47,097	\$ 67,992	\$ 787,417	\$ 118,618	\$ 7,830,230	\$ 7,092,581
Restricted	25,663,240	19,635,551	19,488,758	13,617,754	12,649,829	14,590,085	13,736,617	9,937,529	24,021,981	22,939,596
Committed	-	-	-	-	888,375	1,063,800	1,010,972	987,513	-	-
Assigned	1,554,604	3,679,242	4,007,178	4,658,251	1,882,934	3,497,218	4,530,361	3,941,401	-	-
Unassigned	4,253,587	5,453,780	2,271,623	8,329,303	11,643,265	10,528,955	13,226,413	17,589,602	-	-
Total General Fund	\$ 31,843,736	\$ 28,803,073	\$ 25,960,994	\$ 26,713,384	\$ 27,111,500	\$ 29,748,050	\$ 33,291,780	\$ 32,574,663	\$ 31,852,211	\$ 30,032,177
All other governmental funds										
Reserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, reported in:										
Undesignated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special revenue funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,281,807	1,136,906
Capital projects funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(2,081,881)	(2,514,505)
Permanent funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-
Nonspendable	\$ 203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Restricted	712,008	11,402,505	1,009,628	1,844,507	951,229	1,722,420	2,686,525	1,193,269	-	-
Committed	-	27,396	39,849	145,595	629,102	2,255,244	1,182,015	-	-	-
Assigned	1,858,222	-	-	-	-	-	-	1,534,350	-	-
Unassigned	-	(1,994,684)	(343,430)	(736,967)	(1,158,743)	(2,625,090)	(3,344,767)	(2,692,045)	-	-
Total all other governmental funds	\$ 2,570,433	\$ 9,435,217	\$ 706,047	\$ 1,253,135	\$ 421,588	\$ 1,352,574	\$ 523,773	\$ 35,574	\$ (726,331)	\$ (1,289,495)

Tables show Pre GASB 54 and Post GASB 54 implementation. Differences will correct themselves through attrition

**Schedule 4**  
**Halifax County, North Carolina**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Ad valorem taxes	\$ 34,326,757	\$ 32,429,935	\$ 29,288,453	\$ 24,785,670	\$ 25,467,769	\$ 24,508,463	\$ 24,322,857	\$ 28,787,663	\$ 29,025,295	\$ 26,929,709
Other taxes and licenses	9,963,132	8,770,372	8,055,164	7,716,600	6,857,795	7,095,607	6,712,220	6,668,765	6,896,866	9,155,828
Unrestricted intergovernmental revenues	-	347,331	361,425	385,800	347,751	390,315	408,382	727,980	483,341	567,941
Restricted intergovernmental revenues	18,266,441	21,608,486	19,902,329	17,486,635	16,450,460	17,545,805	18,649,613	18,977,893	19,473,535	18,847,756
Permits and fees	1,458,043	1,359,789	1,358,846	1,324,064	1,397,617	1,346,291	1,300,247	1,148,751	1,239,839	1,089,818
Sales and services	3,825,133	4,364,500	3,877,354	3,970,595	4,043,476	3,879,891	4,098,301	4,328,128	3,063,410	3,968,594
Investment earnings	203,391	78,379	54,342	29,823	56,469	21,802	29,070	96,610	104,371	407,156
Miscellaneous	467,371	488,289	598,374	354,324	329,311	312,426	412,940	206,482	799,583	742,245
<b>Total revenues</b>	<b>\$ 68,510,268</b>	<b>\$ 69,447,081</b>	<b>\$ 63,496,287</b>	<b>\$ 56,053,511</b>	<b>\$ 54,950,648</b>	<b>\$ 55,100,600</b>	<b>\$ 55,933,630</b>	<b>\$ 60,942,272</b>	<b>\$ 61,086,240</b>	<b>\$ 61,709,047</b>
<b>Expenditures</b>										
General government	\$ 7,999,497	\$ 7,496,153	\$ 7,161,747	\$ 7,870,394	\$ 8,032,471	\$ 8,787,443	\$ 7,262,849	\$ 6,603,840	\$ 6,400,525	\$ 7,749,605
Public safety	17,143,327	16,890,493	16,200,768	13,265,922	13,146,632	12,983,238	13,479,012	12,713,337	12,175,394	13,164,754
Economic and physical development	1,607,161	5,014,213	2,353,686	975,352	866,364	1,097,442	5,351,019	2,455,450	1,711,764	1,435,942
Human services	20,294,606	22,214,380	21,756,228	21,386,334	21,485,386	21,914,289	22,931,926	22,849,271	23,011,327	25,982,318
Cultural and recreational	676,777	604,985	655,229	631,639	711,853	680,198	735,805	596,275	584,198	612,437
Education	21,876,806	22,169,505	13,339,997	8,068,342	7,837,920	9,272,733	14,579,569	11,696,274	11,920,920	11,744,244
Capital outlays	171,495	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	2,715,667	2,871,519	1,605,812	1,664,029	1,919,745	1,822,398	2,094,073	2,460,612	2,669,450	2,624,133
Interest	889,271	1,147,364	802,052	821,056	854,222	921,099	936,291	396,649	460,168	532,773
<b>Total expenditures</b>	<b>\$ 73,374,607</b>	<b>\$ 78,408,612</b>	<b>\$ 63,875,589</b>	<b>\$ 54,683,068</b>	<b>\$ 54,854,593</b>	<b>\$ 57,478,840</b>	<b>\$ 67,370,544</b>	<b>\$ 59,771,708</b>	<b>\$ 58,933,746</b>	<b>\$ 63,846,206</b>
Excess of revenues over (under) expenditures	\$ (4,864,339)	\$ (8,961,531)	\$ (379,302)	\$ 1,370,443	\$ 96,055	\$ (2,378,240)	\$ (11,436,914)	\$ 1,170,564	\$ 2,152,494	\$ (2,137,159)
<b>Other financing sources (uses)</b>										
Transfers in-	282,706	1,316,239	301,089	421,791	1,292,222	296,406	1,076,323	2,069,142	660,665	887,783
Transfers out-	(11,951)	(1,069,739)	(954,130)	(2,190,350)	(4,474,827)	(1,461,896)	(826,964)	(1,755,349)	(429,961)	(693,467)
Refunding issued	-	12,005,000	-	-	-	-	-	-	-	-
Payment to escrow agent	-	(11,899,646)	-	-	-	-	-	-	-	-
Sale of capital assets	371,757	-	-	-	-	-	-	-	-	-
Installment purchase obligations issued	-	258,000	18,036,030	-	450,000	-	2,552,967	-	-	-
Proceeds of capital lease	397,706	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,040,218	609,854	17,382,989	(1,768,559)	(2,732,605)	(1,165,490)	2,802,326	313,793	230,704	194,316
<b>Net change in fund balances</b>	<b>\$ (3,824,121)</b>	<b>\$ (8,351,677)</b>	<b>\$ 17,003,687</b>	<b>\$ (398,116)</b>	<b>\$ (2,636,550)</b>	<b>\$ (3,543,730)</b>	<b>\$ (8,634,588)</b>	<b>\$ 1,484,357</b>	<b>\$ 2,383,198</b>	<b>\$ (1,942,843)</b>
Debt services as a percentage of noncapital expenditures	4.99%	5.22%	3.77%	4.53%	5.19%	4.89%	4.82%	4.86%	5.34%	5.10%

Schedule 5  
 Halifax County, North Carolina  
 Assessed Value and Actual Value of Taxable Property,  
 Last Ten Fiscal Years

Fiscal Year	Real Property			Personal Property	Total	Total Direct Tax Rate
	Residential Property	Public Service				
2018	\$ 2,506,154,072	\$ 223,063,298	\$	836,429,425	\$ 3,565,646,795	0.7800
2017	2,487,730,710	221,424,642		830,291,956	3,539,447,308	0.7800
2016	2,460,089,839	213,106,196		793,085,187	3,466,281,222	0.7300
2015	2,699,522,013	190,181,144		765,679,430	3,655,382,587	0.6800
2014	2,688,632,955	181,532,053		865,175,325	3,735,340,333	0.6800
2013	2,688,009,515	181,213,573		741,238,469	3,610,461,557	0.6800
2012	2,679,669,691	172,366,132		741,199,448	3,593,235,271	0.6800
2011	2,659,342,572	166,430,768		729,288,429	3,555,061,769	0.6800
2010	2,599,443,151	142,435,241		819,002,637	3,560,881,029	0.6800
2009	2,603,714,835	157,174,358		755,127,735	3,516,016,928	0.6800

Source - Halifax County Tax Department

Schedule 6  
Halifax County, North Carolina  
Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years  
(rates per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>County Direct Rates</b>										
Halifax	0.7700	0.7800	0.7800	0.7300	0.6800	0.6800	0.6800	0.6800	0.6800	0.6800
<b>Components of Direct Rates</b>										
Public Safety	0.142450	0.143832	0.143832	0.134612	0.125392	0.125392	N/A	N/A	N/A	N/A
Education	0.225610	0.228852	0.228852	0.214182	0.199512	0.199512	N/A	N/A	N/A	N/A
Operational Services	0.401940	0.407316	0.407316	0.381206	0.355096	0.355096	N/A	N/A	N/A	N/A
<b>City Rates</b>										
Roanoke Rapids	0.6510	0.6510	0.6510	0.6510	0.6240	0.6240	0.6240	0.6240	0.6240	0.6240
Enfield	0.8380	0.8380	0.8380	0.8380	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
Halifax	0.6600	0.6600	0.6600	0.6600	0.6000	0.5500	0.5500	0.5500	0.5500	0.5500
Scotland Neck	0.7850	0.7850	0.7850	0.7850	0.7000	0.6800	0.6800	0.6400	0.6400	0.6000
Hobgood	0.7200	0.6500	0.6500	0.6500	0.5700	0.5700	0.5700	0.5700	0.5700	0.5700
Littleton	0.8000	0.8000	0.8000	0.8000	0.7000	0.6500	0.6500	0.6500	0.6500	0.6100
Weldon	0.7700	0.7700	0.7700	0.7700	0.6600	0.6600	0.6600	0.6600	0.6800	0.7500
<b>School District</b>										
Weldon	0.2000	0.2000	0.2000	0.1818	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700
Roanoke Rapids	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100
Halifax County Schools	0.1000	0.1000	N/A							
<b>Fire Districts</b>										
Rheasville	0.0705	0.0705	0.0705	0.0705	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Davie	0.0945	0.0945	0.0945	0.0945	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
Darlington	0.0890	0.0890	0.0890	0.0890	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
Littleton	0.0534	0.0534	0.0534	0.0534	0.0460	0.0460	0.0460	0.0460	0.0460	0.0460
Arcola	0.0677	0.0677	0.0677	0.0677	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Enfield	0.0690	0.0690	0.0690	0.0690	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Halifax	0.0728	0.0728	0.0728	0.0728	0.0726	0.0726	0.0726	0.0726	0.0726	0.0726
Hobgood	0.0685	0.0685	0.0685	0.0685	0.0719	0.0719	0.0719	0.0719	0.0719	0.0719
Scotland Neck	0.0690	0.0690	0.0690	0.0690	0.0700	0.0700	0.0700	0.0700	0.0649	0.0649
Weldon	0.0894	0.0894	0.0894	0.0894	0.0845	0.0845	0.0845	0.0845	0.0845	0.0845
Tillery	0.0475	0.0475	0.0475	0.0475	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
<b>Hospital District</b>										
Our Community Hospital	-	0.1244	0.1244	0.1244	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200

Source: State Department of Revenue, Bureau of Property Tax

Schedule 7  
 Halifax County, North Carolina  
 Principal Property Tax Payers,  
 Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kapstone Kraft Paper Corporation	\$ 154,551,647	1	4.33%	\$ 147,052,090	1	4.18%
Dominion North Carolina Power	131,497,495	2	3.69%	110,867,532	2	3.15%
Klausner Lumber Two LLC	97,927,480	3	2.75%	81,174,529	3	2.31%
Carolina Chips	39,574,626	4	1.11%	22,256,580	4	0.63%
Piedmont Natural Gas Co Inc	39,171,561	5	1.10%	21,503,245	5	0.61%
Reser's Fine Foods, Inc.	35,269,137	6	0.99%	17,948,535	6	0.51%
Kennametal Inc.	30,827,744	7	0.86%	17,933,013	7	0.51%
CSX Transportation Inc	22,494,810	8	0.63%	17,488,073	8	0.50%
Meadows 163 LLC	21,818,900	9	0.61%	16,787,268	9	0.48%
Halifax EMC	19,905,945	10	0.56%	16,062,968	10	0.46%
Totals	\$ 593,039,345		16.63%	\$ 469,073,833		13.34%

Source: State Department of Revenue, Bureau of Property Tax

Schedule 8  
Halifax County, North Carolina  
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	
	(Original Levy)				Amount	Percentage of Original Levy	Amount	Percentage of Adjusted Levy	Amount	Percentage of Adjusted Levy
2018	\$ 27,844,345	\$ (126,947)	\$ 27,717,398	\$ 27,173,640	98.04%	\$ -	98.04%	\$ 27,173,640	98.04%	
2017	28,106,071	(376,183)	27,729,888	27,171,621	97.99%	285,569	99.02%	27,457,190	99.02%	
2016	25,417,962	(77,587)	25,340,375	24,322,725	95.98%	811,153	99.19%	25,133,878	99.19%	
2015	24,883,851	3,457	24,887,308	24,360,629	97.88%	325,818	99.19%	24,686,447	99.19%	
2014	25,453,912	(30,574)	25,423,338	24,890,205	97.90%	343,483	99.25%	25,233,688	99.25%	
2013	24,605,980	(54,841)	24,551,139	23,787,576	96.89%	587,739	99.28%	24,375,315	99.28%	
2012	24,462,488	(3,436)	24,459,052	23,736,795	97.05%	566,896	99.36%	24,303,691	99.36%	
2011	24,229,651	(31,165)	24,198,486	23,425,324	96.80%	632,766	99.42%	24,058,090	99.42%	
2010	24,477,419	(295,880)	24,181,539	23,263,860	95.04%	803,221	99.53%	24,067,081	99.53%	
2009	24,149,388	(104,523)	24,044,865	23,218,278	96.14%	720,802	99.56%	23,939,080	99.56%	

Source - Halifax County Tax Department

Schedule 9  
Halifax County, North Carolina  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Debt	Less: Amounts Restricted to Repaying Principal					
2018	\$ 17,823,825	\$ -	\$	17,823,825	1.7%	0.50%	347.38
2017	18,033,808	-		18,033,808	1.8%	0.51%	348.37
2016	18,909,122	-		18,909,122	1.9%	0.55%	345.74
2015	19,755,928	-		19,755,928	2.0%	0.54%	364.22
2014	20,575,596	-		20,575,596	2.1%	0.55%	376.55
2013	21,362,314	-		21,362,314	2.4%	0.59%	395.55
2012	22,065,000	-		22,065,000	2.3%	0.61%	403.45
2011	22,629,000	-		22,629,000	2.3%	0.64%	416.85
2010	21,061,500	-		21,061,500	2.2%	0.59%	381.74
2009	14,595,000	-		14,595,000	1.5%	0.42%	266.90

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

Schedule 10  
Halifax County, North Carolina  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Halifax County	\$ 30,171	100%	\$ 30,171
Underlying:			
Enfield	-	100	-
Halifax	-	100	-
Littleton	-	100	-
Roanoke Rapids	-	100	-
Scotland Neck	-	100	-
Weldon	-	100	-
Total	\$ 30,171		\$ 30,171

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Name of Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Schedule 11  
 Halifax County, North Carolina  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Notes Payable	Certificate of Participation	Qualified Zone Academy Bond	Qualified School Construction Bond	Installment Purchase Agreement	General Obligation Bond	Water Revenue Bonds	Payable	Notes			
2018	\$ 314	\$ -	\$ 9,790	\$ 1,642	\$ -	\$ 2,489	\$ 17,824	\$ 2,502	\$ 1,801	\$ -	\$ 52,298	5.06%	1,019.26
2017	-	350	11,115	1,642	1,647	15,687	18,033	2,549	2,742	54,971	5.39%	1,061.91	
2016	141	3,960	8,500	1,642	1,812	16,893	18,909	2,595	3,215	58,874	5.96%	1,076.48	
2015	158	4,425	9,350	1,642	2,149	-	19,756	2,640	3,295	43,415	4.46%	800.39	
2014	174	5,159	10,200	1,642	2,213	-	20,576	2,687	2,862	45,513	4.63%	832.92	
2013	223	5,560	11,050	1,642	2,383	-	21,362	-	1,743	43,963	4.86%	814.04	
2012	271	6,314	11,900	1,642	2,553	-	22,065	-	-	44,745	4.75%	818.14	
2011	314	7,463	12,750	1,642	-	-	22,629	-	-	44,798	4.61%	825.22	
2010	356	9,082	13,600	1,642	-	-	21,062	-	-	45,742	4.72%	829.06	
2009	406	10,851	14,450	1,642	-	-	21,395	-	-	48,744	4.99%	891.38	

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

Schedule 12

Halifax County, North Carolina  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (dollars in thousands)

	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed Value of Property	\$ 3,565,647	\$ 3,539,447	\$ 3,466,281	\$ 3,655,383	\$ 3,735,340	\$ 3,610,462	\$ 3,593,235	\$ 3,555,062	\$ 3,560,881	\$ 3,516,017
Debt limit, 8% of Assessed Value (Statutory Limitation)	285,252	283,156	277,302	292,431	298,827	288,837	287,459	284,405	284,870	281,281
General Obligation Bonds	17,824	18,034	18,909	19,756	20,576	21,362	22,065	22,629	21,062	14,595
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Installment purchase contracts**	29,857	34,389	34,014	20,861	22,076	22,378	22,409	21,906	24,324	26,943
Capital Leases	314	-	141	158	175	223	272			
Revenue Bonds	2,502	2,549	2,595	2,640	2,687	2,687				
Total net debt applicable to limit	50,497	36,938	36,750	43,415	45,514	46,650	44,746	43,971	45,386	26,943
Legal debt margin	\$ 234,755	\$ 246,218	\$ 240,552	\$ 249,016	\$ 253,313	\$ 242,187	\$ 242,713	\$ 240,434	\$ 239,484	\$ 254,338
Total net debt applicable to the limit as a percentage of debt limit	17.70%	13.05%	13.25%	14.85%	15.23%	16.15%	15.57%	15.46%	15.93%	9.58%

\*\*Installment Debt includes COPS, QZAB and  
 Installment Purchases

Note: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Schedule 13  
 Halifax County, North Carolina  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income		School Enrollment	Unemployment Rate
			Personal Income	Per Capita Personal Income		
2018	51,310	\$ 1,033,075	\$ 20,134	6,545	6.5%	
2017	51,766	1,020,256	19,709	6,314	7.4%	
2016	54,691	987,227	18,051	6,479	8.1%	
2015	54,242	972,938	17,937	7,214	9.4%	
2014	54,643	981,989	17,971	7,396	9.8%	
2013	54,006	905,033	16,758	7,396	13.4%	
2012	54,691	941,943	17,223	7,742	13.2%	
2011	54,286	970,959	17,886	8,455	13.7%	
2010	55,173	969,555	17,573	7,807	12.6%	
2009	54,684	977,641	17,878	8,161	14.6%	

Note: Population, median age, and educational level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Schedule 14

Halifax County, North Carolina

Principal Employers

Current Year and Nine Years Ago

Employer	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Halifax Regional Medical Center	827	1	15.04%	780	1	14.69%
County of Halifax	549	2	9.99%	585	3	11.02%
Reser's Fine Foods	507	3	9.22%	240	8	4.52%
Kapstone	438	4	7.97%	482	4	9.08%
Roanoke Rapids City Schools	393	5	7.15%	419	5	7.89%
Halifax County Schools	367	6	6.68%	702	2	13.23%
AAA Carolinas	325	7	5.91%	310	6	5.84%
New Dixie Oil	280	8	5.09%	185	10	3.49%
Wal-mart, Inc.	279	9	5.07%	298	7	5.61%
Don Pancho	202	10	3.67%	0	18	0.00%
Rural Health Group (Halifax only)	193	11	3.51%	0	19	0.00%
Weldon City Schools	192	12	3.49%	200	9	3.77%
PCB Piezotronics	172	13	3.13%	125	17	2.35%
City of Roanoke Rapids	149	14	2.71%	155	14	2.92%
Patch Rubber	132	15	2.40%	185	11	3.49%
Kennametal	120	16	2.18%	154	15	2.90%
Halifax Community College	119	17	2.16%	169	12	3.18%
Halifax Linen Service	102	18	1.86%	152	16	2.86%
Meherrin River Forest Products	85	19	1.55%	167	13	3.15%
Klausner Lumber Two	67	20	1.22%	0	20	0.00%
<b>Total</b>	<b><u>5,498</u></b>		<b><u>100.00%</u></b>	<b><u>5,308</u></b>		<b><u>100.00%</u></b>

Source: State Department of Commerce.

Schedule 15

Halifax County, North Carolina

Full-time-Equivalent County Government Employees by Function

Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Justice and law enforcement	108	105	106	98	95	91	91	91	88	88
Health and human services	310	255	253	253	248	262	263	263	263	283
Environment, parks, and education	3	3	7	7	7	7	7	5	6	12
Public works	22	19	24	24	24	17	17	20	20	24
General government	104	157	167	187	185	168	168	152	162	163
<b>Total</b>	<b>547</b>	<b>539</b>	<b>557</b>	<b>569</b>	<b>559</b>	<b>545</b>	<b>546</b>	<b>531</b>	<b>539</b>	<b>570</b>

Source: County Budget Office.

Schedule 16  
Halifax County, North Carolina  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Sheriff										
Volume of calls	41,239	51,033	50,914	43,657	37,425	37,196	37,442	38,489	28,006	38,257
Incident reports filed	2,114	2,242	2,336	2,370	2,515	2,257	2,431	2,706	2,069	3,188
EMS										
Volume of calls	12,793	12,586	12,632	12,753	12,925	13,483	12,859	12,553	12,339	12,076
Response time (in minutes)	10.18	9.82	9.80	9.69	9.80	8.89	8.75	2.1	8	8.43
Transports	8,807	8,777	8,936	9,161	9,436	10,176	9,154	9,100	9,030	8,917
Water										
New connections	78	64	72	85	130	82	75	111	85	191
Water mains breaks	11	12	15	13	12	11	14	2	21	10
Average daily consumption (thousands of gallons)	2,389,850	2,513,403	2,390,509	2,181,290	2,485,378	2,265,000	2,610,060	2,136,173	2,565,640	1,938,500

Sources: Various government departments.  
Note: Indicators are not available for the general government function.

N/A-NOT AVAILABLE

Schedule 17  
 Halifax County, North Carolina  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Public safety										
Sheriff										
Stations	2	2	2	2	2	1	1	1	1	1
Patrol units	100	32	91	87	86	40	40	40	40	40
EMS										
Stations	6	6	6	6	6	6	6	6	6	6
Ambulances/QRV'S	21	21	21	21	21	21	20	20	20	19
Water										
Water mains (miles)	618	618	618	618	613.87	568.29	568.29	565.60	540.50	520.50
Fire hydrants	1,837	1,837	1,837	1,837	1,820	1,622	1,622	1,615	1,550	1,502
Maximum daily capacity (thousands of gallons)	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000
Sewer										
Sanitary sewers (miles)	11.5	11.5	11.5	11.5	11.5	11.5	11.5	10	10	10

Sources: Various county departments.  
 Note: No capital asset indicators are available for the general government function.

N/A-NOT AVAILABLE

## COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S 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***

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**To the Board of Commissioners  
Halifax County  
Halifax, North Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Halifax County, North Carolina (the "County") as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 15, 2019. Our report includes a reference to other auditors who audited the financial statements of the Halifax County ABC Board, as described in our report on the County's financial statements. The financial statements of the Halifax County ABC Board were not audited in accordance with *Government Auditing Standards*. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the 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.

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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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2018-001, 2018-002 and 2018-003, which we consider to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-004.

#### **Halifax County, North Carolina's Responses to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **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.



Atlanta, Georgia  
January 15, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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**To the Board of Commissioners  
Halifax County, North Carolina**

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

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

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### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-005, that we consider to be a significant deficiency.

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The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 15, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
APPLICABLE SECTIONS OF THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT  
IMPLEMENTATION ACT**

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**To the Board of Commissioners  
Halifax County, North Carolina**

**Report on Compliance for Each Major State Program**

We have audited Halifax County, North Carolina's (the "County") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2018. The 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 the 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 the 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, 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 the County's compliance.

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### ***Opinion on Each Major State Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

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

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

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

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

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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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
April 9, 2019

# HALIFAX COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments To Subrecipients All
			Federal	State	
<b>FEDERAL AWARDS</b>					
<b>U.S. Department of Agriculture:</b>					
Passed through North Carolina Department of Health and Human Services:					
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557		\$ 354,341	\$ -	\$ -
Supplemental Nutrition Assistance Program:					
SNAP Administration	10.561		812,640	-	-
SNAP Fraud Administration	10.561		9,666	-	-
Supplemental Nutrition Assistance Program Cluster:			<u>822,306</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,176,647</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development:</b>					
Passed through North Carolina Department of Environmental Quality					
2014 Community Development Block Grant	14.228		638,499	-	-
<b>Total U.S. Department of Housing and Urban Development</b>			<u>638,499</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Justice:</b>					
Passed through North Carolina Department of Crime Control and Public Safety					
Juvenile Justice and Delinquency Prevention	16.540	842-xxxx	207,002	-	-
Bulletproof Vest Program	16.607	n/a	2,642	-	-
Edward Byrne JAG	16.738	2014 DJ-BX-1148	7,574	-	-
<b>Total U.S. Department of Justice</b>			<u>217,218</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Transportation:</b>					
Passed through NC Department of Transportation					
Highway Planning and Construction Cluster	20.205		40,140	-	-
<b>Total U.S. Department of Transportation</b>			<u>40,140</u>	<u>-</u>	<u>-</u>
<b>U.S. National Foundation on the Arts and the Humanities</b>					
Passed through NC Department of Cultural Programs					
LSTA EZ Edge	45.310		1,724	-	-
LSTA ARSL Scholarship	45.310		3,200	-	-
<b>Total U.S. National Foundation on the Arts and the Humanities</b>			<u>4,924</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>					
Passed through North Carolina Department of Health and Human Services					
Aging Cluster:					
HCCBG - Access	93.044	NC - 01	63,841	3,755	-
HCCBG - In Home Support	93.044	NC - 01	47,530	2,796	-
Congregate Meals	93.045	NC - 01	67,051	3,944	-
Special Program for the Aging - Title III, Part C	93.045	NC - 01	44,740	2,632	-
Passed through United Coastal Plain Council of Government					
USDA Supplement	93.053		19,394	-	-
<b>Total Aging Cluster</b>			<u>242,556</u>	<u>13,127</u>	<u>-</u>
Child Care Development Cluster:					
Child Care Development Fund - Administration	93.596		78,955	-	-
Child Care and Development Fund - Discretionary	93.575		106,831	-	-
Child Care and Development Fund - Mandatory	93.596		46,429	-	-
Child Care and Development Fund - Match	93.596		238,818	119,130	-
<b>Total Child Care Development Cluster</b>			<u>471,033</u>	<u>119,130</u>	<u>-</u>
Temporary Assistance for Needy Families:					
Temporary Assistance for Needy Families (TANF)	93.558		14,871	-	-
TANF - Work First Administration	93.558		27,321	-	-
TANF - Work First Service	93.558		159,627	-	-
Temporary Assistance for Needy Families - Special Children Adoption	93.558		26,159	32,504	-
<b>Total Temporary Assistance for Needy Families Cluster</b>			<u>227,978</u>	<u>32,504</u>	<u>-</u>
Foster Care Program:					
Foster Care Title IV-E	93.658		23,140	-	-
IV-E CPS	93.658		95,883	39,182	-
IV-E Foster Care Trn	93.658		20,933	-	-
IV-E Foster Care/Off Trn	93.658		201,974	-	-
IV-E Foster Care	93.658		254,987	-	-
<b>Total Foster Care</b>			<u>596,917</u>	<u>39,182</u>	<u>-</u>
Adoption Program:					
IV-E Adoption/Off Trn	93.659		15,953	-	-
<b>Total Adoption</b>			<u>15,953</u>	<u>-</u>	<u>-</u>
<b>FEDERAL AWARDS (Continued)</b>					
Medicaid:					
Adult Care Home Case Management	93.778		5,309	1,241	-
State County Special Assistance	93.778		116,468	-	-
Medical Assistance - Administration	93.778		2,031,433	-	-
Medical Transportation Services	93.778		229,885	(8,908)	-
MAC	93.778		23,344	-	-
<b>Total Medicaid Cluster</b>			<u>2,406,439</u>	<u>(7,667)</u>	<u>-</u>

*Continued*

# HALIFAX COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments To Subrecipients
			Federal	State	All
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (Ebola)	93.074		36,528	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		25,723	-	-
Health Start Initiative	93.926		153,047	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.539		22,086	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		39,984	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977		650	-	-
Maternal and Child Health Services Block Grant	93.994		213,906	160,448	-
Family Planning	93.217		42,653	-	-
Passed through North Carolina Department of Health and Human Services					
Social Services Block Grant:					
Social Services Block Grant	93.667		504,899	-	-
Social Services Block Grant - In Home Services	93.667		5,803	-	-
Social Services Block Grant - In Home Services over 60	93.667		11,843	-	-
Social Services Block Grant - Adult Daycare	93.667		35,130	-	-
Social Services Block Grant - Adult Daycare over 60	93.667		33,656	20,773	-
Passed through United Coastal Plans Council of Aging					
Social Services Block Grant:					
Social Services Block Grant - Child Protective Services Temporary	93.667		196,577	-	-
Total Social Services Block Grant			<u>787,908</u>	<u>20,773</u>	<u>-</u>
Family Preservation	93.556		10,850	-	-
Low-Income Home Energy Assistance Program:					
Crisis Intervention Payments	93.568		368,450	-	-
Low Income Energy Administration	93.568		59,825	-	-
Low Income Energy Assistance	93.568		401,400	-	-
Total Low-Income Home Energy Assistance Grant			<u>829,675</u>	<u>-</u>	<u>-</u>
Permanency Planning - Service & Admin	93.645		14,219	-	-
Independent Living Program:					
Chafee Foster Care Independence Program	93.674		6,623	1,656	-
Total Independent Living Grant			<u>6,623</u>	<u>1,656</u>	<u>-</u>
Child Support Enforcement Program:					
IV-D Administration	93.563		1,017,637	-	-
IV-D Offset Fees - Esc	93.563		82	(8)	-
IV-D Offset Fees - Federal	93.563		4,057	-	-
Total Child Support Enforcement Grant			<u>1,021,776</u>	<u>(8)</u>	<u>-</u>
Children's Health Insurance Program (CHIP):					
Children's Health Insurance Program	93.767		77,049	28	-
Total Child Support Enforcement Grant			<u>77,049</u>	<u>28</u>	<u>-</u>
AFDC Payments and Penalties	93.560		(847)	(232)	-
<b>Total U.S. Department of Health and Human Services</b>			<u>7,242,706</u>	<u>378,941</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>9,320,134</u>	<u>378,941</u>	<u>-</u>
<b>STATE AWARDS</b>					
<b>North Carolina Department of Health and Human Services:</b>					
<u>Division of Aging:</u>					
Access Services			-	19,232	-
Home-Delivered Meals			-	33,839	-
In-Home Services			-	279,320	-
			<u>-</u>	<u>332,391</u>	<u>-</u>
<u>Division of Public Health:</u>					
Food and Lodging Fees			-	18,096	-
General Aid to Counties			-	141,183	-
General Communicable Disease Control			-	2,293	-
Triple P			-	44,422	-
Child Health			-	146,359	-
Breast and Cervical Cancer Control			-	1,530	-
Breast and Cervical Cancer Control			-	500	-
School Nurse Funding Initiative			-	250,000	-
Family Planning - State			-	27,413	-
Maternal Health			-	5,851	-
Women's Health Service Fund			-	2,988	-
TB Control			-	68,870	-
Total Division of Public Health			<u>-</u>	<u>709,505</u>	<u>-</u>
<u>Division of Social Services</u>					
St. Child Welfare			-	171,721	-
DCD SmartStart			-	31,565	-
Energy Assistance Private Grants			-	3,469	-
Total Division of Social Services			<u>-</u>	<u>206,755</u>	<u>-</u>
<b>Total North Carolina Department of Health and Human Services</b>			<u>-</u>	<u>1,248,651</u>	<u>-</u>

Continued

# HALIFAX COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments To Subrecipients
			Federal	State	All
<b>North Carolina Department of Environmental and Natural Resources</b>					
Division of Natural Resources:					
Economic and Physical Development State Grant			-	3,600	-
State Cost Share			-	20,409	-
Division of Waste Management:					
Scrap Tire Cleanup			-	117,952	-
Scrap Tire			-	11,293	-
Total Scrap Tire Program			-	129,245	-
<b>Total North Carolina Department of Environmental and Natural Resources</b>			-	153,254	-
<b>North Carolina Department of Cultural Resources:</b>					
State Aid to Public Libraries			-	99,573	-
<b>Total North Carolina Department of Cultural Resources</b>			-	99,573	-
<b>North Carolina Department of Public Safety</b>					
Emergency Management - Supplement Award			-	38,642	-
Local Emergency Planning Committee (LEPC) Tier II			-	946	-
<b>Total North Carolina Department of Public Safety</b>			-	39,588	-
<b>North Carolina Department of Transportation</b>					
Rural General Public Transportation			-	86,220	-
Elderly and Handicapped Transportation			-	76,550	-
Work First Transportation			-	16,019	-
Total Rural Operating Assistance Program (ROAP)			-	178,789	-
<b>Total North Carolina Department of Transportation</b>			-	178,789	-
<b>North Carolina Office of State Budget and Management</b>					
Enfield Timber Building Reuse			-	6,640	-
<b>Total North Carolina Office of State Budget and Management</b>			-	6,640	-
<b>North Carolina Department of Commerce</b>					
Commerce Building Reuse Program - Enfield Timber			-	112,236	-
<b>Total North Carolina Department of Commerce</b>			-	112,236	-
<b>North Carolina Department of Corrections::</b>					
Criminal Justice			-	75,239	-
<b>Total North Carolina Department of Corrections</b>			-	75,239	-
<b>North Carolina Department of Insurance</b>					
SHIIP Funds			-	6,139	-
<b>Total North Carolina Department of Insurance</b>			-	6,139	-
<b>North Carolina Public Instruction</b>					
Public School Building Capital Fund - Lottery Funds			-	342,855	342,855
<b>Total North Carolina Housing Finance Agency</b>			-	342,855	342,855
<b>TOTAL STATE AWARDS</b>			-	2,262,964	342,855
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 9,320,134	\$ 2,641,905	\$ 342,855

**Notes to the Schedule of Expenditures of Federal and State Awards**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Halifax County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. 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 SEFSA presents only a selected portion of the operations of Halifax County, it is not intended to and does not present the financial position, changes in net position or cash flows of Halifax County.

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Indirect Costs**

Halifax County has elected not to use the 10-percent de minimus cost rate as allowed under the Uniform Guidance.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**SECTION I**  
**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:  
 Material weaknesses identified?  yes  no

Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:  
 Material weaknesses identified:  yes  no

Significant deficiencies identified:  yes  none reported

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

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

Identification of major programs: CFDA Number(s)	<u>Name of Federal Program or Cluster</u>
93.778	Medicaid Cluster
93.667	Social Services Block Grant
93.563	Child Support Enforcement
93.568	Low-income Home Energy Assistance Program
93.596 and 93.575	Child Care Development Fund Cluster
10.561	Supplemental Nutrition Assistance Program Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

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SECTION I  
SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

**State Awards**

Internal control over major state programs:

Material weaknesses identified: \_\_\_\_\_ yes X no

Significant deficiencies identified:

\_\_\_\_\_ yes X none reported

Type of auditor's report issued on compliance of major state programs:

Unmodified

Any audit findings disclosed that are require to be reported  
In accordance with the State Single Audit Implementation Act?

\_\_\_\_\_ yes X no

Identification of major state program:

Program Name \_\_\_\_\_

Child Care Development Cluster

Social Services Block Grant

Scrap Tire Program

School Nurse Funding Initiative

Commerce Building Reuse Program – Enfield Timber

Public School Building Capital Fund – Lottery Proceeds

Rural Operating Assistance Program (ROAP)

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2018-001 Expenditure/Expense Recognition**

**Criteria:** Generally, expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles.

**Condition:** Misstatements were detected in the reporting of the County's expenditures/expenses and the related balance sheet accounts.

**Context/Cause:** During our testing, audit adjustments were required to properly report the County's expenditures/expenses and related balance sheet accounts. The nature of these adjustments is as follows:

- The General Fund was reporting debt service expenditures related to the County's Qualified School Construction Bond sinking fund payments. Per the Bond documents, the County is required to make annual payments to a restricted sinking fund account which will be used to pay the full bond at its maturity. The sinking fund account is held in the County's federal identification number and should be reported as restricted assets, as opposed to debt service expenditure. The full amount of the bonds were still outstanding and represent a full liability of the County. An entry of approximately \$1,009,000 was required to record the restricted cash, with the approximately \$843,000 increasing the opening fund balance for previous payments to the sinking fund and the approximately \$166,000 difference reducing the current year reported debt service expenditures.
- Along with the entry above, the opening net position reported no net change as the increased net position as a result of the General Fund restatement being offset by the increase in the associated debt which was previously reduced in error as a result of the debt service expenditures accumulated over time.
- Audit adjustments of approximately \$746,000 and \$6,000 were required to correct the accrued interest payable reported in the Water Fund and Solid Waste Landfill Fund, respectively. As a result of the adjustment in the accrued interest, it was noted the accrued interest was improperly calculated as of June 30, 2017 as well. Adjustments of approximately \$366,000 and \$3,000 were required to correct the opening balances in the Water Fund and Solid Waste Landfill Fund, respectively.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2018-001 Expenditure/Expense Recognition (Continued)**

- An adjustment of approximately \$828,000 was required to adjust the accrued landfill close and postclosure liability as of June 30, 2017. Based on discussion with management and review of the liability, it was noted the County had accrued the full estimate liability as of June 30, 2017; however, in accordance with GASB Statement No. 18, the liability should only be accrued at the rate of the usage of the landfill's capacity. As the landfill was not closed or all capacity used as of June 30, 2017, the liability should have been ratably recognized as of June 30, 2017.
- An adjustment of approximately \$51,000 was required to reduce the expenses reported in the Solid Waste Landfill Fund for expenses associated with services provided subsequent to June 30, 2018 and which should have been recognized in the 2019 fiscal year.
- An adjustment of approximately \$31,000 was required to adjust the beginning balance of the long-term liabilities for audit adjustments from the prior year which were being recognized in the current year. The adjustment increased opening net position and reduced the opening long-term liabilities.

**Effects:** Audit adjustments totaling approximately \$2,671,000 were needed to correct the County's expenditures/expenses and related balance sheet accounts, including approximately \$2,035,000 to opening net position or fund balance of the respective funds above.

**Recommendation:** We recommend the County ensure all expenditures/expenses are properly reported in accordance with generally accepted accounting principles.

**Auditee's Response:** We concur with the finding and are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2018-002 Revenue Recognition**

**Criteria:** Internal controls should be in place to ensure that amounts reported as receivables and revenues are appropriate and properly valued in accordance with generally accepted accounting principles.

**Condition:** Material misstatements were detected in the reporting of the County's receivables and related revenues.

**Context/Cause:** During our testing of the County's accounts receivable and the related revenues, adjustments were required to properly report the balances, as follows:

- Intergovernmental revenues which are reimbursements for costs which have been properly incurred have met all eligibility requirements for recording as receivables, regardless of the timing of the filing of the reimbursement. The County incurred eligible reimbursable project costs in the Project Freebird Fund of approximately \$607,000 which should have been accrued as of June 30, 2017. While these revenues were not available for recognition in the fund, as they were not collected within the County's 90 day recognition period, the revenues should have been recognized in the Statement of Activities as of June 30, 2017. A restatement was made to recognize the revenues in opening net position.
- Based on the State of North Carolina's Department of Revenue, the sales tax which are received by the County in September relate to sales which occurred in the month of June. As the sales taxes are considered derived taxes, under GASB Statement No. 33, the derived taxes should be accrued based on when the underlying exchange transaction occurs and recognized based on the County's availability criteria, which is 90 days subsequent to June 30. As such, the County should be accruing and recognizing the September distribution as revenue back to the previous fiscal year. An entry was made to accrue September 2018 receipts of approximately \$964,000 back into fiscal year 2018 and additionally move the September 2017 receipts of approximately \$746,000 back into fiscal year 2017. The General Fund reported a net increase to revenues of approximately \$96,000 and restatement to increase fund balance of approximately \$746,000. The Our Community Hospital Fund, Weldon School District Fund, Local Fire Districts Fund, and Halifax County School District Funds all received offsetting increases to the receivables/revenues and payables/expenditures, resulting in no net effect to the funds.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2018-002 Revenue Recognition (Continued)**

- The Solid Waste Landfill Fund was reporting deferred inflows of resources for uncollected solid waste fees. While the fees are billed on the property tax bills, the fund should account for the revenue under the full accrual basis of accounting, under which revenue availability is not applicable. As such, an entry for approximately \$303,000 was required to recognize the revenues, previously determined to be unavailable, as of June 30, 2018 and an entry of approximately \$252,000 was required to recognize June 30, 2017 revenues into opening net position of the fund. The net change of approximately \$51,000 increased the current year revenues.

**Effects:** Audit adjustments of approximately \$1,873,000 were needed to correctly report the revenues and related balance sheet accounts, including approximately \$1,604,000 to opening net position or fund balance of the respective funds above.

**Recommendation:** We recommend the County carefully review all receivables and the related revenues to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

**Auditee's Response:** We concur with the finding. We will take necessary steps in the future to ensure revenues and the related balance sheet accounts are properly recorded.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2018-003      Capital Lease Accounting**

**Criteria:** Internal controls should be in place to ensure the journal entries and subsidiary ledgers are properly maintained with regard to leased assets. The accounting for capital leases varies between modified accrual and full accrual accounting and the County should ensure there are controls in place to identify new lease contracts each year and ensure they are evaluated for proper reporting in the general ledger as capital or operating.

**Condition:** The County did not identify the new EMS equipment lease as a capital lease entered into during the 2018 fiscal year.

**Context/Cause:** The County was accounting for the new lease as an operating lease. The lease terms transferred title of the equipment to the County at the end of the lease term. As such, the lease should be accounted for as a capital lease and another financing source and associated capital outlay reported for the full present value of the lease payments.

**Effects:** Audit adjustment of approximately \$398,000 was required to report the fund level transaction of the new lease. Additionally, the associated capital assets were added to the County's capital asset subsidiary ledger.

**Recommendation:** We recommend the County carefully review all new financing contracts and agreements entered into during the year and ensure the proper accounting treatment is applied.

**Auditee's Response:** We agree with the recommendation and will make sure policies are in place to identify and evaluate future leases for proper reporting within generally accepted accounting principles.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)**

**2018-004      Current and Available Minutes**

**Criteria:** In accordance with G.S. § 153A-42. *Minutes to be kept; ayes and noes*, minutes for the Board of Commissioners' meetings should be approved and made available to the public within a reasonable amount of time.

**Condition:** Internal controls were not in place to ensure Board minutes were prepared, approved, and made public within a reasonable amount of time.

**Context/Cause:** Upon our arrival for interim testing in July 2018, we noted that the minutes for the Board meetings for the prior twelve months of meetings were not prepared, approved, or available of public inspection.

**Effects:** The County's failure to comply with State Statute 153A-42 has resulted in noncompliance with the State of North Carolina on making public the results of the meetings of the Board of Commissioners.

**Recommendation:** We recommend the County work with the Clerk's office to ensure the minutes of the Board of Commissioners meetings are prepared, approved, and made available to the public in a reasonable amount of time.

**Auditee's Response:** The County is working to get all minutes presented to the Board of Commissioners for their approved and uploaded to the County's website before the close of the fiscal year ending June 30, 2019.

**HALIFAX COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION III**  
**FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS**

**2018-005**    **Time Sheet Documentation**  
**U.S. Department of Health and Human Services**  
**Passed through North Carolina Department of Health and Human Services**  
**Medicaid (CFDA #93.778)**

**Criteria:** In accordance with the North Carolina Cross-Cutting Supplement for the Department of Health and Human Services, Division of Social Services, the Department of Social Services (DSS) Service Information System User's Manual requires employees of the local government to account for 100% of their work day and that program codes and activity codes be summarized correctly and supported by documentation in the case record files.

**Condition:** Internal controls of the County were not sufficient to ensure all employees time charged to certain codes were supported by documentation in the case record files.

**Context/Cause:** During our testing of the Medicaid program, we selected a sample of 60 employee time entries and, through testing, noted there were 7 instances where the employee charged time to a specific case; however, there was no documentation in the noted case file for the specified day.

**Effects:** The time entry was approved by the employee's direct supervisor as being appropriately coded, and charged to the grant however, the controls did not detect the time charged not being documented in the respective case files. We sampled 3,368 minutes of charged time and noted the undocumented case files accounted for 220 of those minutes.

**Questioned Costs:** There were no questioned costs, as the noted time was approved by the director supervisor of the employee.

**Recommendation:** We recommend the County enhance the review process of time charged to the Medicaid codes and ensure the appropriate and required documentation is occurring in the case files to support the time charged.

**Auditee's Response:** The County is reviewing the current control structure and through continued training and evaluation of the most cost effective way to ensure compliance, will implement controls to ensure the required documentation is noted.

# HALIFAX COUNTY, NORTH CAROLINA

## SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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### 2017-001 Financial Reporting

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in the judgment of the prior firm, may not have been detected except through our auditing procedures. The existence of such material adjustments indicated that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**Context:** There are limited County resources as it relates to the preparation of all necessary year-end adjustments for financial reporting purposes.

**Current Status:** Repeat finding in 2018, see 2018-001, 2018-002, and 2018-003.

### 2017-002 Eligibility Determinations – Medicaid (CFDA 93.778)

**Condition:** In accordance with federal regulation, 42 CFR 435, documentation must be obtained as needed to determine if an applicant meets specific eligibility standards, and documentation must be maintained to support those determinations. Management should have an adequate system of internal control procedures in place to ensure an applicant is properly determined or redetermined for benefits with documentation of the determination in the casefiles.

**Context:** Of the 7,792 casefiles, we examined 107 and determined that 8 (8%) applicants lacked documentation to support the determinations for approval of benefits. Upon further review, all applicants were ultimately determined eligible.

**Current Status:** Corrected.



State of North Carolina  
County of Halifax

HISTORIC COURTHOUSE ~ PO BOX 38 ~ KING STREET ~ HALIFAX, NC 27839  
252-583-1131 ~ FAX: 252-583-9921

TONY N. BROWN  
COUNTY MANAGER

MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**2018-001 Expenditure/Expense Recognition**

*Contact Person Responsible for the Corrective Action Plan:* Mary A. Duncan, Finance Director

*Corrective Action Plan:* We are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate

*Anticipated Completion Date:* June 30, 2019.

**2018-002 Revenue Recognition**

*Contact Person Responsible for the Corrective Action Plan:* Mary A. Duncan, Finance Director

*Corrective Action Plan:* We will take necessary steps in the future to ensure revenues and the related balance sheet accounts are properly recorded.

*Anticipated Completion Date:* June 30, 2019.

**2018-003 Capital Lease Accounting**

*Contact Person Responsible for the Corrective Action Plan:* Mary A. Duncan, Finance Director

*Corrective Action Plan:* We are developing policies to have in place to identify and evaluate future leases for proper reporting within generally accepted accounting principles.

*Anticipated Completion Date:* June 30, 2019.



**State of North Carolina  
County of Halifax**

HISTORIC COURTHOUSE ~ PO BOX 38 ~ KING STREET ~ HALIFAX, NC 27839  
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TONY N. BROWN  
COUNTY MANAGER

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**2018-004 Current and Available Minutes**

**Contact Person Responsible for the Corrective Action Plan:** Mary A. Duncan, Finance Director

**Corrective Action Plan:** We are working to get all minutes presented to the Board of Commissioners for their approved and uploaded to the County's website before the close of the fiscal year ending June 30, 2019.

**Anticipated Completion Date:** June 30, 2019.

**2018-005 Time Sheet Documentation  
U.S. Department of Health and Human Services  
Passed through North Carolina Department of Health and Human Services  
Medicaid (CFDA #93.778)**

**Contact Person Responsible for the Corrective Action Plan:** Mary A. Duncan, Finance Director

**Corrective Action Plan:** We are reviewing the current control structure and through continued training and evaluation of the most cost effective way to ensure compliance, will implement controls to ensure the required documentation is maintained.

**Anticipated Completion Date:** June 30, 2019.