

Bertie County, North Carolina

Financial Statements and  
Independent Auditors' Report

Year Ended June 30, 2013

**Board of Commissioners**

J. Wallace Perry – Chair

Charles L. Smith

Robert E. Harrell

Ronald Wesson

John Trent

**County Manager**

Scott T. Sauer

**Finance Director**

William Roberson

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# FINANCIAL SECTION



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## Independent Auditor's Report

To the Board of County Commissioners  
Bertie County, North Carolina

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### **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 Bertie County, North Carolina, as of and for the year then ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bertie County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bertie County ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bertie 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 Bertie 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bertie County, North Carolina as of June 30, 2013, 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 and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 8 through 15 and 54 and 55, 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 Bertie 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures 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 November 26, 2013 on our consideration of Bertie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bertie County's internal control over financial reporting and compliance.

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

Belhaven, North Carolina  
November 26, 2013

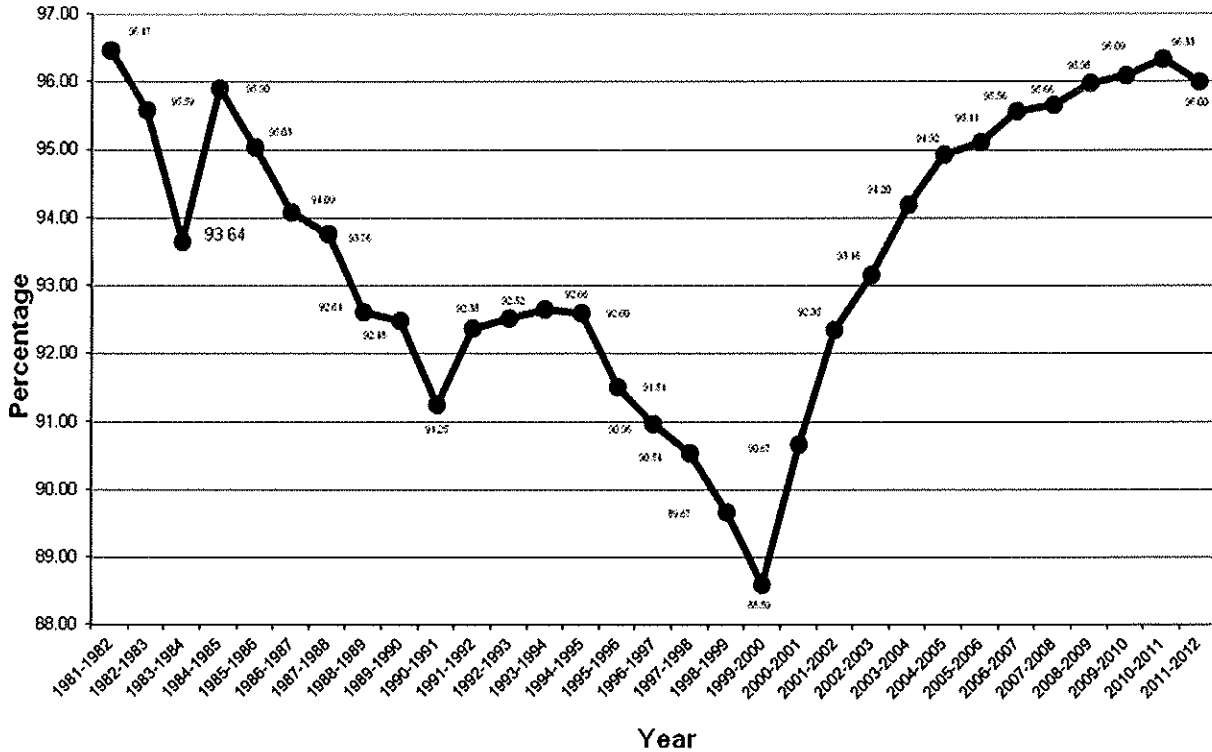
## Management's Discussion and Analysis

As management of Bertie County, we offer readers of Bertie County's financial statements this narrative overview and analysis of the financial activities of Bertie County for the fiscal year ended June 30, 2013. 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

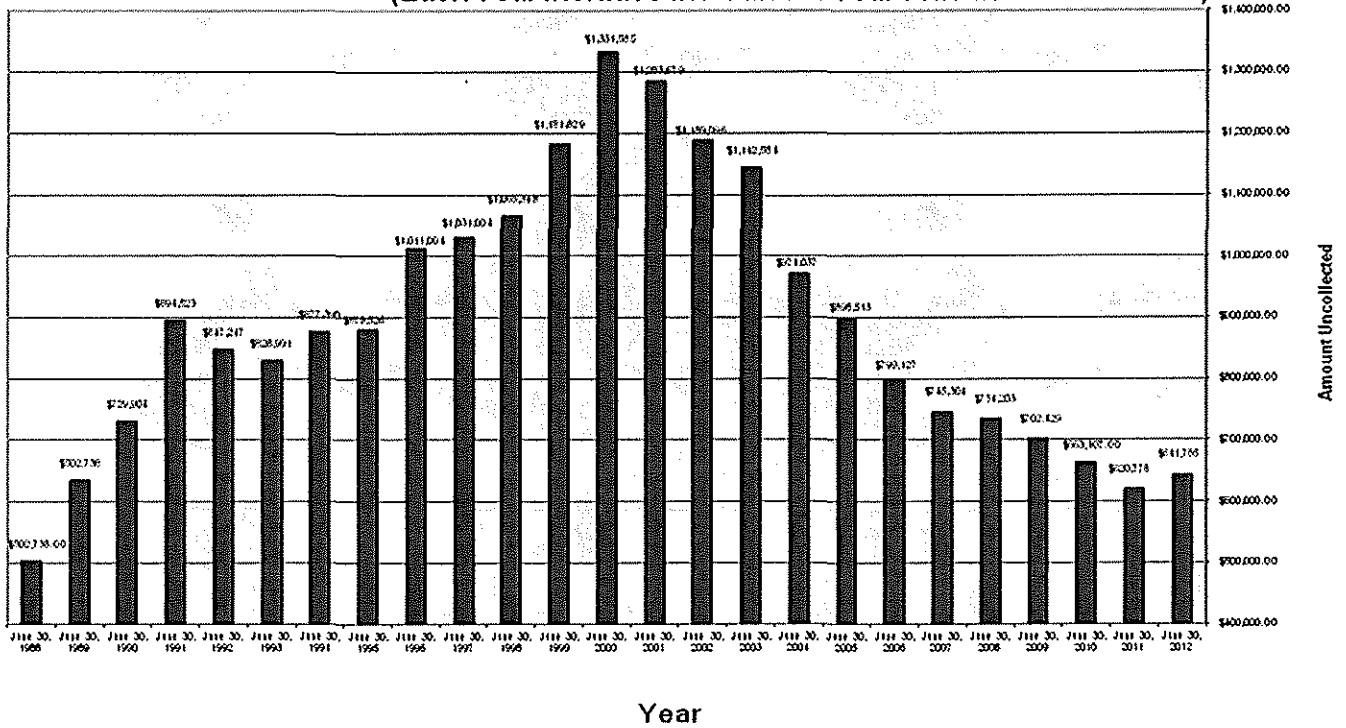
- The assets and deferred outflows of resources of Bertie County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,235,670 (*net position*).
- The government's total net position increased by \$163,139, primarily due to the governmental funds.
- As of the close of the current fiscal year, Bertie County's governmental funds reported combined ending fund balances of \$19,389,477, an increase of \$11,390,839 in comparison with the prior year. Approximately 5.46% of this total amount or \$1,059,723 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,012,151, or 30.96% of total general fund expenditures of \$19,421,974 for the fiscal year.
- Bertie County's total debt increased by \$31,828,770 or 102.02% during the current fiscal year. The key factor in this increase was the new debt for Bertie High School construction and the issuance of Water District bonds.
- Tax collection rate was 95.13% for FY 2012-2013. This represents a slight decrease from last year, but still remains the third highest collection rate since FY 1981-82.

### Current Year Tax Collection Rate - All Property

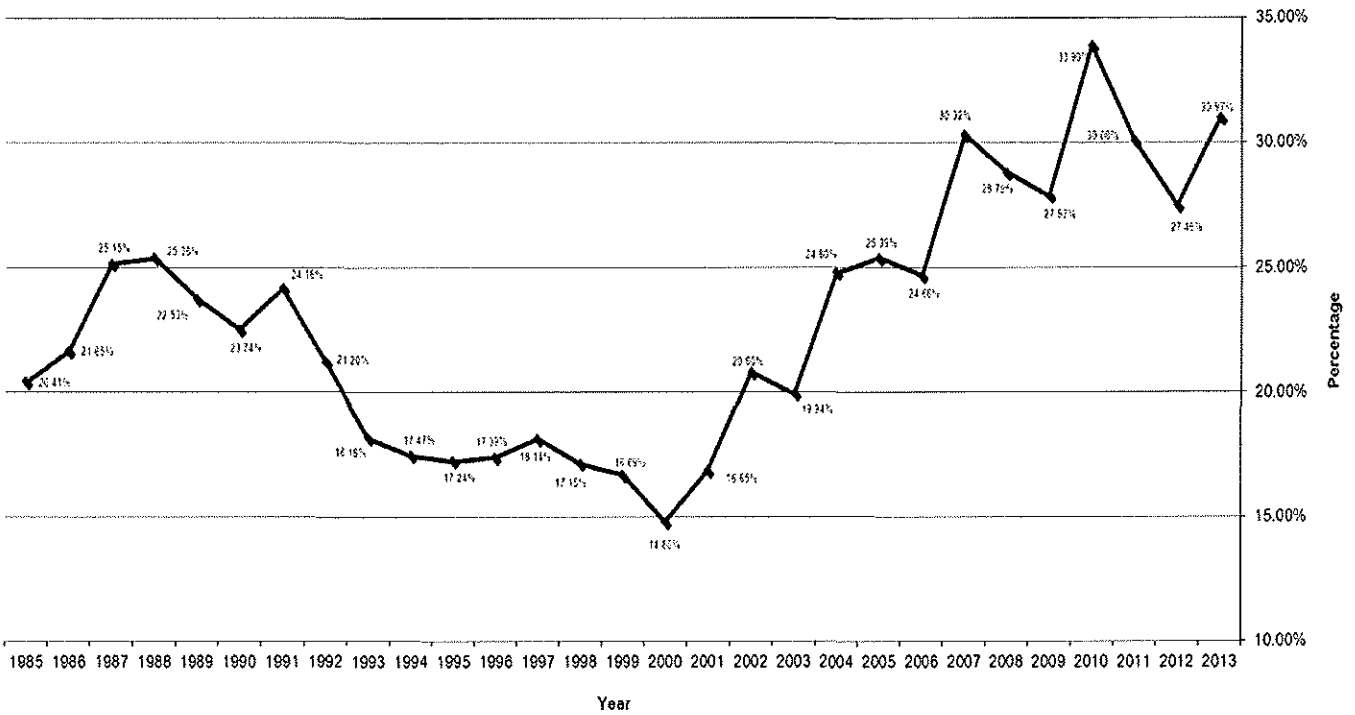




### Delinquent Taxes Owed to Bertie County (Each Year Includes the Current Year Plus the Prior 9 Years)



### Unassigned Fund Balance as a Percentage of Current Year Expenditures

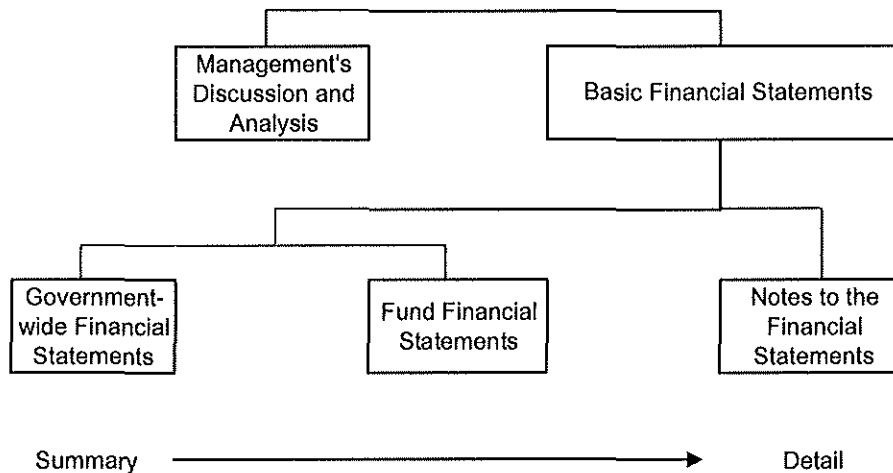


## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Bertie 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 Bertie 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 and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

### 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 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, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water services offered by Bertie County. The final category is the component unit. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute a portion of 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. Bertie County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Bertie 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*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between 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.

Bertie 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 pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of Accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Bertie County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Bertie County uses enterprise funds to account for its water 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. Bertie County has four fiduciary funds, one of which is a pension trust fund and three of which are 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 30 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Bertie County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

**Interdependence with Other Entities** – The County depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with US Treasury Securities because of actions by foreign government and other holders of publicly held US Treasury Securities.

### **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 \$23,235,670 as of June 30, 2013. The County's net position increased by \$163,139 for the fiscal year ended June 30, 2013. One of the largest portions

\$23,069,609 (99.29%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Bertie County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bertie 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 Bertie County's net position \$1,059,723 (0.0457%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(893,662) is unrestricted.

### Bertie County's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 28,669,120	\$ 15,901,043	\$ 13,501,708	\$ 1,461,032	\$ 42,170,828	\$ 17,362,075
Capital assets	18,752,145	8,892,303	28,482,524	28,892,456	47,234,669	37,784,759
Total assets	47,421,265	24,793,346	41,984,232	30,353,488	89,405,497	55,146,834
Current and other liabilities	2,354,183	887,928	197,251	203,747	2,551,434	891,675
Long-term liabilities outstanding	39,350,766	18,824,792	24,230,069	12,373,256	63,580,835	31,198,048
Total liabilities	41,704,949	19,512,720	24,427,320	12,577,003	66,132,269	32,089,723
Total deferred inflows of resources	37,558	-	-	-	37,558	-
Net position:						
Net investment in capital assets	6,357,085	6,249,152	16,712,524	16,625,356	23,069,609	22,874,508
Restricted	1,059,723	1,168,197	-	-	1,059,723	1,168,197
Unrestricted	(1,738,050)	(2,121,303)	844,388	1,151,129	(893,662)	(970,174)
Total net position	\$ 5,678,758	\$ 5,296,046	\$ 17,556,912	\$ 17,776,485	\$ 23,235,670	\$ 23,072,531

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes, both current year levy and prior year delinquent taxes.
- Revenues were higher than budgeted in ad valorem taxes, sales taxes, beer and wine taxes, state funding for aging, landfill host fees, and other miscellaneous revenues and refunds.
- Savings were realized in several departments due to lapsed salaries, as well as unspent supplies, utilities and equipment appropriations.

**Bertie County Changes In Net Position  
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,202,828	\$ 3,411,738	\$ 2,065,307	\$ 2,001,403	\$ 5,268,135	\$ 5,413,141
Operating grants and	4,226,009	4,312,113	-	-	4,226,009	4,312,113
Capital grants and contributions	44,962	102,830	230,503	179,831	275,465	282,661
General revenues:						
Property taxes	9,148,893	8,271,772	-	-	9,148,893	8,271,772
Other taxes	1,873,471	1,721,168	-	-	1,873,471	1,721,168
Investment earnings	361,575	13,719	3,416	2,420	364,991	16,139
Miscellaneous	441,932	369,783	38,310	53,976	480,242	423,759
<b>Total revenues</b>	<b>19,299,670</b>	<b>18,203,123</b>	<b>2,337,536</b>	<b>2,237,630</b>	<b>21,637,206</b>	<b>20,440,753</b>
<b>Expenses:</b>						
General government	3,353,239	3,686,428	-	-	3,353,239	3,686,428
Public safety	4,371,741	4,390,002	-	-	4,371,741	4,390,002
Environmental protection	506,762	493,213	-	-	506,762	493,213
Economic and physical development	534,308	811,733	-	-	534,308	811,733
Human services	5,291,096	5,556,784	-	-	5,291,096	5,556,784
Education	3,473,000	3,473,000	-	-	3,473,000	3,473,000
Special appropriations	393,361	385,767	-	-	393,361	385,767
Interest and fees on long-term debt	983,378	594,573	-	-	983,378	594,573
Water districts	-	-	2,567,182	2,299,953	2,567,182	2,299,953
<b>Total expenses</b>	<b>18,906,885</b>	<b>19,391,500</b>	<b>2,567,182</b>	<b>2,299,953</b>	<b>21,474,067</b>	<b>21,691,453</b>
Increase in net position before transfers and special items	392,785	(1,188,377)	(229,646)	(62,323)	163,139	(1,250,700)
Transfers	(10,073)	(15,000)	10,073	15,000	-	-
Increase in net position	382,712	(1,203,377)	(219,573)	(47,323)	163,139	(1,250,700)
Net position, July 1, restated	5,296,046	6,484,003	17,776,485	17,823,808	23,072,531	24,307,811
<b>Net position, June 30</b>	<b>\$ 5,678,758</b>	<b>\$ 5,280,626</b>	<b>\$17,556,912</b>	<b>\$ 17,776,485</b>	<b>\$23,235,670</b>	<b>\$ 23,057,111</b>

**Governmental activities.** Governmental activities increased the County's net position by \$382,712. Key elements of this decrease are as follows.

- Decreased operating grants and an increase in capital project expenditures.
- Decrease in investment earnings due to lower interest rates on cash investments.

**Business-type activities:** Business-type activities decreased Bertie County's net position by \$219,573. Key elements of this decrease are as follows:

- Increased purchased services contributed to the losses.

**Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Bertie County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Bertie County's financing requirements.

Specifically, fund balance available for appropriations 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 Bertie County. At the end of the current fiscal year, Bertie County's fund balance available in the General Fund was \$6,012,151, while total fund balance reached \$7,433,855. The Governing Body of Bertie County has determined that the County should maintain an available fund balance of 10% 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 30.96% of general fund expenditures, while total fund balance represents 38.28% of that same amount.

At June 30, 2013, the governmental funds of Bertie County reported a combined fund balance of \$19,389,477, a 142.41% increase over last year.

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

**Proprietary Funds.** Bertie County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water districts equaled \$844,388. There was a decrease in net position of \$219,573. Other factors concerning the finances of these funds have already been addressed in the discussion of Bertie County's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** Bertie County's capital assets for its governmental and business – type activities as of June 30, 2013, totals \$47,234,669 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

Major capital asset transactions during the year include:

- 5 Vehicles for Sheriff's Office
- 1 Vehicle for Water Department
- 2 Mowers for the Street Department
- A new Maintenance Building
- Construction on the Bertie High School

**Bertie County's Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 678,397	\$ 678,397	\$ 129,994	\$ 129,994	\$ 808,391	\$ 808,391
Buildings and system Improvements	5,931,164	6,046,962	27,323,721	28,023,011	33,254,885	34,069,973
Machinery and equipment	739,963	790,411	-	-	739,963	790,411
Vehicles and motorized equipment	900,484	939,485	-	-	900,484	939,485
Construction in progress	377,559	389,397	21,791	7,436	399,350	396,833
	10,124,578	63,070	1,007,018	732,015	11,131,596	795,085
<b>Total</b>	<b>\$ 18,752,145</b>	<b>\$ 8,907,722</b>	<b>\$ 28,482,524</b>	<b>\$ 28,892,456</b>	<b>\$ 47,234,669</b>	<b>\$ 37,800,178</b>

Additional information on the County's capital assets can be found in Note III.A.5.

**Long-term Debt.** As of June 30, 2013, Bertie County had total debt outstanding of \$63,026,818.

**Bertie County's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ -	\$ -	\$ 11,770,000	\$ 12,267,100	\$ 11,770,000	\$ 12,267,100
Limited obligation bonds	21,485,000	-	11,770,000	-	33,255,000	-
Installment purchases	14,508,640	16,018,774	-	-	14,508,640	16,018,774
Original issue discount	-	-	(50,588)	-	(50,588)	-
Original issue premium	-	-	604,605	-	604,605	-
Compensated absences	286,312	311,639	18,003	15,804	304,315	327,443
Net pension obligation	225,608	197,733	-	-	225,608	197,733
Other postemployment benefits	2,845,206	2,296,646	118,049	90,352	2,963,255	2,386,998
	<b>\$ 39,350,766</b>	<b>\$ 18,824,792</b>	<b>\$ 24,230,069</b>	<b>\$ 12,373,256</b>	<b>\$ 63,580,835</b>	<b>\$ 31,198,048</b>

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 Bertie County is \$61,389,458.

Additional information regarding Bertie County's long-term debt can be found in Note III.B.6 beginning on page 46 of this audited financial report.

**Budget Highlights for the Fiscal Year Ending June 30, 2013**

**Governmental Activities:** Property tax collections and revenues from permits and fees have been responsible for increases in revenue projections. The County will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund have not significantly increased during the year, due to efforts to limit spending due to the recent recession. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

**Business – type Activities:** The water rates in the County increased on July 1, 2013. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

**Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Bertie County, PO Box 530, Windsor, NC 27983.

# BASIC FINANCIAL STATEMENTS



Bertie County, North Carolina  
**STATEMENT OF NET POSITION**  
 June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bertie County ABC Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,299,553	\$ 1,525,075	\$ 8,824,628	\$ 156,750
Receivables (net)	1,725,524	206,633	1,932,157	4,049
Notes receivable	6,045,848	-	6,045,848	-
Inventories	-	-	-	150,593
Prepaid items	-	-	-	6,332
Restricted cash and cash equivalents	13,598,195	-	13,598,195	-
Total current assets	28,669,120	1,731,708	30,400,828	317,724
Noncurrent assets:				
Investment in bonds	-	11,770,000	11,770,000	-
Total noncurrent assets	-	11,770,000	11,770,000	-
Capital assets:				
Land, improvements, and construction in progress	10,802,975	1,137,012	11,939,987	-
Other capital assets, net of depreciation	7,949,170	27,345,512	35,294,682	15,458
Total capital assets	18,752,145	28,482,524	47,234,669	15,458
Total assets	47,421,265	41,984,232	89,405,497	333,182
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,901,301	60,046	1,961,347	233,133
Customer deposits	-	137,205	137,205	-
Liabilities to be paid from restricted assets	452,882	-	452,882	-
Long-term liabilities:				
Due within one year	1,923,559	718,237	2,641,796	-
Due in more than one year	37,427,207	23,511,832	60,939,039	-
Total long-term liabilities	39,350,766	24,230,069	63,580,835	-
Total liabilities	41,704,949	24,427,320	66,132,269	233,133
<b>DEFERRED INFLOWS OF RESOURCES</b>	37,558	-	37,558	-
<b>NET POSITION</b>				
Net investment in capital assets	6,357,085	16,712,524	23,069,609	15,458
Restricted for:				
Drug task force	22,874	-	22,874	-
Stabilization by State Statute	1,036,849	-	1,036,849	-
Working capital	-	-	-	19,850
Unrestricted (deficit)	(1,738,050)	844,388	(893,662)	64,741
Total net position	\$ 5,678,758	\$ 17,556,912	\$ 23,235,670	\$ 100,049

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

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 3,353,239	\$ 120,597	\$ -	\$ -
Public safety	4,371,741	404,866	7,310	-
Environmental protection	506,762	1,836,713	103,268	-
Economic and physical development	534,308	-	39,909	41,962
Human services	5,291,096	840,652	4,075,522	3,000
Intergovernmental:				
Education	3,473,000	-	-	-
Special appropriations	393,361	-	-	-
Debt service:				
Interest and fees on long-term debt	983,378	-	-	-
Total governmental activities	18,906,885	3,202,828	4,226,009	44,962
Business-type activities:				
Water Districts	2,567,182	2,065,307	-	230,503
Total business-type activities	2,567,182	2,065,307	-	230,503
Total primary government	\$ 21,474,067	\$ 5,268,135	\$ 4,226,009	\$ 275,465
Component unit:				
ABC Board	\$ 642,436	\$ 664,030	\$ -	\$ -

General revenues:

Taxes:

  Property taxes, levied for general purpose

  Local option sales tax

  Other taxes and licenses

Investment earnings, unrestricted

Miscellaneous, unrestricted

Profit distribution

Transfers

    Total general revenues

    Change in net position

Net position-beginning, restated

Net position-ending

Bertie County, North Carolina  
**STATEMENT OF ACTIVITIES**  
 For the Fiscal Year Ended June 30, 2013

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Bertie County ABC Board	
\$ (3,232,642)	\$ -	\$ (3,232,642)	\$ -	
(3,959,565)	-	(3,959,565)	-	
1,433,219	-	1,433,219	-	
(452,437)	-	(452,437)	-	
(371,922)	-	(371,922)	-	
(3,473,000)	-	(3,473,000)	-	
(393,361)	-	(393,361)	-	
(983,378)	-	(983,378)	-	
(11,433,086)	-	(11,433,086)	-	
-	(271,372)	(271,372)	-	
-	(271,372)	(271,372)	-	
(11,433,086)	(271,372)	(11,704,458)	-	
-	-	-	21,594	
9,148,893	-	9,148,893	-	
1,674,766	-	1,674,766	-	
198,705	-	198,705	-	
361,575	3,416	364,991	188	
441,932	38,310	480,242	(245)	
-	-	-	(21,537)	
(10,073)	10,073	-	-	
11,815,798	51,799	11,867,597	(21,594)	
382,712	(219,573)	163,139	-	
5,296,046	17,776,485	23,072,531	100,049	
\$ 5,678,758	\$ 17,556,912	\$ 23,235,670	\$ 100,049	

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

	Major		Non-Major	Total Governmental Funds
	General	Bertie High School	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,671,359	\$ -	\$ 474,257	\$ 7,145,616
Restricted cash	385,688	13,212,507	-	13,598,195
Receivables (net):				
Taxes	685,785	-	-	685,785
Accounts	1,013,142	-	23,707	1,036,849
Notes - Vidant Medical Center	5,627,565	-	-	5,627,565
Notes - Landmark Asset Services	288,683	-	-	288,683
Notes - Bertie Memorial Limited Partnership	129,600	-	-	129,600
<b>Total assets</b>	<b>\$ 14,801,822</b>	<b>\$ 13,212,507</b>	<b>\$ 497,964</b>	<b>\$ 28,512,293</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 598,776	\$ 1,301,967	\$ -	\$ 1,900,743
Retainages payable	-	452,882	-	452,882
<b>Total liabilities</b>	<b>598,776</b>	<b>1,754,849</b>	<b>-</b>	<b>2,353,625</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>6,769,191</b>	<b>-</b>	<b>-</b>	<b>6,769,191</b>
Fund balances:				
Restricted:				
Drug task force	22,874	-	-	22,874
Stabilization by State Statute	1,013,142	-	23,707	1,036,849
Committed:				
Tax Revaluation	(52,723)	-	-	(52,723)
Education	438,411	11,457,658	-	11,896,069
Assigned:				
Subsequent years' expenditures	-	-	474,257	474,257
Unassigned:	6,012,151	-	-	6,012,151
<b>Total fund balances</b>	<b>7,433,855</b>	<b>11,457,658</b>	<b>497,964</b>	<b>19,389,477</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,801,822</b>	<b>\$ 13,212,507</b>	<b>\$ 497,964</b>	

Bertie County, North Carolina  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

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

Total fund Balance, Governmental Funds	19,389,477
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,752,145
Deferred inflows of resources for taxes and special assessments	6,731,633
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	(39,350,766)
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>156,269</u>
<b>Net assets of governmental activities</b>	<b>\$ 5,678,758</b>

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

	Major		Non-Major	Total Governmental Funds
	General Fund	Bertie High School	Other Governmental Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 9,507,995	\$ -	\$ -	\$ 9,507,995
Other taxes and licenses	458,803	-	-	458,803
Intergovernmental revenues	5,627,073	-	168,050	5,795,123
Licenses and permits	247,509	-	-	247,509
Sales and services	1,906,103	-	-	1,906,103
Investment earnings	355,762	5,274	539	361,575
Miscellaneous	1,335,684	-	4,018	1,339,702
<b>Total revenues</b>	<b>19,438,929</b>	<b>5,274</b>	<b>172,607</b>	<b>19,616,810</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,821,943	-	-	2,821,943
Public safety	4,233,923	-	97,654	4,331,577
Environmental protection	506,762	-	-	506,762
Economic and physical development	321,145	-	95,654	416,799
Human services	5,182,514	-	-	5,182,514
Intergovernmental:				
Education	3,473,000	-	-	3,473,000
Special appropriations	393,361	-	-	393,361
Capital projects	-	10,109,158	9,807	10,118,965
Debt service:				
Principal	1,505,948	-	-	1,505,948
Interest and fees	983,378	-	-	983,378
<b>Total expenditures</b>	<b>19,421,974</b>	<b>10,109,158</b>	<b>203,115</b>	<b>29,734,247</b>
Excess (deficiency) of revenues over expenditures	16,955	(10,103,884)	(30,508)	(10,117,437)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	650,000	400,000	2,500	1,052,500
Transfers to other funds	(421,186)	(650,000)	-	(1,071,186)
Bonds proceeds	-	21,485,000	-	21,485,000
Bond discounts/premiums	-	41,962	-	41,962
<b>Total other financing sources and uses</b>	<b>228,814</b>	<b>21,276,962</b>	<b>2,500</b>	<b>21,508,276</b>
Net change in fund balance	245,769	11,173,078	(28,008)	11,390,839
Fund balances-beginning	7,188,086	284,580	525,972	7,998,638
<b>Fund balances-ending</b>	<b>\$ 7,433,855</b>	<b>\$ 11,457,658</b>	<b>\$ 497,964</b>	<b>\$ 19,389,477</b>

Bertie County, North Carolina

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2013

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

Net changes in fund balances - total governmental funds	\$ 11,390,839
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year.	9,882,178
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	(37,756)
Revenues not in the statement of activities that do not provide current financial resources and reported as revenues in the funds.	(359,098)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(19,974,866)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(551,108)
Internal service funds are used by management to charge the costs of a telephone system to individual funds.	32,523
<b>Total changes in net position of governmental activities</b>	<b>\$ 382,712</b>

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

Bertie County, North Carolina

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND**  
For the Fiscal Year Ended June 30, 2013

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 9,370,180	\$ 9,370,180	\$ 9,507,995	\$ 137,815
Other taxes and licenses	390,200	390,200	458,803	68,603
Intergovernmental revenues	5,468,897	5,616,571	5,627,073	10,502
Licenses and permits	199,875	199,875	247,509	47,634
Sales and services	1,933,441	1,933,441	1,906,103	(27,338)
Investment earnings	33,000	33,000	13,484	(19,516)
Miscellaneous	294,240	1,120,891	1,335,684	214,793
<b>Total revenues</b>	<b>17,689,833</b>	<b>18,664,158</b>	<b>19,096,651</b>	<b>432,493</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,841,281	3,004,145	2,813,914	190,231
Public safety	4,446,254	4,545,198	4,233,923	311,275
Environmental protection	508,555	513,192	506,762	6,430
Economic and physical development	343,085	353,732	321,145	32,587
Human services	5,609,303	5,776,389	5,182,514	593,875
Intergovernmental:				
Education	3,473,000	3,473,500	3,473,000	500
Special appropriations	434,626	433,946	393,361	40,585
Capital outlay				
Debt service:				
Principal	1,008,309	1,505,949	1,505,948	1
Interest and fees	212,788	984,553	983,378	1,175
<b>Total expenditures</b>	<b>18,877,201</b>	<b>20,590,604</b>	<b>19,413,945</b>	<b>1,176,659</b>
<b>Revenues over (under) expenditures</b>	<b>(1,187,368)</b>	<b>(1,926,446)</b>	<b>(317,294)</b>	<b>1,609,152</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	776,619	1,219,373	1,226,766	7,393
Transfers to other funds	(361,796)	(382,982)	(373,844)	9,138
<b>Total other financing sources and uses</b>	<b>414,823</b>	<b>836,391</b>	<b>852,922</b>	<b>16,531</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(772,545)</b>	<b>(1,090,055)</b>	<b>535,628</b>	<b>1,625,683</b>
<b>Appropriated fund balance</b>	<b>772,545</b>	<b>1,090,055</b>	<b>-</b>	<b>(1,090,055)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>535,628</b>	<b>\$ 535,628</b>
<b>Fund balance, beginning</b>			<b>6,512,539</b>	
<b>Fund balance, ending</b>			<b>\$ 7,048,167</b>	
The legally budgeted Tax Revaluation Fund and Capital Reserve Fund are consolidated into the General Fund for reporting purposes:				
Investment earnings			\$ 342,278	
Transfers in - General Fund			352,658	
Transfers in - Bertie High School			650,000	
Transfers out - General Fund			(1,226,766)	
Transfers out - Bertie High School			(400,000)	
Expenditures			(8,029)	
<b>Fund balance, beginning</b>			<b>675,547</b>	
<b>Fund balance, ending (Exhibit 4)</b>			<b>\$ 7,433,855</b>	

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



Bertie County, North Carolina  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2013

	Business-type Activities-Proprietary Funds - Major						Governmental Activities- Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	County Water Service Fund	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 40,383	\$ 472,730	\$ 875,706	\$ 136,256	\$ -	\$ 1,525,075	\$ 153,937
Receivables, net	28,964	84,295	38,150	55,224	-	206,633	2,890
<b>Total current assets</b>	<b>69,347</b>	<b>557,025</b>	<b>913,856</b>	<b>191,480</b>	<b>-</b>	<b>1,731,708</b>	<b>156,827</b>
Noncurrent assets:							
Restricted assets:							
Investment in bonds	-	-	-	-	11,770,000	11,770,000	-
Capital assets:							
Land and improvements	36,994	36,500	36,500	20,000	-	129,994	-
Construction in progress	-	-	-	1,007,018	-	1,007,018	-
Buildings, improvements, and equipment	8,120,691	11,619,293	8,024,398	7,240,810	-	35,005,192	182,848
equipment	-	-	21,191	-	-	21,191	-
Less accumulated depreciation	(2,120,751)	(2,051,074)	(2,052,610)	(1,456,436)	-	(7,680,871)	(182,848)
<b>Total capital assets</b>	<b>6,036,934</b>	<b>9,604,719</b>	<b>6,029,479</b>	<b>6,811,392</b>	<b>-</b>	<b>28,482,524</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>6,036,934</b>	<b>9,604,719</b>	<b>6,029,479</b>	<b>6,811,392</b>	<b>11,770,000</b>	<b>40,252,524</b>	<b>-</b>
<b>Total assets</b>	<b>6,106,281</b>	<b>10,161,744</b>	<b>6,943,335</b>	<b>7,002,872</b>	<b>11,770,000</b>	<b>41,984,232</b>	<b>156,827</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable and accrued liabilities	16,888	12,594	19,758	10,806	-	60,046	558
Customer deposits	32,024	27,906	42,306	34,969	-	137,205	-
Compensated absences	3,600	4,501	5,401	4,501	-	18,003	-
General obligation bonds	85,000	105,000	75,000	80,000	-	345,000	-
Limited obligation bonds payable	-	-	-	-	345,000	345,000	-
Original issue discount/premium	6,454	6,927	7,652	2,703	-	23,736	-
<b>Total current liabilities</b>	<b>143,966</b>	<b>156,928</b>	<b>150,117</b>	<b>132,979</b>	<b>345,000</b>	<b>928,990</b>	<b>558</b>
Noncurrent liabilities:							
General obligation bonds payable	2,440,000	3,435,000	2,215,000	3,335,000	-	11,425,000	-
Limited obligation bonds payable	-	-	-	-	11,425,000	11,425,000	-
Original issue discount/premium	141,440	158,743	160,056	70,042	-	530,281	-
Other postemployment benefits	25,593	25,401	36,921	30,134	-	118,049	-
<b>Total noncurrent liabilities</b>	<b>2,607,033</b>	<b>3,619,144</b>	<b>2,411,977</b>	<b>3,435,176</b>	<b>11,425,000</b>	<b>23,498,330</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,750,999</b>	<b>3,776,072</b>	<b>2,562,094</b>	<b>3,568,155</b>	<b>11,770,000</b>	<b>24,427,320</b>	<b>558</b>
<b>NET POSITION</b>							
Net investment in capital assets	3,511,934	6,064,719	3,739,479	3,396,392	-	16,712,524	-
Unrestricted	(156,652)	320,953	641,762	38,325	-	844,388	156,269
<b>Total net position</b>	<b>\$ 3,355,282</b>	<b>\$ 6,385,672</b>	<b>\$ 4,381,241</b>	<b>\$ 3,434,717</b>	<b>\$ -</b>	<b>\$ 17,556,912</b>	<b>\$ 156,269</b>

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

Bertie County, North Carolina  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2013

	Business-type Activities-Proprietary Funds - Major					Governmental Activities- Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	Total	
Operating revenue:						
User charges	\$ 366,823	\$ 709,712	\$ 516,725	\$ 472,047	\$ 2,065,307	\$ 71,939
Total operating revenue	366,823	709,712	516,725	472,047	2,065,307	71,939
Operating expenses						
Administrative expenses	288,182	348,362	373,821	275,832	1,286,197	48,029
Depreciation expense	162,259	233,798	160,980	145,398	702,435	-
Total operating expenses	450,441	582,160	534,801	421,230	1,988,632	48,029
Operating income (loss)	(83,618)	127,552	(18,076)	50,817	76,675	23,910
Nonoperating revenues (expenses)						
Investment earnings	360	899	1,618	539	3,416	-
Miscellaneous income	2,883	8,001	440	26,623	37,947	-
Tax refunds	-	-	-	363	363	-
Interest, fees and amortization	(127,463)	(169,344)	(119,039)	(162,704)	(578,550)	-
Total nonoperating revenues (expenses)	(124,220)	(160,444)	(116,981)	(135,179)	(536,824)	-
Income (loss) before contributions and operating transfers	(207,838)	(32,892)	(135,057)	(84,362)	(460,149)	23,910
Capital contributions	-	-	-	230,503	230,503	-
Transfers from (to) other funds	-	-	(25,311)	35,384	10,073	8,613
Total transfers and capital contributions	-	-	(25,311)	265,887	240,576	8,613
Change in net position	(207,838)	(32,892)	(160,368)	181,525	(219,573)	32,523
Net position, beginning	3,563,120	6,418,564	4,541,609	3,253,192	17,776,485	123,746
Net position, ending	\$ 3,355,282	\$ 6,385,672	\$ 4,381,241	\$ 3,434,717	\$ 17,556,912	\$ 156,269

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

**Business-type Activities-Proprietary Funds - Major**

	Water District I	Water District II	Water District III	Water District IV	Total	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 331,108	\$ 658,188	\$ 466,973	\$ 440,368	\$ 1,896,637	\$ 70,753
Cash paid for goods and services	(205,777)	(248,095)	(246,355)	(176,837)	(877,064)	(48,011)
Cash paid to employees for services	(78,030)	(97,537)	(117,955)	(97,536)	(391,058)	-
Customer deposits (net)	1,425	1,150	1,625	1,125	5,325	-
Other operating revenues	22,234	19,199	32,939	25,577	99,949	-
Net cash provided (used) by operating activities	70,960	332,905	137,227	192,697	733,789	22,742
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Nonoperating income	2,883	8,001	440	26,986	38,310	-
Transfers from (to) other funds	-	-	(25,311)	35,384	10,073	8,613
Net cash provided (used) from noncapital financing activities	2,883	8,001	(24,871)	62,370	48,383	8,613
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(3,500)	(4,375)	(5,250)	(279,378)	(292,503)	-
Interest paid on construction debt	(128,001)	(169,921)	(119,677)	(162,929)	(580,528)	-
Original issue discount	(13,504)	(15,127)	(15,315)	(6,642)	(50,588)	-
Original issue premium	161,398	180,797	183,023	79,387	604,605	-
Principal paid on bond maturities and equipment contracts	(2,647,962)	(3,688,923)	(2,418,862)	(3,509,600)	(12,265,347)	-
Obligation bonds issued	2,525,000	3,540,000	2,290,000	3,415,225	11,770,225	-
Capital contributions – State grant	-	-	-	230,503	230,503	-
Net cash provided (used) for capital and related financing activities	(106,569)	(157,549)	(86,081)	(233,434)	(583,633)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments	360	899	1,618	539	3,416	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(32,366)</b>	<b>184,256</b>	<b>27,893</b>	<b>22,172</b>	<b>201,955</b>	<b>31,355</b>
Cash and cash equivalents, beginning	72,749	288,474	847,813	114,084	1,323,120	122,582
Cash and cash equivalents, ending	\$ 40,383	\$ 472,730	\$ 875,706	\$ 136,256	\$ 1,525,075	\$ 153,937

Bertie County, North Carolina  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2013

	<u>Business-type Activities-Proprietary Funds - Major</u>					Governmental Activities- Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>						
Operating income (loss)	\$ (83,618)	\$ 127,552	\$ (18,076)	\$ 50,817	\$ 76,675	\$ 23,910
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	162,259	233,798	160,980	145,398	702,435	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(13,481)	(32,325)	(16,813)	(6,102)	(68,721)	(1,186)
Increase (decrease) in accounts payable and accrued liabilities	(1,591)	(4,728)	497	(5,999)	(11,821)	18
Increase (decrease) in customer deposits	1,425	1,150	1,625	1,125	5,325	-
Increase (decrease) in accrued vacation	439	550	660	550	2,199	-
Increase (decrease) in OPEB payable	5,527	6,908	8,354	6,908	27,697	-
Total adjustments	154,578	205,353	155,303	141,880	657,114	(1,168)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 70,960</b>	<b>\$ 332,905</b>	<b>\$ 137,227</b>	<b>\$ 192,697</b>	<b>\$ 733,789</b>	<b>\$ 22,742</b>

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

Bertie County, North Carolina  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2013

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,293
<hr/>	
<b>LIABILITIES</b>	
Miscellaneous liabilities	3,293
<hr/>	
<b>NET ASSETS</b>	
Assets held in trust for social services	\$ -
<hr/>	

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

**I. Summary of Significant Accounting Policies**

The accounting policies of Bertie County and its 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 five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. The blended component unit, although it is a legally separate entity, is, in substance, part of the County's operations. The discretely presented component unit below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

**Blended Component Unit**

**Bertie County Water Districts**

Bertie County maintains four water districts (the "Districts") to provide a water system for the County residents within the respective District. Under State law [G.S. 162A-89], the County's board of commissioners also serve as the governing board for the Districts. Therefore, the Districts are reported as an enterprise fund in the County's financial statements. The Districts do not issue separate financial statements.

**Discretely Presented Component Units**

**Bertie County Industrial Facility and Pollution Control Financing Authority**

Bertie County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

**Bertie County ABC Board**

The members of the ABC Board's governing body 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 of the component unit may be obtained at the administrative office of the entity.

Bertie County ABC Board  
P. O. Box 97  
Windsor, North Carolina 27983

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

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

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those 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.

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

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

The County reports the following major governmental fund:

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

*Bertie High School.* This fund accounts for the construction of the new high school funded through qualified school construction bonds and limited obligation bonds.

The County reports the following major enterprise funds:

*Bertie County Water District I Fund* - This fund accounts for the County's water operations of District I.

*Bertie County Water District II Fund* – This fund accounts for the County's water operations of District II.

*Bertie County Water District III Fund* – This fund accounts for the County's water operations of District III.

*Bertie County Water District IV Fund* – This fund accounts for the County's water operations of District IV.

*County Water Service Fund* – This fund accounts for the County's obligation bonds of the Water Districts.

The County also reports the following fund types:

*Internal Service Fund.* The Internal Service Funds, which are proprietary funds, are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. Bertie County has one internal service fund. The Bertie Telephone is an internal service fund, which operates for County use only.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains five Agency Funds: the Social Services Fund, which accounts for monies held by the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Bertie County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Pest Management Fund, which accounts for the moneys received from local farmers for Agriculture Extension services; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

*Nonmajor Funds.* The County maintains nine legally budgeted funds. The Emergency Telephone System Fund, 2006 CDBG-CN Fund, 2008 CDBG-SS Fund, the Tornado Donations Fund, the 2011 CDBG-HU Fund, and the 2011 CDBG-SS Fund are reported as nonmajor special revenue funds. The Pilot Extraction Facility Fund, the Golden Leaf Grant Fund, and the Maintenance Building Fund are reported as capital projects funds.

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual

basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Bertie County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

### **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, Special Revenue Funds, (excluding the Community Development Block Grant Funds), the Enterprise Funds, the Internal Service Funds and the Capital Project Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Block Grant Funds which is a Special Revenue fund type, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several 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, and Fund Equity**

##### **1. Deposits and Investments**

All deposits of the County and Bertie County 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 accounts, and certificates of deposit.

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 and the ABC Board's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

##### **2. Cash and Cash Equivalents**

The County pools moneys 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 an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

##### **3. Restricted Assets**

Grants receivable and unexpended grant proceeds are classified as restricted assets within the governmental and enterprise funds because their use is completely restricted to the purpose for which the grant is intended. Money in the Tax Revaluation Fund and the Capital Reserve Schools Fund are also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

##### **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 on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

##### **5. Allowances for Doubtful Accounts**

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

##### **6. Inventories 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 materials and supplies held for consumption or resale. The cost of the inventory for the ABC Board is recorded as an expense as it is consumed or 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.

##### **7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 Bertie 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 Bertie County Board of Education.

The County holds title to the Bertie High School property currently under construction and has been included in capital assets as construction in progress. The property has been deeded to the County to permit limited obligation bond financing for construction. 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, but provides that the County will retain title to the property.

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

	Years
Buildings	50
Improvements	10-20
Furniture and equipment	10
Vehicles	3-5
Computer equipment	5

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

	Years
Buildings	20
Furniture and equipment	10
Vehicles	3-5
Leasehold improvements	10-20
Computers	3

**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 no items that meet this criterion. 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 one item that meets the criterion for this category – prepaid taxes.

**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 source.

**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. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County 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 accrual for sick leave has been made.

## **11. Net Position/Fund Balances**

### **Net Position**

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

### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There is no nonspendable fund balance at June 30, 2013.

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

Restricted for drug task force – portion of fund balance that is restricted by revenue source for drug investigations.

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

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

Committed for Education – portion of fund balance that can only be used for capital reserves schools.

**Assigned Fund Balance** – Portion of fund balance that the Bertie County governing board has budgeted.

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.

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

Bertie County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the General Fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

**E. Reconciliation of Government-wide and Fund Financial Statements**

1. **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(13,710,719) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 23,928,401
Less accumulated depreciation	(5,176,256)
Net capital assets	18,752,145
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	6,731,633
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	(35,993,640)
Pension obligation	(225,608)
Other postemployment benefit obligation	(2,845,206)
Compensated absences	(286,312)
	(39,350,766)
Internal service funds are used by management to charge the costs of a data information system to individual funds.	156,269
Total adjustment	\$ (13,710,719)

**2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(11,008,127) as follows:

Description	Amount
Capital outlay expenditures recorded in the funds statements but capitalized as assets in the statement of activities.	\$ 10,365,358
Cost of disposed capital assets not recorded in the fund statements.	(37,756)
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.	(483,180)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(21,485,000)
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.	1,510,134
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Change in deferred revenue	(359,098)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not reported as expenditures in fund statements..	
Compensated absences	25,327
Other postemployment benefits	(548,560)
Net pension obligation	(27,875)
Internal service funds are used by management to charge the costs of a data information system to individual funds	32,523
<b>Total adjustments</b>	<b>\$ (11,008,127)</b>

**F. Subsequent Events – Date of Management Evaluation**

Management has evaluated subsequent events through November 26, 2013, the date on which the financial statements were available to be issued.

**II. 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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County 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 ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$7,432,694. The bank balances with financial institutions and with the State Treasurer were \$7,912,365 and \$2,922, respectively. Of these bank balances, \$250,000 was covered by federal depository insurance, \$2,923 was covered by collateral held by authorized escrow agents in the name of the State Treasurer, and \$23,697 in non-interest bearing deposits and \$7,638,668 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2013, Bertie County had \$1,225 cash on hand.

At June 30, 2013, the carrying amount of deposits for Bertie County ABC Board was \$155,075 and the bank balance was \$148,710. All of the bank balance was covered by federal depository insurance.

At June 30, 2013, the ABC Board had \$1,675 cash on hand.

**2. Investments**

At June 30, 2013, the County's investments consisted of \$14,988,904 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The County has no policy on credit risk.

At June 30, 2013, the ABC Board had no investments.

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

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

Year Levied	Tax	Interest	Total
2010	1,070,207	350,205	1,420,412
2011	1,082,638	256,895	1,339,533
2012	1,085,273	159,934	1,245,207
2013	1,317,652	75,702	1,393,354
<b>Total</b>	<b>\$ 4,555,770</b>	<b>\$ 842,736</b>	<b>\$ 5,398,506</b>

**4. Receivables**

Receivables at the government-wide level at June 30, 2013, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Other	Total
<b>Governmental activities:</b>					
General	\$ 666,638	\$ 764,927	\$ 346,504	\$ 6,045,848	\$ 7,823,917
Other Governmental	23,707	-	-	-	23,707
Internal Service Fund	2,890	-	-	-	2,890
<b>Total receivables</b>	<b>693,235</b>	<b>764,927</b>	<b>346,504</b>	<b>6,045,848</b>	<b>\$ 7,850,514</b>
Allowance for doubtful accounts	-	(79,142)	-	-	(79,142)
<b>Total governmental activities</b>	<b>\$ 693,235</b>	<b>\$ 685,785</b>	<b>\$ 346,504</b>	<b>\$ 6,045,848</b>	<b>\$ 7,771,372</b>
<b>Business-type activities:</b>					
Water Districts	\$ 224,784	\$ -	\$ -	\$ -	\$ 224,784
<b>Total receivables</b>	<b>224,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,784</b>
Allowance for doubtful accounts	(18,151)	-	-	-	(18,151)
<b>Total business-type activities</b>	<b>\$ 206,633</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 206,633</b>

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

Local option sales tax	\$ 305,630
Sales tax receivable	40,874
	<b>\$ 346,504</b>

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

**Governmental Activities:**

	Primary Government			Ending Balances
	Beginning Balances	Increases	Decreases	
<b>Capital assets not being depreciated:</b>				
Land	\$ 678,397	\$ -	\$ -	\$ 678,397
Construction in progress	63,070	10,118,965	57,457	10,124,578
<b>Total capital assets not being depreciated</b>	<b>741,467</b>	<b>10,118,965</b>	<b>57,457</b>	<b>10,802,975</b>
<b>Capital assets being depreciated:</b>				
Buildings	8,968,678	57,457	-	9,026,135
Improvements	1,008,951	-	-	1,008,951
Equipment	1,706,518	105,853	13,900	1,798,471
Vehicles and motor equipment	1,308,006	140,540	156,677	1,291,869
<b>Total capital assets being depreciated</b>	<b>12,992,153</b>	<b>303,850</b>	<b>170,577</b>	<b>13,125,426</b>
<b>Less accumulated depreciation for:</b>				
Buildings	2,921,715	173,256	-	3,094,971
Improvements	218,540	50,448	-	268,988
Equipment	767,033	132,055	1,101	897,987
Vehicles and motor equipment	918,609	127,421	131,720	914,310
<b>Total accumulated depreciation</b>	<b>4,825,897</b>	<b>\$ 483,180</b>	<b>\$ 132,821</b>	<b>5,176,256</b>
<b>Total capital assets being depreciated, net</b>	<b>8,166,256</b>			<b>7,949,170</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 8,907,723</b>			<b>\$ 18,752,145</b>

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

General government	\$	67,960
Public safety		180,669
Human services		108,582
Parks and Recreation		125,969
<u>Total depreidation expense</u>	<u>\$</u>	<u>483,180</u>

**Business-type Activities:**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water Districts</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 129,994	\$ -	\$ -	\$ 129,994
Construction in progress	732,015	275,003	-	1,007,018
<u>Total capital assets not being depreciated</u>	<u>862,009</u>	<u>275,003</u>	<u>-</u>	<u>1,137,012</u>
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	34,979,000	-	-	34,979,000
Vehicles	29,883	17,500	-	47,383
<u>Total capital assets being depreciated</u>	<u>35,008,883</u>	<u>17,500</u>	<u>-</u>	<u>35,026,383</u>
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	6,955,989	699,290	-	7,655,279
Vehicles	22,447	3,145	-	25,592
<u>Total accumulated depreciation</u>	<u>6,978,436</u>	<u>\$ 702,435</u>	<u>\$ -</u>	<u>7,680,871</u>
<u>Total capital assets being depreciated, net</u>	<u>28,030,447</u>			<u>27,345,512</u>
<u>Water Districts capital assets, net</u>	<u>\$ 28,892,456</u>			<u>\$ 28,482,524</u>

**Construction commitments**

The government has active construction projects as of June 30, 2013. The projects include the water district projects. At June 30, 2013, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Bertie High School	\$ 10,124,578	\$ 11,410,422
Rural Center Grant - Water District IV	323,087	16,713
2008 CDBG - Water District IV	683,931	225,569
	<u>\$ 11,131,596</u>	<u>\$ 11,652,704</u>



**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 3,789	\$ -	\$ -	\$ 3,789
Capital assets being depreciated:				
Furniture and equipment	104,203	-	-	104,203
Leasehold improvements	17,711	-	-	17,711
Vehicles	1,470	-	-	1,470
Total capital assets being depreciated	123,384	-	-	123,384
Less accumulated depreciation for:				
Furniture and equipment	89,591	2,943	-	92,534
Leasehold improvements	17,711	-	-	17,711
Vehicles	1,470	-	-	1,470
Total accumulated depreciation	108,772	\$ 2,943	\$ -	111,715
<b>ABC capital assets, net</b>	<b>\$ 18,401</b>			<b>\$ 15,458</b>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2013, were as follows:

	Vendors	Total
Governmental Activities:		
General	\$ 598,776	\$ 598,776
Other Governmental	1,754,849	1,754,849
Internal Service Fund	558	558
<b>Total governmental funds</b>	<b>\$ 2,354,183</b>	<b>\$ 2,354,183</b>
Business-type Activities		
Water Districts	\$ 60,046	\$ 60,046
<b>Total business-type activities</b>	<b>\$ 60,046</b>	<b>\$ 60,046</b>

**2. Pension Plan and Other Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* Bertie County and the ABC Board contribute to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% of annual covered payroll. The contribution requirements of members and of Bertie County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$316,026, \$333,756, and \$298,750, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$1,856, \$2,022, and \$3,430, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

**b. Law Enforcement Officers' Special Separation Allowance**

**1. Plan Description.**

Bertie County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is 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. The Separation Allowance is reported in the County's report as a pension trust fund.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Active plan members	26
Total	26

A separate report was not issued for the plan.

**2. Summary of Significant Accounting Policies:**

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

**3. Contributions.**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$0, or 0% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$	30,293
Interest on net pension obligation		9,887
Adjustment to annual required contribution		(12,305)
Annual pension cost		27,875
Contributions made		-
Increase (decrease) in net pension obligation		27,875
Net pension obligation beginning of year		197,733
Net pension obligation end of year	\$	225,608

3 Year Trend Information			
For Year Ended June 30	Annual Pension		
	Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 27,559	31.60%	\$ 170,819
2012	\$ 27,640	2.63%	\$ 197,733
2013	\$ 27,875	0.00%	\$ 225,608

**4. Funded Status and Funding Progress**

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$242,333, and the actuarial value of assets was 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$242,333.

The covered payroll (annual payroll of active employees covered by the plan) was \$940,600 and the ratio of the UAAL to the covered payroll was 25.76 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$56,571 which consisted of \$47,591 from the County and \$8,980 from the law enforcement officers.

**d. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Bertie County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$1,114.

**e. Other Post employment Benefit**

**Healthcare Benefits**

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System). The County provides these benefits according to the following guidelines: a) The County will pay 50% of the cost of the premiums for an employee who is at least 55 years

of age retiring with 15 years of continuous service with Bertie County; b) The County will pay 100% of the cost of the premiums for an employee retiring with 20 years of continuous service with Bertie County; c) The County will pay 100% of the cost of the premiums for an employee retiring with 25 years of non-continuous service with Bertie County; Coverage will continue until the employee becomes eligible for Medicare, at which time the County will convert coverage to a Medicare Supplement policy. The cost for the employee's share of the premiums, if any, will be determined on an annual basis. Service time credit with the County will be calculated based on actual service time and any sick leave time that is on balance with the County at the time of retirement. The health insurance provision of this article shall apply to County Commissioners. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	37	2
Active plan members	116	19
<b>Total</b>	<b>153</b>	<b>21</b>

*Funding Policy.* The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by County Commissioners. The County's members pay \$24.68 per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 15.08% of annual covered payroll. For the current year, the County contributed \$191,652 or 5.00% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.18% and 2.82% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the County Commissioners.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	754,692
Interest on net OPEB obligation		95,480
Adjustment to annual required contribution		(82,375)
<b>Annual OPEB cost (expense)</b>		<b>767,797</b>
Contributions made		(191,652)
Increase (decrease) in net OPEB obligation		576,145
Net OPEB obligation, beginning of year		2,386,999
<b>Net OPEB obligation, end of year</b>	<b>\$</b>	<b>2,963,144</b>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 744,719	21.26%	\$ 1,816,454
2012	\$ 754,692	24.40%	\$ 2,386,999
2013	\$ 767,797	24.96%	\$ 2,963,144

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$8,129,891. The covered payroll (annual payroll of active employees covered by the plan) was \$4,311,982 and the ratio of the UAAL to the covered payroll was 188.54%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50% to 5.00% annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of long-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 30 years.

**f. Other Employment Benefits**

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

**3. Deferred Outflows and Inflows of Resources**

Deferred inflows of resources at year-end is comprised of the following:

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 37,558
Taxes receivable, net (General )	685,785	-
Special assessments receivable, net (General)	6,045,848	-
	\$ 6,731,633	\$ 37,558

**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 two 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 a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices 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. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

Blue Cross/Blue Shield of North Carolina provides the County's health insurance and the dental insurance is provided by Ameritus.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County also is eligible to but has not purchased commercial flood insurance for another \$3,500,000 of coverage per structure.

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

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.

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

**5. Operating Leases**

At June 30, 2013 the County had an operating lease for various copiers. The following is a schedule of the minimum rental payments under the lease agreement as of June 30, 2013.

Year	Amount
2014	11,544
2015	2,886
Total	\$ 14,430

**6. Long-Term Obligations**

**a. Installment Purchase**

*Serviced by the General Fund:*

In February 2000, the County entered into an installment purchase contract for \$9,950,000 to finance construction on a new hospital. Principal and interest payments of \$68,888 are payable monthly. Interest is payable at a 5.5% rate. The County leases the new facilities to Vidant Medical Center. The amount of the lease payments shall be equal to the future debt service and all associated costs on the debt incurred by the County for the purpose of constructing the new facility. The final payment is due January 2022.

In February 2004, the County entered into an installment purchase contract for \$1,000,000 to finance construction on a new Health Department Building. The financing contract requires 180 fixed principal payments of \$5,556 and varying interest payments at a rate of 3.57% beginning in March 2004, and ending February 2019.

As authorized by State law [G.S.160A-20 and 153A-158.1], the County financed various property acquisitions for use by Bertie County Board of Education during the fiscal year ended June 30, 2004 by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with Bertie County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

The installment purchase was executed on July 1, 2003 for various property improvements for use by Bertie County Board of Education. The transaction requires fifteen principal payments by the County of \$212,181. There is no interest due. The payments are deposited into an interest drawing account. The remainder of the payments, totaling \$787,572, will be made from the interest account.

The installment purchase was executed on October 12, 2007 for various property improvements for use by Bertie County Board of Education. The transaction requires fifteen principal payments by the County of \$109,460. There is no interest due. The payments are deposited into an interest drawing account. The remainder of the payments, totaling \$358,100, will be made from the interest account.

In November 2005, the County entered into an installment purchase contract for \$6,000,000 to finance the construction on a new Middle School. The financing contract requires 30 semi-annual fixed principal payments of \$200,000 and varying interest payments at a rate of 3.8% beginning May 31, 2006 and ending November 2020.

In October 2006, the County entered into an installment purchase contract for \$3,300,000 to finance the construction of the new Department of Social Services Building. The financing contract requires 15 annual fixed principal payments of \$220,000 with an interest rate of 3.93% beginning October 2007. In October 2012, the County modified their agreement with the lender for a lower interest rate of 2.93%. The payment schedule continues without interruption and will be paid out as originally scheduled.

In March 2011, the County entered into an installment purchase contract for \$23,744 to finance a Dictaphone machine for use in Bertie Telephone Fund. The financing contract requires five payments of \$5,881, including principal and interest.

For Bertie County, the future minimum payments of these installment purchases as of June 30, 2013, including \$2,150,609 of interest, are:

Year ending June 30	Governmental Funds					
	Hospital		Health Department		DSS County Building	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	526,110	300,540	66,667	12,398	220,000	47,322
2015	556,210	270,440	66,667	10,018	220,000	42,064
2016	587,387	239,263	66,667	7,657	220,000	36,806
2017	621,637	205,014	66,667	5,258	220,000	31,548
2018	657,201	169,449	66,667	2,878	220,000	26,290
2019-2023	2,679,019	283,064	44,443	597	880,000	52,580
<b>Principal and interest payment totals</b>	<b>\$ 5,627,564</b>	<b>\$ 1,467,770</b>	<b>\$ 377,778</b>	<b>\$ 38,806</b>	<b>\$ 1,980,000</b>	<b>\$ 236,610</b>

Year ending June 30	QZAB School	QZAB Bertie	Middle School		Dictaphone	
	Project	High	Principal	Interest	Principal	Interest
	Principal	Principal	Principal	Interest	Principal	Interest
2014	212,181	109,460	400,000	98,020	4,688	1,193
2015	212,181	109,460	400,000	84,500	5,252	630
2016	212,181	109,460	400,000	70,980	-	-
2017	212,181	109,460	400,000	57,460	-	-
2018	212,181	109,460	400,000	43,940	-	-
2019-2023	999,753	547,300	1,000,000	50,700	-	-
2024-2028	-	358,100	-	-	-	-
<b>Principal and interest payment totals</b>	<b>\$ 2,060,658</b>	<b>\$ 1,452,700</b>	<b>\$ 3,000,000</b>	<b>\$ 405,600</b>	<b>\$ 9,940</b>	<b>\$ 1,823</b>

Year ending June 30	Totals	
	Principal	Interest
2014	\$ 1,539,106	\$ 459,473
2015	1,569,770	407,652
2016	1,595,695	354,706
2017	1,629,945	299,280
2018	1,665,509	242,557
2019-2023	6,150,515	386,941
2024-2028	358,100	-
<b>Principal and interest payment totals</b>	<b>\$ 14,508,640</b>	<b>\$ 2,150,609</b>

**b. General Obligation Indebtedness**

Bertie County Water Districts issue general obligations to facilitate the refunding (refinancing) for all outstanding debts incurred with the establishment of each district. The original voter approved district debts were comprised solely of U.S. Department of Agriculture Rural Development Water Bonds. The refunding process approved by the Board of Commissioners sitting as the governing body for all four water districts achieved a gross savings of \$2.49 million over the life of the bond debt through 2040. The net present value savings is estimated at \$1,655,300.

The limited obligation bonds issued by the County used in the refunding process of the Water Districts is shown as Investment in Bonds.

The County's general obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

*General obligation bonds serviced by the Water Districts*

\$2,525,000 refunding Series 2013 issued May 2013 due in annual installments of \$85,000 to \$130,000 through 2036. Interest at varying rates of 2% - 4%.	\$ 2,525,000
\$3,540,000 refunding Series 2013 issued May 2013 due in annual installments of \$105,000 to \$180,000 through 2037. Interest at varying rates of 2% - 4%.	3,540,000
\$2,290,000 refunding Series 2013 issued May 2013 due in annual installments of \$75,000 to \$120,000 through 2035. Interest at varying rates of 2% - 4%.	2,290,000
\$3,415,000 refunding Series 2013 issued May 2013 due in annual installments of \$80,000 to \$160,000 through 2040. Interest at varying rates of 2% - 4%.	3,415,000
	\$ 11,770,000

Annual debt service requirements to maturity for the Districts' general obligation bonds are as follows:

Year ending June 30,	Business-type activities	
	Principal	Interest
2014	\$ 345,000	\$ 448,498
2015	355,000	440,357
2016	370,000	429,707
2017	380,000	422,307
2018	385,000	407,107
2019-2023	2,175,000	1,810,181
2024-2028	2,615,000	1,338,206
2029-2033	2,820,000	784,288
2034-2038	2,025,000	254,188
2039-2040	300,000	18,000
Principal and interest payment totals	\$ 11,770,000	\$ 6,352,839

**c. Limited Obligation Bonds**

Pursuant to North Carolina General Statutes, the Bertie County Board of Commissioners enters into an installment contract and issues Limited Obligation Bonds for the purpose of designing, constructing and equipping a new high school for use by the Bertie County Board of Education. The 2012 Bonds are limited obligations of the County and payments thereon are limited to funds appropriated for that purpose by the Board of Commissioners of the County in its discretion. As security for the Bonds, the County executed a Deed of Trust, Security Agreement and Fixture Filing as of November 1, 2012 granting a lien of record on the site of the Project and the real estate improvements thereon.

The proceeds of the 2012 Bonds will be used construct the Bertie High School which will be approximately 147,000 square feet and will include a 500 seat auditorium, a 1,000 seat gymnasium and a cafeteria designed to serve approximately 300 students at a time. Construction began in November 2012 and is expected to be completed by April 1, 2014.

The obligation to make payments with respect to the bonds is not a general obligation of the County, and the taxing power of the County is not pledged directly or indirectly to secure any monies due to the owners of the bonds. Principal and interest payments are appropriated when due.



The County's limited obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

*Limited obligation bonds serviced by the General Fund:*

\$18,030,000 limited obligation Series 2012A QSCB issued November 2012 due in semi-annual interest payments with the principal due in 2036. Interest at 4.667%.	\$ 18,030,000
\$3,455,000 limited obligation Series 2012B issued November 2012 due in annual installments of \$285,000 to \$420,000 through 2022. Interest at varying rates of 1% - 3%.	3,455,000
	\$ 21,485,000

*Limited obligation bonds serviced by the County Water Service Fund:*

\$11,770,000 limited obligation Series 2013 issued May 2013 due in annual installments of \$345,000 to \$570,000 through 2040. Interest at varying rates of 2% - 4%.	11,770,000
	\$ 11,770,000

Annual debt service requirements to maturity for the General Fund and the Water District Service Fund limited obligation bonds are as follows:

Year ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2014	\$ 285,000	\$ 482,818	\$ 345,000	\$ 448,499
2015	285,000	915,635	355,000	440,356
2016	285,000	909,935	370,000	429,706
2017	285,000	904,235	380,000	422,306
2018	285,000	898,535	385,000	407,106
2019-2023	2,030,000	4,323,138	2,175,000	1,810,180
2024-2028	-	4,204,300	2,615,000	1,338,205
2029-2033	-	4,207,300	2,820,000	784,290
2034-2038	18,030,000	2,945,110	2,025,000	254,189
2039-2040	-	-	300,000	18,000
Principal and interest payment totals	\$ 21,485,000	\$ 19,791,006	\$ 11,770,000	\$ 6,352,837

At June 30, 2013, Bertie County had a legal debt margin of \$61,389,458.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchase	\$ 16,018,774	\$ -	\$ 1,510,134	\$ 14,508,640	\$ 1,539,106
Limited obligation debt	-	21,485,000		21,485,000	285,000
Compensated absences	311,639	-	25,327	286,312	71,578
Net pension obligation	197,733	27,875	-	225,608	27,875
Other postemployment benefits	2,296,646	548,560	-	2,845,206	-
<b>Total governmental activities</b>	<b>\$ 18,824,792</b>	<b>\$ 22,061,435</b>	<b>\$ 1,535,461</b>	<b>\$ 39,350,766</b>	<b>\$ 1,923,559</b>
<b>Business-type activities:</b>					
General obligation debt	\$ 12,267,100	\$ 11,770,000	\$ 12,267,100	\$ 11,770,000	\$ 345,000
Limited obligation debt	-	11,770,000	-	11,770,000	345,000
Original issue discount	-	(50,769)	(181)	(50,588)	(2,166)
Original issue premium	-	606,764	2,159	604,605	25,902
Compensated absences	15,804	2,199	-	18,003	4,501
Other postemployment benefits	90,352	27,697	-	118,049	-
<b>Total business-type activities</b>	<b>\$ 12,373,256</b>	<b>\$ 24,125,891</b>	<b>\$ 12,269,078</b>	<b>\$ 24,230,069</b>	<b>\$ 718,237</b>
<b>Discretely presented component unit:</b>					
Compensated absences	13,304	-	13,304	-	-
<b>Total discretely presented component unit</b>	<b>\$ 13,304</b>	<b>\$ -</b>	<b>\$ 13,304</b>	<b>\$ -</b>	<b>\$ -</b>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it as earned.

**d. Conduit Debt Obligations**

Bertie County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there were no industrial revenue bonds outstanding.

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2013, consist of the following:

Transfer from the Capital Reserves Schools to the General Fund for debt services.	\$ 924,108
Transfer from the General Fund to the Revaluation Fund to accumulated resources for the revaluation of real property.	(50,000)
Transfer from the General Fund to the Maintenance Building Fund for construction.	(2,500)
Transfer from the General Fund to the CDBG Fund to provide for the County's share of local commitment for the CDBG grant.	(10,073)
Transfer from the Water District III to the CDBG Fund to provide for the County's share of local commitment for the CDBG grant.	25,311
Transfer from the Water District IV to the CDBG Fund to provide for the County's share of local commitment for the CDBG grant.	9,116
Transfer from QZAB Bertie High Fund to Capital Reserves Schools Fund for the repayment of QZAB Debt	250,000
Transfer from the General Fund to Bertie County Telephone for operating uses.	(8,613)
<b>Total</b>	<b>\$ 1,137,349</b>

**D. Fund Balance**

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

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

<u>Total fund balance - General Fund</u>	\$ 7,433,855
Less:	
Drug	22,874
Stabilization by State Statute	1,013,142
Tax Revaluation	(52,723)
Education	438,411
Working Capital/Fund Balance Policy	2,097,359
Remaining Fund Balance	3,914,792

Bertie County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

**III. Joint Ventures**

The County participates in a joint venture to operate the Albemarle Regional Library with three other local governments. Each participating government appoints three board members to the twelve member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$126,764 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at Winton, North Carolina.

The County participates in a joint venture to operate East Carolina Behavioral Health with nine other counties. Each participating government appoints members to the eighteen member board. Bertie County appoints two members to the board. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$46,990 to the Center to supplement its activities. Complete financial statements for the Center may be obtained from the Center's offices at 144 Community College Road, Ahoskie, North Carolina 27910.

The County participates in a joint venture to operate the Bertie-Martin Regional Jail (Jail) with one other local government. Each participating government appoints three board members to the six-member board of the Jail. The County has an ongoing financial responsibility for the joint venture because the Jail's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Jail, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the governmental agreement between the participating governments, the County appropriated \$886,733 to the Jail to supplement its activities. This amount represents 46.5% of the total contributions by the participating governments. Complete financial statements for the Jail may be obtained from the Jail's office at 230 County Farm Road, Windsor, North Carolina 27983.

The County participates in a joint venture to operate the Choanoke Public Transportation Authority with three other local governments. Each participating government appoints board members to the nine member board based upon population. Bertie County appoints two members to the board. The County has an ongoing financial responsibility for the joint venture because the Authority's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$10,000 to the Authority to supplement its activities. Complete financial statements for the Authority may be obtained from the Authority's office at P. O. Box 320, Rich Square, North Carolina 27869.

**IV. Jointly Governed Organizations**

The County, in conjunction with four other counties and thirty-nine municipalities, established the Mid-East Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State

agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$6,119 to the Council during the fiscal year ended June 30, 2013.

**V. 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.

	Federal	State
Medicaid	\$ 26,077,330	\$ 15,071,106
Food stamp program	8,560,717	-
Energy assistance	93,600	-
Title IV-E	50,715	13,387
Foster Care	21,824	5,758
Foster Home	-	13,947
SC/SA Domiciliary Care	-	361,909
<b>Total</b>	<b>\$ 34,804,186</b>	<b>\$ 15,466,107</b>

**VI. Summary Disclosure of Significant Commitments and 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 moneys 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.

**VII. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Tax**

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2013, the County reported these local option sales taxes within its General Fund and Capital Projects Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of school indebtedness.

**VIII. Public School Building Capital Fund**

This program is funded using a portion of the corporate income taxes which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue shall remit to the State Treasurer for credit in the fund, an amount equal to the applicable fraction provided by the following table of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund. For the period from 10/01/1999 to 9/30/2000, the applicable fraction was one-fourteenth (1/14) of the net collections; for periods after 9/30/2000, the applicable fraction is five sixty-ninths (5/69) of the net collections of corporate taxes.

Moneys in the fund are allocated to Bertie County on the basis of the average daily membership (ADM) for Bertie County Board of Education as determined and certified by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 2013, the balance of the County's ADM allocation account was \$2,599. The County must match this balance on the basis of one dollar for every three dollars of State funds, for financing the school unit's facilities capital needs. The local school technology plan does not require a county match. This program is also funded in part, using a portion of the lottery funds collected from the NC Education Lottery. Distributions of the lottery money are made based on the County's average daily membership (ADM) and on the tax rate of the County. At June 30, 2013, the balance of the County's Lottery Fund account was \$357,612. This does not require a county match.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2013, the County's disbursing account had a balance of \$2,923.

Funds in the allocation and disbursing accounts are considered State monies until the County issues warrants to disburse them. At that time, they are recognized in the County's General Fund as a restricted intergovernmental revenue.

**IX. Notes Receivable**

**General Fund**

In December 1999, the County entered into a capital lease agreement with Vidant Medical Center (formerly Pitt County Memorial Hospital). The County is responsible for the construction and financing of a new hospital. As of June 20, 2002, the hospital was completed and the County began leasing the new facilities to Vidant. The title to the facilities transfers to Vidant at the end of the lease term, thus creating a note receivable from Vidant. At June 30, 2013, the fair market value of the lease was \$5,627,564.

In December 1993, the County accepted a note receivable from Landmark Asset Services, Inc., in exchange for 6.78 acres of land. The face value of the note is \$90,000, due in one single principal payment in 2044 and is non-interest bearing. The note is valued on the financial statements at the fair market value of the land of \$39,163 and is recorded as deferred revenue because the revenue is measurable, but not available.

In December 1995, the County accepted a note receivable from Landmark Asset Services, Inc., in consideration for environmental clean-up and site improvement expenditures incurred by the County. The face value of the note is \$249,520, due in one single payment in 2046 and is non-interest bearing. The note is valued on the financial statements at face value and is recorded as a deferred revenue because the revenue is measurable, but not available.

In July 2004, the County accepted a note receivable from Bertie Memorial Limited Partnership in consideration for environmental clean-up and site improvement expenditures incurred by the County. The face value of the note is \$129,600, due in eighteen payments beginning in 2037 and is non-interest bearing. The note is valued on the financial statements at face value and is recorded as a deferred revenue because the revenue is measurable, but not available.

**X. Changes in Accounting Principles**

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures.

**XI. Restatement of Net Position**

The net position of the Governmental Funds was restated by \$15,420. This increase to net position is due the construction in progress of the Bertie High School from the prior year. As of June 30, 2012, construction in progress was understated by \$15,420.

## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contribution of the Law Enforcement Officers' Special Separation Allowance
- Notes to the required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

Bertie County, North Carolina  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial value of Assets (a)	Actuarial Accrued Liability (AAL)- Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val Date (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/2003	\$ -	\$ 128,702	\$ 128,702	0.00%	\$ 497,053	25.89%
12/31/2004	\$ -	\$ 149,574	\$ 149,574	0.00%	\$ 691,183	21.64%
12/31/2005	\$ -	\$ 143,377	\$ 143,377	0.00%	\$ 748,458	19.16%
12/31/2006	\$ -	\$ 160,224	\$ 160,224	0.00%	\$ 729,854	21.95%
12/31/2007	\$ -	\$ 169,093	\$ 169,093	0.00%	\$ 669,260	25.27%
12/31/2008	\$ -	\$ 189,196	\$ 189,196	0.00%	\$ 877,514	21.56%
12/31/2009	\$ -	\$ 211,187	\$ 211,187	0.00%	\$ 809,289	26.10%
12/31/2010	\$ -	\$ 209,354	\$ 209,354	0.00%	\$ 907,223	23.08%
12/31/2011	\$ -	\$ 217,109	\$ 217,109	0.00%	\$ 938,152	23.14%
12/31/2012	\$ -	\$ 242,333	\$ 242,333	0.00%	\$ 940,600	25.76%

Bertie County, North Carolina  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 June 30, 2013

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 15,444	0.00%
2006	\$ 19,645	0.00%
2007	\$ 19,396	0.00%
2008	\$ 20,464	0.00%
2009	\$ 20,280	42.94%
2010	\$ 24,457	35.61%
2011	\$ 28,097	31.00%
2012	\$ 29,289	2.48%
2013	\$ 33,058	0.00%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
* Includes inflation of	3.00%
Cost-of living adjustments	N/A



Bertie County, North Carolina  
**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial value of Assets (a)	Actuarial Accrued Liability (AAL)- Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 8,201,098	\$ 8,201,098	0.00%	\$ 4,552,443	180.15%
12/31/2009	\$ -	\$ 8,129,891	\$ 8,129,891	0.00%	\$ 4,311,982	188.54%

Bertie County, North Carolina  
**OTHER POSTEMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 June 30, 2013

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 737,964	17.30%
2011	\$ 744,719	21.26%
2012	\$ 754,692	24.40%
2013	\$ 767,797	24.96%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 Years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate*	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	9.00% - 5.00%
Year of Ultimate trend rate	2017
* Includes inflation at	3.75%

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS SECTION

Bertie County, North Carolina  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Current year		\$ 9,069,652	
Prior years		325,098	
Penalties and interest		113,245	
Total	\$ 9,370,180	9,507,995	\$ 137,815
Other taxes:			
Local government sales tax		367,601	
Scrap tire disposal tax		25,568	
N.C. excise tax		65,207	
Lease vehicle tax		427	
Total	390,200	458,803	68,603
Intergovernmental revenues:			
Wine and beer		59,391	
Emergency Management		36,914	
Local 1/2¢ sales tax-art 40		904,656	
Local 1/2¢ sales tax-art 42		400,458	
Local 1/2¢ sales tax-art 44		2,051	
State DWI reimbursement		1,702	
Payment in lieu of taxes		26,617	
Veteran services		1,452	
Aging office		228,288	
CAMA		491	
Soil conservation		23,092	
Juvenile Crime Prevention Council		90,451	
Court facility fees		39,375	
Officer fees		53,302	
Restricted drug money		2,812	
Law Enforcement Grant		356	
School Resource Officer – Board of Ed.		69,320	
Rural General Public Transportation		52,863	
Aging - Senior outreach		3,561	
Social services - general administration		2,187,219	
Day Care		718,300	
Domestic violence		82,520	
Work First		(2,267)	
Child support		287,771	
Foster care		79,517	
Elderly/Handicapped transportation		45,140	
Hurricane Isabel stream cleanup		17,694	
Hold Harmless - Article 44		21,194	
Title I HAVA elections		5,041	
Ship Grant		5,252	
Land Use Plan Update		1,500	
Solid Waste Disposal		10,007	

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Medicaid EMS Cost		35,508	
Equipment Grant		35	
Seniors on the Move Mid East		3,000	
<b>Total</b>	<b>5,616,571</b>	<b>5,627,073</b>	<b>10,502</b>
Licenses and permits:			
Recording fees		51,955	
Vital record fees		14,002	
Concealed weapons		7,510	
Recreation fees		5,004	
Peddlers license		50	
Other fees		72,916	
Inspection fees and building permits		87,437	
Cultural resources		2,579	
Floodplain mapping fee		5,674	
Concession profits		382	
<b>Total</b>	<b>199,875</b>	<b>247,509</b>	<b>47,634</b>
Sales and services:			
Rents and concessions		49,007	
Jail fees		10,358	
Refuse collection fees		1,831,039	
Aging Program income		15,489	
Registration fees		210	
<b>Total</b>	<b>1,933,441</b>	<b>1,906,103</b>	<b>(27,338)</b>
<b>Investment earnings</b>	<b>33,000</b>	<b>13,484</b>	<b>(19,516)</b>
Miscellaneous:			
Fuel tax		36,360	
Miscellaneous		119,782	
ABC profits		11,698	
5¢ per bottle tax		2,551	
Sale of assets		7,208	
Sale of land		45,280	
Other department revenue		92,774	
Insurance proceeds		114,141	
Hospital lease revenue		826,650	
5% water gross receipts		9,004	
5% electric gross receipts		35,154	
5% sewer gross receipts		5,976	
Reimbursement Cooperative Extension Program Income		2,718	
Implemental functions of NC911		26,388	
<b>Total</b>	<b>1,120,891</b>	<b>1,335,684</b>	<b>214,793</b>
<b>Total revenues</b>	<b>18,664,158</b>	<b>19,096,651</b>	<b>432,493</b>

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
<u>General Government</u>			
Governing body:			
Salaries and benefits		83,357	
Travel		44,407	
Telephone and postage		3,957	
Professional services		4,200	
Dues and subscriptions		5,801	
Advertising		2,982	
Insurance and bonds		48,094	
Miscellaneous		4,958	
<b>Total</b>	<b>197,761</b>	<b>197,756</b>	<b>5</b>
Administration:			
Salaries and benefits		449,735	
Telephone and postage		5,142	
Travel		5,062	
Supplies and materials		6,253	
Dues and subscriptions		181	
Advertising		319	
Insurance and bonds		640	
<b>Total</b>	<b>485,684</b>	<b>467,332</b>	<b>18,352</b>
Finance:			
Salaries and benefits		183,787	
Supplies and materials		7,564	
Travel		3,153	
Telephone and postage		4,634	
Contracted services		29,994	
Dues and subscriptions		25	
Maintenance and repairs		3,256	
Insurance and bonds		175	
Prepayment penalty		11,000	
<b>Total</b>	<b>284,155</b>	<b>243,588</b>	<b>40,567</b>
Elections:			
Salaries and benefits		78,873	
Telephone and postage		6,102	
Travel		8,229	
Buildings and equipment rents		599	
Advertising		279	
Supplies and materials		3,310	
Maintenance and repairs		22,180	
Contracted services		4,790	
Dues and subscriptions		10	
Insurance and bonds		262	
<b>Total</b>	<b>126,325</b>	<b>124,634</b>	<b>1,691</b>

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<b>Tax Collections:</b>			
Salaries and benefits		349,035	
Telephone and postage		27,728	
Travel		2,677	
Insurance and bonds		450	
Advertising		8,281	
Office supplies		7,083	
Contracted services		40,235	
Maintenance and repairs		3,286	
Dues and subscriptions		385	
Miscellaneous		33,434	
Capital outlay		5,807	
Total	536,562	478,401	58,161
<b>Legal:</b>			
Contracted services		53,512	
Tax foreclosures		93,489	
Total	159,352	147,001	12,351
<b>Register of Deeds:</b>			
Salaries and benefits		178,999	
Telephone and postage		3,111	
Travel		4,898	
Supplies and materials		5,766	
Fees		2,063	
Contracted services		17,146	
Dues and subscriptions		400	
Insurance and bonds		964	
Maintenance and repairs		42,052	
Conveyance tax		31,952	
Domestic violence		2,590	
Floodplain mapping plan		5,674	
Total	301,029	295,615	5,414
<b>Data Center:</b>			
Salaries and benefits		137,143	
Telephone and postage		9,764	
Travel		707	
Supplies and materials		8,373	
Contracted services		7,188	
Maintenance and repairs		30,874	
Capital Outlay		18,266	
Total	221,920	212,315	9,605

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<b>Public Buildings:</b>			
Salaries and benefits		201,471	
Telephone and postage		1,568	
Utilities		50,976	
Maintenance and repairs - buildings		32,562	
Maintenance and repairs - vehicles and equipment		6,955	
Automotive supplies		6,678	
Supplies and materials		9,356	
Contracted services		13,146	
Insurance and bonds		21,096	
Uniforms		1,986	
Capital outlay		49,681	
	411,046	395,475	15,571
Allocated to court facilities	(46,000)	(46,000)	-
<b>Total</b>	<b>365,046</b>	<b>349,475</b>	<b>15,571</b>
<b>Court Facilities:</b>			
Utilities and telephone		32,701	
Maintenance and repair		1,250	
Buildings and equipment rents		372	
Miscellaneous		1,889	
<b>Total</b>	<b>38,622</b>	<b>36,212</b>	<b>2,410</b>
Allocated from public buildings	46,000	46,000	-
<b>Total</b>	<b>84,622</b>	<b>82,212</b>	<b>2,410</b>
<b>Parks and Recreation:</b>			
Salaries and benefits		133,904	
Supplies and materials		20,486	
Travel		474	
Telephone and postage		2,242	
Maintenance and repairs - vehicles and equipment		1,743	
Insurance and bonds		3,383	
Supplemental grants		18,399	
Contracted services		3,077	
Dues and subscriptions		110	
Utilities		13,500	
Capital outlay		18,267	
	241,689	215,585	26,104
<b>Total General Government</b>	<b>3,004,145</b>	<b>2,813,914</b>	<b>190,231</b>
<b>Public Safety</b>			
<b>Sheriff:</b>			
Salaries and benefits		1,537,781	
Employee training		3,605	
Telephone and postage		15,150	
Travel		1,038	



Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Maintenance and repairs - equipment		4,015	
Maintenance and repairs - vehicles		35,099	
Maintenance and repairs - building		16,267	
Automotive supplies		176,957	
Supplies and materials		47,217	
Dues and subscriptions		419	
Insurance and bonds		27,731	
Uniforms		11,884	
Utilities		11,812	
Restricted drug money		6,823	
Employee physical		135	
Capital outlay - equipment		33	
Capital outlay - vehicles		114,739	
Total	2,130,642	2,010,705	119,937
Emergency Management:			
Salaries and benefits		55,143	
Telephone and postage		9,954	
Travel		1,063	
Insurance and bonds		2,381	
Supplies and materials		7,565	
Maintenance and repairs		7,451	
Fire department		240,000	
Rescue squad		185,275	
Supplemental grant		1,000	
EMS Grant		15,115	
Miscellaneous		175	
Medical transports		6,900	
Total	544,119	532,022	12,097
Planning and Inspection:			
Salaries and benefits		248,875	
Telephone and postage		2,961	
Travel		2,585	
Maintenance and repairs		1,603	
Automotive supplies		11,415	
Supplies and materials		1,739	
Dues and subscriptions		465	
Insurance and bonds		1,919	
Advertising		177	
Miscellaneous		45	
Total	314,502	271,784	42,718
Animal Control:			
Salaries and benefits		48,888	
Utilities		1,543	
Maintenance and repairs		340	

Bertie County, North Carolina

**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Telephone and postage		767	
Automotive supplies		7,398	
Supplies and materials		5,078	
Insurance and bonds		1,629	
Contracted services		781	
Uniforms		586	
Total	72,260	67,010	5,250
<b>Medical Examiner:</b>			
Professional services	9,000	5,100	3,900
<b>Communications:</b>			
Salaries and benefits		317,623	
Telephone and postage		4,435	
Utilities		5,496	
Travel		442	
Supplies and materials		4,016	
Contracted services		1,800	
Insurance and bonds		471	
Maintenance and repairs equipment		500	
Maintenance contracts		8,795	
Total	378,640	343,578	35,062
<b>Criminal Justice Partnership:</b>			
Salaries and benefits		1,788	
Total	1,790	1,788	2
<b>Domestic Violence Task Force:</b>			
Salaries and benefits		82,357	
Supplies and materials		2,052	
Travel		6,987	
Telephone and postage		2,964	
Contracted services		10,893	
Rent expense		4,950	
Administration		5,000	
Total	207,512	115,203	92,309
<b>Appropriations:</b>			
Bertie-Martin Regional Jail	886,733	886,733	-
<u>Total Public Safety</u>	4,545,198	4,233,923	311,275

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<u>Environmental Protection</u>			
Sanitation:			
Tire disposal		20,735	
Convenience centers		482,192	
Contracted services		3,835	
Total	513,192	506,762	6,430
<u>Total Environmental Protection</u>	513,192	506,762	6,430
<u>Economic and Physical Development</u>			
Agricultural Extension:			
Salaries and benefits		113,740	
Maintenance and repairs - equipment		2,693	
Telephone and postage		5,324	
Programs		5,740	
Eat Smart Move More		8,120	
Operation Round-Up		972	
4-H Cooking Camp		1,948	
Travel		3,769	
Supplies and materials		12,218	
Dues and subscriptions		436	
Contracted services		4,105	
Total	185,307	159,065	26,242
Economic Development:			
Salaries and benefits		68,638	
Telephone and postage		780	
Travel		4,781	
Advertising		175	
Supplies and materials		101	
Peanut Belt Rural Planning		5,232	
Total	82,893	79,707	3,186
Soil Conservation:			
Salaries and benefits		63,079	
Transportation		1,600	
Hurricane Isabel stream cleanup		17,694	
Total	85,532	82,373	3,159
<u>Total Economic &amp; Physical Development</u>	353,732	321,145	32,587

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<b>Human Services</b>			
Health:			
Administration:			
Insurance and bonds		1,155	
Management fee yearly appropriation		96,000	
Total	97,200	97,155	45
Total Health	97,200	97,155	45
Social Services:			
Administration:			
Salaries and benefits		2,092,548	
Telephone and postage		38,355	
Utilities		23,168	
Travel		9,449	
Maintenance and repairs		16,388	
Food stamp – EBT		9,502	
Maintenance contracts		5,884	
Buildings and equipment rents		639	
Vehicle supplies		6,770	
Supplies and materials		42,654	
Contracted services		36,664	
Dues and subscriptions		808	
Insurance		5,960	
Bertie Hospital - Indigent		120,000	
Miscellaneous expense		1,450	
Total	2,729,839	2,410,239	319,600
General Assistance:			
Public assistance		1,242	
S.A.A.		337,863	
State foster care		35,758	
Day Care		718,300	
Medicaid		531	
Legal services		26,491	
Chore services		45,714	
Adoption assistance		13,747	
Foster Child Adoption Incentive		3,361	
Transport of patients and other		87,543	
Work First		37,391	
AFDC – Foster Care		61,525	
Crisis intervention		211,874	
Jobs program		19,426	
Aid to blind		1,579	

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Low Income Home Energy		93,600	
DNA Testing		2,499	
Child Support		411,600	
Total	2,366,483	2,110,044	256,439
Aid to Aged and Disabled:			
Salaries and benefits		183,419	
Advertising		614	
Telephone and postage		2,355	
Travel		4,083	
Maintenance and repairs		1,731	
Building and equipment rent		6,000	
Respite		48,759	
Transportation of patients		63,461	
Utilities		10,921	
Home delivered meals		37,095	
Food and provisions		53,059	
Insurance and bonds		1,855	
Janitor		1,289	
Senior Center		5,182	
Classes		2,898	
SHIP Grant		6,535	
Supplies and materials		3,148	
Dues and subscriptions		180	
Total	447,472	432,584	14,888
Total social services	5,543,794	4,952,867	590,927
Veterans Service Office:			
Salaries and benefits		21,709	
Telephone and postage		489	
Travel		1,196	
Supplies and materials		396	
Dues and subscriptions		75	
Total	24,368	23,865	503
Appropriations:			
Mental health		44,590	
Mental health - ABC 5¢		2,400	
Community Based Alternatives		51,637	
Choanoke Public Transit Authority		10,000	
Total	111,027	108,627	2,400
<u>Total Human Services</u>	5,776,389	5,182,514	593,875

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
<u>Education:</u>			
Public schools current expense		3,003,000	
Public schools capital outlay		375,000	
Community Colleges		95,000	
<u>Total</u>	<u>3,473,500</u>	<u>3,473,000</u>	<u>500</u>
<u>Total Education</u>	<u>3,473,500</u>	<u>3,473,000</u>	<u>500</u>
<u>Special Appropriations</u>			
Other Agencies:			
Arts Council		5,000	
Airport		12,500	
Mideast Commission		6,119	
Roanoke River Partners		1,500	
Forest service		91,158	
Historical group		15,000	
Library		126,764	
Juvenile detention		10,736	
Juvenile probation		2,600	
CADA		4,800	
CBA task force		5,008	
Windsor Area Chamber		2,000	
Food Bank of Albemarle		2,000	
Partnership for the Sounds		5,000	
Roanoke-Chowan Safe		1,000	
Rural general public transportation		35,737	
RC Domestic Violence Task Force		2,000	
Caswell Center		400	
Three Rivers Healthy Carolina		2,000	
Family Resource Center		15,000	
Highway 17 Association		4,000	
Tax specialist		689	
Vocational Jobs/Education		42,350	
<u>Total</u>	<u>433,946</u>	<u>393,361</u>	<u>40,585</u>
<u>Total Special Appropriations</u>	<u>433,946</u>	<u>393,361</u>	<u>40,585</u>
<u>Debt Service:</u>			
Principal retirement	1,505,949	1,505,948	
Interest and fees	984,553	983,378	
	<u>2,490,502</u>	<u>2,489,326</u>	<u>1,176</u>
<u>Total Debt Service</u>	<u>2,490,502</u>	<u>2,489,326</u>	<u>1,176</u>

Bertie County, North Carolina

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance Positive (Negative)
Total expenditures	20,590,604	19,413,945	1,176,659
Revenues over (under) expenditures	(1,926,446)	(317,294)	1,609,152
Other financing sources (uses):			
Transfers from other funds:			
Capital Reserve Schools Fund	1,219,373	1,226,766	7,393
Transfers to other funds:			
Tax Revaluation Fund	(50,000)	(50,000)	-
Capital Reserve Schools Fund	(285,000)	(302,658)	(17,658)
Maintenance Building Fund	(2,500)	(2,500)	-
2008 CDBG CN	(10,073)	(10,073)	-
Water District I	(26,796)	-	26,796
To internal service fund	(8,613)	(8,613)	-
Total other financing sources (uses)	836,391	852,922	16,531
Revenues and other sources over (under) expenditures and other uses	(1,090,055)	535,628	1,625,683
Appropriated fund balance	1,090,055	-	(1,090,055)
Net change in fund balance	\$ -	535,628	\$ 535,628
Fund balance, beginning		6,512,539	
Fund balance, end		\$ 7,048,167	

Bertie County, North Carolina  
**REVALUATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 For the Fiscal Year Ended June 30, 2013

	2013		Variance Positive (Negative)
	Final Budget	Actual	
<b>EXPENDITURES</b>			
Current:			
Revaluation	\$ 50,000	\$ 8,029	\$ 41,971
Total expenditures	<u>50,000</u>	<u>8,029</u>	<u>41,971</u>
Revenues over (under) expenditures	(50,000)	(8,029)	41,971
<b>OTHER FINANCING SOURCES</b>			
Transfers in - General Fund	50,000	50,000	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>41,971</u>	<u>\$ 41,971</u>
Fund balance, beginning		(94,694)	
Fund balance, ending		<u>\$ (52,723)</u>	



Bertie County, North Carolina  
**CAPITAL RESERVE - SCHOOLS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2013

	2013		Variance Positive (Negative)
	Final Budget	Actual	
<b>REVENUES</b>			
Investment earnings	\$ 5,000	\$ 540	\$ (4,460)
QSCB interest	-	341,738	341,738
Total revenue	5,000	342,278	337,278
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in - General Fund	285,000	302,658	17,658
Transfers in - Bertie High School Fund	-	650,000	650,000
Transfers out - General Fund	(776,619)	(784,013)	(7,394)
Transfers out - Bertie High School Fund	(400,000)	(400,000)	-
Transfers out - Debt Service Fund	(442,754)	(442,753)	1
Total transfers	(1,334,373)	(674,108)	660,265
Revenues and other sources (uses) over (under) expenditures	(1,329,373)	(331,830)	997,543
Appropriated fund balance	1,329,373	-	(1,329,373)
Revenues, other uses and appropriated fund balance over (under) expenditures	\$ -	(331,830)	\$ (331,830)
Fund balance, beginning		770,241	
Fund balance, ending		\$ 438,411	

Bertie County, North Carolina  
**BERTIE HIGH SCHOOL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Investment earnings	\$ -	\$ -	\$ 5,274	\$ 5,274	\$ 5,274
<b>EXPENDITURES:</b>					
Construction	\$ 19,705,406	\$ -	\$ 9,806,831	\$ 9,806,831	\$ 9,898,575
Engineer and architectural fees	910,121	12,662	1,886	14,548	895,573
Furniture, fixtures and equipment	300,000	-	-	-	300,000
Legal fees	250,000	2,758	11,822	14,580	235,420
Bond insurance and issuance costs	69,473	-	288,619	288,619	(219,146)
Contingency	300,000	-	-	-	300,000
Total	21,535,000	15,420	10,109,158	10,124,578	11,410,422
Revenues over (under) expenditures	(21,535,000)	(15,420)	(10,103,884)	(10,119,304)	11,415,696
<b>OTHER FINANCING SOURCES (USES)</b>					
Qualified School Construction Bonds	18,030,000	-	18,030,000	18,030,000	-
Limited Obligation Bonds	3,455,000	-	3,455,000	3,455,000	-
Bond discounts/premiums	-	-	41,962	41,962	41,962
Transfer in - School Capital Projects	700,000	300,000	400,000	700,000	-
Transfer out - School Capital Projects	(650,000)	-	(650,000)	(650,000)	-
Total other financing sources (uses)	21,535,000	300,000	21,276,962	21,576,962	41,962
Net change in fund balance	\$ -	\$ 284,580	11,173,078	\$ 11,457,658	\$ 11,457,658
Fund balance, beginning			284,580		
Fund balance, ending			\$ 11,457,658		

	Special Revenue Funds			
	Emergency Telephone System	2006 CN Community Development Block Grant	2011 SS Community Development Block Grant	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and investments	\$ 355,151	\$ 8,693	\$ 5,570	\$ 369,414
Accounts receivable (net)	23,707	-	-	23,707
<b>Total assets</b>	<b>\$ 378,858</b>	<b>\$ 8,693</b>	<b>\$ 5,570</b>	<b>\$ 393,121</b>
<b>FUND BALANCES</b>				
Restricted:				
Stabilization by State Statute	23,707	-	-	23,707
Unassigned	355,151	8,693	5,570	369,414
<b>Total fund balances</b>	<b>378,858</b>	<b>8,693</b>	<b>5,570</b>	<b>393,121</b>
<b>Total liabilities and fund balances</b>	<b>\$ 378,858</b>	<b>\$ 8,693</b>	<b>\$ 5,570</b>	<b>\$ 393,121</b>

Bertie County, North Carolina  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 June 30, 2013

Capital Project Funds						Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Pilot Extraction Facility	Golden Leaf Grant	Maintenance Building					
\$ 11,951	\$ 92,849	\$ 43	\$	104,843	\$	474,257	
-	-	-	-	-	-	23,707	
\$ 11,951	\$ 92,849	\$ 43	\$	104,843	\$	497,964	
-	-	-	-	-	-	23,707	
11,951	92,849	43		104,843		474,257	
11,951	92,849	43		104,843		497,964	
\$ 11,951	\$ 92,849	\$ 43	\$	104,843	\$	497,964	

	Special Revenue Funds				
	Emergency Telephone System	2006 CN Community Development Block Grant	2008 SS Community Development Block Grant	Tornado Donations	2011 HU Community Development Block Grant
<b>REVENUES</b>					
Investment earnings	\$ 539	\$ -	\$ -	\$ -	\$ -
Federal and State grants	-	-	-	-	10,823
Intergovernmental revenues	142,227	-	-	-	-
Program Income	-	-	(10,750)	-	-
Miscellaneous	4,018	-	-	-	-
<b>Total revenues</b>	<b>146,784</b>	<b>-</b>	<b>(10,750)</b>	<b>-</b>	<b>10,823</b>
<b>EXPENDITURES</b>					
Current:					
Public safety	97,654	-	-	-	-
Economic and physical development	-	875	5,866	25,600	10,823
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>97,654</b>	<b>875</b>	<b>5,866</b>	<b>25,600</b>	<b>10,823</b>
Excess (deficiency) of revenues over (under) expenditures	49,130	(875)	(16,616)	(25,600)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	49,130	(875)	(16,616)	(25,600)	-
Fund balance, beginning	329,728	9,568	16,616	25,600	-
<b>Fund balance, ending</b>	<b>\$ 378,858</b>	<b>\$ 8,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Bertie County, North Carolina  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 For The Fiscal Year Ended June 30, 2013

Special Revenue Funds		Capital Project Funds						
2011 SS Community Development Block Grant	Total Nonmajor Special Revenue Funds	Pilot Extraction Facility	Golden Leaf Grant	Maintenance Building	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Totals		
\$ -	\$ 539	\$ -	\$ -	\$ -	\$ -	\$ 539		
5,000	15,823	-	10,000	-	10,000	25,823		
-	142,227	-	-	-	-	142,227		
10,750	-	-	-	-	-	-		
-	4,018	-	-	-	-	4,018		
15,750	162,607	-	10,000	-	10,000	172,607		
-	97,654	-	-	-	-	97,654		
10,180	53,344	-	42,310	-	42,310	95,654		
-	-	-	-	9,807	9,807	9,807		
10,180	150,998	-	42,310	9,807	52,117	203,115		
5,570	11,609	-	(32,310)	(9,807)	(42,117)	(30,508)		
-	-	-	-	2,500	2,500	2,500		
-	-	-	-	2,500	2,500	2,500		
5,570	11,609	-	(32,310)	(7,307)	(39,617)	(28,008)		
-	381,512	11,951	125,159	7,350	144,460	525,972		
\$ 5,570	\$ 393,121	\$ 11,951	\$ 92,849	\$ 43	\$ 104,843	\$ 497,964		

Bertie County, North Carolina  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 For the Fiscal Year Ended June 30, 2013

	2013		Variance Positive (Negative)
	Final Budget	Actual	
<b>REVENUES</b>			
Restricted intergovernmental	\$ 142,227	\$ 142,227	\$ -
Investment earnings	1,000	539	(461)
Miscellaneous	4,019	4,018	(1)
Total revenue	147,246	146,784	(462)
<b>EXPENDITURES</b>			
Implemental functions	27,000	26,388	612
Telephone	41,100	29,084	12,016
Furniture	4,815	4,718	97
Software maintenance	15,000	-	15,000
Hardware maintenance	55,831	34,016	21,815
Training	3,500	3,448	52
Total expenditures	147,246	97,654	49,592
Revenues over (under) expenditures	\$ -	49,130	\$ 49,130
Fund balance, beginning		329,728	
Fund balance, ending		\$ 378,858	

Bertie County, North Carolina  
**2006 COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Federal grants	\$ 700,000	\$ 689,407	\$ -	\$ 689,407	\$ (10,593)
<b>EXPENDITURES</b>					
Current:					
Economic and physical development	750,000	729,839	875	730,714	19,286
Revenues over (under) expenditures	(50,000)	(40,432)	(875)	(41,307)	8,693
<b>OTHER FINANCING SOURCES</b>					
Transfers in	50,000	50,000	-	50,000	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 9,568</b>	<b>(875)</b>	<b>\$ 8,693</b>	<b>\$ 8,693</b>
Fund balance, beginning			9,568		
Fund balance, ending			\$ 8,693		



Bertie County, North Carolina  
**2008 COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Federal grants	\$ 500,000	\$ 420,429	\$ -	\$ 420,429	\$ (79,571)
Program income	-	10,750	(10,750)	-	-
<b>Total revenues</b>	<b>500,000</b>	<b>431,179</b>	<b>(10,750)</b>	<b>420,429</b>	<b>(79,571)</b>
<b>EXPENDITURES</b>					
Current:					
Economic and physical development	500,000	414,563	5,866	420,429	79,571
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 16,616</b>	<b>(16,616)</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balance, beginning			16,616		
<b>Fund balance, ending</b>			<b>\$ -</b>		

Bertie County, North Carolina  
**TORNADO DONATIONS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 For the Fiscal Year Ended June 30, 2013

	2013		Variance Positive (Negative)
	Budget	Actual	
<b>EXPENDITURES</b>			
Public safety:			
Economic and physical development	25,601	25,600	1
Total expenditures	25,601	25,600	1
Revenues over (under) expenditures	(25,601)	(25,600)	1
Appropriated fund balance	25,601	-	(25,601)
Revenues and appropriated fund balance over (under) expenditures	\$ -	(25,600)	\$ (25,600)
Fund balance, beginning		25,600	
Fund balance, ending		\$ -	

Bertie County, North Carolina  
**2011 COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Federal grants	\$ 50,000	\$ -	\$ 10,823	\$ 10,823	\$ (39,177)
Program income	-	-	-	-	-
<b>Total revenues</b>	<b>50,000</b>	<b>-</b>	<b>10,823</b>	<b>10,823</b>	<b>(39,177)</b>
<b>EXPENDITURES</b>					
Current:					
Economic and physical development	50,000	-	10,823	10,823	39,177
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balance, beginning			-		
Fund balance, ending			\$ -		

Bertie County, North Carolina

**2011 COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Federal grants	\$ 400,000	\$ -	\$ 5,000	\$ 5,000	\$ (395,000)
Program income	10,750	-	10,750	10,750	-
Total revenues	410,750	-	15,750	15,750	(395,000)
<b>EXPENDITURES</b>					
Current:					
Economic and physical development	410,750	-	10,180	10,180	400,570
Net change in fund balance	\$ -	\$ -	5,570	\$ 5,570	\$ 5,570
Fund balance, beginning			-		
Fund balance, ending			\$ 5,570		

Bertie County, North Carolina  
**PILOT EXTRACTION FACILITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Donations	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Total revenues	15,000	15,000	-	15,000	-
<b>EXPENDITURES</b>					
General construction	15,000	2,989	-	2,989	12,011
Legal	-	60	-	60	(60)
Total expenditures	15,000	3,049	-	3,049	11,951
Net change in fund balance	\$ -	\$ 11,951	-	\$ 11,951	\$ 11,951
Fund balance, beginning			11,951		
Fund balance, ending			\$ 11,951		

Bertie County, North Carolina  
GOLDEN LEAF GRANT FUNDSCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
State grant	\$ 500,000	\$ 323,473	\$ 10,000	\$ 333,473	(166,527)
Total revenues	500,000	323,473	10,000	333,473	(166,527)
<b>EXPENDITURES</b>					
Salaries and wages	152,000	82,301	7,857	90,158	61,842
Youth program	16,000	10,171	5,261	15,432	568
Senior program	9,000	-	8,714	8,714	286
Maintenance and repair	3,157	-	765	765	2,392
Upgrades	36,000	25,000	-	25,000	11,000
Capital outlay	283,843	80,842	19,713	100,555	183,288
Total expenditures	500,000	198,314	42,310	240,624	259,376
Net change in fund balance	\$ -	\$ 125,159	(32,310)	\$ 92,849	\$ 92,849
Fund balance, beginning			125,159		
Fund balance, ending			\$ 92,849		

Bertie County, North Carolina  
**MAINTENANCE BUILDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>EXPENDITURES</b>					
Capital outlay:					
Landscaping		\$ 8,473	\$ -	\$ 8,473	
Contracted services		7,905	9,807	17,712	
Capital outlay - building		31,272	-	31,272	
Contingency		-	-	-	
<b>Total expenditures</b>	<b>\$ 57,500</b>	<b>47,650</b>	<b>9,807</b>	<b>57,457</b>	<b>43</b>
Revenues under expenditures	(57,500)	(47,650)	(9,807)	(57,457)	43
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in - General Fund	57,500	55,000	2,500	57,500	-
	57,500	55,000	2,500	57,500	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 7,350</b>	<b>(7,307)</b>	<b>\$ 43</b>	<b>\$ 43</b>
Fund balance, beginning			7,350		
Fund balance, ending			\$ 43		

	Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>			
Charges for services		\$ 339,347	
Water taps		5,242	
Other operating revenues		22,234	
Total operating revenues	\$ 376,636	366,823	\$ (9,813)
<b>Nonoperating revenues:</b>			
Investment earnings		360	
Miscellaneous revenue		2,883	
Total nonoperating revenues	2,700	3,243	543
Total revenues	379,336	370,066	(9,270)
<b>Expenditures:</b>			
<b>Water administration:</b>			
Salaries and benefits		78,030	
Telephone and postage		14,210	
Travel		11	
Repairs and maintenance		14,712	
Advertising		317	
Supplies		14,711	
Uniforms		498	
Contracted services		14,915	
Professional fees		3,000	
Dues and subscriptions		690	
Chemicals		1,919	
Employee training		26	
Insurance		3,967	
Utilities		22,363	
Water testing		4,238	
Other expenses		22,290	
Bond issuance costs		86,319	
Total	290,215	282,216	7,999
<b>Debt service:</b>			
Principal		66,500	
Interest, fees and amortization		128,001	
Total	202,236	194,501	7,735
Total expenditures	492,451	476,717	15,734
Revenues over (under) expenditures	(113,115)	(106,651)	6,464
<b>Other financing sources (uses):</b>			
Transfer in - General Fund	26,796	-	(26,796)
Bond issuance proceeds	86,319	-	(86,319)
Total other financing sources	113,115	-	(113,115)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(106,651)	\$ (106,651)



Bertie County, North Carolina  
**WATER DISTRICT I**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
 For The Fiscal Year Ended June 30, 2013

	<u>Actual</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>	
Revenues over (under) expenditures	(106,651)
Reconciling items:	
Depreciation	(162,259)
Amortization	538
Debt principal	66,500
(Increase) decrease in accrued vacation payable	(439)
(Increase) decrease in other postemployment benefits	(5,527)
Change in net position	<u>\$ (207,838)</u>

	Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>			
Charges for services		\$ 667,513	
Water taps		23,000	
Other operating revenue		19,199	
<b>Total operating revenues</b>	<b>\$ 608,000</b>	<b>709,712</b>	<b>\$ 101,712</b>
<b>Nonoperating revenues:</b>			
Investment earnings		899	
Miscellaneous revenue		8,001	
<b>Total nonoperating revenues</b>	<b>800</b>	<b>8,900</b>	<b>8,100</b>
<b>Total revenues</b>	<b>608,800</b>	<b>718,612</b>	<b>109,812</b>
<b>Expenditures:</b>			
<b>Water administration:</b>			
Salaries and benefits		97,537	
Telephone and postage		17,860	
Travel		19	
Repairs and maintenance		9,403	
Advertising		396	
Supplies		18,413	
Uniforms		627	
Contracted services		33,426	
Professional fees		3,750	
Dues and subscriptions		863	
Chemicals		2,399	
Employee training		34	
Insurance		5,286	
Utilities		27,955	
Water testing		5,297	
Other expenses		20,960	
Bond issuance costs		96,679	
<b>Total</b>	<b>440,115</b>	<b>340,904</b>	<b>99,211</b>
<b>Debt service:</b>			
Principal		85,500	
Interest, fees and amortization		169,921	
<b>Total</b>	<b>265,364</b>	<b>255,421</b>	<b>9,943</b>
<b>Total expenditures</b>	<b>705,479</b>	<b>596,325</b>	<b>109,154</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (96,679)</b>	<b>122,287</b>	<b>\$ 218,966</b>
<b>Other financing sources (uses):</b>			
Bond issuance proceeds	96,679	-	(96,679)
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 122,287</b>	<b>\$ (218,966)</b>

Bertie County, North Carolina

WATER DISTRICT II

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For The Fiscal Year Ended June 30, 2013

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	<u>Actual</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>	
Revenues over (under) expenditures	122,287
Reconciling items:	
Depreciation	(233,798)
Amortization	577
Debt principal	85,500
(Increase) decrease in accrued vacation payable	(550)
(Increase) decrease in other postemployment benefits	(6,908)
Change in net position	\$ (32,892)

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	Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>			
Charges for services		\$ 471,236	
Water taps		12,550	
Other operating revenues		32,939	
<b>Total operating revenues</b>	<b>\$ 505,300</b>	<b>516,725</b>	<b>\$ 11,425</b>
<b>Nonoperating revenues:</b>			
Investment earnings		1,618	
Miscellaneous revenue		440	
<b>Total nonoperating revenues</b>	<b>2,950</b>	<b>2,058</b>	<b>(892)</b>
<b>Total revenues</b>	<b>508,250</b>	<b>518,783</b>	<b>10,533</b>
<b>Expenditures:</b>			
<b>Water administration:</b>			
Salaries and benefits		117,955	
Telephone and postage		21,299	
Travel		20	
Repairs and maintenance		9,316	
Advertising		475	
Supplies		22,020	
Uniforms		749	
Contracted services		15,628	
Professional fees		4,500	
Dues and subscriptions		1,097	
Chemicals		2,879	
Employee training		39	
Insurance		4,214	
Utilities		33,546	
Water testing		6,356	
Other expenses		26,814	
Bond issuance costs		97,900	
<b>Total</b>	<b>414,126</b>	<b>364,807</b>	<b>49,319</b>
<b>Debt service:</b>			
Principal		65,000	
Interest, fees and amortization		119,677	
<b>Total</b>	<b>192,024</b>	<b>184,677</b>	<b>7,347</b>
<b>Total expenditures</b>	<b>606,150</b>	<b>549,484</b>	<b>56,666</b>
<b>Revenues over (under) expenditures</b>	<b>(97,900)</b>	<b>(30,701)</b>	<b>67,199</b>
<b>Other financing sources (uses):</b>			
Transfer out - 2008 Community Development Block Grant CR	(25,311)	(25,311)	-
Bond issuance proceeds	97,900	-	(97,900)
<b>Total other financing sources (uses)</b>	<b>72,589</b>	<b>(25,311)</b>	<b>(97,900)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(25,311)</b>	<b>(56,012)</b>	<b>(30,701)</b>
<b>Appropriated net assets</b>	<b>25,311</b>	<b>-</b>	<b>(25,311)</b>
<b>Revenues and appropriated net assets over (under) expenditures</b>	<b>\$ -</b>	<b>(56,012)</b>	<b>\$ (56,012)</b>

Bertie County, North Carolina  
**WATER DISTRICT III**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
 For The Fiscal Year Ended June 30, 2013

	<u>Actual</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>	
Revenues over (under) expenditures	(56,012)
Reconciling items:	
Depreciation	(160,980)
Amortization	638
Debt principal	65,000
(Increase) decrease in accrued vacation payable	(660)
(Increase) decrease in other postemployment benefits	(8,354)
Change in net position	<u>\$ (160,368)</u>

	Final Budget	Actual	Variance Positive (Negative)
<b>Operating revenues:</b>			
Charges for services		\$ 438,470	
Water taps		8,000	
Other operating revenue		25,577	
<b>Total operating revenues</b>	<b>\$ 480,274</b>	<b>472,047</b>	<b>\$ (8,227)</b>
<b>Nonoperating revenues:</b>			
Investment earnings		539	
Miscellaneous revenue		26,623	
<b>Total nonoperating revenues</b>	<b>1,400</b>	<b>27,162</b>	<b>25,762</b>
<b>Total revenues</b>	<b>481,674</b>	<b>499,209</b>	<b>17,535</b>
<b>Expenditures:</b>			
<b>Water administration:</b>			
Salaries and benefits		97,536	
Telephone and postage		17,530	
Travel		19	
Repairs and maintenance		8,993	
Advertising		396	
Supplies		19,513	
Uniforms		623	
Contracted services		14,318	
Professional fees		3,750	
Dues and subscriptions		914	
Chemicals		2,399	
Employee training		33	
Maintenance contracts		417	
Insurance		2,619	
Utilities		27,955	
Water testing		5,297	
Other expenses		23,627	
Bond issuance costs		42,435	
<b>Total</b>	<b>285,732</b>	<b>268,374</b>	<b>17,358</b>
<b>Debt service:</b>			
Principal		66,500	
Interest, fees and amortization		162,929	
<b>Total</b>	<b>238,377</b>	<b>229,429</b>	<b>8,948</b>
<b>Total expenditures</b>	<b>524,109</b>	<b>497,803</b>	<b>26,306</b>
<b>Revenues over (under) expenditures</b>	<b>(42,435)</b>	<b>1,406</b>	<b>43,841</b>
<b>Other financing sources (uses):</b>			
Transfer out - 2008 Community Development Block Grant CR	(9,116)	(9,116)	-
Bond issuance proceeds	42,435	-	42,435
<b>Total other financing sources (uses):</b>	<b>33,319</b>	<b>(9,116)</b>	<b>42,435</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>(9,116)</b>	<b>(7,710)</b>	<b>1,406</b>
<b>Appropriated net assets</b>	<b>9,116</b>	<b>-</b>	<b>(9,116)</b>
<b>Revenues and appropriated net assets over (under) expenditures</b>	<b>\$ -</b>	<b>(7,710)</b>	<b>\$ (7,710)</b>

Bertie County, North Carolina

WATER DISTRICT IV

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**

For The Fiscal Year Ended June 30, 2013

	<u>Actual</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>	
Revenues over (under) expenditures	(7,710)
Reconciling items:	
Depreciation	(145,398)
Amortization	225
Debt principal	66,500
(Increase) decrease in accrued vacation payable	(550)
Capital Contributions	230,503
Sales tax refund from Rural Center Grant	363
(Increase) decrease in other postemployment benefits	(6,908)
Transfers in/out	44,500
<u>Change in net position</u>	<u>\$ 181,525</u>

Bertie County, North Carolina  
**RURAL CENTER GRANT - DISTRICT IV**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Restricted intergovernmental:					
State grants	\$ 339,800	\$ 267,538	\$ -	\$ 267,538	\$ (72,262)
Tax refund	-	11,212	363	11,575	11,575
<b>Total revenues</b>	<b>339,800</b>	<b>278,750</b>	<b>363</b>	<b>279,113</b>	<b>(60,687)</b>
<b>EXPENDITURES:</b>					
Construction	339,800	323,087	-	323,087	16,713
<b>Total expenditures</b>	<b>339,800</b>	<b>323,087</b>	<b>-</b>	<b>323,087</b>	<b>16,713</b>
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (44,337)</b>	<b>\$ 363</b>	<b>\$ (43,974)</b>	<b>\$ (43,974)</b>



Bertie County, North Carolina

**2008 COMMUNITY DEVELOPMENT BLOCK GRANT CR - DISTRICT IV**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
 From Inception and for the Fiscal Year Ended June 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Restricted intergovernmental:					
Federal grants	\$ 850,000	\$ 393,928	\$ 230,503	\$ 624,431	\$ (225,569)
Miscellaneous revenues	59,500	-	-	-	(59,500)
Total revenues	909,500	393,928	230,503	624,431	(285,069)
<b>EXPENDITURES:</b>					
C-1 Acquisition	72,000	15,000	20,462	35,462	36,538
C-1 Water Improvement	40,000	-	15,000	15,000	25,000
C-1 Street Improvement	314,000	112,380	185,069	297,449	16,551
C-1 Clearance	26,500	19,154	5,925	25,079	1,421
C-1 Relocation	105,000	9,600	23,670	33,270	71,730
C-1 Rehabilitation	140,000	68,040	9,470	77,510	62,490
C-1 Administration	84,500	57,254	15,407	72,661	11,839
L-1 Water	127,500	127,500	-	127,500	-
Total expenditures	909,500	408,928	275,003	683,931	225,569
Revenues over (under) expenditures	-	(15,000)	(44,500)	(59,500)	(59,500)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)					
Transfer in - General Fund	-	15,000	10,073	25,073	25,073
Transfer in - Water District III	-	-	25,311	25,311	25,311
Transfer in - Water District IV	-	-	9,116	9,116	9,116
Total other financing sources (uses)	-	15,000	44,500	59,500	59,500
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Bertie County, North Carolina  
**INTERNAL SERVICE FUNDS**  
**BERTIE TELEPHONE**  
**STATEMENT OF NET POSITION**  
 6/30/2013

	<u>2013</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 153,937
Accounts receivable (net) – billed	2,890
<u>    Total assets</u>	<u>156,827</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	558
<u>    Total liabilities</u>	<u>558</u>
<b>NET ASSETS</b>	
Unrestricted	156,269
<u>Total net position</u>	<u>\$ 156,269</u>

Bertie County, North Carolina  
**INTERNAL SERVICE FUNDS**  
**BERTIE TELEPHONE**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
 For the Fiscal Year Ended June 30, 2013

	2013		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating revenues:			
User charges	\$ 70,000	\$ 71,939	\$ 1,939
Total	70,000	71,939	1,939
<b>Expenditures:</b>			
Operating:			
Telephone		38,419	
Maintenance contracts		7,272	
Capital outlay		2,338	
Total	78,613	48,029	30,584
<b>Other financing sources (uses):</b>			
Transfer in - General Fund	8,613	8,613	-
Revenues and other sources over (under) expenditures	\$ -	32,523	\$ 32,523
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Change in net position		\$ 32,523	

Bertie County, North Carolina  
**INTERNAL SERVICE FUNDS**  
**BERTIE TELEPHONE**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2013

	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from users	\$ 70,753
Cash paid for goods and services	(48,011)
<b>Net cash provided (used) by operating activities</b>	<b>22,742</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfers in	8,613
<b>Net cash provided (used) by noncapital financing activities</b>	<b>8,613</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>31,355</b>
Cash and cash equivalents, beginning of year	122,582
<b>Cash and cash equivalents, end of year</b>	<b>\$ 153,937</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 23,910
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,186)
Increase (decrease) in accounts payable and accrued liabilities	18
<b>Total adjustments</b>	<b>(1,168)</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 22,742</b>

Bertie County, North Carolina  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012		Additions		Deductions		Balance June 30, 2013
<b>Social Services</b>							
Assets:							
Cash and cash equivalents	\$ 566	\$	-	\$	150	\$	416
Liabilities:							
Miscellaneous liabilities	\$ 566	\$	-	\$	150	\$	416
<b>Fines and Forfeitures</b>							
Assets:							
Cash and investments	\$ -	\$	47,733	\$	47,733	\$	-
Liabilities:							
Intergovernmental payable - Bertie County Board of Education	\$ -	\$	-	\$	-	\$	-
Intergovernmental payable - State of North Carolina	\$ -	\$	47,733	\$	47,733	\$	-
Total liabilities	\$ -	\$	47,733	\$	47,733	\$	-
<b>Motor Vehicle Tax</b>							
Assets:							
Cash and investments	\$ 2,491	\$	706,272	\$	708,368	\$	395
Liabilities:							
Intergovernmental payable	\$ 2,491	\$	706,272	\$	708,368	\$	395
<b>Pest Management</b>							
Assets:							
Cash and investments	\$ 2,482	\$	-	\$	-	\$	2,482
Liabilities:							
Miscellaneous liabilities	\$ 2,482	\$	-	\$	-	\$	2,482
<b>Total - All Agency Funds</b>							
Assets:							
Cash and investments	\$ 5,539	\$	754,005	\$	756,251	\$	3,293
Liabilities:							
Miscellaneous liabilities	\$ 5,539	\$	754,005	\$	756,251	\$	3,293

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Bertie County, North Carolina

## GENERAL FUND

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012 - 2013	\$ -	\$ 9,494,852	\$ 9,032,179	\$ 462,673
2011 - 2012	346,146	7,274	268,184	85,236
2010 - 2011	84,914	-	34,428	50,486
2009 - 2010	48,576	-	12,487	36,089
2008 - 2009	41,401	-	5,909	35,492
2007 - 2008	30,710	7	4,198	26,519
2006 - 2007	20,035	-	2,178	17,857
2005 - 2006	19,968	-	2,042	17,926
2004 - 2005	17,948	-	1,030	16,918
2003 - 2004	17,050	-	1,319	15,731
2002 - 2003	15,039	-	15,039	-
	641,787	9,502,133	9,378,993	764,927
Less: Allowance for uncollectible accounts:				
General Fund				79,142
Ad valorem taxes receivable - net:				
General Fund				\$ 685,785
<u>Reconciliation with revenues</u>				
Ad valorem taxes - General Fund				\$ 9,507,995
Reconciling items:				
Interest collected				(113,245)
Taxes written off				14,088
Discoveries and adjustments				(29,845)
Total collections and credits				\$ 9,378,993

Bertie County, North Carolina  
**ANALYSIS OF CURRENT TAX LEVY**  
**COUNTY-WIDE LEVY**  
 For the Fiscal Year Ended June 30, 2013

	County Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,224,830,782	0.0078	\$ 9,553,680	\$ 8,484,311	\$ 1,069,369
<b>Total</b>	<u>1,224,830,782</u>		<u>9,553,680</u>	<u>8,484,311</u>	<u>1,069,369</u>
<b>Discoveries:</b>					
Current year taxes	2,555,383	0.0078	19,932	12,315	7,617
Abatements	<u>(10,097,436)</u>	0.0078	<u>(78,760)</u>	<u>(58,815)</u>	<u>(19,945)</u>
<b>Total property valuation</b>	<u>\$ 1,217,288,729</u>				
Net Levy			9,494,852	8,437,811	1,057,041
Current year's taxes collected			<u>9,032,179</u>	<u>8,196,750</u>	<u>835,429</u>
Uncollected taxes at June 30, 2013			<u>\$ 462,673</u>	<u>\$ 241,061</u>	<u>\$ 221,612</u>
Current levy collection percentage			<u>95.13%</u>	<u>97.14%</u>	<u>79.03%</u>



# COMPLIANCE SECTION



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

**Independent Auditors' Report**

To the Board of Commissioners  
Bertie 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bertie County, North Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises Bertie County's basic financial statements, and have issued our report thereon dated November 26, 2013. Our audit includes a reference to other auditors who audited the financial statements of the Bertie County ABC Board, as described in our report on Bertie 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 Bertie 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 Bertie County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bertie County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bertie County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bertie 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*Carr, Riggs & Ingram, LLC*

Belhaven, North Carolina  
November 26, 2013



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**Report On Compliance For Each Major Federal Program; Report on Internal Control  
Over Compliance; In Accordance With OMB Circular A-133; and the State Single Audit  
Implementation Act**

**Independent Auditors' Report**

To the Board of Commissioners  
Bertie County, North Carolina

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

We have audited Bertie County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 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 Bertie County's major federal programs for the year ended June 30, 2013. Bertie County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Bertie County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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 Bertie 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 Bertie County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Bertie 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, 2013.

**Report on Internal Control Over Compliance**

Management of Bertie 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 Bertie County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This 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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Belhaven, North Carolina  
November 26, 2013



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**Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance With OMB Circular A-133; and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of Commissioners  
Bertie County, North Carolina

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

We have audited Bertie County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Bertie County's major State programs for the year ended June 30, 2013. Bertie County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to State programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Bertie 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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 Bertie 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 Bertie County's compliance.

**Opinion on Each Major State Program**

In our opinion, Bertie 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, 2013.

**Report on Internal Control Over Compliance**

Management of Bertie 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 Bertie County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Bertie County's internal control over compliance.

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

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

This 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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Belhaven, North Carolina  
November 26, 2013

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted \_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 \_\_\_\_\_ Yes   X   No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Title XIX – Medicaid
10.551	SNAP
10.561	

Dollar threshold used to distinguish between type A and type B programs \$ 896,897

Auditee qualified as low-risk Auditee?   X   Yes \_\_\_\_\_ No

Bertie County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For The Fiscal Year Ended June 30, 2013

*State Awards*

Internal control over major State programs:

Material weakness(es) identified?	_____	Yes	___X___	No
Significant deficiency(s) identified that are not considered to be material weaknesses	_____	Yes	___X___	None Reported
Non compliance material to State Award	_____	Yes	___X___	No

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

Identification of major State programs:

Names of State Program or Cluster  
 State/County Special Assistance for Adults



**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Award Findings and Questioned Costs**

None reported.

**Section IV - State Award Findings and Questioned Costs**

None reported.

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – State Award Findings and Questioned Costs**

None reported.

**Findings:**

**12-1 Reconciliation of Accounts**

Status: Corrected

**12-2 Excess of Expenditures over Appropriations**

Status: Corrected

Bertie County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass- Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>US Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed –through the N.C. Dept. of Health and Services:					
Division of Social Services:					
Administration:					
<u>SNAP:</u>					
State Administrative Matching Grants for					
Supplemental Nutrition Assistance Program	10.561	XXXX	407,849	-	407,849
Total SNAP			407,849	-	407,849
Total U.S. Dept. of Agriculture			407,849	-	407,849
<u>US Dept. of Housing and Urban Development</u>					
Passed-through N.C. Dept of Commerce:					
2008 Community Development Block Grant	14.228	XXXX	230,503	-	-
2011 Community Development Block Grant	14.228	XXXX	10,823	-	-
2011 Community Development Block Grant	14.228	XXXX	5,000	-	-
Total U.S. Dept. Housing and Urban			246,326	-	-
<u>US Dept. of Health and Human Services</u>					
<u>Administration on Aging</u>					
Passed-through Mid-East Commission:					
Aging Cluster:					
Special Programs for the Aging – Title III B Grants for Supportive Services and Senior	93.044	XXXX	120,364	87,528	17,527
Special Programs for the Aging – Title III C Nutrition Services	93.045	XXXX	21,241	16,672	3,847
Total Aging Cluster			141,605	104,200	21,374
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV-E CPS/Optional	93.658	XXXX	9,824	2,242	7,582
Title IV-E Foster Care	93.658	XXXX	21,824	5,758	5,759
Title IV-E Foster Care/Off Trn	93.658	XXXX	26,114	-	26,114
Title IV-E Admin County Paid to CCI	93.658	XXXX	11,559	5,779	5,779
Title IV-E Max Level III	93.658	XXXX	5,247	-	2,767
Title IV-E Adopt Subsidy and Vendor	93.659	XXXX	50,715	13,387	13,387
Family Preservation	93.556	XXXX	1,330	-	-
Total Foster Care and Adoption Cluster			126,613	27,166	61,388

Bertie County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass- Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Childcare Development Fund – Administration	93.596	XXXX	80,000	-	-
Division of Child Development					
Child Care and Development Fund –	93.575	XXXX	316,803	-	-
Child Care and Development Fund – Mandatory	93.596	XXXX	140,198	-	-
Child Care and Development Fund – Match	93.596	XXXX	36,998	-	-
<u>Total Child Care Fund Cluster</u>			573,999	-	-
Temporary Assistance for Needy Families	93.558	XXXX	179,336	-	-
Social Services Block Grant	93.667	XXXX	193	-	-
Foster Care Title IV-E	93.658	XXXX	7,842	3,775	-
State Appropriations		XXXX	-	6,295	-
TANF-MOE		XXXX	-	26,859	-
<u>Total Subsidized Child Care Cluster</u>			761,370	36,929	-
Division of Social Services:					
TANF - Work First Services	93.558	XXXX	181,081	-	235,425
TANF - Work First Administration	93.558	XXXX	43,902	-	89,848
TANF - Payments & Penalties	93.558	XXXX	187,665	-	-
Low-Income Home Energy Assistance					
Block Grant:					
Low-Income Home Energy Assistance (LIHEAP)	93.568	XXXX	211,874	-	-
Administration	93.568	XXXX	28,355	-	-
Energy Assistance Payments - Direct Benefit	93.568	XXXX	93,600	-	-
Child Welfare Services - Permanency					
Planning - Speical	93.645	XXXX	11,050	-	3,683
SSBG – Other Service and Training	93.667	XXXX	163,501	17,270	60,257
SSBG – In Home Service Fund	93.667	XXXX	3,542	-	506
SSBG - Adult Protective Services	93.667	XXXX	12,520	-	4,173
SSBG – Adult Day Care Over 60	93.667	XXXX	6,904	-	986
AFDC Payments & Penalties	93.560	XXXX	(89)	(24)	(24)
IV-D Administration	93.563	XXXX	511,355	-	263,425
IV-D Offset Fees	93.563	XXXX	1,505	13	762
			1,456,765	17,259	659,041
<u>Health Care Financing Administration</u>					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	26,077,330	15,071,106	531
			26,077,330	15,071,106	531

Bertie County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass- Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>Division of Facility Services</u>					
Office of Emergency Medical Services					
Division of Social Services:					
Administration:					
Children's Health Insurance Program (CHIP)	93.767	XXXX	23,945	882	6,753
Medical Assistance Program	93.778	XXXX	580,345	22,900	557,445
Medical Assistance Program	93.778	XXXX	35,508	-	-
			639,798	23,782	564,198
<u>Centers for Disease Control and Prevention</u>					
Community Transformation Grants Small Communities Program					
Senior Fitness Grant	9.737	XXXX	3,000	-	-
Total U.S. Dept. of Health and Human Services			29,206,481	15,280,442	1,306,532
<u>US Department of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Direct Program:					
Law Enforcement Block Grant	16.592	XXXX	356	-	-
Equipment Grant	16.592	XXXX	35	-	-
			391	-	-
Passed from Division of Emergency Management					
Emergency Management Performance Grant	97.042	XXXX	35,503	-	-
Total Dept of Homeland Security			35,503	-	-
Total Federal Awards			29,896,550	15,280,442	1,714,381
<b>State Awards:</b>					
<u>NC Dept. of Environment and Natural Resources</u>					
Soil and Water Conservation – S&W		XXXX	-	23,092	-
Soil and Water Conservation – Administration		XXXX	-	4,000	-
Minor Permit County Aid	11.419	XXXX	-	491	-
Abandoned Mobile Home Grant		XXXX	-	1,500	-
Total Dept. of Environment and Natural			-	29,083	-
<u>NC Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults – benefit payments		XXXX	-	361,909	365,078
State Foster Care Benefits Program		XXXX	-	13,947	13,947
Foster Care At Risk Maximization		XXXX	-	8,704	4,584
Foster Care Special Provision		XXXX	-	2,905	-

Bertie County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	Federal CFDA Number	State Pass- Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
CWS Adopt Subsidy & Vendor		XXXX	-	12,837	1,743
AFDC/TANF Incent/Program Integrity		XXXX	-	243	-
Total Dept. of Health and Human Services			-	400,545	385,352
<u>NC Dept. of Administration</u>					
Veterans Service		XXXX	-	1,452	-
<u>NC Dept. of Public Safety</u>					
Juvenile Crime Prevention Program		XXXX	-	90,451	-
<u>NC Dept. of Transportation</u>					
Elderly and Disabled Transportation Assistance		XXXX	-	48,844	-
Work First/Transitional Employment		XXXX	-	10,634	-
Rural General Public Transportation		XXXX	-	52,863	-
Total N.C. Dept. of Transportation			-	112,341	-
<u>NC Dept. of Commerce</u>					
Passed-through from Mid East Commission:					
Senior Health Insurance Information Program		XXXX	-	5,252	-
<u>NC State Board of Elections</u>					
Title I - HAVA	90.401	XXXX	-	5,041	-
Total State Awards			-	644,165	385,352
Total Federal and State Awards			\$ 29,896,550	\$ 15,924,607	\$ 2,099,733

Bertie County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 For the Year Ended June 30, 2013

Notes to the schedule of Expenditures of Federal and State Financial Awards:

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Bertie County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

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

Program Title	CFDA Number	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Subsidized Child Care and Foster Care and Adoption	XXXXX	XXXX	\$ 761,370	\$ 36,929