

ANNUAL FINANCIAL REPORT

CASWELL COUNTY, NORTH CAROLINA

FOR THE YEAR ENDED
June 30, 2021



*Prepared by the
Caswell County Finance Department*

*County of Caswell County
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Caswell County
Yanceyville, 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 unit, each major fund, and the aggregate remaining fund information of the Caswell County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise Caswell County basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Caswell County ABC Board, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Caswell 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 Caswell County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

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

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presents component units, each major fund, and the aggregate remaining fund information Caswell County, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Changes in the Total OPEB Liability and Related Ratios on pages 4 through 12 and 64 through 70, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of Caswell County 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caswell County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

January 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caswell County, we offer readers of Caswell County's financial statements this narrative overview and analysis of the financial activities of Caswell County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

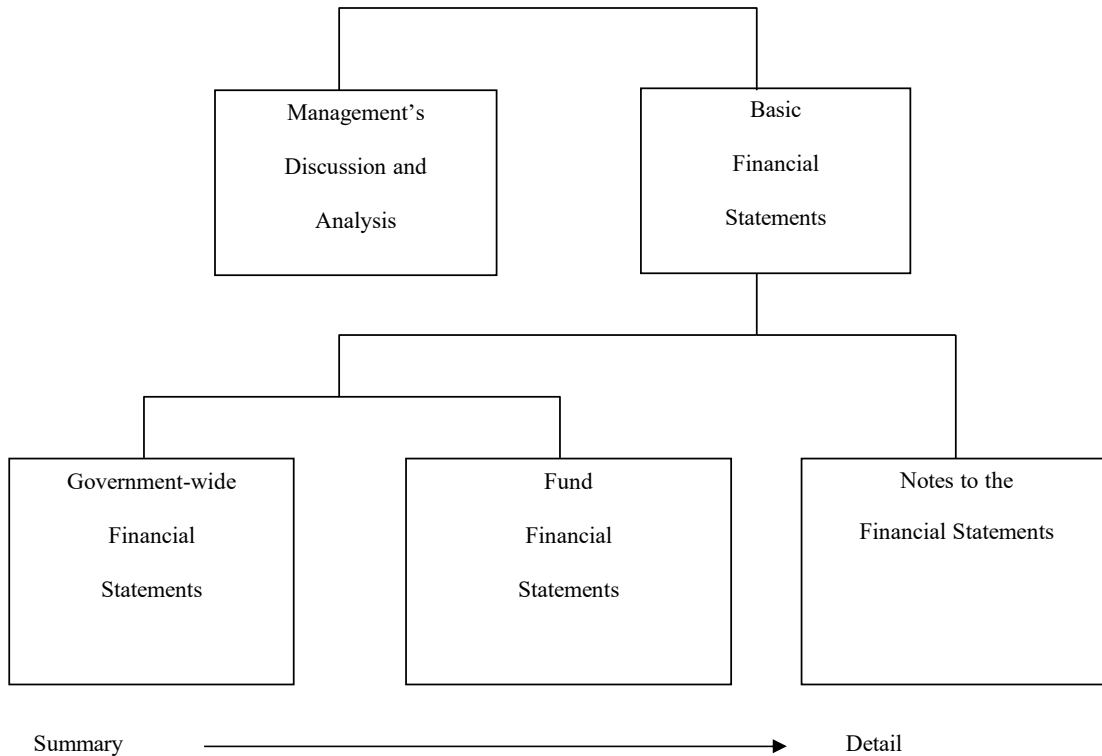
- The assets and deferred outflows of resources of Caswell County primary governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,362,309 (net position).
- The total assets and deferred outflows of resources of Caswell County's governmental activities exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,717,815 (net position).
- The total assets and deferred outflows of resources of Caswell County's business-type activities exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$644,494 (net position).
- The government's current net position decreased by \$2,046,508. This decrease was a result of a decrease of \$1,928,419 in governmental activities and a decrease of \$118,089 in business-type activities. A prior period restatement was also recorded to reflect a change in accounting principal, implementing Governmental Accounting Standards (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020, which resulted in an increase of \$36,070 in governmental activities, and prior period adjustments were recorded which resulted in a decrease of \$2,278,305 in governmental activities.
- As of the close of the current fiscal year, Caswell County's governmental funds reported combined ending fund balances of \$22,531,529; including a prior period adjustments and restatements of \$359,673 and a net decrease of \$1,648,809 in current year activity. Approximately 18.62 percent of this total amount or, \$4,195,412 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,206,749 or 15.31 percent of total general fund expenditures for the fiscal year.
- Caswell County's total debt decreased by \$1,061,121 or 5.58 percent during the current fiscal year.
- The County's overall tax rate for the current fiscal year is 0.735 cents per \$100 valuation. Tax collection percentage for the current fiscal year was 98.78% as compared to 98.60% in the prior year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, parks and recreation, education, and general administration. Property taxes, sales taxes, and state and federal grant funds finance the majority of these activities. The business-type activities are those that the County charges customers to provide. This includes the solid waste services and transportation offered by Caswell County. The final category is the component units. The Caswell County ABC Board is a discretely presented component unit. The members of the governing body are appointed by the County. The ABC Board is required to distribute its profits to the County.

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Caswell County has four fiduciary funds, all classified as agency funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Caswell County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 64-70 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$21,362,309 as of June 30, 2021. The County's net position decreased by \$2,046,508 for the fiscal year ended June 30, 2021. One of the largest portions, \$15,216,730 (71.23%) reflects the County's net investment in capital assets. Caswell County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Caswell County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Caswell County's net position \$16,573,657 (77.58%) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$10,428,078 (-48.82%) is unrestricted.

**Caswell County's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 29,216,983	\$ 26,335,317	\$ 276,172	\$ 258,684	\$ 29,493,155	\$ 26,594,001
Capital assets	23,244,730	26,236,810	851,199	894,306	24,095,929	27,131,116
Total assets	52,461,713	52,572,127	1,127,371	1,152,990	53,589,084	53,725,117
 Total deferred outflows of resources	 4,072,345	 3,494,624	 130,299	 102,477	 4,202,644	 3,597,101
Long-term liabilities outstanding	27,956,050	27,276,955	409,785	389,994	28,365,835	27,666,949
Other liabilities	7,522,848	3,528,126	191,536	89,276	7,714,384	3,617,402
Total liabilities	35,478,898	30,805,080	601,321	479,270	36,080,219	31,284,350
 Total deferred inflows of resources	 337,345	 373,202	 11,855	 13,614	 349,200	 386,816
Net position:						
Net investment in capital assets	14,365,531	20,573,350	851,199	894,306	15,216,730	21,467,656
Restricted	15,924,630	17,899,559	-	-	15,924,630	17,899,559
Unrestricted	(9,572,346)	(13,584,440)	(206,705)	(131,723)	(9,779,051)	(13,716,163)
Total net position	\$ 20,717,815	\$ 24,888,469	\$ 644,494	\$ 762,583	\$ 21,362,309	\$ 25,651,052

Caswell County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. General Obligation Bonds have been issued by the County to fund the majority of the costs of these assets. The County's liabilities at June 30, 2021 does not include outstanding debt related to funding these non-county assets.

Several particular aspects of the County's financial operations contributed to the increase in the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of above 98%
- Continued use of Debt Setoff Clearinghouse for certain debt collections
- Improved collections of emergency medical services debt using an outside billing agency
- Continued use of revenue from inmate housing
- Continued improvements to the County's Industrial Park and Small Business prospects

Caswell County's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,744,413	\$ 3,481,761	\$ 1,110,263	\$ 1,288,151	\$ 4,854,676	\$ 4,769,912
Operating grants and contributions	6,487,720	7,072,357	575,856	84,869	7,063,576	7,157,226
Capital grants and contributions	14,181,250	3,638,705	-	-	14,181,250	3,638,705
General revenues:						
Property taxes	13,782,284	13,491,808	-	-	13,782,284	13,491,808
Sales taxes	5,360,969	5,111,550	-	-	5,360,969	5,111,550
Other taxes	744,686	-	54,109	52,596	798,795	52,596
Other	174,622	202,121	11,280	2,127	185,902	204,248
Total revenues	44,475,944	32,998,302	1,751,508	1,427,743	46,227,452	34,426,045
Expenses:						
General government	5,307,765	3,482,465	-	-	5,307,765	3,482,465
Public safety	9,747,040	9,355,795	-	-	9,747,040	9,355,795
Environmental protection	117,172	114,611	-	-	117,172	114,611
Economic and physical development	762,750	1,285,795	-	-	762,750	1,285,795
Human services	9,034,456	9,025,668	-	-	9,034,456	9,025,668
Cultural and recreation	872,109	852,513	-	-	872,109	852,513
Education	20,058,486	3,323,258	-	-	20,058,486	3,323,258
Interest on long-term debt	424,585	179,096	-	-	424,585	179,096
Solid waste	-	-	1,460,892	1,262,046	1,460,892	1,262,046
Transportation	-	-	488,705	507,278	488,705	507,278
Total expenses	46,324,363	27,619,201	1,949,597	1,769,324	48,273,960	29,388,525
Increase in net position before transfers and special items	(1,848,419)	5,379,101	(198,089)	(341,581)	(2,046,508)	5,037,520
Transfers and special items	(80,000)	267,900	80,000	155,000	-	422,900
Increase in net position after transfers and special items	(1,928,419)	5,647,001	(118,089)	(186,581)	(2,046,508)	5,460,420
Net position, beginning	24,888,469	19,520,256	762,583	949,164	25,651,052	20,469,420
Net position, beginning, restated	22,646,234	19,664,368	762,583	949,164	23,408,817	20,613,532
Net position, ending	\$ 20,717,815	\$ 25,311,369	\$ 644,494	\$ 762,583	\$ 21,362,309	\$ 26,073,952

Governmental activities. Governmental activities decreased the County's net position by \$1,928,419. Key elements of this decrease are:

- Increased expenditures related to the Bartlett Yancey High School Construction.
- Increased expenditures for Special grant funded projects.

Business-type activities. Business-type activities decreased Caswell County's net position by \$118,089. Key elements of this decrease is primarily due to an increase in expenditures for both the Solid Waste and Transportation funds.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Caswell County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Caswell 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 Caswell County. At the end of the current fiscal year, Caswell County's fund balance available in the General Fund was \$8,378,2893, while total fund balance reached \$11,453,196. The Governing Body of Caswell County has determined that the county should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the county. The county currently has an available fund balance of 30.49%, while total fund balance represents 41.67% of that same amount. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.31% of total General Fund expenditures, while total fund balance represents 41.67% of the same amount of expenditures. Fund balance for the General Fund increased \$1,573,683 over the prior year. Expenditures (including transfers) decreased over the previous year by \$965,344. Several factors contributing to the decrease primarily due to a decrease in transfers in the current year.

Revenues increased \$896,604 primarily due to an increase in ad valorem taxes, local option sales tax and contributions.

At June 30, 2021, the governmental funds of Caswell County reported a combined fund balance of \$22,531,529, a 5.41% percent decrease over the previous year. The primary reasons for this decrease were a result of the County spending for school construction projects and grant projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the total budget by 8.48% or \$2,420,717. The largest changes involved human services and public safety.

Proprietary Funds. Caswell County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Management and Transportation Funds at the end of the fiscal year totaled \$206,705. The total net position for the funds decreased \$118,089. Other factors concerning the finances of these two funds have already been addressed in the discussion of Caswell County's Business-Type activities.

Capital Asset and Debt Administration

Capital Assets. Caswell County's capital assets for its governmental and business-type activities as of June 30, 2021, totals \$24,095,929 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset acquired during the year include equipment needed to establish COVID-19 mass vaccination sites, roof replacement, building back-up generator, vehicles and heavy equipment.

**Caswell County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 915,870	\$ 915,870	\$ 37,500	\$ 37,500	\$ 953,370	\$ 953,370
Construction in Progress	1,590,509	6,437,098	-	-	1,590,509	6,437,098
Buildings	15,101,592	13,147,313	16,481	17,751	15,118,073	13,165,064
Improvements	1,023,732	980,720	208,939	218,509	1,232,671	1,199,229
Equipment	1,033,210	870,361	133,525	100,088	1,166,735	970,449
Vehicles	811,115	971,697	454,754	520,458	1,265,869	1,492,155
Audiovisuals	-	10,749	-	-	-	10,749
Other Assets	2,759,977	2,894,277	-	-	2,759,977	2,894,277
Infrastructure	8,725	8,725	-	-	8,725	8,725
Total	\$ 23,244,730	\$ 26,236,810	\$ 851,199	\$ 894,306	\$ 24,095,929	\$ 27,131,116

Additional information on the County's capital assets can be found in notes to the Financial Statements starting on page 38.

Long-term Debt. As of June 30, 2021, Caswell County had total bonded debt outstanding of \$3,609,000, the majority of which is backed by the full faith and credit of the County. The County also had a General Obligation bond anticipation note in the amount of \$13,150,000.

**Caswell County's Outstanding Debt
Figure 5**

	Governmental Activities	
	2021	2020
Bonds	\$ 3,609,000	\$ 4,465,000
Plus: Premiums on Issuance	-	1,769
Total Bonds	3,609,000	4,466,769
Bond Anticipation Note	13,150,000	13,150,000
Installment Purchases	1,187,662	1,391,014
Total	\$ 17,946,662	\$ 19,007,783

Caswell County's total debt decreased by \$1,061,121 (5.58 percent) during the past fiscal year, due to scheduled principal payments on debt.

Caswell County's bond ratings remain stable with North Carolina Municipal Council at '79', Standard and Poor's Rating Services at 'A+' and Moody's Investors' Service at 'A1'.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Caswell County is \$118,963,248.

Additional information regarding Caswell County's long-term debt can be found in the notes to the financial statements starting on page 56.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic situation for Caswell County.

- The County's Ad Valorem tax rate was adopted at \$0.7350 per \$100 valuation. A Fire Service District has been established with a tax rate of \$0.0369 per \$100 valuation, the same as Casville Special Fire District.
- The Solid Waste Management fee remained the same at \$59 per household.
- Funds from the County's Occupancy Tax levy will be used to promote travel and tourism.
- The budget included salary adjustments including a 2.0% COLA for full, permanent, part time and temporary positions.

Budget Highlights for Fiscal Year Ending June 30, 2022

Government Activities

Property taxes and sales and use taxes distributions continue to be the primary sources of increase in revenues. Furthermore, the County will use the increase in revenues to finance programs currently in place, including additional funding for education and economic development. The statewide sales and use tax expansion will provide additional revenue to the County for additional allocations for education and economic development. The County Law Enforcement Center is expected to continue to generate revenue and employment in the upcoming fiscal year due to the ability to house state and federal inmates. In addition to these projects, additional revenue is expected with new small business operations contributing to new growth in the County. The County is continuing to make infrastructure improvements to the Pelham Industrial Park

Business Type Activities

Solid Waste Management fund continued the annual rate of \$59 per household. The Solid Waste Fund will be used for upgrades/improvements to Convenience Centers. Transportation rates and services are expected to remain the same. Revenues are projected to continue to grow at a slow pace for the business-type activities.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Jennifer Hammock

Finance Director
Caswell County
144 Court Square
Yanceyville, NC 27373
(336) 694-4193
jhammock@caswellcountync.gov

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Caswell County, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Caswell County ABC Board
ASSETS				
Cash and cash investments	\$ 7,827,371	\$ 495,691	\$ 8,323,062	\$ 474,383
Restricted cash and cash equivalents	12,785,072	-	12,785,072	-
Taxes receivable (net)	191,960	-	191,960	-
Accrued interest receivable on taxes	15,008	-	15,008	-
Accounts receivables (net)	7,911,614	114,647	8,026,261	-
Notes receivable	112,242	-	112,242	-
Internal Balances	334,166	(334,166)	-	-
Prepaid items	-	-	-	16,025
Inventories	-	-	-	202,040
Net Pension Asset	39,550	-	39,550	-
Capital assets:				
Land, improvements, and construction in progress	43,822,922	37,500	43,860,422	6,000
Other capital assets, net of depreciation	(20,578,192)	813,699	(19,764,493)	110,854
Total capital assets	23,244,730	851,199	24,095,929	116,854
Total assets	\$ 52,461,713	\$ 1,127,371	\$ 53,589,084	\$ 809,302
DEFERRED OUTFLOWS OF RESOURCES	\$ 4,072,345	\$ 130,299	\$ 4,202,644	\$ 36,219
LIABILITIES				
Accounts payable and accrued expenses	\$ 4,180,652	\$ 184,856	\$ 4,365,508	\$ 110,382
Unspent CARES Act Funding	2,195,281	-	2,195,281	-
Accrued interest payable	64,329	-	64,329	-
Long-term liabilities:				
Due within one year				
Bonds	656,000	-	656,000	-
Installment obligations	198,523	-	198,523	-
Compensated absences	228,063	6,680	234,743	-
Due in more than one year				
Bonds	16,103,000	-	16,103,000	-
Installment obligations	989,139	-	989,139	-
Compensated absences	684,186	20,041	704,227	-
Accrued postclosure liability	-	5,939	5,939	-
Net Pension Liability (LGERS)	4,689,248	126,660	4,815,908	59,318
Total Pension Liability (LEOSSA)	1,196,372	-	1,196,372	-
Net OPEB Liability	4,294,105	257,145	4,551,250	-
Total long-term liabilities	27,956,050	409,785	28,365,835	59,318
Total liabilities	\$ 35,478,898	\$ 601,321	\$ 36,080,219	\$ 169,700
DEFERRED INFLOWS OF RESOURCES	\$ 337,345	\$ 11,855	\$ 349,200	\$ 22
NET POSITION				
Net investment in capital assets	\$ 14,365,531	\$ 851,199	\$ 15,216,730	\$ 116,854
Restricted for:				
Register of deeds	63,904	-	63,904	-
Stabilization by state statute	3,097,274	-	3,097,274	-
General Government	737	-	737	-
Public Safety	341,116	-	341,116	-
Economic Development	166,540	-	166,540	-
Human Services	23,141	-	23,141	-
Education	12,231,918	-	12,231,918	-
Working Capital	-	-	-	88,931
Unrestricted (deficit)	(9,572,346)	(206,705)	(9,779,051)	470,014
Total net position	\$ 20,717,815	\$ 644,494	\$ 21,362,309	\$ 675,799

Caswell County, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government		Component Unit	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Caswell County ABC Board
Primary government:								
Governmental Activities:								
General government	\$ 5,307,765	\$ 366,216	\$ 3,755	\$ -	\$ (4,937,794)	\$ -	\$ (4,937,794)	
Public safety	9,747,040	2,190,220	311,660	-	(7,245,160)	-	(7,245,160)	
Transportation	-	-	-	-	-	-	-	
Environmental protection	117,172	-	24,808	-	(92,364)	-	(92,364)	
Economic and physical development	762,750	34,822	24,311	310,000	(393,617)	-	(393,617)	
Human services	9,034,456	1,113,534	6,122,436	-	(1,798,486)	-	(1,798,486)	
Cultural and recreation	872,109	39,621	750	-	(831,738)	-	(831,738)	
Education	20,058,486	-	-	13,871,250	(6,187,236)	-	(6,187,236)	
Interest on long-term debt	424,585	-	-	-	(424,585)	-	(424,585)	
Total governmental activities	46,324,363	3,744,413	6,487,720	14,181,250	(21,910,980)	-	(21,910,980)	
Business-type activities:								
Solid Waste	1,460,892	903,456	254,836	-	-	(302,600)	(302,600)	
Caswell division of transportation	488,705	206,807	321,020	-	-	39,122	39,122	
Total business-type activities	1,949,597	1,110,263	575,856	-	-	(263,478)	(263,478)	
Total primary government	\$ 48,273,960	\$ 4,854,676	\$ 7,063,576	\$ 14,181,250	\$ (21,910,980)	\$ (263,478)	\$ (22,174,458)	
Component Units:								
Caswell County ABC Board	\$ 2,190,810	\$ 2,312,210	\$ -	\$ -				\$ 121,400
Total component units	\$ 2,190,810	\$ 2,312,210	\$ -	\$ -				121,400
General revenues:								
Taxes:								
Property taxes, levied for general purpose					13,782,284	-	13,782,284	-
Local option sales tax					5,360,969	-	5,360,969	-
Other taxes and licenses					744,686	54,109	798,795	-
Investment earnings, unrestricted					6,203	-	6,203	46
Miscellaneous, unrestricted					168,419	11,280	179,699	(2,000)
Transfers					(80,000)	80,000	-	-
Total general revenues, special items, and transfers					19,982,561	145,389	20,127,950	(1,954)
Change in net position					(1,928,419)	(118,089)	(2,046,508)	119,446
Net position-beginning					24,888,469	762,583	25,651,052	556,353
Prior Period Adjustment					(2,278,305)	-	(2,278,305)	-
Prior Period Restatement - Change in Accounting Principle					36,070	-	36,070	-
Net position-beginning, restated					22,646,234	762,583	23,408,817	556,353
Net position-ending					\$ 20,717,815	\$ 644,494	\$ 21,362,309	\$ 675,799

FUND
FINANCIAL STATEMENTS

Caswell County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major Governmental			Non-Major	
		American	School Capital	Governmental Funds	
	General Fund	Rescue Plan	Project Fund	Other	Total
		Fund		Governmental	Governmental
				Funds	Funds
ASSETS					
Cash and cash equivalents	\$ 7,264,977	\$ -	\$ -	\$ 562,394	\$ 7,827,371
Cash and cash equivalents-Restricted	2,318,168	2,195,281	8,271,623	-	12,785,072
Taxes Receivable	191,960	-	-	-	191,960
Accounts Receivable	2,592,904	-	5,296,342	22,367	7,911,613
Notes Receivable	-	-	-	112,242	112,242
Due from other funds	385,558	-	-	-	385,558
Total assets	<u>\$ 12,753,567</u>	<u>\$ 2,195,281</u>	<u>\$ 13,567,965</u>	<u>\$ 697,003</u>	<u>\$ 29,213,816</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,045,409	\$ -	\$ 3,032,196	\$ 103,047	\$ 4,180,652
Due to other funds	-	-	-	51,392	51,392
Unspent grant funding	-	2,195,281	-	-	2,195,281
Total liabilities	<u>1,045,409</u>	<u>2,195,281</u>	<u>3,032,196</u>	<u>154,439</u>	<u>6,427,325</u>
Deferred inflows of resources					
Prepaid taxes	63,002	-	-	-	63,002
Reserve for taxes receivable	191,960	-	-	-	191,960
Total deferred inflows of resources	<u>254,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,962</u>
Fund balances:					
Restricted:					
Stabilization by State statue	3,074,907	-	-	22,367	3,097,274
Register of Deeds	63,904	-	-	-	63,904
Education	1,898,380	-	10,535,769	-	12,434,149
General Government	-	-	-	737	737
Public Safety	-	-	-	341,116	341,116
Economic Development	-	-	-	166,540	166,540
Human Services	-	-	-	23,141	23,141
Committed:					
Tax Revaluation	220,438	-	-	-	220,438
LEO Separation	21,638	-	-	-	21,638
Assigned:					
Subsequent year's expenditures	1,967,180	-	-	-	1,967,180
Unassigned:	4,206,749	-	-	(11,337)	4,195,412
Total fund balances	<u>11,453,196</u>	<u>-</u>	<u>10,535,769</u>	<u>542,564</u>	<u>22,531,529</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,753,567</u>	<u>\$ 2,195,281</u>	<u>\$ 13,567,965</u>	<u>\$ 697,003</u>	<u>\$ 29,213,816</u>

Caswell County, North Carolina
Reconciliation of the Governmental Funds Balance Sheet To
The Statement of Net Position
Governmental Fund
June 30, 2021

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

Total Fund Balance - Governmental Funds	\$ 22,531,529
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (total capital assets on government-wide	43,822,922
Less accumulated depreciation	(20,578,191)
Net capital assets	23,244,731
Net Pension Asset (Register of Deeds)	39,550
Deferred outflows of resources:	
Pension related deferrals	
LGERS	1,660,060
LEOSSA	213,946
OPEB related deferrals	963,003
Contributions to the pension plan in the current fiscal year (LGERS & ROD)	1,030,628
Benefit payments and pension administration costs for LEOSSA	54,648
Contributions to OPEB plan in the current fiscal year	150,060
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	15,008
Deferred inflows of resources reported in the government-wide statements but not the fund statements	
Deferred inflows of resources for taxes receivable	191,960
Pension related deferrals	
LGERS	(120,846)
Register of Deeds	(10,032)
OPEB related deferrals	(143,465)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(17,946,662)
Compensated absences	(912,249)
Net OPEB liability	(4,294,105)
Net pension liability - LGERS	(4,689,248)
Total Pension Liability (LEOSSA)	(1,196,372)
Accrued interest payable	(64,329)
Total adjustment	(1,813,714)
Net position of governmental activities	\$ 20,717,815

Caswell County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	Major Governmental			Non-Major	
	Governmental Funds			Governmental Funds	
	General Fund	American Rescue Plan Fund	School Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 12,840,795	\$ -	\$ -	\$ 989,782	\$ 13,830,577
Other taxes and licenses	5,986,669	-	-	10,310	5,996,979
Restricted intergovernmental	6,095,427	-	13,871,250	868,362	20,835,039
Unrestricted intergovernmental	201,277	-	-	-	201,277
Permits and fees	628,428	-	-	79,161	707,589
Sales and services	2,837,293	-	-	33,461	2,870,754
Investment earnings	4,535	-	1,668	-	6,203
Contributions	-	-	-	-	-
Miscellaneous	75,818	-	-	-	75,818
Total revenues	<u>28,670,242</u>	<u>-</u>	<u>13,872,918</u>	<u>1,981,076</u>	<u>44,524,236</u>
EXPENDITURES					
Current:					
General government	4,676,780	-	-	318,339	4,995,119
Public safety	7,738,147	-	-	1,261,298	8,999,445
Cultural and recreational	649,284	-	-	-	649,284
Environmental protection	110,726	-	-	-	110,726
Economic and physical development	671,692	-	-	355,149	1,026,841
Human Services	8,478,923	-	-	283,054	8,761,977
Intergovernmental:					
Education	3,720,008	-	16,338,478	-	20,058,486
Debt service:					
Principal	1,059,352	-	-	-	1,059,352
Interest	155,665	-	276,150	-	431,815
Total expenditures	<u>27,260,577</u>	<u>-</u>	<u>16,614,628</u>	<u>2,217,840</u>	<u>46,093,045</u>
Revenues over expenditures	<u>1,409,665</u>	<u>-</u>	<u>(2,741,710)</u>	<u>(236,764)</u>	<u>(1,568,809)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	23,009	-	-	119,002	142,011
Transfers (out)	(222,011)	-	-	-	(222,011)
Total other financing sources and uses	<u>(199,002)</u>	<u>-</u>	<u>-</u>	<u>119,002</u>	<u>(80,000)</u>
Net change in fund balance	1,210,663	-	(2,741,710)	(117,762)	(1,648,809)
Fund balances-beginning	9,879,513	-	13,277,479	663,673	23,820,665
Prior Period Adjustment (see Note IX)	363,020	-	-	(39,417)	323,603
Prior Period Restatement					
Change in Accounting Principle (see Note X)	-	-	-	36,070	36,070
Fund balances-ending	<u>\$ 11,453,196</u>	<u>\$ -</u>	<u>\$ 10,535,769</u>	<u>\$ 542,564</u>	<u>\$ 22,531,529</u>

Caswell County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures,
And Changes In Fund Balance of Governmental Funds
To The Statement of Activities
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ (1,648,809)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,013,797
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,403,967)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	1,059,352
Amortization on deferred premium payments on debt that is recorded in the statement of activities but not in the fund statements.	1,769
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,030,628
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	54,648
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	150,060
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	5,461
Compensated absences	72,398
OPEB plan expense	(477,421)
Amortization on deferred charges - refunding costs that is recorded in the statement of activities but not in the fund statements	
Pension expense	(1,738,042)
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the fund statements.	
Decrease in deferred inflows of resources - taxes receivable - at end of year	(54,554)
Increase in accrued interest receivable at end of year	6,261
Total changes in net position of governmental activities	<u>\$ (1,928,419)</u>

Caswell County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 12,363,358	\$ 12,363,358	\$ 12,840,795	\$ 477,437
Other taxes and licenses	3,967,016	3,967,016	5,986,669	2,019,653
Restricted intergovernmental	6,132,768	7,582,633	6,095,427	(1,487,206)
Unrestricted intergovernmental	202,588	202,588	201,277	(1,311)
Permits and fees	556,679	568,758	628,428	59,670
Sales and services	2,812,790	3,118,677	2,837,293	(281,384)
Investment earnings	46,500	46,500	4,327	(42,173)
Miscellaneous	2,250	7,047	75,818	68,771
Total revenues	<u>26,083,949</u>	<u>27,856,577</u>	<u>28,670,034</u>	<u>813,457</u>
Expenditures				
Current:				
General government	3,925,740	4,786,214	4,676,780	109,434
Public safety	7,610,278	8,025,864	7,738,147	287,717
Environmental Protection	119,256	120,482	110,726	9,756
Economic and physical development	775,875	845,846	671,692	174,154
Human services	10,521,983	10,586,015	8,478,923	2,107,092
Cultural and recreational	724,469	739,295	649,284	90,011
Intergovernmental:				
Education	3,670,014	3,720,014	3,720,008	6
Debt service	1,223,068	1,220,068	1,215,017	5,051
Total expenditures	<u>28,570,683</u>	<u>30,043,798</u>	<u>27,260,577</u>	<u>2,783,221</u>
Revenues over (under) expenditures	<u>(2,486,734)</u>	<u>(2,187,221)</u>	<u>1,409,457</u>	<u>3,596,678</u>
Other financing sources (uses):				
Appropriated fund balance	1,846,734	2,431,823	-	(2,431,823)
Transfers from other funds	671,500	671,500	694,509	23,009
Transfers to other funds	(31,500)	(916,102)	(976,406)	(60,304)
Total other financing sources (uses)	<u>2,486,734</u>	<u>2,187,221</u>	<u>(281,897)</u>	<u>(2,469,118)</u>
Revenues and Other Financing Sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,127,560</u>	<u>\$ 1,127,560</u>
Fund balances:				
Fund balance, beginning as previously reported			7,843,778	
Prior Period Adjustment (See Note IX)			363,020	
Fund balance, beginning, restated			<u>8,206,798</u>	
End of year, June 30			<u>\$ 9,334,358</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General				
Fund for reporting purposes:				
Investment Earnings			-	
Revaluation Expense			-	
Transfer from General Fund			30,000	
Fund balance, beginning of year			<u>190,458</u>	
School Capital Reserve Fund				
Sales Tax			-	
Investment Earnings			208	
Transfers-in from Other Funds			724,395	
Transfers-out to General Fund			(671,500)	
Transfers-out to Other Fund			-	
Fund Balance, Beginning			<u>1,845,277</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 11,453,196</u>	

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

Caswell County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	MAJOR		
	Solid Waste Management	Caswell Department of Transportation	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 495,691	\$ 495,691
Taxes receivable (net)	-	-	-
Accounts receivable (net)	61,647	53,000	114,647
Total current assets	61,647	548,691	610,338
Noncurrent assets:			
Capital assets:			
Land, improvements and construction in progress	37,500	-	37,500
Other capital assets, net of depreciation	357,107	456,592	813,699
Total capital assets	394,607	456,592	851,199
Total noncurrent assets	394,607	456,592	851,199
Total assets	456,254	1,005,283	1,461,537
DEFERRED OUTFLOWS OF RESOURCES	58,663	71,636	130,299
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilities:			
Accounts Payable	115,180	69,676	184,856
Compensated absences payable	3,380	3,300	6,680
Due to other funds	334,166	-	334,166
Total current liabilities	452,726	72,976	525,702
Noncurrent liabilities:			
Compensated absences	10,140	9,901	20,041
Other postemployment benefits	143,364	113,781	257,145
Net pension liability	46,233	80,427	126,660
Accrued postclosure liability	5,939	-	5,939
Total noncurrent liabilities	205,676	204,109	409,785
Total liabilities	658,402	277,085	935,487
DEFERRED INFLOWS OF RESOURCES	5,981	5,874	11,855
NET POSITION			
Net investment in capital assets		-	-
Unrestricted	(149,466)	793,960	644,494
Total net position	\$ (149,466)	\$ 793,960	\$ 644,494

Caswell County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For The Fiscal Year Ended June 30, 2021

	MAJOR		
	Solid Waste	Caswell Department of Transportation	Totals
Operating Revenues:			
Charges for Services	\$ 903,456	\$ 189,673	\$ 1,093,129
Total Operating Revenues	903,456	189,673	1,093,129
Operating Expenses:			
Administration			
Salaries	-	97,069	97,069
Other expenses	-	58,901	58,901
Operations:			
Salaries	164,399	154,870	319,269
Other Expenses	1,239,681	68,944	1,308,625
Depreciation	56,812	108,921	165,733
Total Expenditures	1,460,892	488,705	1,949,597
Operating income (loss)	(557,436)	(299,032)	(856,468)
Nonoperating Revenues (Expenses)			
Interest Earned on Investments	-	-	-
Disposal Tax	54,109	-	54,109
FEMA Reimbursement	-	-	-
CARES Act Funding	254,836	321,020	575,856
Miscellaneous Revenue	11,280	-	11,280
Gain (Loss) on disposal of assets	-	17,134	17,134
Total Nonoperating Revenues	320,225	338,154	658,379
Income (loss) before transfers	(237,211)	39,122	(198,089)
Transfers in	80,000	-	80,000
CHANGE IN NET POSITION	(157,211)	39,122	(118,089)
TOTAL NET POSITION BEGINNING	7,745	754,838	762,583
TOTAL NET POSITION- ENDING	\$ (149,466)	\$ 793,960	\$ 644,494

Caswell County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2021

	MAJOR		
	Solid Waste	Caswell Department of Transportation	Totals June 30, 2021
Cash flows from operating activities:			
Cash received from customers	\$ 892,997	\$ 191,269	\$ 1,084,266
Cash paid for goods and services	(1,244,364)	(59,573)	(1,303,937)
Cash paid to employees for services	(151,219)	(236,238)	(387,457)
Miscellaneous Revenue	11,281	-	11,281
Net cash provided (used) by operating activities	(491,305)	(104,542)	(595,847)
Cash flows from noncapital financing activities			
Disposal tax	54,109	-	54,109
(Increase) decrease in due from other funds	168,906	-	168,906
Grants	254,836	321,020	575,856
Transfers in (out)	80,000	-	80,000
Net cash provided (used) by noncapital financial activities	557,851	321,020	878,871
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(66,546)	(56,080)	(122,626)
Proceeds from sale of property and equipment	-	17,133	17,133
Net cash provided (used) by capital and related financing activities	(66,546)	(38,947)	(105,493)
Cash flows from investing activities:			
Interest on investments	-	-	-
Net cash flows from investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	177,531	177,531
Cash and cash equivalents, July 1	-	318,160	318,160
Cash and cash equivalents, June 30	\$ -	\$ 495,691	\$ 495,691

(continued)

Caswell County, North Carolina
Proprietary Funds
Combining Statement of Cash Flows For
The Year Ended June 30, 2021

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income (loss)	\$ (557,436)	\$ (299,032)	\$ (856,468)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	56,812	108,921	165,733
Miscellaneous Revenue	11,281	-	11,281
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(10,459)	1,596	(8,863)
(Increase) decrease in deferred outflows of resources for pensions	(4,102)	(6,913)	(11,015)
(Increase) decrease in deferred outflows of resources for OPEB	(9,383)	(7,424)	(16,807)
Increase (decrease) in accounts payable and accrued liabilities	33,942	68,272	102,214
Increase (decrease) in deferred inflows of resources for pensions	(44)	(87)	(131)
Increase (decrease) in deferred inflows of resources for OPEB	(904)	(724)	(1,628)
Increase (decrease) in net pension liability	10,016	17,064	27,080
Increase (decrease) in accrued postclosure liability	(38,625)	-	(38,625)
Increase (decrease) in compensated absences	130	55	185
Increase (decrease) in net OPEB liability	17,467	13,730	31,197
Total adjustments	<u>66,131</u>	<u>194,490</u>	<u>260,621</u>
Net cash provided (used) by operating activities	<u>\$ (491,305)</u>	<u>\$ (104,542)</u>	<u>\$ (595,847)</u>

Caswell County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
ASSETS	
Cash and investments	\$ 79,449
Taxes Receivable for other governments, net	-
Total Assets	<u>\$ 79,449</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts Payable	\$ 19,896
Due to other governments	-
Total liabilities	<u>19,896</u>
Net position:	
Restricted for:	
Individuals, organizations, and other governments	<u>59,553</u>
Total fiduciary net position	<u>\$ 59,553</u>

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

Caswell County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Ad valorem taxes for other governments	\$ 391,472
Collections on behalf of inmates	143,813
Total additions	<u>\$ 535,285</u>
DEDUCTIONS	
Tax distributions to other governments	\$ 385,460
Payment on behalf of inmates	136,354
Total deductions	<u>521,814</u>
Net increase (decrease) in fiduciary net positions	13,471
Net position, beginning, as previously reported	
Prior period restatement - change in accounting principle	<u>46,082</u>
Net position, beginning, as restated	<u>46,082</u>
Net position, ending	<u>\$ 59,553</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE I: Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The discretely presented component unit is reported in a separate column in the basic financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Unit

Caswell County ABC Board

The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.

Complete financial statements for the ABC Board may be obtained at the administrative office of that entity.

Caswell County ABC Board
P.O. Box 338
Yanceyville, North Carolina 27379

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

The County reports the following major governmental funds:

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

American Rescue Plan Fund. This fund accounts for transactions related to the American Rescue Plan Fund.

School Capital Project Fund. This capital project fund is used to account for funds set aside for school projects.

The County reports the following major enterprise funds:

Solid Waste Management Fund. This fund accounts for the collection and disposal of the County's solid waste.

Caswell Division of Transportation Fund. This fund provides transportation for external clients of County departments and agencies and derives its revenue from user fees.

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private- purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, and the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families.

Non-major Funds. The County maintains thirteen legally budgeted nonmajor funds. The Special Fire District, Emergency Telephone System, Revolving Loan Fund, Representative Payee Fund, Fines and Forfeiture Fund, Deed of Trust Fund and Equipment and Automation are reported as non-major special revenue funds. The Scattered Site Fund, Library Development, School Safety Project, Caswell Enterprise Center Project Fund, Courthouse HVAC Project and Financial Software Project Fund are reported as nonmajor capital project funds.

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

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

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund (which includes the Revaluation Fund and School Capital Reserve Fund), the Special Revenue Funds (the Special Fire Districts Fund, the Emergency Telephone System Fund, the Representative Payee Fund, the Fines and Forfeiture Fund, the Deed of Trust Fund, the Revolving Loan Fund, and the Equipment and Automation Fund), and the two Enterprise Funds (the Solid Waste Fund and the Caswell Division of Transportation Fund). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the American Rescue Plan Grant Project and Capital Projects Funds (School Capital Projects Fund, Scattered Site Fund, the Library Development Fund, the Caswell Enterprise Center Project, School Safety Project, the Courthouse HVAC Project and Financial Software Project).

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and the Enterprise Funds, and at the object level for the Capital Project Funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Deposits and Investments (Continued)

State Law [G.S. 159-30(c)] authorizes the County and the ABC Board 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 County's and the ABC Board's investments are carried at fair value. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAmf by Moody Investor Services. The NCCMT Government Portfolio is reported at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers demand deposits and investments purchased with a maturity date of 90 days or less at time of purchase, to be cash and cash equivalents.

3. Restricted Assets

Unexpended bond proceeds are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Unspent grant proceeds are reflected as restricted cash as well. The following table illustrates the breakdown of Caswell County's restricted cash:

Caswell County Restricted Cash		
<u>Governmental Activities</u>		
General Fund	Tax Revaluation	\$ 220,458
General Fund	Register of Deeds	63,904
General Fund	Unexpended School Restricted Capital	2,033,806
School Capital Project Fund	Unexpended Project Funds	8,271,623
American Rescue Plan Fund	Unspent Grant Funds	2,195,281
Total Restricted Cash		<u>\$ 12,785,072</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

5. Allowance for Doubtful Accounts

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

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6. Inventory and Prepaid Items

The inventories of the ABC Board are valued at cost (first in, first out), which approximates market. The inventory of the ABC Board consists of goods held for sale. The cost of the inventory carried at the ABC Board is recorded as an expense as it is sold.

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

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

7. Capital Assets

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

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

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

	<u>Years</u>
Land Improvements	15
Building, improvements and other plant as	15
Infrastructure	50
General Equipment	5-10
Vehicles	5-10

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20-40
Equipment (warehouse, store, and office)	4-10
Vehicles	5
Leasehold Improvements	8

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

8. Deferred Outflows/Inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meets this criterion - a charge on refunding that had previously been classified as an asset, pension related deferrals, and contributions made to the OPEB or pension plans in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category - taxes receivable, prepaid taxes and other OPEB or pension related deferrals.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

10. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary fund and the ABC Board. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2021 is recorded in the government-wide and proprietary fund financial statements on a LIFO basis. Employees typically take leave as it is earned and there is no current portion. A current portion has been estimated.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

Net Position

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

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid - portion of fund balance that is not an available resource because it represents prepaid expenditures, which are not spendable resources.

Inventories - Portion of fund balance this is not an available resource because it represents the year end balance of ending inventories, which are not spendable resources.

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

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

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

Restricted for Education - portion of fund balance that can only be used for the School Capital Fund per G.S. 159-18-22.

Restricted for General Government - portion of fund balance that is restricted by revenue source for general government.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire safety and police.

Restricted for Economic Development - portion of fund balance that is restricted by revenue source for economic development.

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund Balances (Continued)

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

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

Committed for LEO pension obligation - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

Assigned Fund Balance - portion of fund balance that the County's Board of Commissioners has assigned.

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

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

12 Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employee contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

13 Accounting 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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

NOTE II: Stewardship, Compliance and Accountability

Deficit Fund Balance or Net Position of Individual Funds

The following funds had a deficit fund balance as follows:

	<u>Amount</u>
Fines and Forfeitures	\$ 11,337

The deficit fund balances resulted from the requirement to incur expenses prior to requesting reimbursement for lack of funding received from the General Fund to supplement the accounts.

Excess of Expenditures over Appropriations

The following departments/funds had excess expenditures over appropriations:

	<u>Excess Expenditures over Appropriations</u>
General Fund Departments	
Administration	\$ 44,224
Register of Deeds	36,122
Public Facilities	1,794
Emergency Management	30,080
Emergency Medical Services	108,997
Purchased Services	5,952
Section 8 Housing Authority	59,678
Special Appropriations	655
Library	3,862
Transfers	60,304
Special Fire District Fund	88,646
Representative Payee Fund	283,054
Deed of Trust Fund	30,772
Fines and Forfeiture Fund	48,391

A budget was not adopted for the Representative Payee Fund or Fines and Forfeiture Fund in the current fiscal year.

Management and the Board will more closely review the budget reports to ensure compliance in future years.

Timeliness of Audit

The audit was completed 27 months after the original due date of October 31, 2021. The County experienced significant turnover in staff, which resulted in a delay in receiving information to complete the audit.

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE III: Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the ABC Board do not have formal policies regarding custodial credit risk for deposits.

At June 30, 2021 the County's deposits had a carrying amount of \$12,106,500 and a bank balance of \$14,862,223. Of the bank balance, \$500,000 was covered by federal depository insurance; and \$14,362,223 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2021, the carrying amount of deposits for the ABC Board's deposits was \$469,108 and a bank balance of \$511,662. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2021, the ABC Board had \$ 5,275 in petty cash and change funds.

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

2 . Investments

At June 30, 2021, the County had the following investments and maturities.

Investment Type	Valuation Measurement	Fair Value	Less Than 6		
	Method		Months	6 - 12 Months	1 - 3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 9,081,083	\$ 9,081,083	\$ -	\$ -

** Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAAMf by Moody's Investor Services.

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable quoted prices (unadjusted) in active markets for identical assets.

The County does not have a formal investment policy.

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

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

Year Levied	Tax	Interest	Total
2018	1,629,997	433,290	2,063,287
2019	1,571,767	417,811	1,989,578
2020	1,657,048	440,443	2,097,491
2021	1,661,100	-	1,661,100
Total	\$ 6,519,912	\$ 1,291,544	\$ 7,811,456

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. Receivables

Receivables at the government-wide level at June 30, 2021, were as follows:

	Accounts	Taxes and Related Accrued Interest	Special Assessments	Due From Other Governments	Total
Governmental Activities:					
General	\$ 3,537,686	\$ 578,969	\$ -	\$ 296,232	\$ 4,412,887
Other Governmental		52,695	-	5,318,709	5,371,404
Total Receivables	3,537,686	631,664	-	5,614,941	9,784,291
Allowance for Doubtful Accts.	(1,241,013)	(424,696)	-	-	(1,665,709)
Total Gov't Activities	\$ 2,296,673	\$ 206,968	\$ -	\$ 5,614,941	\$ 8,118,582
Business-type Activities:					
Solid Waste	\$ 81,246	\$ -	\$ -	\$ -	\$ 81,246
CDOT	53,000	-	-	-	53,000
Total Receivables	134,246	-	-	-	134,246
Allowance for Doubtful Accts.	(19,599)	-	-	-	(19,599)
Total Business-type	\$ 114,647	\$ -	\$ -	\$ -	\$ 114,647

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

Governmental Activities:	
Sales and Use Tax	\$ 500,418
PSAP Funding	20,412
State Lottery Needs Based Grant	5,094,111
Total	<u>\$ 5,614,941</u>

Notes Receivable

The County established a Revolving Loan Fund to enhance economic development through a UADA Rural Development Business Enterprise Grant. The loan balances, including accrued interest, at June 30, 2021 total \$112,242

NorAg Technology: Original loan entered into March 2014 for \$125,000 at 5% interest payable over 6 years. In March 2020, the terms of the loan were renegotiated to extend the payment period to July 2025 with monthly payments of \$2,000. The loan balance as of June 30, 2021 is \$90,517.

Ambrosi Biscotti: Original loan entered into in December 2016 for \$27,295 at 0% interest if paid by September 2020. In March 2020, the company ceased operations due to the COVID-19 pandemic and in June 2020 closed the business permanently. The loan balance as of June 30, 2021 is \$21,725. The Company's owner has expressed an interest in seeking loan forgiveness but has yet to make a formal appeal to the Board of Commissioners.

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2021, was as follows:

<u>Governmental Activities:</u>	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 915,870	\$ -	\$ -	\$ -	\$ 915,870
Construction in Progress	6,437,098	536,094	2,601,908	(2,780,775)	1,590,509
Total capital assets not being depreciated	7,352,968	536,094	2,601,908	(2,780,775)	2,506,379
Capital assets being depreciated:					
Building	22,003,851		-	2,780,775	24,784,626
Improvements	2,757,628	87,385	-	-	2,845,013
Equipment	4,331,672	311,208	-	62,902	4,705,782
Vehicles	3,082,002	79,108	-	-	3,161,110
Audio Visual	62,902	-	-	(62,902)	-
Other Assets	5,802,734	-	-	-	5,802,734
Infrastructure	17,277	-	-	-	17,277
Total capital assets being depreciated:	38,058,066	477,701	-	2,780,775	41,316,542
Less accumulated depreciation for:					
Building	8,856,538	826,496	-	-	9,683,034
Improvements	1,776,908	44,373	-	-	1,821,281
Equipment	3,461,311	159,108	-	52,153	3,672,572
Vehicles	2,110,305	239,690	-	-	2,349,995
Audio Visual	52,153		-	(52,153)	-
Other Assets	2,908,457	134,300	-	-	3,042,757
Infrastructure	8,552		-	-	8,552
Total accumulated depreciation:	19,174,224	1,403,967	-	-	20,578,191
Total capital assets being depreciated, net	18,883,842				20,738,351
Governmental activity capital assets, net	<u>\$ 26,236,810</u>				<u>\$ 23,244,730</u>

Depreciation expenses are charged to functions/ program of the governmental activity capital assets as follows:

General Government	\$ 787,635
Public Safety	326,699
Economic and Physical Development	37,019
Human Services	34,735
Cultural and Recreational	217,879
Total Depreciation Expense	<u>\$ 1,403,967</u>

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets (Continued)

Business-type activities:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Solid Waste					
Capital assets not being depreciated:					
Land	\$ 37,500	\$ -	\$ -	\$ -	37,500
Total capital assets not being depreciated:	37,500	-	-	-	37,500
Capital assets being depreciated:					
Buildings	36,341		-	-	36,341
Land Improvements	149,397		-	-	149,397
General Equipment	424,124	51,453	-	-	475,577
Vehicles	298,235	15,093	-	-	313,328
Other Assets	403,675	-	-	-	403,675
Total capital assets being depreciated :	1,311,772	66,546	-	-	1,378,318
Less accumulated depreciation for:					
Buildings	18,590	1,270	-	-	19,860
Land Improvements	120,739	2,093	-	-	122,832
General Equipment	324,036	18,016	-	-	342,052
Vehicles	97,358	35,434	-	-	132,792
Other Assets	403,675	-	-	-	403,675
Total accumulated depreciation:	964,398	56,813	-	-	1,021,211
Total capital assets being depreciated, net	347,374				357,107
Solid Waste capital assets, net	<u>\$ 384,874</u>				<u>\$ 394,607</u>
Caswell Department of Transportation					
Capital assets being depreciated:					
Building Improvements	231,507	\$ -	\$ -	\$ -	231,507
Land improvements	16,900		-	-	16,900
Computer Equipment	10,190		-	-	10,190
Vehicles	774,142	56,080	-	-	830,222
Total capital assets not being depreciated:	1,032,739	56,080	-	-	1,088,819
Less accumulated depreciation for:					
Building Improvements	46,303	5,787	-	-	52,090
Land Improvements	12,253	1,690	-	-	13,943
Computer Equipment	10,190		-	-	10,190
Vehicles	454,561	101,443	-	-	556,004
Total accumulated depreciation	523,307	108,920	-	-	632,227
Total capital assets being depreciated :	509,432	<u>\$ (52,840)</u>	<u>\$ -</u>	<u>\$ -</u>	456,592
Caswell Dept. of Transportation capital assets, net	509,432				456,592
Business-type activities capital assets, net	<u>\$ 894,306</u>				<u>\$ 851,199</u>

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Construction Commitments

The government has active construction projects as of June 30, 2021. The projects include the Caswell Enterprise Center project and the Bartlett Yancey High School project. At June 30, 2021, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Caswell Enterprise Center	\$ 723,746	\$ 117,254
Bartlett Yancey High School Construction	14,522,268	8,728,417
Total	<u>\$ 14,522,268</u>	<u>\$ 8,728,417</u>

Capital Assets (Continued)

Caswell County ABC Board	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated :					
Land	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000
Total capital assets not being depreciated	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Capital assets being depreciated					
Buildings	199,684	-	-	-	199,684
Warehouse equipment	2,326	-	-	-	2,326
Vehicles	39,519	-	-	-	39,519
Office furniture and equipment	31,236	-	-	-	31,236
Store Fixtures and equipment	132,672	25,925	40,010	-	118,587
Leasehold improvements	32,952	-	-	-	32,952
Total capital assets being depreciated	<u>438,389</u>	<u>25,925</u>	<u>40,010</u>	<u>-</u>	<u>424,304</u>
Less accumulated depreciation for:					
Assets being depreciated	331,964	19,496	38,010	-	313,450
Total accumulated depreciation	<u>331,964</u>	<u>19,496</u>	<u>38,010</u>	<u>-</u>	<u>313,450</u>
Total capital assets being depreciated ,net	<u>106,425</u>				<u>110,854</u>
ABC Board capital assets-net	<u>\$ 112,425</u>				<u>\$ 116,854</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021, were as follows :

	Vendors
Governmental Activities:	
General	\$ 1,045,409
School Capital Project Fund	3,032,196
Other Governmental	<u>103,047</u>
Total Governmental Activities	<u>\$ 4,180,652</u>
Business-type Activities:	
Solid Waste	\$ 115,180
CDOT	<u>69,676</u>
Total Business-type Activities	<u>\$ 184,856</u>

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers, 10.23% for general employees and firefighters, and 10.21% for DSS employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,056,741 for the year ended June 30, 2021.

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the County reported a liability of \$4,018,675 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County’s proportion was 0.1348% (measured as of June 30, 2020), which was a decrease of 0.0041% from its proportion as of June 30, 2020(measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$1,660,030. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 608,164	\$ -
Changes of assumptions	358,398	-
Net difference between projected and actual earnings on pension plan investments	677,710	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	60,027	124,110
County contributions subsequent to the measurement date	1,056,741	-
Total	\$ 2,761,040	\$ 124,110

\$1,056,741 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June	
2022	\$ 456,956
2023	587,934
2024	335,331
2025	200,567
2026	-
Thereafter	-
	\$ 1,580,788

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial Assumptions . The total pension liability in the December 31, 2019 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 percent
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.00%	1.4%
Global Equity	42.00%	5.3%
Real Estate	8.00%	4.3%
Alternatives	8.00%	8.9%
Credit	7.00%	6.0%
Inflation	6.00%	4.0%
Total	<u>100.00%</u>	

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 9,770,949	\$ 4,815,906	\$ 697,917

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

b. Law Enforcement Officers' Special Separation Allowance

1 *Plan Description*

Caswell County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits.	0
Active plan members	36
Total	43

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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2 Summary of Significant Accounting Policies

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

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

3 Actuarial Assumptions

The entry age normal, level percent of payroll actuarial costs method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	2.12 percent

The discount rate is based on the yield of the Bond Buyer 20-Bond GO Index as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

4 Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the 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. There were no contributions by employees. The County paid \$86,736 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported total pension liability of \$1,196,372. The total pension liability was measured as of December 31, 2020 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$122,467.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 226,431	\$ 89,808
Changes of assumption	95,903	18,580
Benefit payments and administrative expenses subsequent to the measurement date	54,648	-
Total	<u>\$ 376,982</u>	<u>\$ 108,388</u>

CASWELL COUNTY, NORTH CAROLINA
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\$54,648 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 114,036	\$ (31,257)
2023	99,340	(28,739)
2024	82,605	(24,299)
2025	24,793	(21,905)
2026	1,560	(2,188)
Thereafter	-	-

\$86,736 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.12 percent) or 1-percentage point higher (3.12 percent) than the current rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total pension liability	\$ 1,297,212	\$ 1,196,372	\$ 1,104,980

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

	2021
Beginning balance	\$ 1,231,952
Service Cost	44,496
Interest on the total pension liability	38,748
Change in benefit terms	-
Difference between expected and actuarial experience	(111,713)
Changes of assumptions or other inputs	79,625
Benefit payments	(86,736)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,196,372</u>

Changes of assumptions. Changes of assumptions and other inputs reflected a change in the discount rate from 3.26 percent at December 31, 2019 (measurement date) to 2.12 percent at December 31, 2020 (measurement date).

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

**CASWELL COUNTY, NORTH CAROLINA
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c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$184,102, which consisted of \$81,081 from the County and \$103,021 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. 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 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 Register of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for RODSPF. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,679 for the year ended June 30, 2021.

CASWELL COUNTY, NORTH CAROLINA
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported an asset of \$39,550 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset 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 RODSPF employers, actuarially determined. At June 30, 2020, the County's proportion was 0.173%, which was an increase of 0.027% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of (\$794). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 806
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,384
Changes in proportion and differences between County Contributions and proportionate share of contributions	-	5,842
County contributions subsequent to the measurement date	1,679	-
Total	<u>\$ 1,679</u>	<u>\$ 10,032</u>

\$1,679 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June

2022	\$ (3,510)
2023	(4,143)
2024	(1,527)
2025	(852)
Thereafter	-
	<u>\$ (10,032)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment Rate of Return	3.75 percent, net of pension plan investment expense, including inflation

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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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The 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, 2021 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension 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 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ 33,592	\$ 39,550	\$ 44,590

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

CASWELL COUNTY, NORTH CAROLINA
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e. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2020. The County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 4,815,906	\$ (39,550)	\$ -	\$ 4,776,356
Proportion of the Net Pension Liability (Asset)	0.1348%	0.1726%	n/a	
Total Pension Liability	\$ -	\$ -	\$ 1,196,372	\$ 1,196,372
Pension Expense	\$ 1,660,030	\$ (794)	\$ 122,467	\$ 1,781,703

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 608,164	\$ -	\$ 136,623	\$ 744,787
Changes of assumptions	358,398	-	77,323	435,721
Net difference between projected and actual earnings on pension plan investments	677,710	-	-	677,710
Change in proportion and differences between County contributions and proportionate share of contributions	60,627	-	-	60,627
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,056,741	1,679	54,648	1,113,068
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 806	\$ -	\$ 806
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,384	-	3,384
Changes in proportion and differences between County contributions and proportionate share of contributions	124,110	5,842	-	129,952

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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c. Other Postemployment Benefits

Plan Description. According to a County resolution, the County provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees who meet the following requirements. The Board of Commissioners may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. This plan provides postemployment healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty consecutive years of service or who through disability retirement has five years of creditable service with the County. The County pays the full cost of coverage for these benefits until age 65, at which time the County offers a Medicare Supplement. Also, retirees can purchase coverage for their dependents at the County's group rates. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	2019
Retirees and dependents receiving benefits	22
Active plan members	208
Total	<u>230</u>

Total OPEB Liability

The County's total OPEB liability of \$4,551,251 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00 percent
Real wage growth	1.00 percent
Payroll Growth Assumption	3.50 percent
Salary increases, including wage inflation	
General Employees	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent
Discount Rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent

**CASWELL COUNTY, NORTH CAROLINA
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Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2019	\$ 4,001,823
Changes for the year:	
Service Cost at the end of the year*	149,771
Interest on TOL and Cash Flows	136,561
Change in benefit terms	-
Difference between expected and actual experience	(5,640)
Changes of assumptions or other inputs	463,248
Benefit payments	(194,512)
Other	-
Net Changes	<u>\$ 549,428</u>
Total OPEB Liability as of June 30, 2020	<u>\$ 4,551,251</u>

*The service cost includes interest for the year.

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the County as of June 30, 2021 as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) and 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability (asset)	<u>\$ 4,950,942</u>	<u>\$ 4,551,251</u>	<u>\$ 4,190,619</u>

CASWELL COUNTY, NORTH CAROLINA
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Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the County at June 30, 2021, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$ 4,107,841	\$ 4,551,251	\$ 5,065,870

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the County recognized OPEB expense of \$418,039. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

At June 30, 2020, the components of the net OPEB liability of the County, measured as of June 30, 2019, were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 525,351	\$ 6,178
Changes of assumptions	495,320	145,878
Benefit payments and administrative costs	150,060	-
Total	<u>\$ 1,170,731</u>	<u>\$ 152,056</u>

\$144,575 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 166,277	\$ (34,570)
2023	166,277	(34,570)
2024	166,277	(34,570)
2025	166,277	(34,139)
2026	166,204	(12,905)
Thereafter	187,363	(1,302)

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f. Other Employment Benefits

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

3 Deferred Outflows and Inflows of Resources

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
(Pensions, OPEB) - difference between expected and actual experience	\$ 1,270,138	\$ 6,984
(Pensions, OPEB) Changes of assumptions	931,041	145,878
(Pensions, OPEB) - difference between projected and actual investment	677,710	3,384
(Pensions, OPEB) - change in proportion and difference between employer contributions and proportionate share of contributions	60,627	129,952
Contributions to pension plan subsequent to the measurement date (LGERS, ROD)	1,058,420	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	150,060	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	54,648	-
Prepaid taxes not yet earned (General Fund)	-	63,002
Taxes receivable, net (General)	-	191,960
Total	<u>\$ 4,202,644</u>	<u>\$ 541,160</u>

4 Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners.

Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to total insured values, with sub-limits on coverage for special perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits.

CASWELL COUNTY, NORTH CAROLINA
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All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2 million of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state entity captive.

In accordance with G.S. 159-29, the County's employees that access to \$100 or more at any given time of the County's funds at any given time are performance bonded through a commercial crime coverage with a \$250,000 occurrence limit. The Director of Finance and tax collector are each bonded for \$100,000 and \$75,000 respectively. The Register of Deeds is bonded for \$25,000.

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

Caswell County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has legal liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

5 Summary of Disclosure of Significant Commitments

a. Contingent Liabilities

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

CASWELL COUNTY, NORTH CAROLINA
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b. Long-Term Obligations

a. Installment Purchases

Paid or serviced by the General Fund:

The County entered into a direct borrowing agreement with Piedmont Electric in February 2018. The total amount of the loan was \$995,231, and was to finance the Library Improvement project. Principal payments of \$99,523 are due annually starting February 20, 2019. The failure to make an annual payment when due or comply with any of the terms of the Construction and Permanent Loan Agreement or of the Future Advances Deed of Trust securing this Note will constitute a default of this Note. Any unpaid principal of this Note shall bear interest at the rate of 10% per annum after default until paid. In the event of default, the entire balance of the principal remaining shall be automatically due and payable.

\$ 696,662

The County entered into a direct placement loan agreement with Pinnacle Public Finance in May 2016, to finance the Courthouse HVAC replacement project. The total amount of the loan was \$985,000. Principal payments of \$98,000, plus accrued interest at 2.15% are due annually starting August 1, 2016. In the event of default the lender may, without any further demand or notice a) declare the unpaid principal immediately due and payable, b) proceed by appropriate court to enforce the County performance of applicable covenants, and c) avail itself of all available remedies under the agreement. The HVAC equipment is pledged as collateral for the loan.

491,000

The County entered into a direct placement loan agreement with American National Bank and Trust Company in March 2016 for the purchase of 12 Fleet Vehicles. Principal payments of \$54,399, plus accrued interest at 2.10% are due annually starting May 1, 2016. The vehicles stand as collateral for the loan. In the event of default, the lender may declare the entire unpaid balance under this note and all accrued unpaid interest and fees immediately due and payable.

-

Total

\$ 1,187,662

Caswell County, the future minimum payments as of June 30, 2021, including \$31,627 of interest are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 198,523	\$ 10,557
2022	197,523	8,428
2023	197,523	6,321
2024	98,000	4,214
2025	98,000	2,107
2026-2030	398,093	-
Total	\$ 1,187,662	\$ 31,627

b. Bond Anticipation Note

The County issued a General Obligation Bond Anticipation Note (School Project), Series 2020 dated June 16, 2020 in the amount of \$13,150,000. Interest payments will be due in June 2021 and June 2022, with a final principal and interest payment due December 2022.

Year Ending June 30	Governmental Activities	
	Bond Anticipation Note	
	Principal	Interest
2022	-	276,150
2023	13,150,000	149,581
Total	\$ 13,150,000	\$ 425,731

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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c. Private Placement Bonds

The County records long-term debt of the government funds at face value in the government-wide financial statements. The County issued private placement bonds to provide funds for the construction of the new detention center. Principal and interest payments are appropriated when due.

The County's private placement bonds payable at June 30, 2021 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$8,567,000 2011 Bonds Due February 1 and August 1 in installments of \$142,426 to \$447,983 through August 1, 2016; interest 3.325%. The deed on the property is collateral for the loan. In the event of default, the Bank may (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the covenants of the agreement or to recover for the breach; (c) pay over any balance remaining in the Project Account to be applied against outstanding required payments in any manner the Bank may reasonably deem appropriate; and/or (d) avail itself of all available remedies under the Agreement and the Deed of Trust.

\$ 3,609,000

Year Ending June 30	Governmental Activities	
	Revolving Loans	
	Principal	Interest
2022	\$ 656,000	\$ 114,546
2023	656,000	92,734
2024	656,000	70,922
2025	656,000	49,110
2026	656,000	49,110
2027-2031	329,000	32,768
Total	<u>\$ 3,609,000</u>	<u>\$ 409,190</u>

d. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 01, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Governmental Activities:					
General Obligation Bonds	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -
Plus premiums on issuance	1,769	-	1,769	-	-
Total General obligation bonds	201,769	-	201,769	-	-
Bond Anticipation Note	13,150,000	-	-	13,150,000	-
Private placement bonds	4,265,000	-	656,000	3,609,000	656,000
Direct Placement and Direct Borrowing Installment purchases	1,391,014	-	203,352	1,187,662	198,523
Compensated Absences	839,850	72,399	-	912,249	228,063
Net pension liability (LGRS)	3,692,578	996,670	-	4,689,248	-
Total pension liability (LEOSSA)	1,231,952	-	35,580	1,196,372	-
Net OPEB liability	3,775,875	518,230	-	4,294,105	-
Total governmental activities	<u>\$ 28,548,038</u>	<u>\$ 1,587,299</u>	<u>\$ 1,096,701</u>	<u>\$ 29,038,636</u>	<u>\$ 1,082,586</u>

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Long-Term Obligation Activity (Continued):

	Balance July 01, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion
Business-type Activities:					
Net OPEB liability					
Solid Waste	\$ 125,897	\$ 17,467		\$ 143,364	\$ -
Caswell Div. Transport	100,051	13,730		113,781	-
Total	225,948	31,197	-	257,145	-
Net Pension Liability (LGRS)					
Solid Waste	36,217	10,016		46,233	-
Caswell Div. Transportation	63,363	17,064		80,427	-
Total	99,580	27,080	-	126,660	-
Compensated Absence					
Solid Waste	13,390	130		13,520	3,380
Caswell Div. Transportation	13,146	55	-	13,201	3,300
Total	26,536	185	-	26,721	6,680
Accrued post closure liability	44,564	-	38,625	5,939	-
Total Business-type activities	\$ 396,628	\$ 58,462	\$ 38,625	\$ 416,465	\$ 6,680

Compensated absences, post employment benefits and the net pension obligation for governmental activities are generally liquidated by the General Fund. Compensated absences and postemployment benefits for business-type activities are generally liquidated by the Solid Waste Management Fund and the Caswell Division Transportation Fund.

On June 30, 2021, Caswell County had a legal debt margin of \$118,963,248

e. Closure and Post closure Care Costs- Solid Waste Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Solid Waste Landfill Facility when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. The Caswell County landfill closed in 1994. The \$5,939 reported as accrued landfill closure liability at June 30, 2021 represents the latest estimate for costs remaining.

The County has met the requirements of a local government financial tests that helps determine if a unit is financially able to meet closure and postclosure care requirements. The County budgets annually for postclosure care. In the event a natural occurrence, inflation or any other unforeseen event occurs, the County would appropriate funds from the Solid Waste fund balance and/or increase charges to future solid waste customers.

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

C. Interfund Balances and Activity

Transfers from /to other funds

From the School Capital Reserve Fund to the General Fund for school bond payments	\$ 671,500
From the Library Development Fund to the General Fund to closeout the Project	23,009
From the General Fund to the Caswell Enterprise Center Project Fund to provide resources for the project.	47,250
From the General Fund to the School Capital Reserve Fund for restricted sales tax	724,395
From the General Fund to the Special Fire Department for volunteer fire departments rescue operations	31,500
From the General Fund to the Scattered Site Fund to refund for resources for prior year project overdraft transfer.	1,367
From the General Fund to the Library Development Fund to provide resources for the project.	61,894
From the General Fund to the Revaluation Fund for revaluation reserve and expense paid.	30,000
From the General Fund to the Solid Waste Fund to transfer CARES Act Money to cover allowable expenses.	80,000
	<hr/>
Total	\$ 1,670,915
	<hr/>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grants

Due from/to other funds

From the Solid Waste Fund to General Fund for central depository overdraft	\$ 334,166
From the Equipment and Automation Fund to General Fund to correct cash postings (money needs to be transferred to properly closeout the account).	37,425
From the Courthouse HVAC Project Fund to General Fund to correct cash postings (money needs to be transferred from separate HVAC account to the central depository account to close out the fund).	13,967
	<hr/>
Total	\$ 385,558
	<hr/>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Net Capital assets	\$ 23,244,730	\$ 851,199
Capital debt calculation:		
Total debt, gross	17,946,662	-
Less:		
School debt for assets to which the county does not hold title	-	-
Unspent Loan Proceeds	<u>(9,067,463)</u>	<u>-</u>
Adjusted Debt	<u>8,879,199</u>	<u>-</u>
Net Investment in capital assets	<u><u>\$ 14,365,531</u></u>	<u><u>\$ 851,199</u></u>

E. Fund Balance

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

Total Fund Balance - General Fund	\$ 11,453,196
Less:	
Nonspendable - prepaids	\$ -
Stabilization by State Statute	3,074,907
Appropriated fund balance in 2022 budget	1,967,180
Register of Deeds	63,904
Tax Revaluation	220,438
Education	1,898,380
LEO Separation	21,638
Remaining Fund Balance	<u>4,206,749</u>

The County outstanding encumbrances of \$96,445 at June 30, 2021.

NOTE IV: Joint Ventures

Caswell County participates with Alamance, Cabarrus, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance, and Warren counties in an Area Authority and Managed Care Organization operated by Cardinal Innovations. The Area Board is comprised of a single governing board and community oversight boards; one for each community operations center. The appointment of members to the governing board and the community oversight boards is in accordance with bylaws set forth in the Joint Resolution. The County does not retain an equity interest in the program. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative officers located at Community Operations, 201 Sage Road Suite 300, Chapel Hill, NC 27214.

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE V: Joint Governed Organization

Piedmont Triad Council of Governments

The Council is a voluntary association of the country governments, established as a jointly governed organization of the participating counties to coordinate funding from federal and State agencies. Each county appoints one member of the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The participating counties do not retain an ongoing financial interest in or responsibility for the Council.

Person- Caswell Lake

The Authority is a jointly governed organization formed by Person and Caswell Counties to regulate the use of Hyco Lake. Each county appoints three members to the Authority, but neither county provides funding, nor do they retain an ongoing financial interest there in or for the Authority.

Piedmont Community College

The County provides a small percentage of the College's annual operating budget, but the College is not fiscally dependent upon this annual allocation. The County does not retain an ongoing interest in or responsibility for the College.

Piedmont Triad Partnership

The partnership is an economic development marketing arm of North Carolina's Piedmont Triad Region. The region is marketed domestically and internationally to attract new business investments and new job creation. The Partnership teams with the local economic development offices in the region and with the North Carolina Department of Commerce to provide economic ,demographic, site, building, and labor information to companies and consultants around the globe. The participating counties do not retain ongoing financial interest in or responsibility for the Partnership. The Caswell County Board of Commissioners appoints one member to the Partnership Board.

NOTE VI: Related Party Transactions

Caswell County had contractual agreements with a board members during the fiscal year. The County had a contract operator agreement with William Carter as a contract distribution operator. The annual cost is \$9,600, paid in monthly installments of \$800. At fiscal year-end, the agreement was binding and there were no outstanding payments due.

NOTE VII: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Summary Disclosure of Significant Contingencies (continued)

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Diseases (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

NOTE VIII: Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2021 and December 19, 2023, which is the date that that financial statements were available to be issued, for possible recognition or disclosure in the financial statements. A School Board Referendum passed for additional bond funding not to exceed \$36.5 million.

NOTE IX: Prior Period Adjustment

An adjustment was recorded in the Revolving Loan Fund to correct the outstanding balances as of June 30, 2020 to properly reflect accrued interest balances which decreased beginning fund balance by \$1,992. The County also recorded an adjustment to accrue the September 2020 local option sales tax distribution as of June 30, 2020, which resulted in an increase in fund balance of \$450,262. This was offset by the write off of fiscal year 2020 food sales tax refunds which were not claimed for reimbursement within the State's deadline and the adjust of prepaid expenses that were never reclassified in prior years that resulted in a decrease of \$87,242, for a net increase in fund balance in the General Fund of \$363,020. The Equipment and Automation Fund recorded an adjustment to close out beginning fund balance which resulted in a decrease of \$37,425.

After further examination with the bond counsel, it was determined that the County would not hold the asset for the new school construction as it will be financed by GO Bonds. An adjustment was recorded on the government-wide statements to remove the CIP balance, which resulted in a decrease of net position in governmental activities of \$2,601,908 associated with expenses of the school project.

NOTE X: Prior Period Restatement -Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implement the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

**CASWELL COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Change in Accounting Principle (continued)

	Governmental activities Net Position - Increase (Decrease)	General Fund Balance - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)
Cash related to funds held on behalf of incarcerated inmates was reclassified from the Agency fund into fiduciary net position in a newly created Jail Inmate Pay Custodial Fund. The beginning liability was restated as fund balance.	\$ -	\$ -	\$ -	\$ 46,702
Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable to taxes receivable at the beginning of the year were restated as custodial net position.	-	-	-	(620)
Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.	32,477	-	32,477	-
Cash and liabilities related to deed of trust fees collected required - - - to be remitted to the State of North Carolina were reclassified out of the Agency Fund into a newly created Deed of Trust Special Revenue Fund. The reclassifications did not result in a restatement of fund balance.	-	-	-	-
Cash and receivables from fines and forfeitures net of liabilities owed to Caswell County Board of Education were reclassified out of the Agency Fund into a newly created Fines and Forfeitures Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.	3,593	-	3,593	-
	<u>\$ 36,070</u>	<u>\$ -</u>	<u>\$ 36,070</u>	<u>\$ 46,082</u>

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- ~ Schedule of County's Proportionate Share of Net Pension Liability (Asset) for (LGERS)
- ~ Schedule of County Contributions (LGERS)
- ~ Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- ~ Schedule of County Contributions (ROD)
- ~ Schedule of Changes in Total Pension Liability (LEO)
- ~ Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEO)
- ~ Schedule of Changes in the Total OPEB Liability and Related Ratios

Caswell County, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Eight Fiscal Years*

Local Government Employees' Retirement System				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportion of the net pension liability (asset) (%)	0.135%	0.139%	0.146%	0.149%
County's proportion of the net pension liability (asset) (\$)	\$ 4,815,906	\$ 3,792,158	\$ 3,454,842	\$ 2,274,169
County's covered payroll	\$ 10,235,132	\$ 9,128,918	\$ 9,118,194	\$ 9,011,653
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	47.05%	41.54%	37.89%	25.24%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	92.00%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.133%	0.131%	0.133%	0.140%
County's proportion of the net pension liability (asset) (\$)	\$ 2,828,011	\$ 589,761	\$ (784,126)	\$ 1,685,126
County's covered payroll	\$ 8,200,875	\$ 7,859,926	\$ 7,663,282	\$ 7,805,541
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.48%	7.50%	-10.23%	21.59%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	102.64%

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

** This will be the same percentage for all participant employers in the LGERS plan.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Caswell County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Eight Fiscal Years**

Local Government Employees' Retirement System				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,056,741	\$ 884,225	\$ 725,507	\$ 701,348
Contributions in relation to the contractually required contribution	1,056,741	884,225	725,507	701,348
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 10,235,132	\$ 9,685,592	\$ 9,128,918	\$ 9,118,194
Contributions as a percentage of covered payroll	10.32%	9.13%	7.95%	7.69%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 672,660	\$ 560,597	\$ 556,303	\$ 544,352
Contributions in relation to the contractually required contribution	672,660	560,597	556,303	544,352
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 9,011,653	\$ 8,200,875	\$ 7,859,926	\$ 7,663,282
Contributions as a percentage of covered	7.46%	6.84%	7.08%	7.10%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Caswell County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's proportionate share of the net pension liability (%)	0.173%	0.146%	0.120%	0.167%
County's proportionate share of the net pension liability (\$)	\$ (39,550)	\$ (28,825)	\$ (19,945)	\$ (28,476)
Plan fiduciary net position as a percentage of the total pension liability	173.62%	164.11%	153.31%	153.77%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (%)	0.174%	0.169%	0.170%	0.150%
County's proportionate share of the net pension liability (\$)	\$ (32,441)	\$ (39,108)	\$ (38,487)	\$ (32,021)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Caswell County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's required contribution	\$ 1,679	\$ 1,365	\$ 3,804	\$ 3,650
Contributions in relation to contractually required contribution	<u>1,679</u>	<u>1,365</u>	<u>3,804</u>	<u>3,650</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's required contribution	\$ 3,225	\$ 2,856	\$ 2,753	\$ 1,386
Contributions in relation to contractually required contribution	<u>3,225</u>	<u>2,856</u>	<u>2,753</u>	<u>1,386</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Caswell County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2021*

	2021	2020	2019	2018	2017
Beginning balance	\$ 1,231,952	\$ 916,873	\$ 863,655	\$ 707,495	\$ 683,438
Service Cost	44,496	40,924	48,421	39,068	35,387
Interest on the total pension liability	38,748	32,043	26,136	26,936	24,054
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in measurement of the total pension liability	(111,713)	283,315	88,345	58,788	-
Changes of assumptions or other inputs	79,625	31,925	(36,564)	50,704	(16,048)
Benefit payments	(86,736)	(73,128)	(73,120)	(19,336)	(19,336)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,196,372</u>	<u>\$ 1,231,952</u>	<u>\$ 916,873</u>	<u>\$ 863,655</u>	<u>\$ 707,495</u>

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Caswell County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,196,372	\$ 1,231,952	\$ 916,873	\$ 863,655	\$ 707,495
Covered payroll	<u>1,486,776</u>	<u>1,515,729</u>	<u>1,705,482</u>	<u>1,576,149</u>	<u>1,388,436</u>
Total pension liability as a percentage of covered payroll	80.47%	81.28%	53.76%	54.80%	50.96%

Notes to the schedules:

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Caswell County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 149,771	\$ 149,204	\$ 144,159	\$ 156,545
Interest	136,561	117,815	107,970	93,618
Differences between expected and actual experience	(5,640)	680,897	30,511	(2,529)
Changes of assumptions	463,248	123,001	(99,171)	(168,400)
Benefit payments	(194,512)	(148,620)	(178,277)	(135,462)
Implicit rate subsidy fulfillment	-	(46,900)	-	-
Net change in total OPEB liability	549,428	875,397	5,192	(56,228)
Total OPEB liability - beginning	<u>4,001,823</u>	<u>3,126,426</u>	<u>3,121,234</u>	<u>3,177,462</u>
Total OPEB liability - ending	<u>\$ 4,551,251</u>	<u>\$ 4,001,823</u>	<u>\$ 3,126,426</u>	<u>\$ 3,121,234</u>
 Covered payroll	 7,740,661	 7,740,661	 8,360,051	 8,360,051
 Total OPEB liability as a percentage of covered payroll	 58.80%	 51.70%	 37.40%	 37.34%

Notes to Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Combining and Individual Fund Statements and Schedules

MAJOR GOVERNMENTAL FUNDS

- **General Fund:** This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.
- **American Rescue Plan Fund:** This fund is used to account for the transactions related to the American Rescue Plan Funds
- **School Project Fund:** This fund is used to account for resources for school construction projects.

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem Taxes			
Current year	11,978,358	12,587,570	609,212
Prior Year	250,000	148,494	(101,506)
Penalties and interest	135,000	104,731	(30,269)
Total	<u>12,363,358</u>	<u>12,840,795</u>	<u>477,437</u>
Other Taxes and Licenses			
Sales Tax	3,716,916	5,350,659	1,633,743
Medicaid hold harmless	229,600	598,737	369,137
Privilege License	-	775	775
Cable television	12,500	12,225	(275)
Occupancy tax	8,000	23,244	15,244
Vehicle Fire tax	-	1,029	1,029
Total	<u>3,967,016</u>	<u>5,986,669</u>	<u>2,019,653</u>
Unrestricted Intergovernmental Revenues			
Beer and wine	90,000	89,126	(874)
Gasoline tax refund	4,000	-	(4,000)
Indirect costs	91,588	91,588	-
ABC Distribution	15,000	19,550	4,550
DWI State/Civil license revocation	2,000	1,013	(987)
Total	<u>202,588</u>	<u>201,277</u>	<u>(1,311)</u>
Restricted Intergovernmental Revenues			
Federal and state grants	5,016,765	4,044,713	(972,052)
CARES Act Funding	1,135,032	710,879	(424,153)
Court facilities fees	47,700	32,478	(15,222)
ABC Board bottle tax	5,500	8,347	2,847
Sheriff-DEA Funds	45,697	2,159	(43,538)
EMS Medicaid Cost Settlement	70,000	-	(70,000)
School resource officer	131,432	131,432	-
Section 8	1,038,180	1,098,048	59,868
Mini Grants	92,327	67,371	(24,956)
Total	<u>7,582,633</u>	<u>6,095,427</u>	<u>(1,487,206)</u>
Permits and Fees			
Building permits and inspection fees	230,100	258,066	27,966
Outdoor storage ordinance	300	600	300
Tax collections fees	9,563	10,983	1,420
Register of Deeds	147,351	224,778	77,427
Concealed weapon permit	32,500	51,557	19,057
Impound fee	2,500	775	(1,725)
Civil case processing	23,500	9,018	(14,482)
Jail Telephone fees	18,000	19,070	1,070
Animal control fees	500	100	(400)
Parks & Recreation fees	50,000	7,159	(42,841)
Farmer lake fees	9,250	14,632	5,382
Tax and map cards/GIS	1,700	1,180	(520)
4-H Activities	14,339	6,950	(7,389)
Cooperative Extension	20,895	-	(20,895)
Other	8,260	23,560	15,300
Total	<u>568,758</u>	<u>628,428</u>	<u>59,670</u>

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance
	Budget	Actual	Positive (Negative)
Sales and Services			
Rents, concessions and fees	174,276	78,084	(96,192)
Sheriff Services	41,140	40,140	(1,000)
Ambulance fees	862,000	839,748	(22,252)
Health department fees	1,155,776	1,101,919	(53,857)
Senior fees	156,915	8,137	(148,778)
Library fees	6,250	2,474	(3,776)
Detention center fees	690,600	746,093	55,493
Guilford Mills reimbursement	10,000	13,823	3,823
Other	21,720	6,875	(14,845)
Total	3,118,677	2,837,293	(281,384)
Interest on investments	46,500	4,327	(42,173)
Miscellaneous			
Other	7,047	75,818	68,771
Total	7,047	75,818	68,771
Total Revenues	27,856,577	28,670,034	813,457
Expenditures			
General Government:			
Governing Body			
Salaries and employee benefits	60,151	59,533	618
Other operating expenditures	11,580	2,823	8,757
Total	71,731	62,356	9,375
Administration			
Salaries and employee benefits	306,576	308,965	(2,389)
Other operating expenditures	73,185	99,599	(26,414)
Capital Outlay	-	-	-
CARES Act	975,416	990,837	(15,421)
Total	1,355,177	1,399,401	(44,224)
Board of Elections			
Salaries and employee benefits	133,404	139,992	(6,588)
Other operating expenditures	44,650	54,916	(10,266)
Capital Outlay	52,000	49,715	2,285
CARES Act	67,338	26,276	41,062
Total	297,392	270,899	26,493
Finance			
Salaries and employee benefits	364,945	340,905	24,040
Other operating expenditures	14,815	8,274	6,541
Total	379,760	349,179	30,581
Tax Office			
Salaries and employee benefits	322,412	297,295	25,117
Other operating expenditures	248,500	214,695	33,805
Total	570,912	511,990	58,922

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance
	Budget	Actual	Positive (Negative)
Register of Deeds			
Salaries	166,642	191,015	(24,373)
Other operating expenditures	31,812	43,561	(11,749)
Total	198,454	234,576	(36,122)
Court Facilities			
Other operating expenditures	56,600	49,970	6,630
Capital Outlay	1,200	-	1,200
Total	57,800	49,970	7,830
Public Facilities			
Salaries and employee benefits	298,632	274,927	23,705
Other operating expenditures	352,907	387,357	(34,450)
Capital Outlay	122,703	113,752	8,951
Total	774,242	776,036	(1,794)
Information Technology			
Salaries and employee benefits	113,800	113,777	23
Other operating expenditures	56,750	57,684	(934)
Capital Outlay	104,500	56,491	48,009
Total	275,050	227,952	47,098
Nondepartmental			
Health insurance-retirees	133,330	103,183	30,147
Unemployment insurance	45,000	-	45,000
Professional Services	102,802	119,076	(16,274)
Supplies	6,500	51,372	(44,872)
Maintenance and repairs	6,000	2,720	3,280
Advertising	1,500	5,383	(3,883)
Dues and subscription	28,047	22,380	5,667
Insurance bond	360,517	344,049	16,468
Customer Service Agreement	95,000	130,773	(35,773)
Wellness benefits/ activities	10,000	3,609	6,391
County Facility	1,000	-	1,000
Copier Rental Fee	11,000	9,183	1,817
Telecommunications	5,000	2,693	2,307
Total	805,696	794,421	11,275
Total General Government	4,786,214	4,676,780	109,434
Public safety:			
Sheriff			
Salaries	2,426,025	2,311,099	114,926
Other operating expenditures	644,892	622,461	22,431
Capital Outlay	16,837	-	16,837
Grants	-	-	-
Total	3,087,754	2,933,560	154,194
Jail			
Salaries and employee benefits	1,124,662	1,018,803	105,859
Other operating expenditures	576,736	520,653	56,083
Capital Outlay	-	-	-
Total	1,701,398	1,539,456	161,942

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance
	Budget	Actual	Positive (Negative)
Emergency Management			
Salaries and employee benefits	56,992	108,426	(51,434)
Other operating expenditures	26,600	22,514	4,086
Capital Outlay	-	-	-
Grants	27,500	10,232	17,268
Total	111,092	141,172	(30,080)
911 Communications			
Salaries and employee benefit	618,199	558,953	59,246
Other operating expenditures	85,737	99,465	(13,728)
Capital Outlay	-	545	(545)
Total	703,936	658,963	44,973
School Resource Officer			
Salaries and employee benefits	167,765	161,659	6,106
Other operating expenditures	9,675	438	9,237
Capital Outlay	-	-	-
Total	177,440	162,097	15,343
Inspections			
Salaries and employee benefit	196,988	170,552	26,436
Other operating expenditures	24,660	14,554	10,106
Capital Outlay	-	-	-
Total	221,648	185,106	36,542
Emergency Medical Services			
Salaries and employee benefits	1,667,824	1,825,977	(158,153)
Other operating expenditures	333,272	284,116	49,156
Capital outlay	-	-	-
Total	2,001,096	2,110,093	(108,997)
Coroner			
Professional services	-	-	-
Autopsy	21,500	7,700	13,800
Total	21,500	7,700	13,800
Total Public Safety	8,025,864	7,738,147	287,717
Environmental Protection			
Soil and Water Conservation Service			
Salaries and employee benefits	106,400	105,971	429
Other operating expenditures	14,082	4,755	9,327
Total	120,482	110,726	9,756
Total Environmental Protection	120,482	110,726	9,756

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance
	Budget	Actual	Positive (Negative)
Economic and Physical Development:			
Economic Development			
Salaries and benefits	161,933	139,472	22,461
Other operating expenditures	131,900	39,128	92,772
Capital Outlay	-	(25,000)	25,000
Grants	18,050	8,550	9,500
Total	311,883	162,150	149,733
Extension Service			
Salaries and employee benefits	374,145	393,483	(19,338)
Other operating expenditures	63,560	33,526	30,034
Total	437,705	427,009	10,696
Planning Board			
Salaries and employee benefits	79,333	75,039	4,294
Other operating expenditures	8,925	7,494	1,431
Total	88,258	82,533	5,725
Tourism			
Other operating expenditures	8,000	-	8,000
Total Economic and Physical Develop	845,846	671,692	174,154
Human services:			
Health			
Salaries and employee benefits	2,196,923	2,076,256	120,667
Other operating expenditures	928,528	536,764	391,764
Capital outlay	116,674	39,146	77,528
Total	3,242,125	2,652,166	589,959
Mental Health			
Other	85,447	190	85,257
Grants	5,000	59,571	(54,571)
Total	90,447	59,761	30,686
Animal control			
Salaries and employee benefits	89,631	94,518	(4,887)
Other operating expenditures	13,150	6,563	6,587
Total	102,781	101,081	1,700
Social Services Administration			
Salaries	2,720,046	2,394,663	325,383
Other operating expenditures	389,686	286,705	102,981
Capital outlay	59,978	34,434	25,544
Grants	12,000	8,300	3,700
CARES Act	211,565	102,074	109,491
Total	3,393,275	2,826,176	567,099
Purchased Services			
E-funds	4,160	10,112	(5,952)
Total	4,160	10,112	(5,952)

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance
	Budget	Actual	Positive (Negative)
Aid to families with dependent children			
Program payments	646,221	162,282	483,939
General Aid			
Program Payments	263,407	169,496	93,911
Other county assistance			
Fuel emergencies	260,762	204,060	56,702
CARES Act	56,603	51,726	4,877
Total	317,365	255,786	61,579
Section 8 Housing Authority			
Salaries and employee benefits	143,986	133,553	10,433
Other operating expenditures	20,438	6,819	13,619
Housing assistance payments	893,000	981,586	(88,586)
CARES Act	35,675	30,819	4,856
Total	1,093,099	1,152,777	(59,678)
Nutrition program			
Salaries and employee benefits	245,836	245,846	(10)
Other operating expenditures	409,484	226,388	183,096
Capital Outlay	8,600	8,591	9
CARES Act	-	13,219	(13,219)
Total	663,920	494,044	169,876
Senior Center			
Other operating expenditures	156,664	30,225	126,439
Total	156,664	30,225	126,439
DJJDP			
Salaries and employee benefit	90,195	86,125	4,070
Other operating expenditures	26,453	33,384	(6,931)
Capital Outlay	24,774	15,796	8,978
Total	141,422	135,305	6,117
Family Services			
Salaries and employee benefits	149,729	161,762	(12,033)
Other operating expenditures	91,434	37,329	54,105
Total	241,163	199,091	42,072

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance Positive (Negative)
	Budget	Actual	
Special appropriations			
Aging Program	1,000	1,000	-
Caswell Parish, INC	10,000	10,000	-
Cooperative Forestry	76,966	77,656	(690)
CCR&R partnership	3,000	3,000	-
Caswell Historical Society	2,500	2,500	-
Animal Protection Society	130,000	130,000	-
Horticulture Society	4,000	3,965	35
Arts Council	2,500	2,500	-
Total	229,966	230,621	(655)
 Total Human Services	 10,586,015	 8,478,923	 2,107,092
Cultural and Recreational:			
Library			
Salaries and employee benefits	283,936	279,898	4,038
Other operating expenditures	67,785	63,190	4,595
Mini-Grants	14,758	30,281	(15,523)
Capital Outlay	19,315	16,287	3,028
Total	385,794	389,656	(3,862)
Recreation			
Salaries and employee benefits	171,216	133,576	37,640
Other operating expenditures	91,450	63,470	27,980
Total	262,666	197,046	65,620
Farmer Lake			
Salaries and employee benefits	51,635	53,627	(1,992)
Other operating expenditures	19,200	8,955	10,245
Capital Outlay	20,000	0	20,000
Grants	0	0	-
Total	90,835	62,582	28,253
 Total Cultural and Recreational	 739,295	 649,284	 90,011
Education:			
Public School			
Current Expense	2,600,000	2,600,000	-
Capital Outlay	465,000	465,000	-
Teacher Signing Bonus	50,000	50,000	-
Social Worker	55,000	55,000	-
Piedmont Community College			
Current Expense	333,014	333,012	2
Capital Outlay	217,000	216,996	4
Total Education	3,720,014	3,720,008	6

Caswell County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Exhibit B-1
(continued)

	2021		Variance
	Budget	Actual	Positive (Negative)
Debt service:			
Principal	1,077,209	1,059,352	17,857
Interest payments	142,859	155,665	(12,806)
Debt issuance cost	0	-	-
Total debt service	<u>1,220,068</u>	<u>1,215,017</u>	<u>5,051</u>
Total expenditures	<u>30,043,798</u>	<u>27,260,577</u>	<u>2,783,221</u>
Revenue over (under) expenditures	<u>(2,187,221)</u>	<u>1,409,457</u>	<u>3,596,678</u>
Other financing sources (uses):			
Transfers from other funds			
School Capital reserve fund	671,500	671,500	-
Library Development Fund	-	23,009	23,009
Water System Project	-	-	-
Total	<u>671,500</u>	<u>694,509</u>	<u>23,009</u>
Transfers to other funds			
School capital reserve fund	(727,394)	(724,395)	2,999
Special fire districts fund	(31,500)	(31,500)	-
Special Grant Fund	-	-	-
Finance Software Project	-	-	-
Library Project	-	-	-
Revaluation fund	(30,000)	(30,000)	-
Solid Waste Fund	(80,000)	(80,000)	-
Other Funds	-	-	-
Transfers	<u>(47,208)</u>	<u>(110,511)</u>	<u>(63,303)</u>
Total	<u>(916,102)</u>	<u>(976,406)</u>	<u>(60,304)</u>
Appropriated fund balance	<u>2,431,823</u>	<u>-</u>	<u>(2,431,823)</u>
Total other financing sources (uses)	<u>2,187,221</u>	<u>(281,897)</u>	<u>(2,469,118)</u>
Excess of revenues and other sources over (under expenditures and other uses)	<u>\$ -</u>	<u>1,127,560</u>	<u>\$ 1,127,560</u>
Fund balance, beginning, as previously reported- July 1		<u>7,843,778</u>	
Prior period adjustment - see note IX		<u>363,020</u>	
Fund balance, beginning		<u>8,206,798</u>	
Fund balance, ending		<u>\$ 9,334,358</u>	

Caswell County, North Carolina
Revaluation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Investment earnings	\$ 300	\$ -	\$ (300)
Total revenues	300	-	(300)
Expenditures:			
General government			
Revaluation of tax base	30,300	-	30,300
Revenues over (under) expenditures	(30,000)	-	30, 00
<u>Other financing sources</u>			
Appropriated Fund Balance	30,000	-	-
Transfers from other funds			
General Fund		30,000	-
Emergency Telephone Fund		-	-
Total	30,000	30,000	-
Excess of Revenues and Other Sources			
Over (Under) Expenditures	\$ -	30,000	\$ 30,000
Fund balance, beginning		190,458	
Fund balance, ending		\$ 220,458	

Caswell County, North Carolina
Capital Reserve Fund- School Capital Outlay
Schedule of Revenues, Expenditures
And Changes in Fund Balance- Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)
<u>REVENUES</u>			
Sales Tax	\$ -	\$ -	\$ -
Interest on Investments	-	208	208
Total Revenues	-	208	208
<u>EXPENDITURES</u>			
Reserve	55,895	-	55,895
Education	-	-	-
Total Expenditures	55,895	-	55,895
Revenues Over (Under) Expenditures	(55,895)	208	(56,103)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from other funds			
General Fund	727,395	724,395	(3,000)
School Security Project Fund	-	-	-
Transfers to other funds			
General Fund	(671,500)	(671,500)	-
Other Funds			
Appropriated fund balance	-	-	-
Total other financing sources (uses)	55,895	52,895	(3,000)
Revenues and other sources over (under) expenditures and other uses	\$ -	53,103	\$ 53,103
<u>FUND BALANCE</u>			
Beginning of year- July 1		1,845,277	
End of year- June 30		\$ 1,898,380	

Caswell County, North Carolina
School Capital Projects Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Completed Project	Total to Date	Positive (Negative)
Revenues:						
Investment earnings	\$ -	\$ 637	\$ 1,668	\$ -	\$ 2,305	\$ 2,305
Lottery funding	1,600,000	1,600,000	-	(1,600,000)	-	-
State Needs-Based Grant	15,000,000	1,128,750	13,871,250	(1,001,908)	13,998,092	-
Total Revenue	16,600,000	2,729,387	13,872,918	(2,601,908)	14,000,397	2,305
Expenditures:						
Education						
BYHS Field House						
Construction	-	614,175	-	(614,175)	-	(614,175)
BYHS Construction Project						
Administrative Cost	2,750,000	857,834	266,810	(857,834)	266,810	1,625,356
Architect/Engin	-	1,075,000	-	(1,075,000)	-	(1,075,000)
Furniture and Equipment	1,900,000	-	33,194	-	33,194	1,866,806
BYHS Project Management	-	12,775	-	(12,775)	-	(12,775)
Relocation Cost	-	34,624	-	(34,624)	-	(34,624)
Bond Sale Expense	-	7,500	-	(7,500)	-	(7,500)
Building Structure	-	-	212,070	-	212,070	(212,070)
Construction	24,388,537	-	15,826,404	-	15,826,404	8,562,133
Contingency	1,142,825	-	-	-	-	1,142,825
Debt Service - Interest	-	-	276,150	-	276,150	(276,150)
Total Expenditures	30,181,362	2,601,908	16,614,628	(2,601,908)	16,614,628	10,964,826
Revenues over (under) expenditures	(13,581,362)	127,479	(2,741,710)	-	(2,614,231)	10,967,131
Other Financing Sources (Uses)						
Loan Proceeds	13,581,362	13,150,000	-	-	13,150,000	(431,362)
Total other financing sources	13,581,362	13,150,000	-	-	13,150,000	(431,362)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 13,277,479	(2,741,710)	\$ -	\$ 10,535,769	\$ 10,535,769
Fund balance, beginning			13,277,479			
Fund balance, ending			\$ 10,535,769			

Caswell County, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES</u>					
ARP Funds	\$ 2,195,281	\$ -	\$ -	\$ -	\$ (2,195,281)
Total	2,195,281	-	-	-	(2,195,281)
Total revenues	2,195,281	-	-	-	(2,195,281)
<u>Expenditures</u>					
General Government					
Unassigned ARP Expenditures	2,195,281	-	-	-	2,195,281
Total	2,195,281	-	-	-	2,195,281
Other financing sources(uses)					
Total other financing sources (uses)	-	-	-	-	-
Revenues and other sources					
over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specific purpose.

- **Special Fire District Fund:** This fund is record tax levies and remittances to the fire districts.
- **Emergency Telephone System Fund:** This fund is used to set aside money for 911.
- **Representative Payee Fund:** This fund is used to account for DSS Client Funds.
- **Deed of Trust Fund:** This fund is used to account for Deed of Trust funds collected that are required to be remitted to the State.
- **Fines and Forfeiture Fund:** This fund is used to account for fines and forfeitures assessed that are required to be remitted to the Board of Education.
- **Revolving Loan Fund:** This fund is used to account for an economic incentive grant that is loaned out.
- **Equipment and Automation Fund:** This fund is used to account for funds set aside to ensure that sufficient funds are available to replace patrol cars, ambulances, animal control officer's vehicles, and emergency management vehicles in a systematic manner.

Capital Project Fund

Capital Project Fund are used to account for the acquisition and construction of major capital facilities and equipment.

- **Caswell Enterprise Center Fund:** This fund is used to account for acquisition and remodeling of the Caswell Enterprise Center.
- **Scattered Site Fund:** This fund is used to account for revenues and expenditures of rehabilitate substandard rural housing.
- **Library Development Fund:** This fund is used to account for library construction.
- **Courthouse HVAC Project Fund:** This capital projects fund is used to account for funds set aside for HVAC replacement at the Courthouse.
- **School Safety Project Fund:** This fund is used to account for the school safety project.
- **Financial Software Project Fund:** This fund is used to account for software conversion expenses.

Caswell County, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds							Capital Project Funds							
	Special Fire District Fund	Emergency Telephone System Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	Revolving Loan Fund	Equipment and Automation Fund	Caswell Enterprise Center Project	Scattered Site Fund	Library Development Fund	Courthouse HVAC Project Fund	School Safety Project Fund	Financial Software Project Fund	Total	
ASSETS															
Current Assets:															
Cash and cash equivalents	\$ 245,702	\$ 132,808	\$ 23,141	\$ -	\$ 1,184	\$ 54,298	\$ 37,425	\$ 38,092	\$ -	\$ -	\$ 13,967	\$ -	\$ 15,777	\$ 562,394	
Accounts receivable	-	22,079	-	-	-	-	-	288	-	-	-	-	-	22,367	
Notes Receivable	-	-	-	-	-	112,242	-	-	-	-	-	-	-	112,242	
Total assets	<u>\$ 245,702</u>	<u>\$ 154,887</u>	<u>\$ 23,141</u>	<u>\$ -</u>	<u>\$ 1,184</u>	<u>\$ 166,540</u>	<u>\$ 37,425</u>	<u>\$ 38,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,967</u>	<u>\$ -</u>	<u>\$ 15,777</u>	<u>\$ 697,003</u>	
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts payable	\$ 33,129	\$ 4,265	\$ -	\$ -	\$ 12,521	\$ -	\$ -	\$ 38,092	\$ -	\$ -	\$ -	\$ -	\$ 15,040	\$ 103,047	
Due to other funds	-	-	-	-	-	-	37,425	-	-	-	13,967	-	-	51,392	
Total liabilities	<u>33,129</u>	<u>4,265</u>	<u>-</u>	<u>-</u>	<u>12,521</u>	<u>-</u>	<u>37,425</u>	<u>38,092</u>	<u>-</u>	<u>-</u>	<u>13,967</u>	<u>-</u>	<u>15,040</u>	<u>154,439</u>	
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances:															
Restricted:															
Stabilization by State Statute		22,079	-	-	-	-	-	288	-	-	-	-	-	22,367	
Public Safety	212,573	128,543	-	-	-	-	-	-	-	-	-	-	-	341,116	
Economic Development	-	-	-	-	-	166,540	-	-	-	-	-	-	-	166,540	
Human Services	-	-	23,141	-	-	-	-	-	-	-	-	-	-	23,141	
General Government	-	-	-	-	-	-	-	-	-	-	-	-	737	737	
Unassigned	-	-	-	-	(11,337)	-	-	-	-	-	-	-	-	(11,337)	
Total fund balances	<u>212,573</u>	<u>150,622</u>	<u>23,141</u>	<u>-</u>	<u>(11,337)</u>	<u>166,540</u>	<u>-</u>	<u>288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737</u>	<u>542,564</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 245,702</u>	<u>\$ 154,887</u>	<u>\$ 23,141</u>	<u>\$ -</u>	<u>\$ 1,184</u>	<u>\$ 166,540</u>	<u>\$ 37,425</u>	<u>\$ 38,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,967</u>	<u>\$ -</u>	<u>\$ 15,777</u>	<u>\$ 697,003</u>	

Caswell County, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds							Capital Project Funds							
	Special Fire Tax District	Emergency Telephone System Fund	Representative Payee Fund	Deed of Trust Fund	Fines and Forfeitures Fund	Revolving Loan Fund	Equipment and Automation Fund	Caswell Enterprise Center Project	Scattered Site Fund	Library Development Fund	Courthouse HVAC Project Fund	School Safety Project Fund	Financial Software Project		Total
REVENUES															
Ad Valorem Taxes	\$ 989,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 989,782
Other Taxes and License	10,310	-	-	-	-	-	-	-	-	-	-	-	-	-	10,310
Restricted intergovernmental	-	270,244	273,718	-	-	14,400	-	310,000	-	-	-	-	-	-	868,362
Permits and Fees	-	-	-	79,161	-	-	-	-	-	-	-	-	-	-	79,161
Sales and Services	-	-	-	-	33,461	-	-	-	-	-	-	-	-	-	33,461
Total revenues	1,000,092	270,244	273,718	79,161	33,461	14,400	-	310,000	-	-	-	-	-	-	1,981,076
EXPENDITURES															
General Government	-	-	-	79,161	48,391	-	-	-	-	-	-	-	-	190,787	318,339
Public Safety	1,031,592	229,706	-	-	-	-	-	-	-	-	-	-	-	-	1,261,298
Economic Development	-	-	-	-	-	9,844	-	345,305	-	-	-	-	-	-	355,149
Human Services	-	-	283,054	-	-	-	-	-	-	-	-	-	-	-	283,054
Total expenditures	1,031,592	229,706	283,054	79,161	48,391	9,844	-	345,305	-	-	-	-	-	190,787	2,217,840
Revenues over (under) Expenditures	(31,500)	40,538	(9,336)	-	(14,930)	4,556	-	(35,305)	-	-	-	-	-	(190,787)	(236,764)
OTHER FINANCING SOURCES (USES)															
Transfers- in															
General Fund	31,500	-	-	-	-	-	-	47,250	1,367	38,885	-	-	-	-	119,002
Total other financing sources (uses)	31,500	-	-	-	-	-	-	47,250	1,367	38,885	-	-	-	-	119,002
Change in Fund Balances	-	40,538	(9,336)	-	(14,930)	4,556	-	11,945	1,367	38,885	-	-	-	(190,787)	(117,762)
Fund Balance- July 1	212,573	110,084	-	-	-	163,976	37,425	(11,657)	(1,367)	(38,885)	-	-	-	191,524	663,673
Prior Period Adjustment (see Note IX)	-	-	-	-	-	(1,992)	(37,425)	-	-	-	-	-	-	-	(39,417)
Prior Period Restatement -Change in Accounting Principle (see Note X)	-	-	32,477	-	3,593	-	-	-	-	-	-	-	-	-	36,070
Fund Balance- June 30	\$ 212,573	\$ 150,622	\$ 23,141	\$ -	\$ (11,337)	\$ 166,540	\$ -	\$ 288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 737	\$ 542,564

Caswell County, North Carolina
Special Fire District Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance- Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)
<u>REVENUES</u>			
Ad valorem taxes	\$ 905,446	\$ 989,782	\$ 84,336
Other taxes			
Sales taxes	6,000	10,310	4,310
Total	<u>911,446</u>	<u>1,000,092</u>	<u>88,646</u>
<u>EXPENDITURES</u>			
Public Safety			
Sales tax distribution	6,000	10,310	(4,310)
Travel	1,500	1,500	-
Aid to volunteer fire departments	905,446	989,782	(84,336)
Rescue operations	30,000	30,000	-
Total Expenditures	<u>942,946</u>	<u>1,031,592</u>	<u>(88,646)</u>
Revenues Over (Under) Expenditures	(31,500)	(31,500)	-
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from other funds			
General Fund	31,500	31,500	-
Total other financing sources (uses)	<u>31,500</u>	<u>31,500</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning		<u>212,573</u>	
Fund Balance, Ending		<u>\$ 212,573</u>	

Caswell County, North Carolina
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
<u>REVENUES</u>			
Restricted Intergovernmental revenues:			
PSAP Funds	\$ 244,936	\$ 270,244	\$ 25,308
Total Revenues	244,936	270,244	25,308
<u>EXPENDITURES</u>			
Public Safety:			
Telephone	55,000	34,620	20,380
Hardware Maintenance	38,000	34,619	3,381
Software Maintenance	68,000	59,220	8,780
Other expenses	50,000	-	50,000
Training	20,000	21,829	(1,829)
Capital Outlay	240,000	79,418	160,582
Total	471,000	229,706	241,294
Total Expenditures	471,000	229,706	241,294
Revenues over (under) expenditures	(226,064)	40,538	266,602
<u>OTHER FINANCING SOURCES (USES)</u>			
Fund balance appropriated	226,064	-	(226,064)
Total Other Financing Sources (uses)	226,064	-	(226,064)
Excess of Revenues and Other Sources			
Over (Under) Expenditures	\$ -	40,538	\$ 40,538
Fund balance, beginning		110,084	
Fund balance, ending		\$ 150,622	

Caswell County, North Carolina
Representative Payee
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
<u>REVENUES</u>			
Restricted Intergovernmental	\$ -	\$ 273,718	\$ 273,718
Investment Income	-	-	-
Total revenues	-	273,718	273,718
<u>EXPENDITURES</u>			
Human Services			
Payments of fees collected to the			
State of North Carolina	-	283,054	(283,054)
Total Expenditures	-	283,054	(283,054)
Net change in fund balance	\$ -	(9,336)	\$ (9,336)
Fund balance, beginning, as previously reported		-	
Prior period restatement			
change in accounting principle (See Note X)		32,477	
Fund balance, beginning, restated		32,477	
Fund balance, ending		\$ 23,141	

Caswell County, North Carolina
Deed of Trust Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
<u>REVENUES</u>			
Permits and fees	\$ 48,389	\$ 79,161	\$ 30,772
Total revenues	<u>48,389</u>	<u>79,161</u>	<u>30,772</u>
<u>EXPENDITURES</u>			
General Government			
Payments made for the benefit of beneficiaries	48,389	79,161	(30,772)
Total Expenditures	<u>48,389</u>	<u>79,161</u>	<u>(30,772)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning, as previously reported		-	
Prior period restatement - change in accounting principle		-	
Fund balance, beginning, as restated		-	
Fund balance, ending		<u>\$ -</u>	

Caswell County, North Carolina
Fines and Forfeitures
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
<u>REVENUES</u>			
Sales and services			
Penalties, fines and forfeitures	\$ -	\$ 33,461	\$ 33,461
Total revenues	-	33,461	33,461
<u>EXPENDITURES</u>			
General Government			
Payments of penalties, fines and forfeitures to the			
Board of Education	-	48,391	(48,391)
Total Expenditures	-	48,391	(48,391)
Net change in fund balance	\$ -	(14,930)	\$ (14,930)
Fund balance, beginning, as previously reported			
Prior period restatement		-	
change in accounting principle (See Note X)		3,593	
Fund balance, beginning, as restated		3,593	
Fund balance, ending		\$ (11,337)	

Caswell County, North Carolina
Revolving Loan Fund
Schedule of Revenues, Expenditures
and Changes In Fund Balance- Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
<u>REVENUES</u>			
Restricted Intergovernmental revenues:			
Loan Repayment	\$ 24,000	\$ 14,400	\$ (9,600)
Miscellaneous income	-	-	-
Total Revenues	24,000	14,400	(9,600)
<u>EXPENDITURES</u>			
Economic Development	24,000	-	24,000
Revenues over (under) expenditures	-	14,400	14,400
<u>OTHER FINANCING SOURCES (USES)</u>			
Appropriated fund balance	-	-	-
Total Other Financing Sources (uses)	-	-	-
Net change in fund balance	\$ -	14,400	\$ 14,400
Reconciling items:			
Debt payments are reclassified against accounts receivable balance		9,844	
Total Reconciling items		9,844	
Current year change in fund balance		4,556	
Fund balance, beginning		163,976	
Prior period adjustment - see note IX		(1,992)	
Fund balance, ending		\$ 166,540	

Caswell County, North Carolina
Equipment and Automation Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
<u>REVENUES</u>			
Interest on investments	\$ -	-	\$ -
<u>EXPENDITURES</u>			
General government			
Equipment	-	-	-
Revenues over (under) expenditures	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>			
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess of Revenues and Other Sources over (under) Expenditures and other uses	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning, as previously reported		37,425	
Prior period adjustment - see note IX		<u>(37,425)</u>	
Fund balance, ending		<u>\$ -</u>	

Caswell County, North Carolina
Caswell Enterprise Center Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2021

		Actual				
	Project Author - ization	Prior Year	Current Year	Closed Project	Total to Date	Variance Positive (Negative)
Revenues - Water Project:						
Restricted intergovernmental:						
Golden Leaf Foundation	\$ 200,000	\$ -	\$ 190,000	\$ (190,000)	\$ -	\$ (10,000)
Danville Regional Foundation	416,525	441,525	-	(441,525)	-	25,000
NC Commerce	120,000	-	120,000	(120,000)	-	-
Town of Yanceyville	30,000	-	-	-	-	(30,000)
Other Local Grants	10,000	17,953	-	(17,953)	-	7,953
Investment earnings	-	-	-	-	-	-
Total revenues	<u>776,525</u>	<u>459,478</u>	<u>310,000</u>	<u>(769,478)</u>	<u>-</u>	<u>(7,047)</u>
Expenditures - Water Project:						
Professional Services	115,000	74,539	-	(74,539)	-	40,461
Utilities	-	5,406	(321)	(5,085)	-	(5,085)
Environmental Testing	-	12,933	-	(12,933)	-	(12,933)
Acquisition of Property	-	295,953	-	(295,953)	-	(295,953)
Equipment	-	-	63,231	(63,231)	-	(63,231)
Technology	-	-	26,086	(26,086)	-	(26,086)
Building Improvements	961,525	505,529	256,309	(761,838)	-	199,687
Total expenditures	<u>1,076,525</u>	<u>894,360</u>	<u>345,305</u>	<u>(1,239,665)</u>	<u>-</u>	<u>(163,140)</u>
Revenues under expenditures	<u>(300,000)</u>	<u>(434,882)</u>	<u>(35,305)</u>	<u>470,187</u>	<u>-</u>	<u>(170,187)</u>
Other financing sources						
Transfer from General Fund	<u>300,000</u>	<u>300,000</u>	<u>47,250</u>	<u>(347,250)</u>	<u>-</u>	<u>47,250</u>
Total other financing sources	<u>300,000</u>	<u>300,000</u>	<u>47,250</u>	<u>(347,250)</u>	<u>-</u>	<u>47,250</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (134,882)</u>	<u>\$ 11,945</u>	<u>\$ 122,937</u>	<u>\$ -</u>	<u>\$ (122,937)</u>
Fund balance, beginning			<u>(11,657)</u>			
Fund balance, ending			\$ 288			

Caswell County, North Carolina
Scattered Site Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Current Year	Actual Closed Project	Total to Date	Variance Positive (Negative)
REVENUES						
Restricted intergovernmental						
Community Development Block Grant						
2011 Scattered Site	\$ 400,000	\$ 292,078	\$ -	\$ 292,078	\$ -	\$ (107,922)
2010 Single Family Rehab	200,000	244,187	-	244,187	-	44,187
2013 Single Family Rehab	170,000	99,620	-	99,620	-	(70,380)
2016 Single Family Rehab	175,000	443,748	-	443,748	-	268,748
Investment earnings	-	102	-	102	-	102
Total Revenue	945,000	1,079,735	-	1,079,735	-	134,735
EXPENDITURES						
Economic and physical development						
Community development block grant						
2011 Scattered site						
Administration		19,854	-	19,854	-	
Rehabilitation		272,500	-	272,500	-	
Total	400,000	292,354	-	292,354	-	107,646
2010 Single Family Rehab						
Administration		38,357	-	38,357	-	
Rehabilitation		207,503	-	207,503	-	
Total	200,000	245,860	-	245,860	-	(45,860)
2013 Single Family Rehab						
Administration		1,700	-	1,700	-	
Rehabilitation		97,922	-	97,922	-	
Total	170,000	99,622	-	99,622	-	70,378
2016 Single Family Rehab						
Administration		144,655	-	144,655	-	
Rehabilitation		299,093	-	299,093	-	
Total	175,000	443,748	-	443,748	-	(268,748)
Total Expenditures	945,000	1,081,584	-	1,081,584	-	(136,584)
Revenues over (under) expenditures	\$ -	\$ (1,849)	-	\$ (1,849)	\$ -	\$ (1,849)
Transfer from General Fund	-	-	1,367	1,367	-	\$ 1,367
Revenues and Other Financing Sources						
Over (Under) Expenditures and Other Uses	\$ -	\$ (1,849)	1,367	\$ (482)	\$ -	\$ (482)
Fund balance, beginning			(1,367)			
Fund balance, ending			\$ -			

Caswell County, North Carolina
Library Development Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Current Year	Actual Closed Project	Total to Date	Variance Positive (Negative)
Revenues:						
Golden Leaf Foundation	\$ 700,200	\$ 700,200	\$ -	\$ (700,200)	\$ -	\$ -
Danville Regional Foundation	455,000	455,000	-	(455,000)	-	-
Cannon Grant	75,000	75,000	-	(75,000)	-	-
Other Contributions	205,345	143,008	-	(143,008)	-	(62,337)
Investment earnings	-	442	-	(442)	-	442
Total Revenue	<u>1,435,545</u>	<u>1,373,650</u>	<u>-</u>	<u>(1,373,650)</u>	<u>-</u>	<u>(61,895)</u>
Expenditures:						
Cultural and Recreational						
Admin and Engineering	188,974	188,974	-	(188,974)	-	-
Building Renovation	-	47,272	-	(47,272)	-	(47,272)
New Construction	2,423,002	2,375,730	-	(2,375,730)	-	47,272
Fixtures and Equipment	168,800	168,799	-	(168,799)	-	1
Parking Lot	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total	<u>2,780,776</u>	<u>2,780,775</u>	<u>-</u>	<u>(2,780,775)</u>	<u>-</u>	<u>1</u>
Revenues over (under) expenditures	<u>(1,345,231)</u>	<u>(1,407,125)</u>	<u>-</u>	<u>1,407,125</u>	<u>-</u>	<u>(61,894)</u>
Other Financing Sources (Uses)						
Transfer from General Fund	350,000	350,000	38,885	(388,885)	-	38,885
Loan proceeds	<u>995,231</u>	<u>995,231</u>	<u>-</u>	<u>(995,231)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>1,345,231</u>	<u>1,345,231</u>	<u>38,885</u>	<u>(1,384,116)</u>	<u>-</u>	<u>38,885</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ (61,894)</u>	<u>38,885</u>	<u>\$ 23,009</u>	<u>\$ -</u>	<u>\$ (23,009)</u>
Fund balance, beginning			<u>(38,885)</u>			
Fund balance, ending			<u>\$ -</u>			

Caswell County, North Carolina
Courthouse HVAC Project
Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Project	Total to Date	Positive (Negative)
Revenues:						
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	-	-	-	-	-	-
Expenditures:						
Economic and physical development						
Courthouse HVAC						
Administration	74,000	-	-	-	-	74,000
Other Legal and Fiscal Cost	27,965	-	-	-	-	27,965
Other Tools and Equipment	-	-	-	-	-	-
Construction Phase	869,068	-	-	-	-	869,068
Total	971,033	-	-	-	-	971,033
Revenues over (under) expenditures	(971,033)	-	-	-	-	971,033
Other Financing Sources (Uses)						
Transfer to General Fund	(13,967)	-	-	-	-	13,967
Loan Proceeds	985,000	-	-	-	-	(985,000)
Total other financing sources	971,033	-	-	-	-	(971,033)
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	-	\$ -	\$ -	\$ -
Fund balance, beginning			-			
Fund balance, ending			\$ -			

Caswell County, North Carolina
School Safety Project Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	to Date	(Negative)
Revenues:					
Lottery Proceeds	\$ 1,527,422	\$ 875,128	\$ -	\$ 875,128	\$ (652,294)
Total Revenue	<u>1,527,422</u>	<u>875,128</u>	<u>-</u>	<u>875,128</u>	<u>(652,294)</u>
Expenditures:					
Education					
School Security					
Design	8,975	6,975	-	6,975	2,000
Vestibules	1,518,447	262,191	-	262,191	1,256,256
Renovation	-	183,062	-	183,062	(183,062)
Total	<u>1,527,422</u>	<u>452,228</u>	<u>-</u>	<u>452,228</u>	<u>1,075,194</u>
Revenues over (under) expenditures	<u>-</u>	<u>422,900</u>	<u>-</u>	<u>422,900</u>	<u>422,900</u>
Other Financing Sources (Uses)					
Transfer to Other Funds	<u>-</u>	<u>(422,900)</u>	<u>-</u>	<u>(422,900)</u>	<u>(422,900)</u>
Total other financing sources	<u>-</u>	<u>(422,900)</u>	<u>-</u>	<u>(422,900)</u>	<u>(422,900)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

Caswell County, North Carolina
Financial Software Project
Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Closed Project	Total to Date	Positive (Negative)
Revenues:						
Investment earnings	\$ -	\$ -	\$ -		\$ -	\$ -
Total Revenue	-	-	-		-	-
Expenditures:						
General Government						
Third Party Services	1,650	-	190,787	190,787	-	(189,137)
Consultant Travel	49,320	-	-	-	-	49,320
SAAS & Application Services	273,129	151,490	-	151,490	-	121,639
Supporting Software	-	3,254	-	3,254	-	(3,254)
Supporting Hardware	-	5,311	-	5,311	-	(5,311)
Contingency	27,480	-	-	-	-	27,480
Total	351,579	160,055	190,787	350,842	-	737
Revenues over (under) expenditures	(351,579)	(160,055)	(190,787)	(350,842)	-	737
Other Financing Sources (Uses)						
Transfer from General Fund	351,579	351,579	-	351,579	-	-
Total other financing sources	351,579	351,579	-	351,579	-	-
Revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ 191,524	(190,787)	\$ 737	\$ -	\$ 737
Fund balance, beginning			191,524			
Fund balance, ending			\$ 737			

ENTERPRISE FUNDS

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

- **Solid Waste Fund:** This fund is used to account for the operations of the County's solid waste disposal operations.
- **Caswell County Division of Transportation:** This fund is used to account for the revenues and expenses for transportation.

Caswell County, North Carolina
Solid Waste Management Fund
Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Charges for service - user fees	\$ 573,677	\$ 558,750	\$ (14,927)
Tire disposal tax	129,050	33,882	(95,168)
White goods disposal	17,000	-	(17,000)
Solid waste disposal tax	44,050	20,227	(23,823)
Tipping fees	194,736	317,119	122,383
Recycling	4,000	27,587	23,587
Interest on investments	700	-	(700)
CARES Act Funding	390,226	254,836	(135,390)
Miscellaneous Revenue	14,280	11,280	(3,000)
Total Revenues	<u>1,367,719</u>	<u>1,223,681</u>	<u>(144,038)</u>
EXPENDITURES			
Operations			
Salaries	143,354	151,219	(7,865)
Other expenses	1,421,711	1,216,863	204,848
FEMA expenses		-	-
Capital Outlay	84,000	89,364	(5,364)
Total expenditures	<u>1,649,065</u>	<u>1,457,446</u>	<u>191,619</u>
Revenues over (under) expenditures	<u>(281,346)</u>	<u>(233,765)</u>	<u>47,581</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	187,799	-	(187,799)
Gain (loss) on sale of capital assets	13,547	-	(13,547)
Transfer from other funds	80,000	80,000	-
Total other financing sources (uses)	<u>281,346</u>	<u>80,000</u>	<u>(201,346)</u>
Revenues over (under) other financing sources (uses)	<u>\$ -</u>	<u>(153,765)</u>	<u>\$ (153,765)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Depreciation		(56,812)	
Capital Outlay		66,546	
Change in deferred outflows of resources - pensions		4,102	
Change in deferred outflows of resources - OPEB		9,383	
Change in net pension liability		(10,016)	
Change in net OPEB liability		(17,467)	
Change in deferred inflows of resources - pensions		44	
Change in deferred inflows of resources - OPEB		904	
Change in accrued vacation payable		(130)	
Total reconciling items		<u>(3,446)</u>	
Change in net position		<u>\$ (157,211)</u>	

Caswell County, North Carolina
Caswell Department of Transportation Fund
Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
REVENUES			
Changes for service- user fees	\$ 459,358	\$ 189,673	\$ (269,685)
Interest on investment	200	-	(200)
CARES Act Funding	193,423	322,337	128,914
Miscellaneous	29,859	-	(29,859)
Total Revenues	<u>682,840</u>	<u>512,010</u>	<u>(170,830)</u>
EXPENDITURES			
Administration			
Salaries	86,876	81,368	5,508
Other expenses	77,404	58,901	18,503
CARES Act	193,423	1,317	192,106
Total	<u>357,703</u>	<u>141,586</u>	<u>216,117</u>
Operations			
Salaries	230,879	154,870	76,009
Other expenses	125,615	68,944	56,671
Capital outlay	60,000	56,080	3,920
Total	<u>416,494</u>	<u>279,894</u>	<u>136,600</u>
Total Expenditures	<u>774,197</u>	<u>421,480</u>	<u>352,717</u>
Revenues over (under) expenditures	<u>(91,357)</u>	<u>90,530</u>	<u>181,887</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	85,357	-	(85,357)
Sale of capital assets	6,000	17,134	11,134
Total other financing sources (uses)	<u>91,357</u>	<u>17,134</u>	<u>(74,223)</u>
Revenues over (under) other financing sources (uses)	<u>\$ -</u>	<u>107,664</u>	<u>\$ 107,664</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital Outlay		56,080	
Depreciation		(108,921)	
Change in deferred outflows of resources - pensions		6,913	
Change in deferred outflows of resources - OPEB		7,424	
Change in net pension liability		(17,064)	
Change in net OPEB liability		(13,730)	
Change in deferred inflows of resources - pensions		87	
Change in deferred inflows of resources - OPEB		724	
Change in accrued vacation payable		(55)	
Total reconciling items		<u>(68,542)</u>	
Change in net position		<u>\$ 39,122</u>	

CUSTODIAL FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals and local governments.

- **Jail Inmate Fund:** This custodial fund is used to account for receipts and
- **Property Tax:** This custodial fund is used to account for the proceeds of the Ad Valorem taxes that are collected by the County on behalf of municipalities within the County.

Caswell County, North Carolina
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	Municipal Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 25,288	\$ 54,161	\$ 79,449
Total assets	<u>25,288</u>	<u>54,161</u>	<u>79,449</u>
LIABILITIES			
Accounts payable and accrued liabilities	19,896	-	19,896
Total liabilities	<u>19,896</u>	<u>-</u>	<u>19,896</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	5,392	54,161	59,553
Total net position	<u>\$ 5,392</u>	<u>\$ 54,161</u>	<u>\$ 59,553</u>

Caswell County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	<u>Municipal Tax Fund</u>	<u>Jail Inmate Pay Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS			
Ad valorem taxes for other governments	\$ 391,472	\$ -	\$ 391,472
Collections on behalf of inmates	-	143,813	143,813
Total additions	<u>391,472</u>	<u>143,813</u>	<u>535,285</u>
DEDUCTIONS			
Tax distributions to other governments	385,460	-	385,460
Payments on behalf of inmates	-	136,354	136,354
Total deductions	<u>385,460</u>	<u>136,354</u>	<u>521,814</u>
Net increase (decrease) in fiduciary net position	6,012	7,459	13,471
Net position, beginning, as previously reported	-	-	-
Prior period restatement - change in accounting principle	<u>(620)</u>	<u>46,702</u>	<u>46,082</u>
Net position, beginning, as restated	<u>(620)</u>	<u>46,702</u>	<u>46,082</u>
Net position, ending	<u>\$ 5,392</u>	<u>\$ 54,161</u>	<u>\$ 59,553</u>

OTHER SCHEDULES

This scheulde contains additonal information required on property taxes

- Schedule of Ad Valorem Taxes Receivables
- Analysis of Current Tax Levy- County- Wide Levy

Caswell County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Exhibit F-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2021	\$ -	\$ 12,578,598	\$ 12,424,973	\$ 153,625
2020	173,509		78,017	95,492
2019	84,089		28,093	55,996
2018	57,577		13,463	44,114
2017	44,398	-	8,095	36,303
2016	33,540	-	3,571	29,969
2015	34,896	-	5,632	29,264
2014	47,274	-	3,524	43,750
2013	46,052	-	2,733	43,319
2012	35,710	-	3,581	32,129
2011	35,604	-	35,604	-
Totals	\$ <u>592,649</u>	\$ <u>12,578,598</u>	\$ <u>12,607,286</u>	<u>563,961</u>
Less Allowance for Doubtful Accounts				<u>(372,000)</u>
Taxes Receivable (Net)				\$ <u>191,961</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund		\$ 12,840,795		
Interest /penalties/adjustments		<u>(197,905)</u>		
			\$ 12,642,890	
Amounts written off for tax year 2010-2011 per statute of limitations			<u>(35,604)</u>	
Total Collections and Credits			\$ <u>12,607,286</u>	

Caswell County
Analysis of Current Tax Levy
County-Wide Levy
June 30, 2021

	County Wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original Levy County- Wide	\$ 1,613,095,510	0.735	\$ 11,856,252	\$ 10,327,029	\$ 1,529,223
Discoveries and Abatements	\$ 98,278,367	0.735	722,346	722,346	-
Total Property Valuation	<u>\$ 1,711,373,877</u>				
Net Levy			12,578,598	11,049,375	1,529,223
Uncollected taxes June 30, 2021			153,625	153,625	-
Current years taxes collected			<u>\$ 12,424,973</u>	<u>\$ 10,895,750</u>	<u>\$ 1,529,223</u>
Current levy collection percentage			<u>98.78%</u>	<u>98.61%</u>	<u>100.00%</u>
			<u>98.60%</u>	<u>98.43%</u>	<u>100.00%</u>

COMPLIANCE SECTION



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

Independent Auditors' Report

To the Board of County Commissioners
Caswell County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caswell County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Caswell County basic financial statements, and have issued our report thereon dated January 17, 2024. Our report includes a reference to other auditors who audited the financial statements of the Caswell County ABC Board, as described in our report on the Caswell County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Caswell County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Caswell County's internal control over financial reporting (internal control) as a basis for designing 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 Caswell County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA's Private Companies Practice Section

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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs [2021-001, 2021-006, 2021-007] to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs [2021-002, 2021-003, 2021-004, 2021-005] to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caswell 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2021-004, 2021-005].

Caswell County's Response to Findings

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

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 17, 2024



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**Report On Compliance With Requirements Applicable To Each Major Federal
Program And Internal Control Over Compliance In Accordance With OMB
Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Caswell County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Caswell County, North Carolina's, 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 Caswell County's major federal programs for the year ended June 30, 2021. Caswell County's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Caswell 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 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 Caswell 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 Caswell County's compliance.

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Opinion on Each Major Federal Program

In our opinion, Caswell 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2021-008, 2021-010]. Our opinion on each major federal program is not modified with respect to these matters.

Caswell County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Caswell County's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of Caswell 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 Caswell County internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2021-008] to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2021-009, 2021-010, 2021-011, 2021-012] to be significant deficiencies.

Caswell County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. Caswell County's response was not subject 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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 17, 2024



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**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With
OMB Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of County Commissioners
Caswell County, North Carolina

Report on Compliance for Each Major State Program

We have audited Caswell County, North Carolina's, 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 Caswell County's major state programs for the year ended June 30, 2021. Caswell County's major state programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

Members

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Opinion on Each Major State Program

In our opinion, Caswell 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2021-010]. Our opinion on each major state program is not modified with respect to these matters.

Caswell County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Caswell County's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

The management of Caswell 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 Caswell County's internal control over compliance with the types of requirements that could have 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2021-009, 2021-010, 2021-011, 2021-012] that we consider to be significant deficiencies.

Caswell County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. Caswell County's response was not subject 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 17, 2024

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? X yes no
- Significant Deficiency(s) identified X yes none reported

Noncompliance material to financial statements noted X yes no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? X yes no
- Significant Deficiency(s) identified X yes none reported

Noncompliance material to federal awards X yes no

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

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
14.871	Section 8 Housing Voucher Program
21.019	Coronavirus Relief Fund
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? yes X no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? yes X no
- Significant Deficiency(s) identified X yes none reported

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I. Summary of Auditors' Results (continued)

Type of auditors' report issued on compliance for major State programs: Unmodified

Identification of major State programs:

Program Name

Medical Assistance

Public School Building Capital Fund

Section II. Financial Statement Findings

Finding 2021-001 Reconciliation of Records

MATERIAL WEAKNESS

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and ensure the timeliness of financial reporting.

Condition: In reviewing records and testing certain account balances, we noted that several accounts were not reconciled and adjusted timely to include cash, receivables, payables, and other balance sheet accounts. Records for Coronavirus Relief Fund and Public School Building Capital Fund were also not reconciled and maintained properly.

Effect: The County's management and other users of the financial statements do not have accurate and timely information for decision making and monitoring of the county's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-001.

Cause: Availability of adequate number of personnel in the finance and administration departments caused delays in reconciling account information and preparing for the annual audit and preparation of the financial statements.

Recommendation: The County should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for timely account reconciliations, year-end close and annual financial reporting purposes. Management should consult with outside accountants if additional assistance is required in order to prepare for the annual audit.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding 2021-002 Deficit Fund Balances

SIGNIFICANT DEFICIENCY

Criteria: The County should maintain a positive fund balance in each of its funds.

Condition: The County had two funds with a negative fund balance: Fines and Forfeitures and Solid Waste Management Fund.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Effect:	When the County has a fund with a negative fund balance, the General Fund advances the money to the fund to pay expenditures. This has a negative effect on fund balance in the General Fund.
Cause:	The County did not properly review the general ledger to ensure that appropriate transfers were budgeted and recorded to cover any cash deficits in the funds. It is understandable that a fund may show a deficit for a year as a result of timing differences, but after a year, those deficits should clear out.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2020-002.
Recommendation:	The County should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available to review budget to actual statements and make appropriate amendments and postings prior to year end.
Views of responsible officials:	The County agrees with this finding. Please refer to the corrective action plan for details.

Finding 2021-003 Prior Period Adjustments

SIGNIFICANT DEFICIENCY

Criteria:	Management should have a system in place to verify that transactions are recorded in the correct period, thereby reducing the likelihood of errors in financial reporting.
Condition:	<p>An adjustment was recorded in the Revolving Loan Fund to correct the outstanding balances as of June 30, 2020 to properly reflect accrued interest balances which decreased beginning fund balance by \$1,992. The County also recorded an adjustment to accrue the September 2020 local option sales tax distribution as of June 30, 2020, which resulted in an increase in fund balance of \$450,262. This was offset by the write off of fiscal year 2020 food sales tax refunds which were not claimed for reimbursement within the State's deadline that resulted in a decrease of \$87,242, for a net increase in fund balance in the General Fund of \$363,020. The Equipment and Automation Fund recorded an adjustment to close out beginning fund balance which resulted in a decrease of \$37,425.</p> <p>After further examination with the bond counsel, it was determined that the County would not hold the asset for the new school construction as it will be financed by GO Bonds. An adjustment was recorded on the government-wide statements to remove the CIP balance, which resulted in a decrease of net position in governmental activities of \$2,601,908 associated with expenses associated with the school project.</p>
Effect:	The County's management and other users of the financial statements do not have accurate information for decisions-making and monitoring of the county's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.
Cause:	Items were discovered as the consultants worked with the County that resulted in corrections to these account balances.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2020-003.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Recommendation: The County should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely during the year.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding: 2021-004 Budget Violations

NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.

Condition: The budget was overspent in the following departments in General Fund: Administration \$44,224, Register of Deeds \$36,122, Public Facilities \$1,794, Emergency Management \$30,080, Emergency Medical Services \$108,997, Section 8 Housing Authority \$59,678, Library \$3,862, and Transfers to Other Funds \$63,303; Special Fire District Fund \$88,646 and Deed of Trust Fund \$30,772.

Effect: The Board spent funds that were not available for those respective departments and funds.

Cause: The County did not properly adopt and record budget amendments for the revenues and expenditures for these functions, which indicates that the pre-audit process was not effective.

Recommendation: The budget should be reviewed and appropriate amendments made during the year.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding: 2021-005 Budget Violation

NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance. G.S. 159-8(a) states that each local government shall operate under an annual balanced budget. In addition, GASB 84 identifies criteria when fiduciary activities should be reported as a special revenue fund. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

Condition: The County did not adopt a budget for the newly established funds required by the implementation of GASB 84 (Representative Payee and Fines and Forfeitures), which resulted in over expenditures of \$283,054 and \$48,391, respectively.

Effect: Monies were spent that had not been appropriated, as there was no budget reflected for this fund.

Cause: The County did not properly adopt and record budget and budget amendments for the revenues and expenditures for these funds. The Representative Payee Fund is required to be reported as special revenue funds as a result of the implementation of GASB 84.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Recommendation: A budget should be prepared for each fund. The finance office should review the General Statutes and GASB Pronouncements more carefully to ensure funds are properly authorized and are properly presented.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding: 2021-006 Late Submission of Audit

MATERIAL WEAKNESS

Criteria: The audit report is expected to be submitted within five months plus one day from the fiscal year end per the contract with the Local Government Commission. As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner.

Condition: The report was not finalized until 30 months after year end.

Effect: External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about each unit of local government.

Cause: The County's audits have been submitted late over the past several years. The County was unable to provide information necessary to complete the audit timely as a result of staffing issues and software conversion issues.

Recommendation: The County should allocate sufficient resources to ensure that all records are reconciled timely to allow time for the audit to be completed timely.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding: 2021-007 Retention of Records (Lack of Internal Controls)

MATERIAL WEAKNESS

Criteria: Internal controls are processes put into place by management to: protect asset; ensure that records are accurate; promote operational efficiency; achieve organizational missions and goals; and ensure compliance with policies, rules, regulations, and laws. The County should have controls in place to ensure that they are maintaining adequate documentation to substantiate each transaction recorded into the General Ledger.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Condition:	There were several tests performed as part of the audit procedures that the County was not able to provide adequate documentation to substantiate the postings. When performing Health Department testing, the County could not provide any record of internal monitoring performed during the year. As part of revenue testing, they County was unable to provide support for 8 deposits made in the month of July 2020 and of 19 transactions selected for testing miscellaneous revenue, the client was unable to provide support for 8 of the transactions. For payroll testing, computations could not be provided for selected terminated employees and documentation was not maintained concerning overtime. For expenditure testing, the County was unable to provide support for 7 of 33 transactions requested for Travel; for cash disbursement testing, the County was unable to provide support for 17 out of 40 items requested; for credit card testing, the County did not have adequate support for the charges selected to review. As it related to journal entry testing, the County could not provide adequate support for 6 of the 14 items we selected.
Effect:	The County could be purchasing items that were not appropriately approved. Lack of internal controls results in an increased risk for fraud and abuse.
Cause:	The County has had significant turnover in finance, and the new staff did not have adequate training before assuming the new roles. The new staff tried to find the documentation that was supposed to be maintained by the prior employees, but the files were poorly organized and some of the requested items could not be found.
Recommendation:	The County should allocate sufficient resources to ensure that internal controls are properly implemented and that the financial records are properly maintained to support all transactions recorded in the general ledger.
Views of responsible officials:	The County agrees with this finding. Please refer to the corrective action plan for details.

Section III. Federal Award Findings and Questioned Costs

Finding: 2021-008 Late Submission of Data Collection Form

NONCOMPLIANCE / MATERIAL WEAKNESS

Criteria:	In accordance with the Single Audit Act of 1984 (amended in 1996), and the Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements for Federal Awards (Uniform Guidance), a single audit reporting package and data collection form is required to submitted to the Federal Audit Clearinghouse (FAC) 30 days after receipt of the auditor's report, or 9 months after the end of the fiscal year, whichever comes first.
Condition:	The audit report was not finalized until 30 months after year end.
Effect:	Federal agencies that provide funding and other public associations need current financial information about each unit of local government.
Cause:	The County's audits have been submitted late over the past several years. The County was unable to provide information necessary to complete the audit timely as a result of staffing issues.
Recommendation:	The County should allocate sufficient resources to ensure that all records are reconciled timely to allow time for the audit to be completed timely.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings and Questioned Costs (continued)

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services

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

CFDA# 93.778

Finding 2021-009 IV-D Non-Cooperation

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: In accordance with the Medicaid Manual MA-3365, all Medicaid cases should be evaluated and referred to the Child Support Enforcement Agency (IV-D). The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determine Medicaid eligibility.

Condition: There was 3 errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made.

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

Context: We examined 60 cases from the Medicaid beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-005

Cause: Human error in reading the Automated Collection and Tracking System (ACTS) report and/or ineffective case review process.

Recommendation: Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determine eligibility. The results found or documentation made in case notes that clearly indicates what actions were performed and the results of those actions.

Views of Responsible officials and corrective action plans: The county agrees with the finding. Please refer to the corrective action plan for details.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services

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

CFDA# 93.778

Finding 2021-010 Inaccurate Information Entry

NONCOMPLIANCE / SIGNIFICANT DEFICIENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were 15 errors discovered during our procedures that inaccurate information was entered when determining eligibility. One applicant received assistance after moved out of State.
Questioned Costs:	\$590.10. This amount was determined by totaling all the aid received by the applicant who was not eligible.
Context:	We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2020-006
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.
Views of Responsible officials and corrective action plans:	The county agrees with the finding. Please refer to the corrective action plan for details.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services

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

CFDA# 93.778

Finding 2021-011 Inaccurate Resource Calculation

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: In accordance with Medicaid Manual MA-2230, Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.

Condition: There were 2 errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable.

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

Context: We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not eligible.

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

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

Views of Responsible officials and corrective action plans: The county agrees with the finding. Please refer to the corrective action plan for details.

CASWELL COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Department of Health and Human Services

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

CFDA# 93.778

Finding 2021-012 Inadequate Request for Information

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. Electronic matches are required at applications and redeterminations.

Condition: There were 21 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.

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

Context: We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not eligible.

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

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

Views of Responsible officials and corrective action plans: The county agrees with the finding. Please refer to the corrective action plan for details.

Section IV. State Award Findings and Questioned Costs

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

CFDA #: 93.778

SIGNIFICANT DEFICENCY: Finding 2021-009, 2021-010, 2021-011, 2021-012 also apply to State requirements and State Awards.



CASWELL COUNTY

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Corrective Action Plan For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding: 2021-001

Reconciliation of Records

Name of contact person: Jennifer Hammock, Finance Officer

Corrective Action: In December 2021, the County hired a CPA firm to perform bank reconciliations and assist in preparing the County's financial records for FY21 audit. In March, 2023 the North Carolina Association of County Commissioners' (NCACC) Strategic Members Services assigned an experience local government finance consultant (Consultant) to support County finance staff in bringing all their audits current. The Consultant is dedicated to Caswell approximately 16 to 24 hours per week and will continue working with the County through completion of the FY24 audit.

In addition to working on the audits, the NCACC Consultant is training Finance Staff in more efficient and effective processes for performing daily operations that will reduce the likelihood of errors in financial reporting. Finance staff has returned to reconciling most bank accounts previously done by the CPA firm and are performed timely.

The County intends to rely on the CPA firm and NCACC Consultant through completion of the FY23 audits and will then fill a vacant accounting specialist position to create additional capacity.

Proposed Completion Date: June 30, 2024

Finding: 2021-002

Deficit Fund Balances

Name of contact person: Jennifer Hammock, Finance Officer



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Corrective Action Plan For the Year Ended June 30, 2021

Section II - Financial Statement Findings (continued)

Corrective Action: Solid Waste Fund Deficit: The County increased Solid Waste Fees in FY22. It is expected that the deficit in the fund will be eliminated over the next two budget years. The County continues to monitor operations to determine if additional fee increases will be required.

Fines and Forfeitures: With the implementation of GASB 84 and the creation of a new fund, the County was unable to identify all receipts associated with the payment of fines and forfeitures. The County will analyze the transactions further in FY22 and make the necessary adjustment or transfer to cure the deficit in the fund.

Proposed Completion Date: June 30, 2024

Finding: 2021-003 Prior Period Adjustment

Name of contact person: Jennifer Hammock, Finance Officer

Corrective Action: In reconciling the FY21 records, several issues were discovered that had not been properly recorded in prior year financials. The County is committed to accurate financial reporting and NCACC Consultant is guiding the Finance Staff on the proper procedures to improve reporting accuracy.

Proposed Completion Date: June 30, 2024

Finding: 2021-004 Budget Violation

Name of contact person: Jennifer Hammock, Finance Officer



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Corrective Action Plan For the Year Ended June 30, 2021

Section II - Financial Statement Findings (continued)

Corrective Action: The NCACC Consultant has conducted staff training on budget monitoring. In September 2023, the Finance Officer began providing monthly budget versus actual reports to the Board of Commissioners. The Finance Officer is monitoring the budget variances more closely for possible changes to the budget. The Finance Officer will implement a new year-end process to correct budget as needed before the end of the fiscal year beginning with FY24.

Proposed Completion Date: June 30, 2024

Finding: 2021-005 Budget Violation

Name of contact person: Jennifer Hammock, Finance Officer

Corrective Action: The FY23 budget ordinance included a budget for Fines and Forfeitures and Representative Payee Funds, but did not include a budget for the Municipal Tax Collections. A budget for the Municipal Tax Collections was included in the FY24 budget ordinance.

Proposed Completion Date: Two funds Corrected in June 2022 and the remaining funds was corrected in June 2023.

Finding: 2021-006 Late Submission of Audit

Name of contact person: Jennifer Hammock, Finance Officer



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Corrective Action Plan For the Year Ended June 30, 2021

Section II - Financial Statement Findings (continued)

Corrective Action: As noted under finding 2021-001, the County has taken measures to gain assistance to move toward timely completion of the annual audit. The FY21 records were in very poor condition due to a failed ERP implementation, but accounting transaction processing improved beginning in FY22. The County is currently reconciling FY22 and FY23 financial records concurrently. The County plans to complete the FY22 and FY23 audits by the end of March 2024. The County should be well-positioned to complete the FY24 no later than December 2024.

Proposed FY22 and FY23 audit should be complete Spring 2024 and the FY24 audit will be
Completion Date: complete by December 2024.

Finding: 2021-007 Late Submission of Audit

Name of contact person: Jennifer Hammock, Finance Officer

Corrective Action: The current Finance Officer assumed the role March 1, 2021 and the current Deputy Finance Officer was hired at the end of April 2021. The County implemented MUNIS in the fall of 2020 and there were significant issues with the conversion. The current finance staff had little knowledge of the FY21 financial transactions and had limited access to the prior staff's files and records.

The current Finance Team has worked to improve recordkeeping and is fully utilizing the integrated Content Management system within the MUNIS to store supporting documentation as transactions occur and more importantly is requiring appropriate documentation when processing transactions.

This is an on-going effort and future audits should improvement in this area.

Proposed June 30, 2024 with continuous improvement.
Completion Date:



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Corrective Action Plan For the Year Ended June 30, 2021

Section III - Federal Award Findings and Question Costs

Finding: 2021-008 Late Submission of Data Collection Form

Name of contact person: Jennifer Hammock, Finance Officer

Corrective Action: Under the guidance of Johnna Sharpe with the NCACC, along with the help of Greg Isley CPA Firm, the FY 2021 numbers have been revised, corrected and entered into the current software. Now, moving forward the County will have accurate information to provide the Auditors in a more timely manner.

Proposed Completion Date: June 2024

Finding: 2021-009 IV-D Non-Cooperation

Name of contact person: Heather Starr Thomas, Medicaid Supervisor

Corrective Action: Referrals are being keyed to Child Support Enforcement Agency (IV-D) each case with dependent children must cooperate with IV-D unless there is good cause. County will review cases for a referral keyed or to ensure a new child support referral is keyed. On 11/15/2021 eligibility workers refreshed on IV-D policy and reviewed the job aid in NCFast help for IVD referrals. Second Party reviews are reviewed internally to ensure proper information is in place and necessary procedures are followed after eligibility is determined and documented in case notes. Documentation will clearly state what actions were performed and the outcome of those actions. The County has developed a mandatory verification check list enforced 11/15/2021 to ensure all criteria has been met according to policy of the state. Since template has been in place we have noticed a significant drop in IV-D referral issues in Second Party Reviews.



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Corrective Action Plan For the Year Ended June 30, 2021

Section III - Federal Award Findings and Question Costs (continued)

Proposed Completion Date: 2/28/2022 All workers have knowledge that Templates put in place are Mandatory. IV-D Referrals are addressed on template. All cases will be reviewed for IV-D Referrals or open/active I-VD cases. All children must have a referral if the parent is receiving Medical Benefits. We will continue to train on this issue, and it will also be addressed in new worker Trainings. Training in the learning gateway is also available.

Finding: 2021-010

Inaccurate Information Entry

Name of contact person: Heather Starr Thomas, Medicaid Supervisor

Corrective Action: A refresher training will be held to review errors. Files will be reviewed internally to ensure proper documentation is in place for eligibility. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping. All files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions. The template that has been put in place for applications and recertification address all computer checks and documentation that is needed to accurately approve/deny/continue or terminate benefits. All other cases in NCFast are to be reviewed to ensure we have the correct information. Weekly Communications and Changes are reviewed weekly at Unit Meeting to address any changes and NCFast issues that may require a Help Desk Ticket or an 8020 to remove benefits client may not have been eligible for. OST has provided guidance on Changes in policy to remove a client that may continue during Covid that is not eligible for NC Medicaid. We will continue to train on this issue, and it will also be addressed in new worker Trainings. Training in the learning gateway is also available.

Proposed Completion Date: 2/28/2022



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Corrective Action Plan For the Year Ended June 30, 2021

Section III - Federal Award Findings and Question Costs (continued)

Finding: 2021-011 Inaccurate Resource Calculation

Name of contact person: Heather Starr Thomas, Medicaid Supervisor

Corrective Action: Files will be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. All files must include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions. Resources have been readdressed at Unit Meeting. Templates have been put in place to address programs in which resources are countable. We will continue to train on this issue, and it will also be addressed in new worker Trainings. Training in the learning gateway is also available.

Proposed Completion Date: 2/28/2022

Finding: 2021-012 Inadequate Request for Information

Name of contact person: Heather Starr Thomas, Medicaid Supervisor

Corrective Action: Files will be reviewed internally to ensure proper documentation is in place for eligibility. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping. All files will include online verifications, documented resources and income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions. Templates have been put in place to address request for information. All avenues available to caseworker must be exhausted before requesting information from client, unless information provided and information obtained is questionable. We will continue to train on this issue, and it will also be addressed in new worker Trainings. Training in the learning gateway is also available.



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**Corrective Action Plan
For the Year Ended June 30, 2021**

Section III - Federal Award Findings and Question Costs (continued)

Proposed 2/28/2022
Completion Date:

Section IV - State Award Findings and Question Costs

Corrective Action for Finding 2021-008, 2021-009, 2021-010, 2021-011 also apply to the State Award findings.

CASWELL COUNTY, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Finding: 2020-001
Status: Repeat as finding 2021-001

Finding: 2020-002
Status: Repeat as finding 2021-002

Finding: 2020-003
Status: Repeat as finding 2021-003

Finding: 2020-004
Status: Corrected

Finding: 2020-005
Status: Repeat as finding 2021-009

Finding: 2020-006
Status: Repeat as finding 2021-010

Caswell County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through N.C. Dept. of Health and Human Services: Division of Social Services: Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Asst. Prg.	10.561		\$ 130,088	\$ -	\$ -	\$ 130,088
Passed-through N.C. Dept. of Health and Human Services: Division of Public Health:						
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		116,706	-	-	-
Total U.S. Dept. of Agriculture			246,794	-	-	130,088
<u>U.S. Department of Housing & Urban Development</u>						
Office of Public and Indian Housing						
Lower Income Housing Assistance Program						
Section 8 Housing Voucher Program	14.871		1,121,958	-	-	-
Section 8 Housing Voucher Program - CARES	14.871		30,819	-	-	-
Total U.S. Dept. of Housing & Urban Development			1,152,777	-	-	-
<u>US Department of Justice</u>						
Victims of Crime Act	16.575		31,014	-	-	-
Total of US Department of Justice			31,014	-	-	-
<u>U.S. Department of Transportation</u>						
Passed through the N.C. Department of Transportation						
Nonurbanized Area Formula Program	20.509	DOT-11	31,226	1,951	-	-
		36233.19.18.1				
Nonurbanized Area Formula Program	20.509	DOT-11	16,459	1,029	-	-
		36233.19.19.1				
COVID 19 - Nonurbanized Area Formula Program	20.509	DOT-14	249,013	-	-	-
		49233.14.1.2				
Total Nonurbanized Area Formula Program			296,698	2,980	-	-
Total U. S. Department of Transportation			296,698	2,980	-	-
<u>U.S. Department of Treasury</u>						
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Coronavirus Relief Fund	21.019		788,411	-	-	-
Passed-through the N.C. Dept. of Health and Human Services						
Division of Public Health						
Coronavirus Relief Fund	21.019		45,842	-	-	-
Total U.S. Department of Treasury			834,253	-	-	-
<u>US Dept. of Health and Human Services</u>						
Passed-through Piedmont Triad Regional Council of Governments:						
Division of Aging and Adult Services:						
<u>Aging Cluster:</u>						
Special Programs for the Aging Title IIIB	93.044		10,878	640	-	-
Grants for Supportive Services and Senior Centers						
Special Programs for the Aging Title IIIC	93.045		134,642	6,239	-	-
Nutrition Services						
COVID 19-Special Programs for the Aging Title IIIC	93.045		51,310	-	-	-
Nutrition Services						
Nutrition Services Incentive Program	93.053		24,148	-	-	-
Total Aging Cluster			220,978	6,879	-	-
Family Caregiver Giver IIIE	93.052		7,873	525	-	-
COVID-19 - Family Caregiver Giver IIIE	93.052		8,789	-	-	-
Total Family Caregiver Giver IIIE			16,662	525	-	-
Passed-through the N.C. Dept. of Health and Human Services						
Temporary Assistance Needy Family Cluster						
Division of Social Services:						
TANF - Work First	93.558		335,655	-	-	103,202
Division of Public Health						
TANF - Work First	93.558		3,035	-	-	-
Total TANF Cluster			338,690	-	-	103,202

Caswell County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Foster Care and Adoption Cluster:						
Foster Care - Title IV-E	93.658		149,070	18,153	-	108,687
Adoption Assistance	93.659		818	-	-	818
Foster Care	N/A		17,542	-	-	-
Total Foster Care and Adoption Cluster			167,430	18,153	-	109,505
Child Support Enforcement	93.563		318,086	177	-	163,686
Low-Income Home Energy Assistance:						
Administration	93.568		21,150	-	-	-
Energy Assistance	93.568		149,842	-	-	-
Crisis Intervention Program	93.568		38,548	-	-	-
COVID 19- LIEAP	93.568		102,074	-	-	-
COVID 19 - LIEAP Admin	93.568		976	-	-	-
Total Low-Income Energy Assistance			312,590	-	-	-
Permanency Planning - Families for Kids	93.645		8,582	-	-	2,861
Family Perservation	93.556		8,232	-	-	-
Chafee Foster Care Independence Program	93.674		4,718	1,065	-	-
Passed-through Piedmont Triad Regional Council of Governments:						
Division of Aging and Adult Services						
Social Service Block Grant	93.667		5,610	160	-	-
Division of Social Services						
SSBG - Other Service and Training	93.667		128,902	-	-	42,967
SSBG-Adult Protective Service	93.667		7,608	-	-	-
CPS TANF TO SSBG	93.667		35,528	-	-	-
Total Social Service Block Grant			177,648	160	-	42,967
Division of Social Services:						
Subsidized Child Care Cluster						
Child Care Development Fund - Administration	93.596		80,237	-	-	-
Total Subsidized Child Care Cluster			80,237	-	-	-
Medical Assistance Program	93.778		623,744	9,377	-	275,423
State Children's Insurance Program NC Health Choice	93.767		8,317	267	-	1,394
Passed-through the N.C. Department of Health and Human Services						
Division of Public Health						
Public Health Emergency Preparedness	93.069		30,720	-	-	-
Maternal and Child Health Federal Consolidated Programs	93.110		7,500	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		50	-	-	-
Family Planning Services	93.217		32,078	-	-	-
Immunization Grants	93.268		15,165	-	-	-
COVID-19 Immunization Grants	93.268		60,604	-	-	-
Total Immunization Grants			75,769	-	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		217,007	-	-	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		21,427	-	-	-
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			238,434	-	-	-

Caswell County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		4,505	-	-	-
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977		100	-	-	-
Preventive Health and Health Services Block Grant	93.991		26,240	-	-	-
Maternal and Child Health Services Block Grant	93.994		22,637	6,106	-	-
Total U. S. Department of Health and Human Services			2,723,947	42,709	-	699,038
Total Federal Awards			\$ 5,285,483	\$ 45,689	\$ -	\$ 829,126

State Awards:

N.C. Dept. of Health and Human Services

Division of Public Health:

Food and Lodging Fees		\$ -	\$ 2,530	\$ -	\$ -
Aid to Counties		-	80,107	-	-
General Communicable Disease Control		-	10,911	-	-
Child Health		-	9,480	-	-
HIV/STD State		-	500	-	-
Healthy Community Activities		-	3,747	-	-
STD Drugs		-	1,074	-	-
School Nurse Funding Initiative		-	200,000	-	-
Family Planning - State		-	10,923	-	-
Maternal Health		-	14,995	-	-
Women's Health Service Fund		-	5,887	-	-
TB Control		-	2,199	-	-
Total for Division of Public Health		-	342,353	-	-

Division of Social Services:

State Child Welfare/CPS/CS LD		-	16,131	-	-
COVID 19 - APS/CPS CARE		-	19,240	-	-
County Funded Programs		-	-	-	470,301
Energy Assist Private		-	7,688	-	-
Non-Allocating County Costs		-	-	-	2,569
CSE Disaster Non-Reimbursable		-	-	-	265
SFHF Maximization		-	13,764	-	13,764
State Foster Home		-	9,254	-	9,254
COVID-19 - FC Stipend		-	6,600	-	-
Total for Division of Social Services		-	72,677	-	496,153

Passed-through Piedmont Triad Regional Council of Governments:

Division of Aging and Adult Services:

State Funds In Home Services		-	55,600	-	-
Home Delivered Meals		-	64,903	-	-
Senior Center Purpose		-	3,505	-	-
State Appropriation		-	627	-	-
Fan Heat Relief		-	770	-	-
Total for Division of Aging and Adult Services		-	125,405	-	-
Total N.C. Dept. Health and Human Services		-	540,435	-	496,153

N.C. Dept of Commerce

Building Reuse	2019-068-3201- 2587	-	120,000	-	-
Total of N.C. Dept of Commerce		-	120,000	-	-

Golden LEAF Foundation

Golden LEAF Grant		-	190,000	-	-
Total of N.C. Dept of Commerce		-	190,000	-	-

N.C. Dept. of Public Safety

JCPC Programs	N/A	-	137,258	-	-
Total N.C Dept. of Public Safety		-	137,258	-	-

N. C. Council for Women/Domestic Violence Commission

Divorce Filing Fee Grant		-	16,528	-	-
Marriage License		-	14,647	-	-
Family Violence		-	66,637	-	-
Total N.C. Council for Women/Domestic Violence Commission		-	97,812	-	-

Caswell County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed (Direct & Pass-through Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<u>N. C. Department of Cultural and Natural Resources</u>						
Division of State Library						
State Aid to Public Libraries			-	83,382	-	-
Total N.C. Department of Cultural and Natural Resources			-	83,382	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund			-	13,871,250	13,871,250	-
Total N.C. Department of Insurance			-	13,871,250	13,871,250	-
<u>N.C. Department of Information Technology</u>						
N.C. 911 Board Emergency PSAP Center Grant			-	229,706	-	-
Total N.C. Department of Public Safety			-	229,706	-	-
Total State Awards			\$ -	\$ 15,269,843	\$ 13,871,250	\$ 496,153
Total Federal and State Awards			\$ 5,285,483	\$ 15,315,532	\$ 13,871,250	\$ 1,325,279

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 Caswell County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Caswell County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Caswell 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 Cost Rate

Caswell County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women			
Infant and Children	10.557	\$ 172,732	\$ -
Food and Nutrition Services	10.551	10,539,488	-
Medical Assistance Program	93.778	31,320,196	12,349,394
Children's Health Insurance Program	93.767	342,165	68,159
IV-E Adopt & Vendor	93.659	107,223	19,497
TANF Payments & Penalties	93.558	106,789	-
CWS Adopt, Vendor, Guard	N/A	-	26,884
SAA/SAD HB 1030	N/A	-	(34)
SC/SA Domiciliary Care	N/A	-	155,007

Note 6: Coronavirus Relief Funds

Caswell County received \$617,775 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$438,697 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Caswell County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2021.