

# Bertie County, North Carolina

## FINANCIAL REPORT

June 30, 2014



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of County Commissioners  
Bertie County, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2014, 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, 2014, 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 4 through 16 and 66 and 69, 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 December 19, 2014 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 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.

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

Belhaven, North Carolina  
December 19, 2014



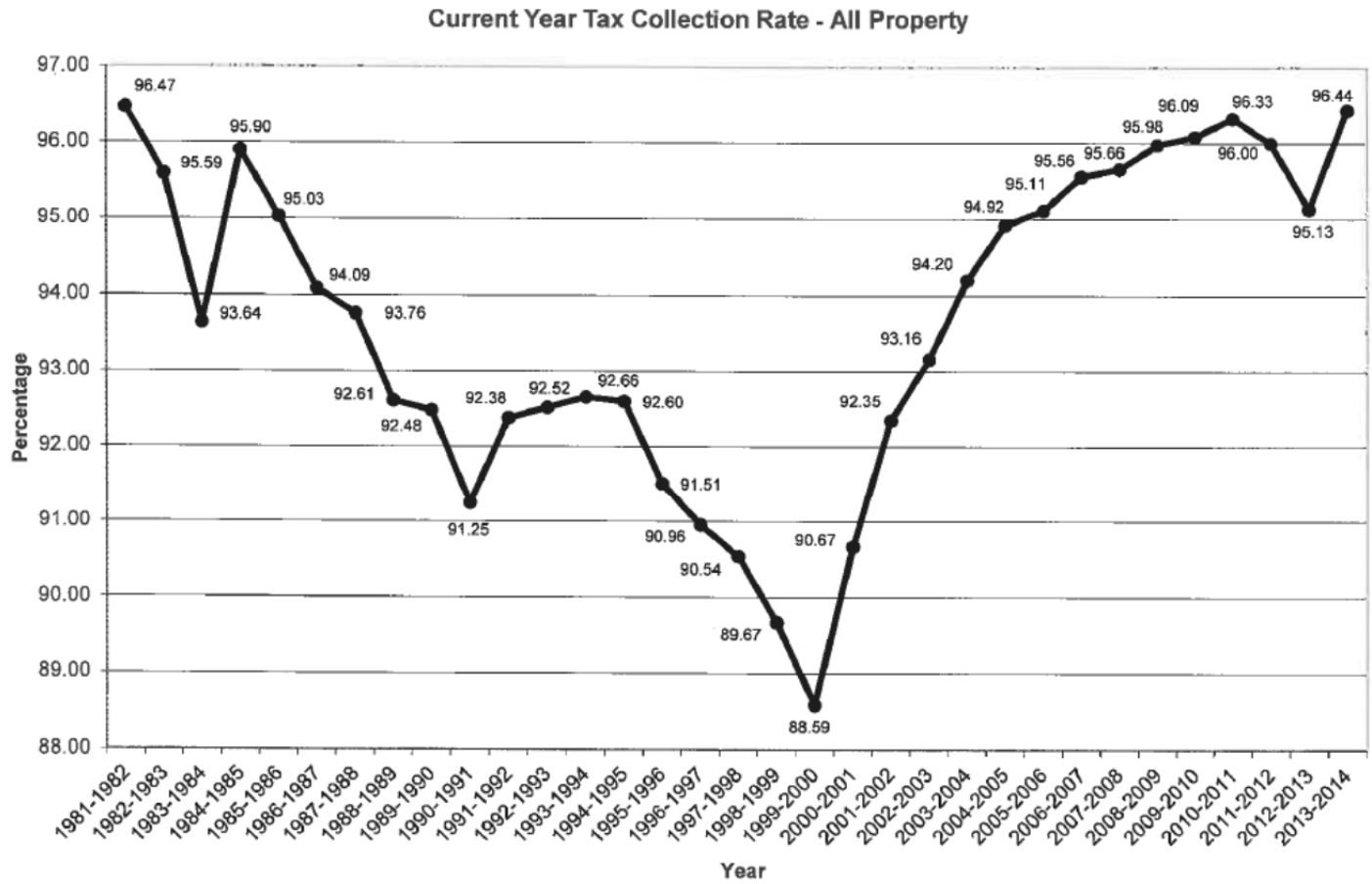
## Bertie County, North Carolina Management's Discussion and Analysis

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, 2014. 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 \$24,644,102 (*net position*).
- The government's total net position increased by \$1,408,432, 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 \$9,279,789, a decrease of \$10,109,688 in comparison with the prior year. Of the decrease, \$10,644,332 is due to the construction of the High School. Approximately 22.25% of this total amount or \$2,064,812 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,477,912, or 31.54% of total general fund expenditures of \$20,538,285 for the fiscal year.
- Bertie County's total debt decreased by \$1,786,785 or 2.81% during the current fiscal year. The key factor in this decrease was the repayment of debt principal.
- Tax collection rate was 96.44% for FY 2013-2014. This represents a slight increase from last year, but still remains the third highest collection rate since FY 1981-82.

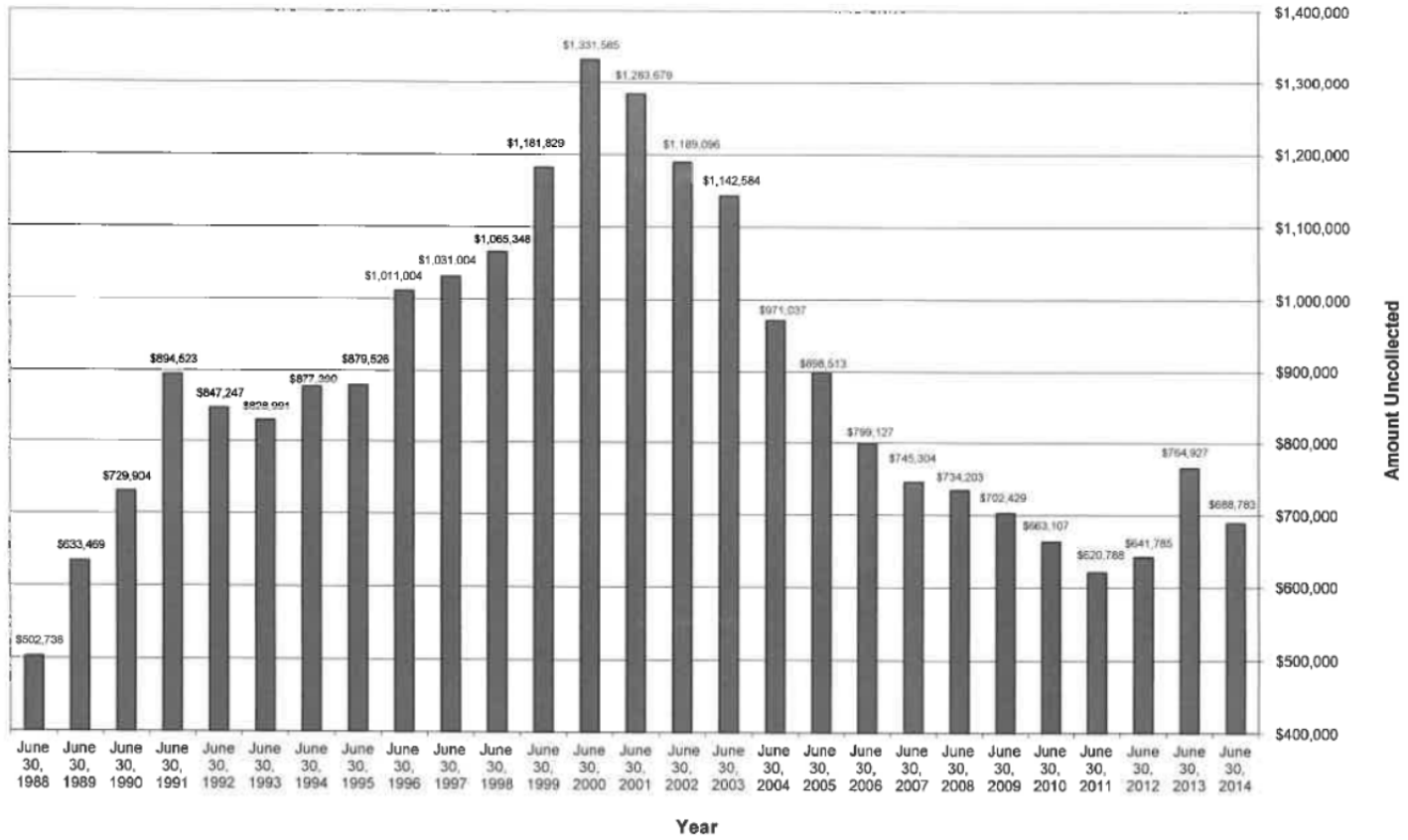
## Bertie County, North Carolina Management's Discussion and Analysis



Sources - Bertie County Annual Audits 1982-2014

# Bertie County, North Carolina Management's Discussion and Analysis

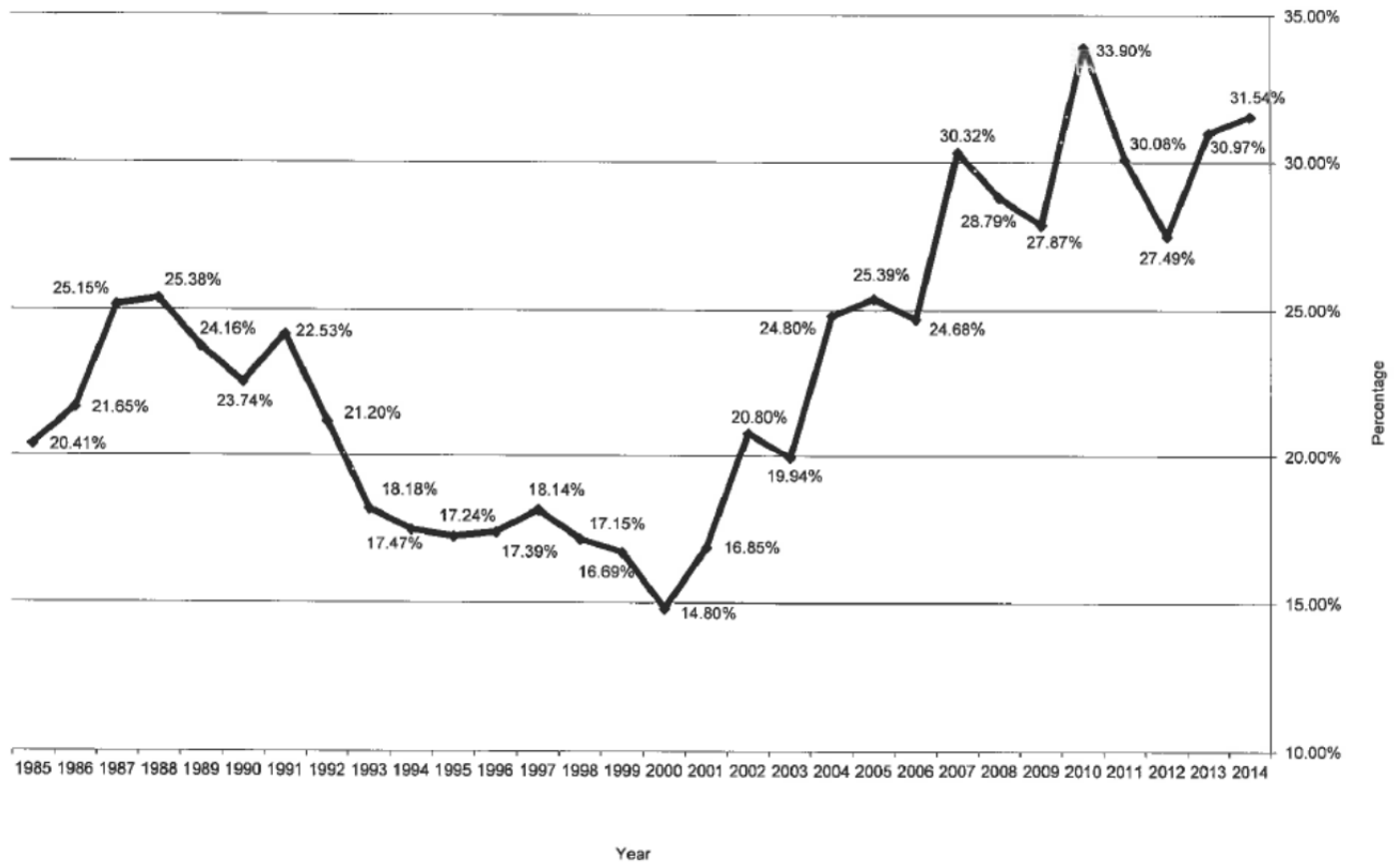
**Delinquent Taxes Owed to Bertie County**  
(Each Year Includes the Current Year Plus the Prior 9 Years)



Source - Bertie County Annual Audits 1988-2014

## Bertie County, North Carolina Management's Discussion and Analysis

Unassigned Fund Balance as a Percentage of Current Year Expenditures



Source: Bertie County audits 1985-2014

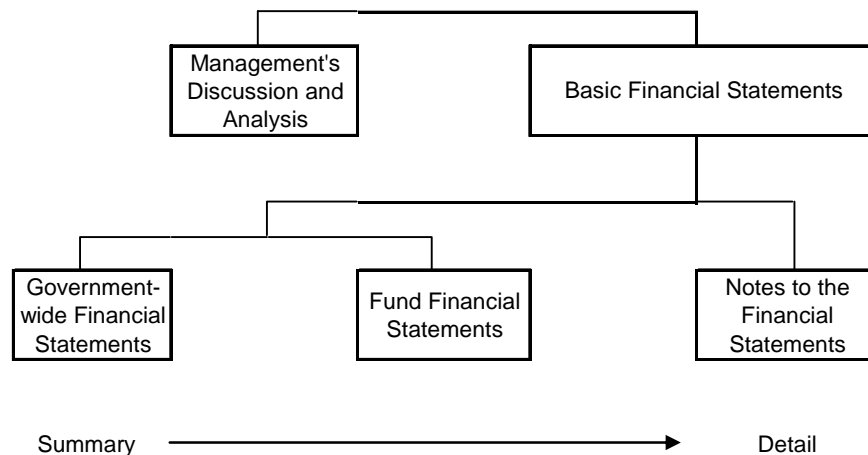
# Bertie County, North Carolina Management's Discussion and Analysis

## 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 10) 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 major and non-major governmental

## Bertie County, North Carolina Management's Discussion and Analysis

funds and internal service funds, with the non-major funds 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

## Bertie County, North Carolina Management's Discussion and Analysis

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 29 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 66 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

## Bertie County, North Carolina Management's Discussion and Analysis

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 \$24,644,102 as of June 30, 2014. The County's net position increased by \$1,408,432 for the fiscal year ended June 30, 2014. One of the largest portions \$22,736,825 (92.26%) 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 \$2,064,812 (8.38%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(157,535) is unrestricted.

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

|                                     | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total                |                      |
|-------------------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                     | 2014                       | 2013                | 2014                        | 2013                 | 2014                 | 2013                 |
| Current and other assets            | \$ 17,506,701              | \$ 28,669,120       | \$ 2,019,143                | \$ 13,501,708        | \$ 19,525,844        | \$ 42,170,828        |
| Capital assets                      | 29,705,459                 | 18,752,145          | 28,009,775                  | 28,482,524           | 57,715,234           | 47,234,669           |
| <b>Total assets</b>                 | <b>47,212,160</b>          | <b>47,421,265</b>   | <b>30,028,918</b>           | <b>41,984,232</b>    | <b>77,241,078</b>    | <b>89,405,497</b>    |
| Current and other liabilities       | 1,989,085                  | 2,354,183           | 238,060                     | 197,251              | 2,227,145            | 2,551,434            |
| Long-term liabilities outstanding   | 37,982,917                 | 39,350,766          | 12,386,133                  | 24,230,069           | 50,369,050           | 63,580,835           |
| <b>Total liabilities</b>            | <b>39,972,002</b>          | <b>41,704,949</b>   | <b>12,624,193</b>           | <b>24,427,320</b>    | <b>52,596,195</b>    | <b>66,132,269</b>    |
| Total deferred inflows of resources | 781                        | 37,558              | -                           | -                    | 781                  | 37,558               |
| Net position:                       |                            |                     |                             |                      |                      |                      |
| Net investment in capital assets    | 6,429,096                  | 6,357,085           | 16,307,729                  | 16,712,524           | 22,736,825           | 23,069,609           |
| Restricted                          | 2,064,812                  | 1,059,723           | -                           | -                    | 2,064,812            | 1,059,723            |
| Unrestricted                        | (1,254,531)                | (1,738,050)         | 1,096,996                   | 844,388              | (157,535)            | (893,662)            |
| <b>Total net position</b>           | <b>\$ 7,239,377</b>        | <b>\$ 5,678,758</b> | <b>\$ 17,404,725</b>        | <b>\$ 17,556,912</b> | <b>\$ 24,644,102</b> | <b>\$ 23,235,670</b> |

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, 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, North Carolina Management's Discussion and Analysis

**Bertie County's Changes in Net Position  
Figure 3**

|   | Governmental<br>Activities |                     | Business-type<br>Activities |                      | Total                |                      |
|---|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|
|   | 2014                       | 2013                | 2014                        | 2013                 | 2014                 | 2013                 |
| <b>Revenues:</b>                          |                            |                     |                             |                      |                      |                      |
| Program revenues:                         |                            |                     |                             |                      |                      |                      |
| Charges for services                      | \$ 3,413,333               | \$ 3,202,828        | \$ 2,030,271                | \$ 2,065,307         | \$ 5,443,604         | \$ 5,268,135         |
| Operating grants and contributions        | 4,316,559                  | 4,226,009           | -                           | -                    | 4,316,559            | 4,226,009            |
| Capital grants and contributions          | -                          | 44,962              | 6,550                       | 230,503              | 6,550                | 275,465              |
| General revenues:                         |                            |                     |                             |                      |                      |                      |
| Property taxes                            | 10,250,780                 | 9,148,893           | -                           | -                    | 10,250,780           | 9,148,893            |
| Other taxes                               | 2,300,686                  | 1,873,471           | -                           | -                    | 2,300,686            | 1,873,471            |
| Investment earnings                       | 736,636                    | 361,575             | 450,853                     | 3,416                | 1,187,489            | 364,991              |
| Miscellaneous                             | 377,185                    | 441,932             | 7,834                       | 38,310               | 385,019              | 480,242              |
| <b>Total revenues</b>                     | <b>21,395,179</b>          | <b>19,299,670</b>   | <b>2,495,508</b>            | <b>2,337,536</b>     | <b>23,890,687</b>    | <b>21,637,206</b>    |
| <b>Expenses:</b>                          |                            |                     |                             |                      |                      |                      |
| General government                        | 3,518,722                  | 3,353,239           | -                           | -                    | 3,518,722            | 3,353,239            |
| Public safety                             | 5,245,528                  | 4,371,741           | -                           | -                    | 5,245,528            | 4,371,741            |
| Environmental protection                  | 513,480                    | 506,762             | -                           | -                    | 513,480              | 506,762              |
| Economic and physical development         | 719,094                    | 534,308             | -                           | -                    | 719,094              | 534,308              |
| Human services                            | 5,103,236                  | 5,291,096           | -                           | -                    | 5,103,236            | 5,291,096            |
| Education                                 | 2,928,000                  | 3,473,000           | -                           | -                    | 2,928,000            | 3,473,000            |
| Special appropriations                    | 426,630                    | 393,361             | -                           | -                    | 426,630              | 393,361              |
| Interest and fees on long-term debt       | 1,378,198                  | 983,378             | -                           | -                    | 1,378,198            | 983,378              |
| Water districts                           | -                          | -                   | 2,649,367                   | 2,567,182            | 2,649,367            | 2,567,182            |
| <b>Total expenses</b>                     | <b>19,832,888</b>          | <b>18,906,885</b>   | <b>2,649,367</b>            | <b>2,567,182</b>     | <b>22,482,255</b>    | <b>21,474,067</b>    |
| Increase in net position before transfers | 1,562,291                  | 392,785             | (153,859)                   | (229,646)            | 1,408,432            | 163,139              |
| Transfers                                 | (1,672)                    | (10,073)            | 1,672                       | 10,073               | -                    | -                    |
| <b>Increase in net position</b>           | <b>1,560,619</b>           | <b>382,712</b>      | <b>(152,187)</b>            | <b>(219,573)</b>     | <b>1,408,432</b>     | <b>163,139</b>       |
| <b>Net position, July 1</b>               | <b>5,678,758</b>           | <b>5,296,046</b>    | <b>17,556,912</b>           | <b>17,776,485</b>    | <b>23,235,670</b>    | <b>23,072,531</b>    |
| <b>Net position, June 30</b>              | <b>\$ 7,239,377</b>        | <b>\$ 5,678,758</b> | <b>\$ 17,404,725</b>        | <b>\$ 17,556,912</b> | <b>\$ 24,644,102</b> | <b>\$ 23,235,670</b> |

**Governmental activities.** Governmental activities increased the County's net position by \$1,560,619. Key elements of this increase are as follows:

- Increased operating grants.
- Increase in investment earnings due to QSCB interest on cash investments.
- Increased tax revenues.

**Business-type activities:** Business-type activities decreased Bertie County's net position by \$(152,187). Key elements of this decrease are as follows:

- Increased purchased services contributed to the losses.

# Bertie County, North Carolina Management's Discussion and Analysis

## 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 \$6,477,912, while total fund balance reached \$8,019,088. 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 31.54% of general fund expenditures, while total fund balance represents 39.04% of that same amount.

At June 30, 2014, the governmental funds of Bertie County reported a combined fund balance of \$9,279,789, a 52.14% decrease 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 \$1,096,996. There was a decrease in net position of \$152,187. 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, 2014, totals \$57,715,234 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

Major capital asset transactions during the year include:

- 3 HVAC systems

## Bertie County, North Carolina Management's Discussion and Analysis

- 1 roof for the Courthouse building
- 1 roof for the Recreation/Senior Center Building
- 1 Computer server
- 14 Public Safety vehicles
- Construction on the Bertie High School

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

|                                  | Governmental         |                      | Business-type        |                      | Total                |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | Activities           |                      | Activities           |                      |                      |                      |
|                                  | 2014                 | 2013                 | 2014                 | 2013                 | 2014                 | 2013                 |
| Land                             | \$ 678,397           | \$ 678,397           | \$ 129,994           | \$ 129,994           | \$ 808,391           | \$ 808,391           |
| Building and system              | 5,756,759            | 5,931,164            | 26,653,930           | 27,323,721           | 32,410,689           | 33,254,885           |
| Improvements                     | 801,463              | 739,963              | -                    | -                    | 801,463              | 739,963              |
| Machinery and equipment          | 794,761              | 900,484              | -                    | -                    | 794,761              | 900,484              |
| Vehicles and motorized equipment | 437,492              | 377,559              | 16,896               | 21,791               | 454,388              | 399,350              |
| Construction in progress         | 21,236,587           | 10,124,578           | 1,208,955            | 1,007,018            | 22,445,542           | 11,131,596           |
| <b>Total</b>                     | <b>\$ 29,705,459</b> | <b>\$ 18,752,145</b> | <b>\$ 28,009,775</b> | <b>\$ 28,482,524</b> | <b>\$ 57,715,234</b> | <b>\$ 47,234,669</b> |

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

**Long-term Debt.** As of June 30, 2014, Bertie County had total debt outstanding of \$61,794,050.

**Bertie County's Outstanding Debt  
Figure 4**

|                               | Governmental         |                      | Business-type        |                      | Total                |                      |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                               | Activities           |                      | Activities           |                      |                      |                      |
|                               | 2014                 | 2013                 | 2014                 | 2013                 | 2014                 | 2013                 |
| Due to County                 | \$ -                 | \$ -                 | \$ 11,425,000        | \$ 11,770,000        | \$ 11,425,000        | \$ 11,770,000        |
| Limited obligation bonds      | 21,200,000           | 21,485,000           | 11,425,000           | 11,770,000           | 32,625,000           | 33,255,000           |
| Installment purchases         | 12,969,535           | 14,508,640           | 277,046              | -                    | 13,246,581           | 14,508,640           |
| Original issue discount       | -                    | -                    | (48,422)             | (50,588)             | (48,422)             | (50,588)             |
| Original issue premium        | -                    | -                    | 578,703              | 604,605              | 578,703              | 604,605              |
| Compensated absences          | 309,884              | 286,312              | 19,915               | 18,003               | 329,799              | 304,315              |
| Net pension obligation        | 251,565              | 225,608              | -                    | -                    | 251,565              | 225,608              |
| Other postemployment benefits | 3,251,933            | 2,845,206            | 133,891              | 118,049              | 3,385,824            | 2,963,255            |
| <b>Total</b>                  | <b>\$ 37,982,917</b> | <b>\$ 39,350,766</b> | <b>\$ 23,811,133</b> | <b>\$ 24,230,069</b> | <b>\$ 61,794,050</b> | <b>\$ 63,580,835</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 \$67,511,914.

Additional information regarding Bertie County's long-term debt can be found in Note II.B.7 beginning on page 54 of this audited financial report.

## Bertie County, North Carolina Management's Discussion and Analysis

### Budget Highlights for the Fiscal Year Ending June 30, 2015

**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 increased 4.9 percent during the year, primarily due to the establishment of countywide paramedic level ambulance services, which commenced October 1, 2013.

During FY 2013-2014 the Board of Commissioners implemented a new approach to providing Emergency Medical Services, making a significant transition from a "fractured" delivery system of four independently operated non-profit organizations with a mix of paid and volunteer personnel, to a county department operating 24 hours, 7 days a week. The governing body's effort was predicated on North Carolina Administrative Code requirements that County Government shall establish EMS Systems. Each EMS system shall have: A defined geographic service area or areas; and the highest level of care offered within any EMS provider service area must be available to (all) citizens within the service area 24 hours per day.

In 2010, the Board of Commissioners received an independent consultant's report, **EMS & Rescue Services Operations Assessment**, which evaluated Bertie County's compliance with NC General Statutes and its adherence to State EMS operational regulations. Specifically, the State requires each EMS system be "a coordinated arrangement of resources, including personnel, equipment, and facilities, organized to respond to medical emergencies and integrated with other health care providers." Further, that "the County shall establish an EMS system and that it be available to all citizens 24 hours per day."

The consultant's report concluded that based on operations and activities observed, assessments of available (and unavailable) data and feedback from all parties to this study suggest that in fact; **"there is no EMS 'system' in Bertie County."** The report summarizes the situation as follows:

"Although for the state's purposes, by virtue of the statutory responsibility that all North Carolina Counties provide EMS, Bertie County is classified as an EMS 'system.' In reality, EMS in Bertie County is a function of four (4) independently incorporated, and separate non-profit organizations; some paid, some volunteer, some providing 'Intermediate' level of care, others providing only 'Basic,' some providing service 24 hour-7 day a week coverage while another does not."

In FY 2013-2014, the Board established a separate County EMS department operating at the highest pre-hospital level of care, paramedic, providing coverage countywide on a 24 hour basis with permanent squads stationed at three municipal locations in the County. Nine months of operations for the fiscal year ended June 20, 2014 resulted in actual expenditures of \$1,087,239 for the EMS Paramedic program and actual revenues of \$397,284 for a net tax support requirement of \$690,000 from General Fund. Prior to FY 2013-2014, the County allocated \$135,000 in local funds to the four

## Bertie County, North Carolina Management's Discussion and Analysis

independent ambulance providers. After adjusting for the original funding support of \$135,000 the County's net tax support requirement was \$555,000 for the fiscal year ended June 30, 2014.

In the subsequent fiscal year, the governing body has initiated a much more aggressive EMS billing and collection system with a new vendor, which is projected to greatly improve revenue performance. Additionally, the County has initiated non-emergency transport services which are intended to greatly improve revenues and significantly reduce the General Fund's overall net tax support requirement for ambulance services in the County.

**Business – type Activities:** The water rates for residential, commercial and institutional customers in the County increased on July 1, 2014 for all four water districts. The Board of Commissioners engaged a new consulting engineering firm to perform a complete water system evaluation and operational review. Most notable in its findings, were the consultant's analysis of water rates and water production costs. Bertie County's cost of water production (excluding debt service) was calculated at \$4.50 per 1,000 gallons and its rate structure for commodity sales was \$3.48 per 1,000 gallons for a net financial loss of \$1.02 per 1,000 gallons sold. Hence, the need for immediate corrective action and the consumer rate adjustments approved by the Board for the subsequent fiscal year in all four water districts.

Additionally, the system evaluation noted that over the last four calendar years, the County averaged a forty-six percent (46%) unaccounted water loss which equates to more than 500,000 gallons per day for the Bertie County Regional Water System comprised of the four water districts. The consult's report identified the most likely contributing factors including line leaks, water storage overflows, meter accuracy, basic data logging, and non-reporting due to analog technology failures. Further investigation confirmed both faulty and non-existing altitude valves on elevated storage tanks, well performance deficiencies, meter inaccuracies and malfunctioning telemetry system communication network connections.

The Board of Commissioners has directed management staff to immediately address these issues and provided funding allocated in the subsequent fiscal year to address each of these issues. The Board also commissioned the development of a water system asset management plan, and a five year capital improvement plan including authorization to seek grant funding through state and federal programs.

### 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.

**Bertie County, North Carolina**  
**Statement of Net Position**  
**June 30, 2014**  
**Exhibit 1**

|  | Primary Government         |                             |               | Component Unit             |
|--|----------------------------|-----------------------------|---------------|----------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total         | Bertie County<br>ABC Board |
| <b>ASSETS</b>                                    |                            |                             |               |                            |
| Cash and cash equivalents                        | \$ 7,937,437               | \$ 1,768,678                | \$ 9,706,115  | \$ 159,629                 |
| Receivables, (net)                               | 2,689,238                  | 163,971                     | 2,853,209     | 9,438                      |
| Notes receivable                                 | 5,519,738                  | -                           | 5,519,738     | -                          |
| Inventories                                      | -                          | -                           | -             | 143,094                    |
| Prepaid items                                    | -                          | -                           | -             | 7,434                      |
| Restricted cash and cash equivalents             | 1,360,288                  | -                           | 1,360,288     | -                          |
| Total current assets                             | 17,506,701                 | 1,932,649                   | 19,439,350    | 319,595                    |
| Noncurrent assets:                               |                            |                             |               |                            |
| Grant/loan receivable                            | -                          | 86,494                      | 86,494        | -                          |
| Total noncurrent assets                          | -                          | 86,494                      | 86,494        | -                          |
| Capital assets:                                  |                            |                             |               |                            |
| Land, improvements, and construction in progress | 21,914,984                 | 1,338,949                   | 23,253,933    | -                          |
| Other capital assets, net of depreciation        | 7,790,475                  | 26,670,826                  | 34,461,301    | 28,674                     |
| Total capital assets                             | 29,705,459                 | 28,009,775                  | 57,715,234    | 28,674                     |
| Total assets                                     | 47,212,160                 | 30,028,918                  | 77,241,078    | 348,269                    |
| <b>LIABILITIES</b>                               |                            |                             |               |                            |
| Accounts payable and accrued expenses            | 1,536,203                  | 94,580                      | 1,630,783     | 112,390                    |
| Customer deposits                                | -                          | 143,480                     | 143,480       | -                          |
| Liabilities to be paid from restricted assets    | 452,882                    | -                           | 452,882       | -                          |
| Long-term liabilities                            |                            |                             |               |                            |
| Due within one year                              | 1,958,198                  | 399,105                     | 2,357,303     | -                          |
| Due in more than one year                        | 36,024,719                 | 11,987,028                  | 48,011,747    | 135,830                    |
| Total long-term liabilities                      | 37,982,917                 | 12,386,133                  | 50,369,050    | 135,830                    |
| Total liabilities                                | 39,972,002                 | 12,624,193                  | 52,596,195    | 248,220                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             | 781                        | -                           | 781           | -                          |
| <b>NET POSITION</b>                              |                            |                             |               |                            |
| Net investment in capital assets                 | 6,429,096                  | 16,307,729                  | 22,736,825    | 28,674                     |
| Restricted for:                                  |                            |                             |               |                            |
| Drug task force                                  | 22,981                     | -                           | 22,981        | -                          |
| Stabilization by State Statute                   | 2,041,831                  | -                           | 2,041,831     | -                          |
| Working capital                                  | -                          | -                           | -             | 20,909                     |
| Unrestricted (deficit)                           | (1,254,531)                | 1,096,996                   | (157,535)     | 50,466                     |
| Total net position                               | \$ 7,239,377               | \$ 17,404,725               | \$ 24,644,102 | \$ 100,049                 |

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

**Bertie County, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 2**

| Functions/Programs                    | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government:                   |                      |                      |                                    |                                  |
| Governmental Activities:              |                      |                      |                                    |                                  |
| General government                    | \$ 3,518,722         | \$ 155,318           | \$ -                               | \$ -                             |
| Public safety                         | 5,245,528            | 749,690              | 5,588                              | -                                |
| Environmental protection              | 513,480              | 1,669,030            | 83,919                             | -                                |
| Economic and physical development     | 719,094              | -                    | 259,558                            | -                                |
| Human services                        | 5,103,236            | 839,295              | 3,967,494                          | -                                |
| Intergovernmental:                    |                      |                      |                                    |                                  |
| Education                             | 2,928,000            | -                    | -                                  | -                                |
| Special appropriations                | 426,630              | -                    | -                                  | -                                |
| Debt service:                         |                      |                      |                                    |                                  |
| Interest and fees on long-term debt   | 1,378,198            | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>19,832,888</b>    | <b>3,413,333</b>     | <b>4,316,559</b>                   | <b>-</b>                         |
| Business-type activities:             |                      |                      |                                    |                                  |
| Water Districts                       | 2,649,367            | 2,030,271            | -                                  | 6,550                            |
| <b>Total business-type activities</b> | <b>2,649,367</b>     | <b>2,030,271</b>     | <b>-</b>                           | <b>6,550</b>                     |
| <b>Total primary government</b>       | <b>\$ 22,482,255</b> | <b>\$ 5,443,604</b>  | <b>\$ 4,316,559</b>                | <b>\$ 6,550</b>                  |
| Component unit:                       |                      |                      |                                    |                                  |
| ABC Board                             | \$ 669,212           | \$ 686,414           | \$ -                               | \$ -                             |

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

Net position-ending

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

**Bertie County, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 2**

| Net (Expense) Revenue and Changes in Net Position |                             |                 |                            |
|---|-----------------------------|-----------------|----------------------------|
| Primary Government                                |                             |                 | Component Unit             |
| Governmental<br>Activities                        | Business-type<br>Activities | Total           | Bertie County<br>ABC Board |
| \$ (3,363,404)                                    | \$ -                        | \$ (3,363,404)  | \$ -                       |
| (4,490,250)                                       | -                           | (4,490,250)     | -                          |
| 1,239,469   | -                           | 1,239,469       | -                          |
| (459,536)   | -                           | (459,536)       | -                          |
| (296,447)   | -                           | (296,447)       | -                          |
| (2,928,000)                                       | -                           | (2,928,000)     | -                          |
| (426,630)   | -                           | (426,630)       | -                          |
| (1,378,198)                                       | -                           | (1,378,198)     | -                          |
| (12,102,996)                                      | -                           | (12,102,996)    | -                          |
| -   | (612,546)                   | -               | -                          |
| -   | (612,546)                   | -               | -                          |
| \$ (12,102,996)                                   | \$ (612,546)                | \$ (12,102,996) | \$ -                       |
| \$ -  | \$ -                        | \$ -            | \$ 17,202                  |
| 10,250,780  | -                           | 10,250,780      | -                          |
| 2,091,043   | -                           | 2,091,043       | -                          |
| 209,643   | -                           | 209,643         | -                          |
| 736,636   | 450,853                     | 1,187,489       | 200                        |
| 377,185   | 7,834                       | 385,019         | 2,799                      |
| -   | -                           | -               | (20,201)                   |
| (1,672)   | 1,672                       | -               | -                          |
| 13,663,615  | 460,359                     | 14,123,974      | (17,202)                   |
| 1,560,619   | (152,187)                   | 1,408,432       | -                          |
| 5,678,758   | 17,556,912                  | 23,235,670      | 100,049                    |
| \$ 7,239,377                                      | \$ 17,404,725               | \$ 24,644,102   | \$ 100,049                 |

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



**Bertie County, North Carolina**  
**Balance Sheet – Governmental Fund**  
**June 30, 2014**  
**Exhibit 3**

|   | Major         |                    | Non-Major                | Total        |
|---|---------------|--------------------|--------------------------|--------------|
|   | General Fund  | Bertie High School | Other Governmental Funds |              |
| <b>ASSETS</b>   |               |                    |                          |              |
| Cash and cash equivalents   | \$ 7,281,253  | \$ -               | \$ 585,722               | \$ 7,866,975 |
| Restricted cash   | 320,841       | 1,039,447          | -                        | 1,360,288    |
| Receivables, (net):   |               |                    |                          |              |
| Taxes   | 642,542       | -                  | -                        | 642,542      |
| Accounts  | 1,197,354     | 817,501            | 26,976                   | 2,041,831    |
| Notes - Vidant Medical Center                                       | 5,101,455     | -                  | -                        | 5,101,455    |
| Notes - Landmark Asset Services                                     | 288,683       | -                  | -                        | 288,683      |
| Notes - Bertie Memorial Limited Partnership                         | 129,600       | -                  | -                        | 129,600      |
| Total assets  | 14,961,728    | 1,856,948          | 612,698                  | 17,431,374   |
| <b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>  |               |                    |                          |              |
| Liabilities:  |               |                    |                          |              |
| Accounts payable and accrued expenses                               | 779,579       | 590,740            | 165,323                  | 1,535,642    |
| Retainages payable  | -             | 452,882            | -                        | 452,882      |
| Total liabilities   | 779,579       | 1,043,622          | 165,323                  | 1,988,524    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                | 6,163,061     | -                  | -                        | 6,163,061    |
| Fund balances:  |               |                    |                          |              |
| Restricted:   |               |                    |                          |              |
| Drug task force   | 22,981        | -                  | -                        | 22,981       |
| Stabilization for State Statute                                     | 1,197,354     | 817,501            | 26,976                   | 2,041,831    |
| Committed:  |               |                    |                          |              |
| Tax Revaluation   | (2,723)       | -                  | -                        | (2,723)      |
| Education   | 323,564       | (4,175)            | -                        | 319,389      |
| Assigned:   |               |                    |                          |              |
| Subsequent years' expenditures                                      | -             | -                  | 420,399                  | 420,399      |
| Unassigned  | 6,477,912     | -                  | -                        | 6,477,912    |
| Total fund balances   | 8,019,088     | 813,326            | 447,375                  | 9,279,789    |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 14,961,728 | \$ 1,856,948       | \$ 612,698               |              |

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

|   |              |
|---|--------------|
| Total Fund Balance, Governmental Funds  | 9,279,789    |
| Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds.   | 29,705,459   |
| Deferred inflows of resources for taxes and special assessments.  | 6,162,280    |
| 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. | (37,982,917) |
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.  | 74,766       |
| Net assets of governmental activities   | \$ 7,239,377 |

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

**Bertie County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance – Governmental Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 4**

|   | Major         |                    | Non-Major                | Total         |
|---|---------------|--------------------|--------------------------|---------------|
|   | General Fund  | Bertie High School | Other Governmental Funds |               |
| <b>REVENUES</b>                                   |               |                    |                          |               |
| Ad valorem taxes                                  | \$ 10,820,133 | \$ -               | \$ -                     | \$ 10,820,133 |
| Other taxes and licenses                          | 404,048       | -                  | -                        | 404,048       |
| Intergovernmental revenues                        | 5,529,679     | -                  | 371,173                  | 5,900,852     |
| Licenses and permits                              | 190,674       | -                  | -                        | 190,674       |
| Sales and services                                | 2,167,720     | -                  | -                        | 2,167,720     |
| Investment earnings                               | 736,143       | -                  | 493                      | 736,636       |
| Miscellaneous                                     | 1,276,793     | 467,677            | -                        | 1,744,470     |
| Total revenues                                    | 21,125,190    | 467,677            | 371,666                  | 21,964,533    |
| <b>EXPENDITURES</b>                               |               |                    |                          |               |
| Current:  |               |                    |                          |               |
| General government                                | 3,051,138     | -                  | -                        | 3,051,138     |
| Public safety                                     | 5,128,898     | -                  | 97,197                   | 5,226,095     |
| Environmental protection                          | 513,480       | -                  | -                        | 513,480       |
| Economic and physical development                 | 296,529       | -                  | 325,058                  | 621,587       |
| Human services                                    | 4,995,994     | -                  | -                        | 4,995,994     |
| Intergovernmental:                                |               |                    |                          |               |
| Education   | 2,928,000     | -                  | -                        | 2,928,000     |
| Special appropriations                            | 426,630       | -                  | -                        | 426,630       |
| Capital projects                                  | -             | 11,112,009         | -                        | 11,112,009    |
| Debt service:                                     |               |                    |                          |               |
| Principal   | 1,819,418     | -                  | -                        | 1,819,418     |
| Interest and fees                                 | 1,378,198     | -                  | -                        | 1,378,198     |
| Total expenditures                                | 20,538,285    | 11,112,009         | 422,255                  | 32,072,549    |
| Excess (deficiency) of revenues over expenditures | 586,905       | (10,644,332)       | (50,589)                 | (10,108,016)  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |                    |                          |               |
| Transfers to other funds                          | (1,672)       | -                  | -                        | (1,672)       |
| Total other financing sources and uses            | (1,672)       | -                  | -                        | (1,672)       |
| Net change in fund balance                        | 585,233       | (10,644,332)       | (50,589)                 | (10,109,688)  |
| Fund balances-beginning                           | 7,433,855     | 11,457,658         | 497,964                  | 19,389,477    |
| Fund balances-ending                              | \$ 8,019,088  | \$ 813,326         | \$ 447,375               | \$ 9,279,789  |

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

**Bertie County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance – Governmental Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 5**

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

|   |    |              |
|---|----|--------------|
| Net changes in fund balances - total governmental funds | \$ | (10,109,688) |
|---|----|--------------|

|   |  |            |
|---|--|------------|
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year. |  | 10,953,314 |
|---|--|------------|

|  |  |           |
|--|--|-----------|
| Revenues not in the Statement of Activities that do not provide current financial resources and reported as revenues in the funds. |  | (569,353) |
|--|--|-----------|

|  |  |           |
|--|--|-----------|
| 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. |  | 1,824,105 |
|--|--|-----------|

|   |  |           |
|---|--|-----------|
| 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. |  | (456,256) |
|---|--|-----------|

|  |  |          |
|--|--|----------|
| Internal service funds are used by management to charge the costs of a telephone system to individual funds. |  | (81,503) |
|--|--|----------|

|  |    |           |
|--|----|-----------|
| Total changes in net position of governmental activities | \$ | 1,560,619 |
|--|----|-----------|

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

**Bertie County, North Carolina**  
**General Fund Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 6**

|   | General Fund      |                   |                   | Variance With<br>Final Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original Budget   | Final Budget      | Actual            |   |
| <b>REVENUES</b>   |                   |                   |                   |   |
| Ad valorem taxes  | \$ 10,174,774     | \$ 10,174,774     | \$ 10,820,133     | \$ 645,359                                    |
| Other taxes and licenses  | 404,300           | 404,300           | 404,048           | (252)   |
| Intergovernmental revenues  | 5,493,867         | 5,696,799         | 5,529,679         | (167,120)                                     |
| Licenses and permits  | 244,200           | 241,200           | 190,674           | (50,526)                                      |
| Sales and services  | 1,931,501         | 2,348,168         | 2,167,720         | (180,448)                                     |
| Investment earnings   | 20,000            | 20,000            | 12,654            | (7,346)                                       |
| Miscellaneous   | 307,705           | 1,150,151         | 1,276,793         | 126,642                                       |
| <b>Total revenues</b>   | <b>18,576,347</b> | <b>20,035,392</b> | <b>20,401,701</b> | <b>366,309</b>                                |
| <b>EXPENDITURES</b>   |                   |                   |                   |   |
| Current:  |                   |                   |                   |   |
| General government  | 3,040,993         | 3,180,361         | 3,051,138         | 129,223                                       |
| Public safety   | 4,304,544         | 5,431,182         | 5,128,898         | 302,284                                       |
| Environmental protection  | 517,106           | 517,106           | 513,480           | 3,626   |
| Economic and physical development   | 322,902           | 327,474           | 296,529           | 30,945  |
| Human services  | 5,486,096         | 5,769,448         | 4,995,994         | 773,454                                       |
| Intergovernmental:  |                   |                   |                   |   |
| Education   | 2,928,000         | 2,928,000         | 2,928,000         | -   |
| Special appropriations  | 449,396           | 458,411           | 426,630           | 31,781  |
| Debt service:   |                   |                   |                   |   |
| Principal   | 1,293,309         | 1,819,420         | 1,819,418         | 2   |
| Interest and fees   | 1,077,660         | 1,378,200         | 1,378,198         | 2   |
| <b>Total expenditures</b>   | <b>19,420,006</b> | <b>21,809,602</b> | <b>20,538,285</b> | <b>1,271,317</b>                              |
| Revenues over (under) expenditures  | (843,659)         | (1,774,210)       | (136,584)         | 1,637,626                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                   |                   |                   |   |
| Transfers from other funds  | 1,206,733         | 1,206,733         | 1,168,951         | (37,782)                                      |
| Transfers to other funds  | (913,074)         | (914,746)         | (382,287)         | 532,459                                       |
| <b>Total other financing sources and uses</b>   | <b>293,659</b>    | <b>291,987</b>    | <b>786,664</b>    | <b>494,677</b>                                |
| Revenues and other financing sources over (under) expenditures and other financing uses   | (550,000)         | (1,482,223)       | 650,080           | 2,132,303                                     |
| Appropriated fund balance   | 550,000           | 1,482,223         | -                 | (1,482,223)                                   |
| Net change in fund balance  | \$ -              | \$ -              | 650,080           | \$ 650,080                                    |
| Fund balances-beginning   |                   |                   | 7,048,167         |   |
| Fund balances-ending  |                   |                   | \$ 7,698,247      |   |
| The legally budgeted Tax Revaluation Fund and Capital Reserve Fund are consolidated into the General Fund for reporting purposes: |                   |                   |                   |   |
| Investment earnings   |                   |                   | \$ 723,489        |   |
| Transfers in - General Fund   |                   |                   | 380,615           |   |
| Transfers out - General Fund  |                   |                   | (1,168,951)       |   |
| Fund balance, beginning   |                   |                   | 385,688           |   |
| Fund balance, ending (Exhibit 4)  |                   |                   | \$ 8,019,088      |   |

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

**Bertie County, North Carolina**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2014**  
**Exhibit 7**

|   | Business-type Activities - Proprietary Funds - Major |                      |                       |                      |                              |                      | Governmental<br>Activities -<br>Internal Service<br>Funds |
|---|--|----------------------|-----------------------|----------------------|------------------------------|----------------------|---|
|   | Water District<br>I                                  | Water District<br>II | Water District<br>III | Water District<br>IV | County Water<br>Service Fund | Total                |   |
|   |  |                      |                       |                      |                              |                      |   |
| <b>ASSETS</b>                               |  |                      |                       |                      |                              |                      |   |
| Current assets:                             |  |                      |                       |                      |                              |                      |   |
| Cash and cash equivalents                   | \$ 80,020  | \$ 555,482           | \$ 934,655            | \$ 198,521           | \$ -                         | \$ 1,768,678         | \$ 70,462   |
| Receivables, net                            | 32,171   | 54,866               | 49,517                | 27,417               | -                            | 163,971              | 4,865   |
| <b>Total current assets</b>                 | <b>112,191</b>                                       | <b>610,348</b>       | <b>984,172</b>        | <b>225,938</b>       | <b>-</b>                     | <b>1,932,649</b>     | <b>75,327</b>   |
| Noncurrent assets:                          |  |                      |                       |                      |                              |                      |   |
| Restricted assets:                          |  |                      |                       |                      |                              |                      |   |
| Due from Districts                          | -  | -                    | -                     | -                    | 11,425,000                   | 11,425,000           | -   |
| Grant/loan receivable                       | -  | 86,494               | -                     | -                    | -                            | 86,494               | -   |
| Capital assets:                             |  |                      |                       |                      |                              |                      |   |
| Land and improvements                       | 36,994   | 36,500               | 36,500                | 20,000               | -                            | 129,994              | -   |
| Construction in progress                    | -  | 195,387              | 6,550                 | 1,007,018            | -                            | 1,208,955            | -   |
| Buildings, improvements,<br>and equipment   | 8,120,691  | 11,648,793           | 8,045,589             | 7,240,810            | -                            | 35,055,883           | 182,848   |
| Less accumulated depreciation               | (2,283,360)  | (2,285,312)          | (2,214,116)           | (1,602,269)          | -                            | (8,385,057)          | (182,848)   |
| <b>Total capital assets</b>                 | <b>5,874,325</b>                                     | <b>9,595,368</b>     | <b>5,874,523</b>      | <b>6,665,559</b>     | <b>-</b>                     | <b>28,009,775</b>    | <b>-</b>  |
| <b>Total noncurrent assets</b>              | <b>5,874,325</b>                                     | <b>9,681,862</b>     | <b>5,874,523</b>      | <b>6,665,559</b>     | <b>11,425,000</b>            | <b>39,521,269</b>    | <b>-</b>  |
| <b>Total assets</b>                         | <b>5,986,516</b>                                     | <b>10,292,210</b>    | <b>6,858,695</b>      | <b>6,891,497</b>     | <b>11,425,000</b>            | <b>41,453,918</b>    | <b>75,327</b>   |
| <b>LIABILITIES</b>                          |  |                      |                       |                      |                              |                      |   |
| Current liabilities:                        |  |                      |                       |                      |                              |                      |   |
| Accounts payable and<br>accrued liabilities | 14,555   | 50,172               | 18,060                | 11,793               | -                            | 94,580               | 561   |
| Customer deposits                           | 32,974   | 31,231               | 43,856                | 35,419               | -                            | 143,480              | -   |
| Compensated absences                        | 2,390  | 7,767                | 5,775                 | 3,983                | -                            | 19,915               | -   |
| Installment purchase                        | -  | 15,391               | -                     | -                    | -                            | 15,391               | -   |
| Due to County                               | 85,000   | 105,000              | 80,000                | 85,000               | -                            | 355,000              | -   |
| Limited obligation bonds                    | -  | -                    | -                     | -                    | 355,000                      | 355,000              | -   |
| Original issue discount/premium             | 6,453  | 6,927                | 7,652                 | 2,703                | -                            | 23,735               | -   |
| <b>Total current liabilities</b>            | <b>141,372</b>                                       | <b>216,488</b>       | <b>155,343</b>        | <b>138,898</b>       | <b>355,000</b>               | <b>1,007,101</b>     | <b>561</b>  |
| Noncurrent liabilities:                     |  |                      |                       |                      |                              |                      |   |
| Installment purchase                        | -  | 261,655              | -                     | -                    | -                            | 261,655              | -   |
| Due to County                               | 2,355,000  | 3,330,000            | 2,135,000             | 3,250,000            | -                            | 11,070,000           | -   |
| Limited obligation bonds                    | -  | -                    | -                     | -                    | 11,070,000                   | 11,070,000           | -   |
| Original issue discount/premium             | 134,987  | 151,816              | 152,404               | 67,339               | -                            | 506,546              | -   |
| Other postemployment benefits               | 27,625   | 31,349               | 41,531                | 33,386               | -                            | 133,891              | -   |
| <b>Total noncurrent liabilities</b>         | <b>2,517,612</b>                                     | <b>3,774,820</b>     | <b>2,328,935</b>      | <b>3,350,725</b>     | <b>11,070,000</b>            | <b>23,042,092</b>    | <b>-</b>  |
| <b>Total liabilities</b>                    | <b>2,658,984</b>                                     | <b>3,991,308</b>     | <b>2,484,278</b>      | <b>3,489,623</b>     | <b>11,425,000</b>            | <b>24,049,193</b>    | <b>561</b>  |
| <b>NET POSITION</b>                         |  |                      |                       |                      |                              |                      |   |
| Net investment in capital assets            | 3,434,325  | 5,883,322            | 3,659,523             | 3,330,559            | -                            | 16,307,729           | -   |
| Unrestricted                                | (106,793)  | 417,580              | 714,894               | 71,315               | -                            | 1,096,996            | 74,766  |
| <b>Total net position</b>                   | <b>\$ 3,327,532</b>                                  | <b>\$ 6,300,902</b>  | <b>\$ 4,374,417</b>   | <b>\$ 3,401,874</b>  | <b>\$ -</b>                  | <b>\$ 17,404,725</b> | <b>\$ 74,766</b>  |

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

**Bertie County, North Carolina**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 8**

|   | Business-type Activities - Proprietary Funds - Major |                      |                       |                      |                              |              | Governmental<br>Activities -<br>Internal Service<br>Funds |
|---|--|----------------------|-----------------------|----------------------|------------------------------|--------------|---|
|   | Water District<br>I                                  | Water District<br>II | Water District<br>III | Water District<br>IV | County Water<br>Service Fund | Total        |   |
| Operating revenue   |  |                      |                       |                      |                              |              |   |
| User charges  | \$ 372,474   | \$ 685,809           | \$ 527,791            | \$ 444,197           | \$ -                         | \$ 2,030,271 | \$ 71,822   |
| Total operating revenue                                       | 372,474  | 685,809              | 527,791               | 444,197              | -                            | 2,030,271    | 71,822  |
| Operating expenses  |  |                      |                       |                      |                              |              |   |
| Administrative expenses                                       | 150,318  | 414,418              | 300,546               | 207,189              | -                            | 1,072,471    | 153,325   |
| Depreciation expense  | 162,609  | 234,238              | 161,506               | 145,833              | -                            | 704,186      | -   |
| Total operating expenses                                      | 312,927  | 648,656              | 462,052               | 353,022              | -                            | 1,776,657    | 153,325   |
| Operating income (loss)                                       | 59,547   | 37,153               | 65,739                | 91,175               | -                            | 253,614      | (81,503)  |
| Nonoperating revenues (expenses)                              |  |                      |                       |                      |                              |              |   |
| Investment earnings   | 164  | 822                  | 1,315                 | 329                  | 448,223                      | 450,853      | -   |
| Miscellaneous income  | 2,740  | 4,360                | 614                   | 120                  | -                            | 7,834        | -   |
| Interest, fees and amortization                               | (90,402)   | (127,757)            | (81,527)              | (124,801)            | (448,223)                    | (872,710)    | -   |
| Total nonoperating revenues (expenses)                        | (87,498)   | (122,575)            | (79,598)              | (124,352)            | -                            | (414,023)    | -   |
| Income (loss) before contributions and<br>operating transfers | (27,951)   | (85,422)             | (13,859)              | (33,177)             | -                            | (160,409)    | (81,503)  |
| Capital contributions   | -  | -                    | 6,550                 | -                    | -                            | 6,550        | -   |
| Transfers from (to) other funds                               | 201  | 652                  | 485                   | 334                  | -                            | 1,672        | -   |
| Total transfers and capital contributions                     | 201  | 652                  | 7,035                 | 334                  | -                            | 8,222        | -   |
| Change in net position  | (27,750)   | (84,770)             | (6,824)               | (32,843)             | -                            | (152,187)    | (81,503)  |
| Net position, beginning                                       | 3,355,282  | 6,385,672            | 4,381,241             | 3,434,717            | -                            | 17,556,912   | 156,269   |
| Net position, ending  | 3,327,532  | 6,300,902            | 4,374,417             | 3,401,874            | -                            | 17,404,725   | 74,766  |

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

**Bertie County, North Carolina**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 9**

|   | Business-type Activities - Proprietary Funds - Major |                      |                       |                      |              | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|--|----------------------|-----------------------|----------------------|--------------|---|
|   | Water<br>District I                                  | Water<br>District II | Water<br>District III | Water<br>District IV | Total        |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |  |                      |                       |                      |              |   |
| Cash received from customers  | \$ 347,734   | \$ 690,881           | \$ 485,861            | \$ 447,541           | \$ 1,972,017 | \$ 69,847   |
| Cash paid for goods and services                                      | (99,847)   | (222,315)            | (182,461)             | (121,729)            | (626,352)    | (153,322)   |
| Cash paid to employees for services                                   | (51,982)   | (145,311)            | (114,799)             | (81,739)             | (393,831)    | -   |
| Customer deposits (net)   | 950  | 3,325                | 1,550                 | 450                  | 6,275        | -   |
| Other operating revenues  | 21,533   | 24,357               | 30,563                | 24,463               | 100,916      | -   |
| Net cash provided (used) by operating activities                      | 218,388  | 350,937              | 220,714               | 268,986              | 1,059,025    | (83,475)  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                |  |                      |                       |                      |              |   |
| Nonoperating income   | 2,740  | 4,360                | 614                   | 120                  | 7,834        | -   |
| Transfers from (to) other funds                                       | 201  | 652                  | 485                   | 334                  | 1,672        | -   |
| Net cash provided (used) from noncapital financing activities         | 2,941  | 5,012                | 1,099                 | 454                  | 9,506        | -   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>       |  |                      |                       |                      |              |   |
| Acquisition and construction of capital assets                        | -  | (224,887)            | (6,550)               | -                    | (231,437)    | -   |
| Interest paid on construction debt                                    | (96,856)   | (134,684)            | (89,179)              | (127,504)            | (448,223)    | -   |
| Principal paid on bond maturities and equipment contracts             | (85,000)   | (105,000)            | (75,000)              | (80,000)             | (345,000)    | -   |
| Capital contributions - Federal grant                                 | -  | -                    | 6,550                 | -                    | 6,550        | -   |
| Proceeds from long-term borrowing                                     | -  | 190,552              | -                     | -                    | 190,552      | -   |
| Net cash provided (used) for capital and related financing activities | (181,856)  | (274,019)            | (164,179)             | (207,504)            | (827,558)    | -   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |  |                      |                       |                      |              |   |
| Interest on investment  | 164  | 822                  | 1,315                 | 329                  | 2,630        | -   |
| Net increase (decrease) in cash and cash equivalents                  | 39,637   | 82,752               | 58,949                | 62,265               | 243,603      | (83,475)  |
| Cash and cash equivalents, beginning                                  | 40,383   | 472,730              | 875,706               | 136,256              | 1,525,075    | 153,937   |
| Cash and cash equivalents, ending                                     | \$ 80,020  | \$ 555,482           | \$ 934,655            | \$ 198,521           | \$ 1,768,678 | \$ 70,462   |

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

**Bertie County, North Carolina**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**Exhibit 9**

|   | Business-type Activities - Proprietary Funds - Major |                      |                       |                      |                     | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|--|----------------------|-----------------------|----------------------|---------------------|---|
|   | Water<br>District I                                  | Water<br>District II | Water<br>District III | Water<br>District IV | Total               |   |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating revenues</b>    |  |                      |                       |                      |                     |   |
| <u>Operating income (loss)</u>  | \$ 59,547  | \$ 37,153            | \$ 65,739             | \$ 91,175            | \$ 253,614          | \$ (81,503)   |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |  |                      |                       |                      |                     |   |
| Depreciation  | 162,609  | 234,238              | 161,506               | 145,833              | 704,186             | -   |
| Change in assets and liabilities:   |  |                      |                       |                      |                     |   |
| (Increase) decrease in accounts receivable  | (3,207)  | 29,429               | (11,367)              | 27,807               | 42,662              | (1,975)   |
| Increase (decrease) in accounts payable and accrued liabilities                                       | (2,333)  | 37,578               | (1,698)               | 987                  | 34,534              | 3   |
| Increase (decrease) in customer deposits  | 950  | 3,325                | 1,550                 | 450                  | 6,275               | -   |
| Increase (decrease) in accrued vacation   | (1,210)  | 3,266                | 374                   | (518)                | 1,912               | -   |
| Increase (decrease) in OPEB payable   | 2,032  | 5,948                | 4,610                 | 3,252                | 15,842              | -   |
| <u>Total adjustments</u>  | <u>158,841</u>                                       | <u>313,784</u>       | <u>154,975</u>        | <u>177,811</u>       | <u>805,411</u>      | <u>(1,972)</u>  |
| <u>Net cash provided (used) by operating activities</u>   | <u>\$ 218,388</u>                                    | <u>\$ 350,937</u>    | <u>\$ 220,714</u>     | <u>\$ 268,986</u>    | <u>\$ 1,059,025</u> | <u>\$ (83,475)</u>  |

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



**Bertie County, North Carolina**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2014**  
**Exhibit 10**

**ASSETS**

|                           |          |
|---------------------------|----------|
| Cash and cash equivalents | \$ 5,011 |
|---------------------------|----------|

---

**LIABILITIES**

|                           |       |
|---------------------------|-------|
| Miscellaneous liabilities | 5,011 |
|---------------------------|-------|

---

**NET POSITION**

|  |      |
|--|------|
| Assets held in trust for social services | \$ - |
|--|------|

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

**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.

## Bertie County, North Carolina Notes to Financial Statements

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:

## Bertie County, North Carolina Notes to Financial Statements

*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. The Bertie County Telephone Fund is consolidated with the Governmental Funds in the government-wide statements.

*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

## Bertie County, North Carolina Notes to Financial Statements

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 seven legally budgeted funds. The Emergency Telephone System Fund, 2006 CDBG-CN Fund, 2011 CDBG-SS Fund, and the 2011 CDBG-HU 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

## Bertie County, North Carolina Notes to Financial Statements

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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.

### **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.

# Bertie County, North Carolina Notes to Financial Statements

## **D. Assets, Liabilities, Deferred Inflows of Resources, 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.

| Bertie County Restricted Cash |                          |              |
|-------------------------------|--------------------------|--------------|
| Governmental Activities       |                          |              |
| General Fund                  | Tax Revaluation          | \$ (2,723)   |
|                               | Capital Reserves Schools | 323,564      |
| Bertie High School            | Unexpended bond proceeds | 1,039,447    |
| Total Restricted Cash         |                          | \$ 1,360,288 |

**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



**Bertie County, North Carolina**  
**Notes to Financial Statements**

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, 2014.

**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.

## Bertie County, North Carolina Notes to Financial Statements

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.

**Bertie County, North Carolina**  
**Notes to Financial Statements**

**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 \$(2,040,412) 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) | \$ 35,374,093         |
| Less accumulated depreciation  | (5,668,634)           |
| Net capital assets   | 29,705,459            |
| Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide  | 6,162,280             |
| 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 funds statements:                                |                       |
| Bonds, leases, and installment financing   | (34,169,535)          |
| Pension obligation   | (251,565)             |
| Other postemployment benefit obligation  | (3,251,933)           |
| Compensated absences   | (309,884)             |
|  | (37,982,917)          |
| Internal service funds are used by management to charge the costs of a data information system to individual funds.  | 74,766                |
| <b>Total adjustment</b>  | <b>\$ (2,040,412)</b> |

**Bertie County, North Carolina  
Notes to Financial Statements**

**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 \$(11,670,308) as follows:

| Description  | Amount        |
|--|---------------|
| Capital outlay expenditures recorded in the funds statements but capitalized as assets in the statement of activities.   | \$ 11,458,225 |
| 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.                | (504,911)     |
| 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. | 1,824,105     |
| 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   | (569,353)     |
| 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   | (23,572)      |
| Other postemployment benefit obligation  | (406,727)     |
| Net pension obligation   | (25,957)      |
| Internal service funds are used by management to charge the costs of a data information system to individual funds.  | (81,503)      |
| Total adjustment   | \$ 11,670,307 |

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

Management has evaluated subsequent events through December 19, 2014, 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

## Bertie County, North Carolina Notes to Financial Statements

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, 2014, the County's deposits had a carrying amount of \$8,703,987. The bank balances with financial institutions and with the State Treasurer were \$8,166,070 and \$2,923, 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 \$9,568 in non-interest bearing deposits and \$7,906,502 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2014, Bertie County had \$1,225 cash on hand.

At June 30, 2014, the carrying amount of deposits for Bertie County ABC Board was \$157,878 and the bank balance was \$154,227. All of the bank balance was covered by federal depository insurance.

At June 30, 2014, the ABC Board had \$1,751 cash on hand.

### **2. Investments**

At June 30, 2014, the County's investments consisted of \$2,361,131 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, 2014, the ABC Board had no investments.

**Bertie County, North Carolina**  
**Notes to Financial Statements**

**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               |
|--------------|---------------------|-------------------|---------------------|
| 2011         | \$ 1,082,638        | \$ 354,381        | \$ 1,437,019        |
| 2012         | 1,085,273           | 257,620           | 1,342,893           |
| 2013         | 1,317,652           | 194,258           | 1,511,910           |
| 2014         | 1,437,402           | 82,610            | 1,520,012           |
| <b>Total</b> | <b>\$ 4,922,965</b> | <b>\$ 888,869</b> | <b>\$ 5,811,834</b> |

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

|                                       | Accounts            | Taxes and<br>Related Accrued<br>Interest | Due from<br>Other<br>Governments | Other               | Total               |
|---------------------------------------|---------------------|--|----------------------------------|---------------------|---------------------|
| <b>Governmental activities:</b>       |                     |  |                                  |                     |                     |
| General                               | \$ 722,833          | \$ 723,618                               | \$ 474,521                       | \$ 5,519,738        | \$ 7,440,710        |
| Other Governmental                    | 844,477             | -  | -                                | -                   | 844,477             |
| Internal Service Fund                 | 4,865               | -  | -                                | -                   | 4,865               |
| <b>Total receivables</b>              | <b>1,572,175</b>    | <b>723,618</b>                           | <b>474,521</b>                   | <b>5,519,738</b>    | <b>8,290,052</b>    |
| Allowance for doubtful accounts       | -                   | (81,076)                                 | -                                | -                   | (81,076)            |
| <b>Total governmental activities</b>  | <b>\$ 1,572,175</b> | <b>\$ 642,542</b>                        | <b>\$ 474,521</b>                | <b>\$ 5,519,738</b> | <b>\$ 8,208,976</b> |
| <b>Business-type activities:</b>      |                     |  |                                  |                     |                     |
| Water Districts                       | \$ 180,429          | -  | -                                | -                   | \$ 180,429          |
| <b>Total receivables</b>              | <b>180,429</b>      | <b>-</b>                                 | <b>-</b>                         | <b>-</b>            | <b>180,429</b>      |
| Allowance for doubtful accounts       | (16,458)            | -  | -                                | -                   | (16,458)            |
| <b>Total business-type activities</b> | <b>\$ 163,971</b>   | <b>\$ -</b>                              | <b>\$ -</b>                      | <b>\$ -</b>         | <b>\$ 163,971</b>   |

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

|                        |                   |
|------------------------|-------------------|
| Local option sales tax | \$ 408,189        |
| Sales tax receivable   | 66,332            |
|                        | <b>\$ 474,521</b> |

**Bertie County, North Carolina  
Notes to Financial Statements**

**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2014, was as follows:

| <b>Governmental Activities:</b>                    | Beginning<br>Balances | Increases         | Decreases     | Ending<br>Balances   |
|--|-----------------------|-------------------|---------------|----------------------|
| <b>Capital assets not being depreciated:</b>       |                       |                   |               |                      |
| Land   | \$ 678,397            | \$ -              | \$ -          | \$ 678,397           |
| Construction in progress                           | 10,124,578            | 11,112,009        | -             | 21,236,587           |
| <b>Total capital assets not being depreciated</b>  | <b>10,802,975</b>     | <b>11,112,009</b> | <b>-</b>      | <b>21,914,984</b>    |
| <b>Capital assets being depreciated:</b>           |                       |                   |               |                      |
| Buildings  | 9,026,135             | -                 | -             | 9,026,135            |
| Improvements                                       | 1,008,951             | 114,323           | -             | 1,123,274            |
| Equipment  | 1,798,471             | 32,434            | 12,533        | 1,818,372            |
| Vehicles and motor equipment                       | 1,291,869             | 199,459           | -             | 1,491,328            |
| <b>Total capital assets being depreciated</b>      | <b>13,125,426</b>     | <b>346,216</b>    | <b>12,533</b> | <b>13,459,109</b>    |
| <b>Less accumulated depreciation for:</b>          |                       |                   |               |                      |
| Buildings  | 3,094,971             | 174,405           | -             | 3,269,376            |
| Improvements                                       | 268,988               | 52,823            | -             | 321,811              |
| Equipment  | 897,987               | 138,157           | 12,533        | 1,023,611            |
| Vehicles and motor equipment                       | 914,310               | 139,526           | -             | 1,053,836            |
| <b>Total accumulated depreciation</b>              | <b>5,176,256</b>      | <b>504,911</b>    | <b>12,533</b> | <b>5,668,634</b>     |
| <b>Total capital assets being depreciated, net</b> | <b>7,949,170</b>      |                   |               | <b>7,790,475</b>     |
| <b>Governmental activity capital assets, net</b>   | <b>\$ 18,752,145</b>  |                   |               | <b>\$ 29,705,459</b> |

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

|                                   |                   |
|-----------------------------------|-------------------|
| General government                | \$ 73,739         |
| Public safety                     | 197,623           |
| Human services                    | 107,242           |
| Parks and Recreation              | 126,307           |
| <b>Total depreciation expense</b> | <b>\$ 504,911</b> |



## Bertie County, North Carolina Notes to Financial Statements

| <b>Business-type Activities:</b>             | Beginning            |           |           | Ending               |
|--|----------------------|-----------|-----------|----------------------|
| <b>Water Districts</b>                       | Balances             | Increases | Decreases | Balances             |
| <b>Capital assets not being depreciated:</b> |                      |           |           |                      |
| Land   | \$ 129,994           | \$ -      | \$ -      | \$ 129,994           |
| Construction in progress                     | 1,007,018            | 201,937   | -         | 1,208,955            |
| Total capital assets not being depreciated   | 1,137,012            | 201,937   | -         | 1,338,949            |
| <b>Capital assets being depreciated:</b>     |                      |           |           |                      |
| Plant and distribution systems               | 34,979,000           | 29,500    | -         | 35,008,500           |
| Vehicles                                     | 47,383               | -         | -         | 47,383               |
| Total capital assets being depreciated       | 35,026,383           | 29,500    | -         | 35,055,883           |
| <b>Less accumulated depreciation for:</b>    |                      |           |           |                      |
| Plant and distribution systems               | 7,655,279            | 699,291   | -         | 8,354,570            |
| Vehicles                                     | 25,592               | 4,895     | -         | 30,487               |
| Total accumulated depreciation               | 7,680,871            | 704,186   | -         | 8,385,057            |
| Total capital assets being depreciated, net  | 27,345,512           |           |           | 26,670,826           |
| <b>Water Districts capital assets, net</b>   | <b>\$ 28,482,524</b> |           |           | <b>\$ 28,009,775</b> |

### Construction commitments

The government has active construction projects as of June 30, 2014. The projects include the water district projects and the Bertie High School construction. At June 30, 2014, the government's commitments with contractors are as follows:

| Project                                     | Spent-to-date | Remaining<br>Commitment |
|---|---------------|-------------------------|
| Bertie High School                          | \$ 21,236,587 | \$ 298,413              |
| DENR - Water District II                    | 195,387       | 81,659                  |
| 2012 CDBG - Water District III              | 6,550         | 277,450                 |
| Rural Center Grant Fund - Water District IV | 323,087       | 16,713                  |
| 2008 CDBG - Water District IV               | 683,931       | 225,569                 |
| Total                                       | \$ 22,445,542 | \$ 899,804              |

**Bertie County, North Carolina  
Notes to Financial Statements**

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2014, was as follows:

| <b>ABC Board:</b>                            | Beginning<br>Balances | Increases | Decreases | Ending<br>Balances |
|--|-----------------------|-----------|-----------|--------------------|
| <b>Capital assets not being depreciated:</b> |                       |           |           |                    |
| Land   | \$ 3,789              | \$ -      | \$ -      | \$ 3,789           |
| Total capital assets not being depreciated   | 3,789                 | -         | -         | 3,789              |
| <b>Capital assets being depreciated:</b>     |                       |           |           |                    |
| Furniture and equipment                      | 104,203               | 16,639    | -         | 120,842            |
| Leasehold improvements                       | 17,711                | -         | -         | 17,711             |
| Vehicles                                     | 1,470                 | -         | -         | 1,470              |
| Total capital assets being depreciated       | 123,384               | 16,639    | -         | 140,023            |
| <b>Less accumulated depreciation for:</b>    |                       |           |           |                    |
| Furniture and equipment                      | 92,534                | 3,423     | -         | 95,957             |
| Leasehold improvements                       | 17,711                | -         | -         | 17,711             |
| Vehicles                                     | 1,470                 | -         | -         | 1,470              |
| Total accumulated depreciation               | 111,715               | 3,423     | -         | 115,138            |
| <b>ABC capital assets, net</b>               | <b>\$ 15,458</b>      |           |           | <b>\$ 28,674</b>   |

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

|                                  | Vendors      | Total        |
|----------------------------------|--------------|--------------|
| <b>Governmental Activities:</b>  |              |              |
| General                          | \$ 779,579   | \$ 779,579   |
| Other Governmental               | 1,208,945    | 1,208,945    |
| Internal Service Fund            | 561          | 561          |
| Total governmental funds         | \$ 1,989,085 | \$ 1,989,085 |
| <b>Business-type Activities:</b> |              |              |
| Water Districts                  | \$ 94,580    | \$ 94,580    |
| Total business-type activities   | \$ 94,580    | \$ 94,580    |

**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 7.07% and 7.28%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.07% 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, 2014, 2013, and 2012 were \$354,865, \$316,026, and \$333,756, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$1,591, \$1,856, and \$2,022, 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, 2013, the Separation Allowance's membership consisted of:

**Bertie County, North Carolina**  
**Notes to Financial Statements**

|                             |    |
|-----------------------------|----|
| Retirees receiving benefits | -  |
| Active plan members         | 27 |
| Total                       | 27 |

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, 2013 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, 2013 was 17 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:

**Bertie County, North Carolina  
Notes to Financial Statements**

|  |            |
|--|------------|
| Annual Required Contribution               | \$ 33,058  |
| Interest on net OPEB obligation            | 11,280     |
| Adjustment to annual required contribution | (18,381)   |
| Annual OPEB cost (expense)                 | 25,957     |
| Contributions made                         | -          |
| Increase (decrease) in net OPEB obligation | 25,957     |
| Net pension obligation, beginning of year  | 225,608    |
| Net pension obligation, end of year        | \$ 251,565 |

|                           | Annual Pension |                                  |  |                           |
|---------------------------|----------------|----------------------------------|--|---------------------------|
| For Year Ended<br>June 30 | Cost<br>(APC)  | Percentage of APC<br>Contributed |  | Net Pension<br>Obligation |
| 2012                      | \$ 27,640      | 2.63%                            |  | \$ 197,733                |
| 2013                      | \$ 27,875      | 0.00%                            |  | \$ 225,608                |
| 2014                      | \$ 25,957      | 0.00%                            |  | \$ 251,565                |

**4. Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$271,489, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$271,489.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,016,239 and the ratio of the UAAL to the covered payroll was 26.72 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.

## Bertie County, North Carolina Notes to Financial Statements

*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, 2014 were \$58,861 which consisted of \$48,321 from the County and \$10,540 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, 2014, the County's required and actual contributions were \$1,003.

### **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

## Bertie County, North Carolina Notes to Financial Statements

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, 2013, the date of the latest actuarial valuation:

|  | General<br>Employees | Law<br>Enforcement<br>Officers |
|--|----------------------|--------------------------------|
| Retirees and dependents receiving benefits | 38                   | 2                              |
| Active plan members                        | 117                  | 24                             |
|  | 155                  | 26                             |

*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 \$22.99 per month for dependent coverage, \$33.45 per month for spouse coverage, and \$69.21 per month for family coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 15.91% of annual covered payroll. For the current year, the County contributed \$286,242 or 6.47% 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 5.98% and .052% 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:

## Bertie County, North Carolina Notes to Financial Statements

|  |    |           |
|--|----|-----------|
| Annual Required Contribution               | \$ | 703,514   |
| Interest on net OPEB obligation            |    | 118,526   |
| Adjustment to annual required contribution |    | (113,229) |
| Annual OPEB cost (expense)                 |    | 708,811   |
| Contributions made                         |    | (286,242) |
| Increase (decrease) in net OPEB obligation |    | 422,569   |
| Net OPEB obligation, beginning of year     |    | 2,963,144 |
| Net OPEB obligation, end of year           | \$ | 3,385,713 |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

| For Year Ended<br>June 30 | Annual<br>OPEB Cost | Percentage of Annual<br>OPEB Cost Contributed | Net OPEB<br>Obligation |
|---------------------------|---------------------|---|------------------------|
| 2012                      | \$ 754,692          | 24.40%  | \$ 2,386,999           |
| 2013                      | \$ 767,797          | 24.96%  | \$ 2,963,144           |
| 2014                      | \$ 708,811          | 40.40%  | \$ 3,385,713           |

*Funded Status and Funding Progress.* As of December 31, 2013, 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 \$8,878,477. The covered payroll (annual payroll of active employees covered by the plan) was \$4,422,714 and the ratio of the UAAL to the covered payroll was 200.7%. 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, 2013 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



## Bertie County, North Carolina Notes to Financial Statements

calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75% to 5.00% annually. The investment rate included a 3.00 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, 2013 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.

For the fiscal year ended June 30, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

| <u>No. Years Contributing</u> | <u>Years Relief</u> | <u>FY Contributions Resume</u> |
|-------------------------------|---------------------|--------------------------------|
| less than 10                  | 1                   | 2014                           |
| 10 - 20                       | 2                   | 2015                           |
| 20 or more                    | 3                   | 2016                           |

The period of reprieve is determined separately for law enforcement officers. Bertie County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

## Bertie County, North Carolina Notes to Financial Statements

### 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)               | \$ -                | \$ 781           |
| Taxes receivables, net (General)                     | 642,542             | -                |
| <u>Special assessments receivable, net (General)</u> | <u>5,519,738</u>    | <u>-</u>         |
|  | \$ 6,162,280        | \$ 781           |

### 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 Assurant.

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.

## Bertie County, North Carolina Notes to Financial Statements

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. Contingent Liabilities**

At June 30, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### **6. Operating Leases**

At June 30, 2014 the County also had an operating lease for various copiers.

The following is a schedule of the minimum rental payments under the lease agreements as of June 30, 2014.

| Year Ending June 30 | Amount   |
|---------------------|----------|
| 2015                | \$ 2,866 |
| Total               | \$ 2,866 |

### **7. 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

## Bertie County, North Carolina Notes to Financial Statements

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 ending December 2023. 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 ending October 2024. 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 October 2021.

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, ending March 2015.

## Bertie County, North Carolina Notes to Financial Statements

### *Serviced by the Water Districts*

In January 2014, the County entered into revolving loan for \$277,046 to finance a water supply system project for Water District II. The financing contract requires 18 annual principal payments of \$15,391 ending May 2032. The interest rate is 0.00%.

For Bertie County, the future minimum payments of these installment purchases as of June 30, 2014, including \$1,712,168 of interest, are:

| Year ending June 30                          | Governmental Activities |                     |                   |                  |                     |                   |
|--|-------------------------|---------------------|-------------------|------------------|---------------------|-------------------|
|  | Hospital                |                     | Health Department |                  | DSS County Building |                   |
|  | Principal               | Interest            | Principal         | Interest         | Principal           | Interest          |
| 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   | 694,801                 | 131,850             | 44,443            | 597              | 220,000             | 21,032            |
| 2020-2024                                    | 1,984,219               | 151,214             | -                 | -                | 660,000             | 52,580            |
| <b>Principal and interest payment totals</b> | <b>\$ 5,101,455</b>     | <b>\$ 1,167,230</b> | <b>\$ 311,111</b> | <b>\$ 26,408</b> | <b>\$ 1,760,000</b> | <b>\$ 210,320</b> |

| Year ending June 30                          | QZAB School         | QZAB Bertie         | Middle School       |                   | Dictaphone      |               |
|--|---------------------|---------------------|---------------------|-------------------|-----------------|---------------|
|  | Project             | High                | Principal           | Interest          | Principal       | Interest      |
|  | Principal           | Principal           | Principal           | Interest          | Principal       | Interest      |
| 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   | 212,181             | 109,460             | 400,000             | 30,420            | -               | -             |
| 2020-2024                                    | 787,572             | 795,940             | 600,000             | 20,280            | -               | -             |
| <b>Principal and interest payment totals</b> | <b>\$ 1,848,477</b> | <b>\$ 1,343,240</b> | <b>\$ 2,600,000</b> | <b>\$ 307,580</b> | <b>\$ 5,252</b> | <b>\$ 630</b> |

| Year ending June 30                          | Business-type     |                      |                     |
|--|-------------------|----------------------|---------------------|
|  | Activities        | Totals               |                     |
|  | Principal         | Principal            | Interest            |
| 2015   | \$ 15,391         | \$ 1,585,161         | \$ 407,652          |
| 2016   | 15,392            | 1,611,087            | 354,706             |
| 2017   | 15,391            | 1,645,336            | 299,280             |
| 2018   | 15,392            | 1,680,901            | 242,557             |
| 2019   | 15,391            | 1,696,276            | 183,899             |
| 2020-2024                                    | 76,958            | 4,904,689            | 224,074             |
| 2025-2029                                    | 76,957            | 76,957               | -                   |
| 2030-2032                                    | 46,174            | 46,174               | -                   |
| <b>Principal and interest payment totals</b> | <b>\$ 277,046</b> | <b>\$ 13,246,581</b> | <b>\$ 1,712,168</b> |

### **b. General Obligation Indebtedness**

The Water Districts (a blended component unit of the County) issue General Obligation debt, the proceeds of which are used to refund existing USDA District debt. The County then issues Limited Obligation Bonds in an amount sufficient enough to purchase all the Districts General Obligation debt. Both the District and the County assign their rights to a third party trustee that received the debt payments from the District and uses those funds to make the debt service payments on the Limited Obligation Bonds. GASB requires general obligation debt reported in the Districts to be

**Bertie County, North Carolina**  
**Notes to Financial Statements**

reclassified as Due to the County. The limited obligation bonds issued by the County used in the refunding process of the Water Districts are shown as Due from Districts.

The County's general obligation bonds payable at June 30, 2014 are comprised of the following individual issues:

*Due to the County 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.<br>Interest at varying rates of 2% - 4%.  | \$ 2,440,000  |
| \$3,540,000 refunding Series 2013 issued May 2013 due in annual installments of \$105,000 to \$180,000 through 2037.<br>Interest at varying rates of 2% - 4%. | 3,435,000     |
| \$2,290,000 refunding Series 2013 issued May 2013 due in annual installments of \$75,000 to \$120,000 through 2035.<br>Interest at varying rates of 2% - 4%.  | 2,215,000     |
| \$3,415,000 refunding Series 2013 issued May 2013 due in annual installments of \$80,000 to \$160,000 through 2040.<br>Interest at varying rates of 2% - 4%.  | 3,335,000     |
|   | \$ 11,425,000 |

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

| Year ending June 30                   | Business-type activities<br>Totals |              |
|---------------------------------------|------------------------------------|--------------|
|                                       | Principal                          | Interest     |
| 2015                                  | \$ 355,000                         | \$ 440,356   |
| 2016                                  | 370,000                            | 429,706      |
| 2017                                  | 380,000                            | 422,306      |
| 2018                                  | 385,000                            | 407,106      |
| 2019                                  | 405,000                            | 395,556      |
| 2020-2024                             | 2,255,000                          | 1,723,181    |
| 2025-2029                             | 2,690,000                          | 1,231,588    |
| 2030-2034                             | 2,820,000                          | 671,488      |
| 2035-2039                             | 1,615,000                          | 177,050      |
| 2040                                  | 150,000                            | 6,000        |
| Principal and interest payment totals | \$ 11,425,000                      | \$ 5,904,337 |

## Bertie County, North Carolina Notes to Financial Statements

### 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 were used to construct the new Bertie High School which is a 147,000 square foot facility, including a 500 seat auditorium, a 1,000 seat gymnasium and a cafeteria designed to seat approximately 300 students. The facility was turned over to the Board of Education in May 2014 and preparations are underway for the arrival of students in August 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, 2014 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% - 4%. | 3,170,000            |
|   | <u>\$ 21,200,000</u> |

*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%. | \$ 11,425,000        |
|  | <u>\$ 11,425,000</u> |

## Bertie County, North Carolina Notes to Financial Statements

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 |                     |
|--|-------------------------|----------------------|--------------------------|---------------------|
|  | Totals                  |                      | Totals                   |                     |
|  | Principal               | Interest             | Principal                | Interest            |
| 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   | 300,000                 | 892,685              | 405,000                  | 395,556             |
| 2020-2024                                    | 1,730,000               | 4,271,913            | 2,255,000                | 1,723,181           |
| 2025-2029                                    | -                       | 4,207,300            | 2,690,000                | 1,231,588           |
| 2030-2034                                    | -                       | 4,207,300            | 2,820,000                | 671,488             |
| 2035-2039                                    | 18,030,000              | 2,103,650            | 1,615,000                | 177,051             |
| 2040   | -                       | -                    | 150,000                  | 6,000               |
| <b>Principal and interest payment totals</b> | <b>\$ 21,200,000</b>    | <b>\$ 19,311,188</b> | <b>\$ 11,425,000</b>     | <b>\$ 5,904,338</b> |

At June 30, 2014, Bertie County had a legal debt margin of \$67,511,914.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2014:

|  | Balance              |                   |                     | Current               |                     |
|--|----------------------|-------------------|---------------------|-----------------------|---------------------|
|  | June 30, 2013        | Increases         | Decreases           | Balance June 30, 2014 | Portion of Balance  |
| <b>Governmental activities:</b>                  |                      |                   |                     |                       |                     |
| Installment purchase                             | \$ 14,508,640        | \$ -              | \$ 1,539,105        | \$ 12,969,535         | \$ 1,569,770        |
| Limited obligation debt                          | 21,485,000           | -                 | 285,000             | 21,200,000            | 285,000             |
| Compensated absences                             | 286,312              | 23,572            | -                   | 309,884               | 77,471              |
| Net pension obligation                           | 225,608              | 25,957            | -                   | 251,565               | 25,957              |
| Other postemployment benefits                    | 2,845,206            | 406,727           | -                   | 3,251,933             | -                   |
| <b>Total governmental activities</b>             | <b>\$ 39,350,766</b> | <b>\$ 456,256</b> | <b>\$ 1,824,105</b> | <b>\$ 37,982,917</b>  | <b>\$ 1,958,198</b> |
| <b>Business-type activities:</b>                 |                      |                   |                     |                       |                     |
| Installment purchase                             | \$ -                 | \$ 277,046        | \$ -                | \$ 277,046            | \$ 15,391           |
| Due to County                                    | 11,770,000           | -                 | 345,000             | 11,425,000            | 355,000             |
| Limited obligation debt                          | 11,770,000           | -                 | 345,000             | 11,425,000            | 355,000             |
| Original issue discount                          | (50,588)             | -                 | (2,166)             | (48,422)              | (2,169)             |
| Original issue premium                           | 604,605              | -                 | 25,902              | 578,703               | 25,904              |
| Compensated absences                             | 18,003               | 1,912             | -                   | 19,915                | 4,979               |
| Other postemployment benefits                    | 118,049              | 15,842            | -                   | 133,891               | -                   |
| <b>Total business-type activities</b>            | <b>\$ 24,230,069</b> | <b>\$ 294,800</b> | <b>\$ 713,736</b>   | <b>\$ 23,811,133</b>  | <b>\$ 754,105</b>   |
| <b>Discretely presented component unit:</b>      |                      |                   |                     |                       |                     |
| Other postemployment benefits                    | \$ -                 | \$ 135,830        | \$ -                | \$ 135,830            | \$ -                |
| <b>Total discretely presented component unit</b> | <b>\$ -</b>          | <b>\$ 135,830</b> | <b>\$ -</b>         | <b>\$ 135,830</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 is 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, 2014, there were no industrial revenue bonds outstanding.

**C. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2014 consist of the following:

|  |               |
|--|---------------|
| Due to the County for general obligation bond debt from: |               |
| Water District I   | \$ 2,440,000  |
| Water District II  | 3,435,000     |
| Water District III                                       | 2,215,000     |
| Water District IV  | 3,335,000     |
| Total  | \$ 11,425,000 |

See Note II 7b for more detail on the Due To the County.

**Bertie County, North Carolina**  
**Notes to Financial Statements**

Transfers to/from other funds at June 30, 2014, consist of the following:

Transfers to/from other funds at June 30, 2014 consist of the following:

|  |            |
|--|------------|
| Transfer from the Capital Reserve Schools to the General Fund for debt services.                                     | \$ 838,336 |
| Transfer from the General Fund to the Revaluation Fund to accumulate resources for the revaluation of real property. | (50,000)   |
| Transfer from the General Fund to Water District I for operating expenses.   | (201)      |
| Transfer from the General Fund to Water District II for operating expenses.  | (652)      |
| Transfer from the General Fund to Water District III for operating expenses.   | (485)      |
| Transfer from the General Fund to Water District IV for operating expenses.  | (334)      |
| Total  | \$ 786,664 |

**D. Net Investment in Capital Assets**

|   | Governmental  | Business-type |
|---|---------------|---------------|
| Capital assets                                      | \$ 29,705,459 | \$ 28,009,775 |
| Less: long-term debt                                | 34,169,535    | 11,702,046    |
| Add: debt related to assets not owned by the County | 10,893,172    | -             |
| Net investment in capital assets                    | \$ 6,429,096  | \$ 16,307,729 |

**E. 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.

## Bertie County, North Carolina Notes to Financial Statements

|                                     |              |
|-------------------------------------|--------------|
| Total fund balance - General Fund   | \$ 8,019,088 |
| <hr/>                               |              |
| Less:                               |              |
| Drug                                | 22,981       |
| Stabilization by State Statute      | 1,197,354    |
| Tax Revaluation                     | (2,723)      |
| Education                           | 323,564      |
| Working Capital/Fund Balance Policy | 2,092,057    |
| Remaining Fund Balance              | 4,385,855    |

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, 2014. 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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$51,790 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, 2014. In accordance with the governmental agreement between the participating governments, the County appropriated \$896,000 to the Jail to supplement its activities. This amount represents 46.5% of the total

## Bertie County, North Carolina Notes to Financial Statements

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, 2014. 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, 2014.

#### **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               | \$ 25,721,679 | \$ 14,775,195 |
| Food stamp program     | 8,299,596     | -             |
| Energy assistance      | 190,500       | -             |
| Title IV-E             | 46,729        | 12,184        |
| Foster Care            | 26,339        | 6,867         |
| Foster Home            | -             | 15,230        |
| SC/SA Domiciliary Care | -             | 346,888       |
| Total                  | \$ 34,284,843 | \$ 15,156,364 |

**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, 2014, 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.

Monies 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, 2014, the balance of the County's ADM allocation account was \$2,617. 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, 2014, the balance of the County's Lottery Fund account was \$562,674. 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

## Bertie County, North Carolina Notes to Financial Statements

maintained with the State Treasurer. At June 30, 2014, 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, 2014, the fair market value of the lease was \$5,101,455.

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.

**Bertie County, North Carolina  
Law Enforcement Officers' Special Separation Allowance  
Required Supplemental Information  
Schedule of Funding Progress  
Schedule 1**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL) -<br>Proj Unit Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll for<br>Year Ending<br>on Val Date<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((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%  |
| 12/31/2013                     | \$ -                                   | \$ 271,489   | \$ 271,489                         | 0.00%                    | \$ 1,016,239  | 26.72%  |

**Bertie County, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplemental Information**  
**Schedule of Employer Contributions**  
**Schedule 2**

| Year<br>End | Annual Required<br>Contribution | Percentage<br>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 a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

|                               |                       |
|-------------------------------|-----------------------|
| Valuation date                | 12/31/2013            |
| Actuarial cost method         | Projected unit credit |
| Amortization method           | Level dollar closed   |
| Remaining amortization period | 17 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  
Schedule 3**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL) -<br>Proj Unit Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll for<br>Year Ending<br>on Val Date<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((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%   |
| 12/31/2013                     | \$ -                                   | \$ 8,878,477   | \$ 8,878,477                       | 0.00%                    | \$ 4,422,714  | 200.75%   |

**Bertie County, North Carolina  
Other Postemployment Benefits  
Required Supplemental Information  
Schedule of Employer Contributions  
Schedule 4**

| Year Ended<br>June 30 | Annual Required<br>Contribution | Percentage<br>Contributed |
|-----------------------|---------------------------------|---------------------------|
| 2010                  | \$ 737,964                      | 17.30%                    |
| 2011                  | \$ 744,719                      | 21.26%                    |
| 2012                  | \$ 754,692                      | 24.40%                    |
| 2013                  | \$ 767,797                      | 24.96%                    |
| 2014                  | \$ 703,514                      | 40.40%                    |

Notes to the Required Schedules:

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

|                               |                               |
|-------------------------------|-------------------------------|
| Valuation date                | 12/31/2013                    |
| Actuarial cost method         | Projected unit credit         |
| Amortization method           | Level percentage of pay, open |
| Remaining amortization period | 30 years                      |
| Amortization factor           | 26.1695                       |
| Asset valuation method        | Market Value of assets        |
| Actuarial assumptions:        |                               |
| Investment rate of return*    | 4.00%                         |
| Medical trend assumptions:    |                               |
| Pre-Medicare trend rate       | 7.75% - 5.00%                 |
| Post-Medicare trend rate      | 5.75% - 5.00%                 |
| Year of ultimate trend rate   | 2019                          |
| *Includes inflation of        | 3.00%                         |

**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, 2014**  
**Schedule 5**

|  | Final Budget         | Actual            | Variance<br>Positive<br>(Negative) |
|--|----------------------|-------------------|------------------------------------|
| <b>REVENUES</b>                          |                      |                   |                                    |
| Ad valorem taxes                         |                      |                   |                                    |
| Current year                             |                      | \$ 10,275,117     |                                    |
| Prior years                              |                      | 407,275           |                                    |
| Penalties and interest                   |                      | 137,741           |                                    |
| <b>Total</b>                             | <b>\$ 10,174,774</b> | <b>10,820,133</b> | <b>\$ 645,359</b>                  |
| Other taxes                              |                      |                   |                                    |
| Local government sales tax               |                      | 312,134           |                                    |
| Scrap tire disposal tax                  |                      | 25,040            |                                    |
| NC excise tax                            |                      | 66,275            |                                    |
| Lease vehicle tax                        |                      | 599               |                                    |
| <b>Total</b>                             | <b>404,300</b>       | <b>404,048</b>    | <b>(252)</b>                       |
| Intergovernmental revenues:              |                      |                   |                                    |
| Wine and beer                            |                      | 64,215            |                                    |
| Emergency Management                     |                      | 36,087            |                                    |
| Local 1/2¢ sales tax-article 40          |                      | 931,610           |                                    |
| Local 1/2¢ sales tax-article 42          |                      | 380,584           |                                    |
| Local 1/2¢ sales tax-article 44          |                      | (962)             |                                    |
| State DWI reimbursement                  |                      | 1,203             |                                    |
| Payment in lieu of taxes                 |                      | 52,632            |                                    |
| Veteran services                         |                      | 1,452             |                                    |
| Aging office                             |                      | 246,830           |                                    |
| CAMA                                     |                      | 300               |                                    |
| Soil conservation                        |                      | 22,792            |                                    |
| Juvenile Crime Prevention Council        |                      | 93,781            |                                    |
| Court facility fees                      |                      | 36,460            |                                    |
| Officer fees                             |                      | 53,470            |                                    |
| Restricted drug money                    |                      | 5,007             |                                    |
| Law Enforcement Grant                    |                      | 2,141             |                                    |
| School Resource Officer - Board of Ed    |                      | 57,483            |                                    |
| Rural General Public Transportation      |                      | 44,476            |                                    |
| Aging - Senior outreach                  |                      | 4,284             |                                    |
| Social services - general administration |                      | 2,105,226         |                                    |
| Day Care                                 |                      | 673,244           |                                    |
| Domestic violence                        |                      | 1,690             |                                    |
| Work First                               |                      | 373               |                                    |
| Child support                            |                      | 319,985           |                                    |
| Foster care                              |                      | 81,372            |                                    |
| Elderly/Handicapped transportation       |                      | 51,996            |                                    |
| Shiip Grant                              |                      | 2,244             |                                    |
| Land Use Plan Update                     |                      | 1,026             |                                    |
| Solid Waste Disposal                     |                      | 10,852            |                                    |
| EFNEP program assistant                  |                      | 17,000            |                                    |
| Eat Smart Move More                      |                      | 6,000             |                                    |

**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, 2014**  
**Schedule 5**

|  | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|
| Seniors on the Move                                |                  | 2,250            |                                    |
| Low Income Energy Assistance                       |                  | 190,367          |                                    |
| Mid East   |                  | 32,209           |                                    |
| <b>Total</b>                                       | <b>5,696,799</b> | <b>5,529,679</b> | <b>(167,120)</b>                   |
| Licenses and permits:                              |                  |                  |                                    |
| Recording fees                                     |                  | 45,921           |                                    |
| Vital record fees                                  |                  | 12,645           |                                    |
| Concealed weapons                                  |                  | 11,080           |                                    |
| Recreation fees                                    |                  | 5,315            |                                    |
| Peddlers license                                   |                  | 50               |                                    |
| Other fees   |                  | 58,156           |                                    |
| Inspection fees and building permits               |                  | 49,960           |                                    |
| Cultural resources                                 |                  | 2,303            |                                    |
| Floodplain mapping fee                             |                  | 5,067            |                                    |
| Concession profits                                 |                  | 177              |                                    |
| <b>Total</b>                                       | <b>241,200</b>   | <b>190,674</b>   | <b>(50,526)</b>                    |
| Sales and services:                                |                  |                  |                                    |
| Rents and concessions                              |                  | 45,682           |                                    |
| Jail fees  |                  | 7,230            |                                    |
| Ambulance and rescue squad fees                    |                  | 397,284          |                                    |
| Refuse collection fees                             |                  | 1,663,963        |                                    |
| Aging Program income                               |                  | 17,689           |                                    |
| Registration fees                                  |                  | 210              |                                    |
| Vehicle tax collection fees                        |                  | 35,662           |                                    |
| <b>Total</b>                                       | <b>2,348,168</b> | <b>2,167,720</b> | <b>(180,448)</b>                   |
| <b>Investment earnings</b>                         | <b>20,000</b>    | <b>12,654</b>    | <b>(7,346)</b>                     |
| Miscellaneous:                                     |                  |                  |                                    |
| Fuel tax   |                  | 42,332           |                                    |
| Miscellaneous                                      |                  | 133,306          |                                    |
| ABC profits  |                  | 22,042           |                                    |
| 5¢ per bottle tax                                  |                  | 2,531            |                                    |
| Sale of assets                                     |                  | 1,368            |                                    |
| Sale of land                                       |                  | 16,947           |                                    |
| Other department revenue                           |                  | 91,179           |                                    |
| Insurance proceeds                                 |                  | 37,389           |                                    |
| Hospital lease revenue                             |                  | 826,650          |                                    |
| 5% water gross receipts                            |                  | 11,165           |                                    |
| 5% electric gross receipts                         |                  | 39,219           |                                    |
| 5% sewer gross receipts                            |                  | 7,505            |                                    |
| Reimbursement Cooperative Extension Program Income |                  | 5,972            |                                    |
| Courthouse Foundation                              |                  | 1,000            |                                    |
| Donations - Library                                |                  | 10,000           |                                    |

**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, 2014**  
**Schedule 5**

|                                | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) |
|--------------------------------|------------------|------------------|------------------------------------|
| Donations - Kelford            |                  | 1,800            |                                    |
| Implemental functions of NC911 |                  | 26,388           |                                    |
| <b>Total</b>                   | <b>1,150,151</b> | <b>1,276,793</b> | <b>126,642</b>                     |
| <br>                           |                  |                  |                                    |
| Total revenues                 | 20,035,392       | 20,401,701       | 366,309                            |
| <b>EXPENDITURES</b>            |                  |                  |                                    |
| <u>General Government</u>      |                  |                  |                                    |
| Governing body:                |                  |                  |                                    |
| Salaries and benefits          |                  | 84,893           |                                    |
| Travel                         |                  | 32,914           |                                    |
| Telephone and postage          |                  | 2,319            |                                    |
| Dues and subscriptions         |                  | 7,670            |                                    |
| Advertising                    |                  | 646              |                                    |
| Insurance and bonds            |                  | 45,768           |                                    |
| Miscellaneous                  |                  | 5,571            |                                    |
| <b>Total</b>                   | <b>190,697</b>   | <b>179,781</b>   | <b>10,916</b>                      |
| <br>                           |                  |                  |                                    |
| Administration:                |                  |                  |                                    |
| Salaries and benefits          |                  | 208,692          |                                    |
| Telephone and postage          |                  | 4,983            |                                    |
| Advertising                    |                  | 828              |                                    |
| Travel                         |                  | 8,265            |                                    |
| Supplies and materials         |                  | 6,988            |                                    |
| Contracted services            |                  | 19,063           |                                    |
| Dues and subscriptions         |                  | 1,088            |                                    |
| Insurance and bonds            |                  | 533              |                                    |
| <b>Total</b>                   | <b>259,855</b>   | <b>250,440</b>   | <b>9,415</b>                       |
| <br>                           |                  |                  |                                    |
| Finance:                       |                  |                  |                                    |
| Salaries and benefits          |                  | 197,973          |                                    |
| Supplies and materials         |                  | 8,783            |                                    |
| Travel                         |                  | 4,770            |                                    |
| Telephone and postage          |                  | 4,419            |                                    |
| Contracted services            |                  | 45,184           |                                    |
| Dues and subscriptions         |                  | 110              |                                    |
| Maintenance and repairs        |                  | 3,256            |                                    |
| Insurance and bonds            |                  | 175              |                                    |
| <b>Total</b>                   | <b>288,098</b>   | <b>264,670</b>   | <b>23,428</b>                      |
| <br>                           |                  |                  |                                    |
| Elections:                     |                  |                  |                                    |
| Salaries and benefits          |                  | 76,951           |                                    |
| Telephone and postage          |                  | 4,266            |                                    |
| Travel                         |                  | 6,836            |                                    |
| Buildings and equipment rents  |                  | 767              |                                    |
| Advertising                    |                  | 1,474            |                                    |
| Supplies and materials         |                  | 6,269            |                                    |
| Maintenance and repairs        |                  | 17,672           |                                    |
| Contracted services            |                  | 12,012           |                                    |

**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, 2014**  
**Schedule 5**

|                           | Final Budget   | Actual         | Variance<br>Positive<br>(Negative) |
|---------------------------|----------------|----------------|------------------------------------|
| Dues and subscriptions    |                | 90             |                                    |
| Insurance and bonds       |                | 300            |                                    |
| <b>Total</b>              | <b>131,209</b> | <b>126,637</b> | <b>4,572</b>                       |
| <b>Tax Collections:</b>   |                |                |                                    |
| Salaries and benefits     |                | 299,557        |                                    |
| Telephone and postage     |                | 19,556         |                                    |
| Travel                    |                | 4,176          |                                    |
| Insurance and bonds       |                | 450            |                                    |
| Advertising               |                | 5,712          |                                    |
| Office supplies           |                | 3,597          |                                    |
| Contracted services       |                | 81,804         |                                    |
| Maintenance and repairs   |                | 3,373          |                                    |
| Dues and subscriptions    |                | 50             |                                    |
| Miscellaneous             |                | 54,428         |                                    |
| <b>Total</b>              | <b>500,646</b> | <b>472,703</b> | <b>27,943</b>                      |
| <b>Legal:</b>             |                |                |                                    |
| Contracted services       |                | 108,757        |                                    |
| Tax foreclosures          |                | 84,552         |                                    |
| <b>Total</b>              | <b>188,337</b> | <b>193,309</b> | <b>(4,972)</b>                     |
| <b>Register of Deeds:</b> |                |                |                                    |
| Salaries and benefits     |                | 166,995        |                                    |
| Telephone and postage     |                | 3,099          |                                    |
| Travel                    |                | 3,421          |                                    |
| Supplies and materials    |                | 4,056          |                                    |
| Fees                      |                | 1,843          |                                    |
| Contracted services       |                | 16,528         |                                    |
| Dues and subscriptions    |                | 350            |                                    |
| Insurance and bonds       |                | 1,072          |                                    |
| Maintenance and repairs   |                | 42,641         |                                    |
| Conveyance tax            |                | 32,474         |                                    |
| Domestic violence         |                | 2,765          |                                    |
| Floodplain mapping plan   |                | 5,067          |                                    |
| <b>Total</b>              | <b>286,162</b> | <b>280,311</b> | <b>5,851</b>                       |
| <b>Data Center:</b>       |                |                |                                    |
| Salaries and benefits     |                | 140,817        |                                    |
| Telephone and postage     |                | 8,678          |                                    |
| Travel                    |                | 639            |                                    |
| Supplies and materials    |                | 6,955          |                                    |
| Contracted services       |                | 8,108          |                                    |
| Maintenance and repairs   |                | 32,124         |                                    |
| Capital outlay            |                | 5,575          |                                    |
| <b>Total</b>              | <b>216,285</b> | <b>202,896</b> | <b>13,389</b>                      |
| <b>Public Buildings:</b>  |                |                |                                    |
| Salaries and benefits     |                | 207,014        |                                    |
| Telephone and postage     |                | 1,110          |                                    |

**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, 2014**  
**Schedule 5**

|  | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|
| Utilities  |                  | 59,262           |                                    |
| Maintenance and repairs - buildings              |                  | 166,566          |                                    |
| Maintenance and repairs - vehicles and equipment |                  | 9,308            |                                    |
| Automotive supplies                              |                  | 5,758            |                                    |
| Supplies and materials                           |                  | 14,259           |                                    |
| Contracted services                              |                  | 15,009           |                                    |
| Insurance and bonds                              |                  | 23,278           |                                    |
| Uniforms   |                  | 1,806            |                                    |
| Capital outlay                                   |                  | 112,382          |                                    |
|  | 646,931          | 615,752          | 31,179                             |
| Allocated to court facilities                    | (46,000)         | (46,000)         | -                                  |
| <b>Total</b>                                     | <b>600,931</b>   | <b>569,752</b>   | <b>31,179</b>                      |
| <b>Court Facilities:</b>                         |                  |                  |                                    |
| Utilities and telephone                          |                  | 34,811           |                                    |
| Maintenance and repair                           |                  | 1,702            |                                    |
| Buildings and equipment rents                    |                  | 372              |                                    |
| Miscellaneous                                    |                  | 4,816            |                                    |
|  | 41,704           | 41,701           | 3                                  |
| Allocated from public buildings                  | 46,000           | 46,000           | -                                  |
| <b>Total</b>                                     | <b>87,704</b>    | <b>87,701</b>    | <b>3</b>                           |
| <b>Parks and Recreation:</b>                     |                  |                  |                                    |
| Salaries and benefits                            |                  | 139,430          |                                    |
| Supplies and materials                           |                  | 14,243           |                                    |
| Travel   |                  | 108              |                                    |
| Telephone and postage                            |                  | 1,965            |                                    |
| Maintenance and repairs                          |                  | 3,476            |                                    |
| Insurance and bonds                              |                  | 2,872            |                                    |
| Supplemental grants                              |                  | 12,684           |                                    |
| Contracted services                              |                  | 4,041            |                                    |
| Dues and subscriptions                           |                  | 110              |                                    |
| Utilities  |                  | 14,928           |                                    |
| <b>Total</b>                                     | <b>201,356</b>   | <b>193,857</b>   | <b>7,499</b>                       |
| <b>Appropriations:</b>                           |                  |                  |                                    |
| Retiree health insurance                         |                  | 229,081          |                                    |
| <b>Total</b>                                     | <b>229,081</b>   | <b>229,081</b>   | <b>-</b>                           |
| <b>Total General Government</b>                  | <b>3,180,361</b> | <b>3,051,138</b> | <b>129,223</b>                     |
| <b>Public Safety</b>                             |                  |                  |                                    |
| <b>Sheriff:</b>                                  |                  |                  |                                    |
| Salaries and benefits                            |                  | 1,539,395        |                                    |
| Employee training                                |                  | 3,971            |                                    |
| Telephone and postage                            |                  | 12,929           |                                    |
| Travel   |                  | 2,603            |                                    |
| Maintenance and repairs - equipment              |                  | 4,096            |                                    |
| Maintenance and repairs - vehicles               |                  | 36,031           |                                    |

**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, 2014**  
**Schedule 5**

|                                    | Final Budget | Actual    | Variance<br>Positive<br>(Negative) |
|------------------------------------|--------------|-----------|------------------------------------|
| Maintenance and repairs - building |              | 5,636     |                                    |
| Automotive supplies                |              | 161,068   |                                    |
| Supplies and materials             |              | 18,295    |                                    |
| Dues and subscriptions             |              | 475       |                                    |
| Insurance and bonds                |              | 24,613    |                                    |
| Uniforms                           |              | 9,159     |                                    |
| Utilities                          |              | 11,532    |                                    |
| Restricted drug money              |              | 4,900     |                                    |
| Employee physical                  |              | 60        |                                    |
| Capital outlay - vehicles          |              | 109,359   |                                    |
| Total                              | 2,072,608    | 1,944,122 | 128,486                            |
| Emergency Management:              |              |           |                                    |
| Salaries and benefits              |              | 66,134    |                                    |
| Telephone and postage              |              | 4,814     |                                    |
| Travel                             |              | 1,118     |                                    |
| Insurance and bonds                |              | 1,868     |                                    |
| Supplies and materials             |              | 14,398    |                                    |
| Maintenance and repairs            |              | 11,324    |                                    |
| Advertising                        |              | 189       |                                    |
| Contracted services                |              | 1,572     |                                    |
| Fire department                    |              | 240,000   |                                    |
| Uniforms                           |              | 159       |                                    |
| Rescue squad                       |              | 101,417   |                                    |
| Supplemental grant                 |              | 1,259     |                                    |
| Medical transports                 |              | 7,500     |                                    |
| Total                              | 458,326      | 451,752   | 6,574                              |
| Emergency Services:                |              |           |                                    |
| Salaries and benefits              |              | 808,346   |                                    |
| Telephone and postage              |              | 3,353     |                                    |
| Supplies and materials             |              | 112,565   |                                    |
| Maintenance and repairs            |              | 34,496    |                                    |
| Training                           |              | 115       |                                    |
| Insurance and bonds                |              | 7,356     |                                    |
| Capital outlay                     |              | 90,100    |                                    |
| Utilities                          |              | 9,876     |                                    |
| Contracted services                |              | 21,032    |                                    |
| Total                              | 1,188,654    | 1,087,239 | 101,415                            |
| Planning and inspection:           |              |           |                                    |
| Salaries and benefits              |              | 257,649   |                                    |
| Telephone and postage              |              | 2,658     |                                    |
| Travel                             |              | 2,464     |                                    |
| Maintenance and repairs            |              | 5,249     |                                    |
| Automotive supplies                |              | 10,936    |                                    |
| Supplies and materials             |              | 1,248     |                                    |
| Dues and subscriptions             |              | 485       |                                    |
| Insurance and bonds                |              | 1,600     |                                    |



**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, 2014**  
**Schedule 5**

|                                      | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) |
|--------------------------------------|------------------|------------------|------------------------------------|
| Advertising                          |                  | 143              |                                    |
| Miscellaneous                        |                  | 799              |                                    |
| <b>Total</b>                         | <b>317,215</b>   | <b>283,231</b>   | <b>33,984</b>                      |
| <b>Animal Control:</b>               |                  |                  |                                    |
| Salaries and benefits                |                  | 73,675           |                                    |
| Utilities                            |                  | 1,508            |                                    |
| Maintenance and repairs              |                  | 1,431            |                                    |
| Telephone and postage                |                  | 975              |                                    |
| Automotive supplies                  |                  | 13,734           |                                    |
| Supplies and materials               |                  | 4,848            |                                    |
| Insurance and bonds                  |                  | 1,285            |                                    |
| Contracted services                  |                  | 1,581            |                                    |
| Uniforms                             |                  | 557              |                                    |
| Special shelter needs                |                  | 250              |                                    |
| <b>Total</b>                         | <b>107,141</b>   | <b>99,844</b>    | <b>7,297</b>                       |
| <b>Medical Examiner:</b>             |                  |                  |                                    |
| Professional services                | 12,050           | 12,050           | -                                  |
| <b>Communications:</b>               |                  |                  |                                    |
| Salaries and benefits                |                  | 329,476          |                                    |
| Telephone and postage                |                  | 4,512            |                                    |
| Utilities                            |                  | 6,653            |                                    |
| Travel                               |                  | 167              |                                    |
| Supplies and materials               |                  | 2,430            |                                    |
| Insurance and bonds                  |                  | 539              |                                    |
| Maintenance contracts                |                  | 9,644            |                                    |
| <b>Total</b>                         | <b>377,947</b>   | <b>353,421</b>   | <b>24,526</b>                      |
| <b>Criminal Justice Partnership:</b> |                  |                  |                                    |
| Salaries and benefits                |                  | 209              |                                    |
| <b>Total</b>                         | <b>209</b>       | <b>209</b>       | <b>-</b>                           |
| <b>Domestic Violence Task Force:</b> |                  |                  |                                    |
| Salaries and benefits                |                  | 573              |                                    |
| Telephone and postage                |                  | 457              |                                    |
| <b>Total</b>                         | <b>1,032</b>     | <b>1,030</b>     | <b>2</b>                           |
| <b>Appropriations:</b>               |                  |                  |                                    |
| Bertie-Martin Regional Jail          |                  | 896,000          |                                    |
| <b>Total</b>                         | <b>896,000</b>   | <b>896,000</b>   | <b>-</b>                           |
| <b>Total Public Safety</b>           | <b>5,431,182</b> | <b>5,128,898</b> | <b>302,284</b>                     |
| <b>Environmental Protection:</b>     |                  |                  |                                    |
| <b>Sanitation:</b>                   |                  |                  |                                    |
| Tire disposal                        |                  | 20,553           |                                    |
| Convenience centers                  |                  | 491,177          |                                    |

**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, 2014**  
**Schedule 5**

|  | Final Budget   | Actual         | Variance<br>Positive<br>(Negative) |
|--|----------------|----------------|------------------------------------|
| Contracted services                              |                | 1,750          |                                    |
| <b>Total</b>                                     | <b>517,106</b> | <b>513,480</b> | <b>3,626</b>                       |
| <br>   |                |                |                                    |
| <u>Total Environmental Protection</u>            | 517,106        | 513,480        | 3,626                              |
| <br>   |                |                |                                    |
| <u>Economic and Physical Development:</u>        |                |                |                                    |
| Agricultural Extension:                          |                |                |                                    |
| Salaries and benefits                            |                | 111,355        |                                    |
| Maintenance and repairs - equipment              |                | 2,109          |                                    |
| Telephone and postage                            |                | 5,283          |                                    |
| Programs   |                | 9,180          |                                    |
| Eat Smart Move More                              |                | 7,046          |                                    |
| Operation Round-Up                               |                | 352            |                                    |
| 4-H Cooking Camp                                 |                | 48             |                                    |
| Travel   |                | 3,896          |                                    |
| Supplies and materials                           |                | 9,635          |                                    |
| Dues and subscriptions                           |                | 471            |                                    |
| Contracted services                              |                | 806            |                                    |
| <b>Total</b>                                     | <b>177,130</b> | <b>150,181</b> | <b>26,949</b>                      |
| <br>   |                |                |                                    |
| Economic Development:                            |                |                |                                    |
| Salaries and benefits                            |                | 68,926         |                                    |
| Telephone and postage                            |                | 772            |                                    |
| Travel   |                | 2,871          |                                    |
| Advertising                                      |                | 602            |                                    |
| Supplies and materials                           |                | 1,465          |                                    |
| Peanut Belt Rural Planning                       |                | 5,232          |                                    |
| <b>Total</b>                                     | <b>82,771</b>  | <b>79,868</b>  | <b>2,903</b>                       |
| <br>   |                |                |                                    |
| Soil Conservation:                               |                |                |                                    |
| Salaries and benefits                            |                | 65,153         |                                    |
| Transportation                                   |                | 1,327          |                                    |
| <b>Total</b>                                     | <b>67,573</b>  | <b>66,480</b>  | <b>1,093</b>                       |
| <br>   |                |                |                                    |
| <u>Total Economic &amp; Physical Development</u> | 327,474        | 296,529        | 30,945                             |
| <br>   |                |                |                                    |
| <u>Human Services:</u>                           |                |                |                                    |
| Health:  |                |                |                                    |
| Administration:                                  |                |                |                                    |
| Insurance and bonds                              |                | 1,322          |                                    |
| Management fee yearly appropriation              |                | 96,000         |                                    |
| <b>Total</b>                                     | <b>97,322</b>  | <b>97,322</b>  | <b>-</b>                           |
| <br>   |                |                |                                    |
| Total Health                                     | 97,322         | 97,322         | -                                  |
| <br>   |                |                |                                    |
| Social Services:                                 |                |                |                                    |
| Administration:                                  |                |                |                                    |
| Salaries and benefits                            |                | 1,897,224      |                                    |
| Telephone and postage                            |                | 38,023         |                                    |

**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, 2014**  
**Schedule 5**

|                               | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) |
|-------------------------------|------------------|------------------|------------------------------------|
| Utilities                     |                  | 28,708           |                                    |
| Travel                        |                  | 11,674           |                                    |
| Maintenance and repairs       |                  | 11,828           |                                    |
| Food stamp - EBT              |                  | 9,720            |                                    |
| Maintenance contracts         |                  | 5,961            |                                    |
| Buildings and equipment rents |                  | 756              |                                    |
| Vehicle supplies              |                  | 6,244            |                                    |
| Supplies and materials        |                  | 29,899           |                                    |
| Contracted services           |                  | 7,930            |                                    |
| Dues and subscriptions        |                  | 558              |                                    |
| Insurance                     |                  | 6,260            |                                    |
| Bertie Hospital - Indigent    |                  | 120,000          |                                    |
| Miscellaneous expense         |                  | 1,457            |                                    |
| Capital outlay                |                  | 42,618           |                                    |
| <b>Total</b>                  | <b>2,595,445</b> | <b>2,218,860</b> | <b>376,585</b>                     |

|                                 |                  |                  |                |
|---------------------------------|------------------|------------------|----------------|
| General Assistance:             |                  |                  |                |
| Public assistance               |                  | 812              |                |
| SAA                             |                  | 346,888          |                |
| State Foster care               |                  | 39,983           |                |
| Day Care                        |                  | 673,244          |                |
| Medicaid                        |                  | (3,411)          |                |
| Legal services                  |                  | 15,963           |                |
| Chore services                  |                  | 44,664           |                |
| Adoption assistance             |                  | 13,927           |                |
| Foster Child Adoption Incentive |                  | 5,000            |                |
| Transport of patients and other |                  | 82,943           |                |
| Work First                      |                  | 37,350           |                |
| AFDC - Foster Care              |                  | 71,488           |                |
| AFDC - Local                    |                  | 236              |                |
| Crisis Intervention             |                  | 126,583          |                |
| Jobs programs                   |                  | 13,345           |                |
| Aid to blind                    |                  | 1,584            |                |
| Low Income Home Energy          |                  | 190,367          |                |
| DNA testing                     |                  | 1,886            |                |
| Child support                   |                  | 411,600          |                |
| <b>Total</b>                    | <b>2,403,516</b> | <b>2,074,452</b> | <b>329,064</b> |

|                             |         |
|-----------------------------|---------|
| Aid to Aged and Disabled:   |         |
| Salaries and benefits       | 221,156 |
| Advertising                 | 449     |
| Telephone and postage       | 2,377   |
| Travel                      | 4,904   |
| Maintenance and repairs     | 15,452  |
| Building and equipment rent | 5,400   |
| Respite                     | 43,629  |
| Transportation of patients  | 70,256  |
| Utilities                   | 15,349  |
| Home delivered meals        | 30,147  |
| Food and provisions         | 52,515  |

**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, 2014**  
**Schedule 5**

|                                   | Final Budget     | Actual           | Variance<br>Positive<br>(Negative) |
|-----------------------------------|------------------|------------------|------------------------------------|
| Insurance and bonds               |                  | 2,123            |                                    |
| Janitor                           |                  | 1,274            |                                    |
| Senior Center                     |                  | 4,341            |                                    |
| Classes                           |                  | 2,898            |                                    |
| SHIP Grant                        |                  | 2,466            |                                    |
| Supplies and materials            |                  | 10,376           |                                    |
| Dues and subscriptions            |                  | 180              |                                    |
| <b>Total</b>                      | <b>552,704</b>   | <b>485,292</b>   | <b>67,412</b>                      |
| <b>Total Social Services</b>      | <b>5,551,665</b> | <b>4,778,604</b> | <b>773,061</b>                     |
| <b>Veterans Service Office:</b>   |                  |                  |                                    |
| Salaries and benefits             |                  | 21,938           |                                    |
| Telephone and postage             |                  | 477              |                                    |
| Travel                            |                  | 1,230            |                                    |
| Supplies and materials            |                  | 1,558            |                                    |
| Dues and subscriptions            |                  | 75               |                                    |
| <b>Total</b>                      | <b>25,671</b>    | <b>25,278</b>    | <b>393</b>                         |
| <b>Appropriations:</b>            |                  |                  |                                    |
| Mental health                     |                  | 44,590           |                                    |
| Mental health - ABC 5¢            |                  | 7,200            |                                    |
| Community Based Alternative       |                  | 33,000           |                                    |
| Choanoke Public Transit Authority |                  | 10,000           |                                    |
| <b>Total</b>                      | <b>94,790</b>    | <b>94,790</b>    | <b>-</b>                           |
| <b>Total Human Services</b>       | <b>5,769,448</b> | <b>4,995,994</b> | <b>773,454</b>                     |
| <b>Education:</b>                 |                  |                  |                                    |
| Public schools current expense    |                  |                  |                                    |
| Public schools current expense    |                  | 2,503,000        |                                    |
| Public Schools capital outlay     |                  | 375,000          |                                    |
| Community Colleges                |                  | 50,000           |                                    |
| <b>Total</b>                      | <b>2,928,000</b> | <b>2,928,000</b> | <b>-</b>                           |
| <b>Total Education</b>            | <b>2,928,000</b> | <b>2,928,000</b> | <b>-</b>                           |
| <b>Special Appropriations:</b>    |                  |                  |                                    |
| <b>Other Agencies:</b>            |                  |                  |                                    |
| Arts Council                      |                  | 2,000            |                                    |
| Airport                           |                  | 16,700           |                                    |
| Mideast Commission                |                  | 6,119            |                                    |
| Roanoke River Partners            |                  | 1,000            |                                    |
| Forest service                    |                  | 86,180           |                                    |
| Historical group                  |                  | 5,000            |                                    |
| Library                           |                  | 126,764          |                                    |
| Juvenile detention                |                  | 10,736           |                                    |
| Juvenile probation                |                  | 2,600            |                                    |
| CADA                              |                  | 16,800           |                                    |
| CBA task force                    |                  | 5,000            |                                    |

**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, 2014**  
**Schedule 5**

|  | Final Budget       | Actual              | Variance<br>Positive<br>(Negative) |
|--|--------------------|---------------------|------------------------------------|
| Windsor Area Chamber   |                    | 1,000               |                                    |
| Food Bank of Albemarle   |                    | 1,000               |                                    |
| Partnership for the Sounds   |                    | 5,000               |                                    |
| Roanoke-Chowan Safe  |                    | 1,000               |                                    |
| Rural general public transpiration   |                    | 49,905              |                                    |
| Family Resource Center   |                    | 25,000              |                                    |
| Children Matters   |                    | 16,650              |                                    |
| Vocation Jobs/Education  |                    | 48,176              |                                    |
| <b>Total</b>   | <b>458,411</b>     | <b>426,630</b>      | <b>31,781</b>                      |
| <b><u>Total Special Appropriations</u></b>                                 | <b>458,411</b>     | <b>426,630</b>      | <b>31,781</b>                      |
| <b>Debt Service:</b>   |                    |                     |                                    |
| Principal retirement   | 1,819,420          | 1,819,418           |                                    |
| Interest and fees  | 1,378,200          | 1,378,198           |                                    |
| <b>Total</b>   | <b>3,197,620</b>   | <b>3,197,616</b>    | <b>4</b>                           |
| <b><u>Total Debt Service</u></b>   | <b>3,197,620</b>   | <b>3,197,616</b>    | <b>4</b>                           |
| <b>Total expenditures</b>  | <b>21,809,602</b>  | <b>20,538,285</b>   | <b>1,271,317</b>                   |
| <b>Revenues over (under) expenditures</b>                                  | <b>(1,774,210)</b> | <b>(136,584)</b>    | <b>(1,637,626)</b>                 |
| <b>Other financing sources (uses):</b>                                     |                    |                     |                                    |
| Transfers from other funds:  |                    |                     |                                    |
| Capital Reserve Schools Fund   | 1,206,733          | 1,168,951           | (37,782)                           |
| Transfers to other funds:  |                    |                     |                                    |
| Tax Revaluation Fund   | (50,000)           | (50,000)            | -                                  |
| Capital Reserve Schools Fund   | (863,074)          | (330,615)           | 532,459                            |
| Water District I   | (201)              | (201)               | -                                  |
| Water District II  | (652)              | (652)               | -                                  |
| Water District III   | (485)              | (485)               | -                                  |
| Water District IV  | (334)              | (334)               | -                                  |
| <b>Total other financing sources and (uses)</b>                            | <b>291,987</b>     | <b>786,664</b>      | <b>494,677</b>                     |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | <b>(1,482,223)</b> | <b>650,080</b>      | <b>2,132,303</b>                   |
| <b>Appropriated fund balance</b>   | <b>1,482,223</b>   | <b>-</b>            | <b>(1,482,223)</b>                 |
| <b>Net change in fund balance</b>  | <b>\$ -</b>        | <b>650,080</b>      | <b>\$ 650,080</b>                  |
| <b>Fund balance-beginning</b>  |                    | <b>7,048,167</b>    |                                    |
| <b>Fund balance-ending</b>   |                    | <b>\$ 7,698,247</b> |                                    |

**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, 2014**  
**Schedule 6**

|   | 2014          |                   | Variance<br>Positive<br>(Negative) |
|---|---------------|-------------------|------------------------------------|
|   | Final Budget  | Actual            |                                    |
| <b>EXPENDITURES</b>   |               |                   |                                    |
| Current:  |               |                   |                                    |
| Revaluation   | \$ 50,000     | \$ -              | \$ 50,000                          |
| <u>Total expenditures</u>                                   | <u>50,000</u> | <u>-</u>          | <u>50,000</u>                      |
| Revenues over (under) expenditures                          | 50,000        | -                 | 50,000                             |
| <b>OTHER FINANCING SOURCES</b>                              |               |                   |                                    |
| Transfers in - General Fund                                 | 50,000        | 50,000            | -                                  |
| <u>Revenues and other sources over (under) expenditures</u> | <u>-</u>      | <u>50,000</u>     | <u>50,000</u>                      |
| Fund balance, beginning                                     |               | (52,723)          |                                    |
| <u>Fund balance, ending</u>                                 |               | <u>\$ (2,723)</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, 2014**  
**Schedule 7**

|  | 2014         |             | Variance<br>Positive<br>(Negative) |
|--|--------------|-------------|------------------------------------|
|  | Final Budget | Actual      |                                    |
| <b>REVENUES</b>  |              |             |                                    |
| Investment earnings  | \$ 3,000     | \$ 674      | \$ (2,326)                         |
| QSCB interest  | -            | 722,815     | 722,815                            |
| Total revenue  | 3,000        | 723,489     | 720,489                            |
| <b>OTHER FINANCING SOURCES (USES)</b>  |              |             |                                    |
| Transfers in - General Fund  | 863,074      | 330,615     | (532,459)                          |
| Transfers out - General Fund   | (1,206,733)  | (1,168,951) | 37,782                             |
| Total transfers  | (343,659)    | (838,336)   | (494,677)                          |
| Revenues and other sources over (under) expenditures                             | (340,659)    | (114,847)   | 225,812                            |
| Appropriated fund balance  | 340,659      | -           | (340,659)                          |
| Revenues, other uses, and appropriated fund balance over<br>(under) expenditures | \$ -         | (114,847)   | \$ (114,847)                       |
| Fund balances, beginning   |              | 438,411     |                                    |
| Fund balances, ending  |              | \$ 323,564  |                                    |

**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, 2014**  
**Schedule 8**

|   | Project<br>Authorization | Actual               |                     |                   | Variance<br>Positive<br>(Negative) |
|---|--------------------------|----------------------|---------------------|-------------------|------------------------------------|
|   |                          | Prior<br>Years       | Current<br>Year     | Total to<br>Date  |                                    |
| <b>REVENUES:</b>                            |                          |                      |                     |                   |                                    |
| Investment earnings                         | \$ -                     | \$ 5,274             | \$ -                | \$ 5,274          | \$ 5,274                           |
| Tax refunds                                 | -                        | -                    | 467,677             | 467,677           | 467,677                            |
| <b>Total revenue</b>                        | <b>-</b>                 | <b>5,274</b>         | <b>467,677</b>      | <b>472,951</b>    | <b>472,951</b>                     |
| <b>EXPENDITURES:</b>                        |                          |                      |                     |                   |                                    |
| Construction                                | 19,837,611               | 9,095,207            | 10,630,497          | 19,725,704        | 111,907                            |
| Engineer and architectural fees             | 910,121                  | 652,558              | 131,971             | 784,529           | 125,592                            |
| Furniture, fixtures and equipment           | 350,000                  | -                    | 349,541             | 349,541           | 459                                |
| Legal fees                                  | 250,000                  | 335,335              | -                   | 335,335           | (85,335)                           |
| Bond insurance and issuance costs           | 69,473                   | 41,478               | -                   | 41,478            | 27,995                             |
| Contingency                                 | 117,795                  | -                    | -                   | -                 | 117,795                            |
| <b>Total expenditures</b>                   | <b>21,535,000</b>        | <b>10,124,578</b>    | <b>11,112,009</b>   | <b>21,236,587</b> | <b>298,413</b>                     |
| Revenues over (under) expenditures          | (21,535,000)             | (10,119,304)         | (10,644,332)        | (20,763,636)      | 771,364                            |
| <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                  | 700,000              | -                   | 700,000           | -                                  |
| Transfer out - School Capital Projects      | (650,000)                | (650,000)            | -                   | (650,000)         | -                                  |
| <b>Total other financing sources (uses)</b> | <b>21,535,000</b>        | <b>21,576,962</b>    | <b>-</b>            | <b>21,576,962</b> | <b>41,962</b>                      |
| <b>Net change in fund balance</b>           | <b>\$ -</b>              | <b>\$ 11,457,658</b> | <b>(10,644,332)</b> | <b>\$ 813,326</b> | <b>\$ 813,326</b>                  |
| Fund balance, beginning                     |                          |                      | 11,457,658          |                   |                                    |
| Fund balance, ending                        |                          |                      | \$ 813,326          |                   |                                    |



**Bertie County, North Carolina**  
**Nonmajor Governmental Funds Combining Balance Sheet**  
**June 30, 2014**  
**Schedule 9**

|  | Special Revenue Funds      |  |  |                                      |
|--|----------------------------|--|--|--------------------------------------|
|  | Emergency Telephone System | 2006 CN<br>Community Development Block Grant | 2011 SS<br>Community Development Block Grant | Total Nonmajor Special Revenue Funds |
| <b>ASSETS</b>                              |                            |  |  |                                      |
| Cash and investments                       | \$ 417,363                 | \$ 8,693                                     | \$ -   | \$ 426,056                           |
| Accounts receivable (net)                  | 11,899                     | -  | 15,077                                       | 26,976                               |
| <b>Total assets</b>                        | <b>\$ 429,262</b>          | <b>\$ 8,693</b>                              | <b>\$ 15,077</b>                             | <b>\$ 453,032</b>                    |
| <b>LIABILITIES</b>                         |                            |  |  |                                      |
| Accounts payable                           | \$ 4,312                   | -  | 15,077                                       | 19,389                               |
| <b>Total liabilities</b>                   | <b>4,312</b>               | <b>-</b>                                     | <b>15,077</b>                                | <b>19,389</b>                        |
| <b>FUND BALANCES</b>                       |                            |  |  |                                      |
| Restricted:                                |                            |  |  |                                      |
| Stabilization by State Statute             | 11,899                     | -  | 15,077                                       | 26,976                               |
| Unassigned                                 | 413,051                    | 8,693  | (15,077)                                     | 406,667                              |
| <b>Total fund balances</b>                 | <b>424,950</b>             | <b>8,693</b>                                 | <b>-</b>                                     | <b>433,643</b>                       |
| <b>Total liabilities and fund balances</b> | <b>\$ 429,262</b>          | <b>\$ 8,693</b>                              | <b>\$ 15,077</b>                             | <b>\$ 453,032</b>                    |

**Bertie County, North Carolina**  
**Nonmajor Governmental Funds Combining Balance Sheet**  
**June 30, 2014**  
**Schedule 9**

|  | Capital Project Funds    |                      |                         | Total<br>Nonmajor<br>Capital Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|--------------------------|----------------------|-------------------------|--|--|
|  | Pilot Extraction<br>Fund | Golden Leaf<br>Grant | Maintenance<br>Building |  |  |
| <b>ASSETS</b>                              |                          |                      |                         |  |  |
| Cash and investments                       | \$ 11,951                | \$ 147,672           | \$ 43                   | \$ 159,666                                     | \$ 585,722                                 |
| Accounts receivable (net)                  | -                        | -                    | -                       | -  | 26,976                                     |
| <b>Total assets</b>                        | <b>\$ 11,951</b>         | <b>\$ 147,672</b>    | <b>\$ 43</b>            | <b>\$ 159,666</b>                              | <b>\$ 612,698</b>                          |
| <b>LIABILITIES</b>                         |                          |                      |                         |  |  |
| Accounts payable                           | \$ -                     | \$ 145,934           | \$ -                    | \$ 145,934                                     | \$ 165,323                                 |
| <b>Total liabilities</b>                   | <b>-</b>                 | <b>145,934</b>       | <b>-</b>                | <b>145,934</b>                                 | <b>165,323</b>                             |
| <b>FUND BALANCES</b>                       |                          |                      |                         |  |  |
| Restricted:                                |                          |                      |                         |  |  |
| Stabilization by State Statute             | -                        | -                    | -                       | -  | 26,976                                     |
| Unassigned                                 | 11,951                   | 1,738                | 43                      | 13,732   | 420,399                                    |
| <b>Total fund balances</b>                 | <b>11,951</b>            | <b>1,738</b>         | <b>43</b>               | <b>13,732</b>                                  | <b>447,375</b>                             |
| <b>Total liabilities and fund balances</b> | <b>\$ 11,951</b>         | <b>\$ 147,672</b>    | <b>\$ 43</b>            | <b>\$ 159,666</b>                              | <b>\$ 612,698</b>                          |

**Bertie County, North Carolina**  
**Nonmajor Governmental Funds Combining Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**For The Fiscal Year Ended June 30, 2014**  
**Schedule 10**

|                                   | Special Revenue Funds            |  |  |  |          | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|-----------------------------------|----------------------------------|--|--|--|----------|---|
|                                   | Emergency<br>Telephone<br>System | 2006 SS<br>Community<br>Development<br>Block Grant | 2011 HU<br>Community<br>Development<br>Block Grant | 2011 SS<br>Community<br>Development<br>Block Grant |          |   |
| <b>REVENUES</b>                   |                                  |  |  |  |          |   |
| Investment earnings               | \$ 493                           | \$ -   | \$ -   | \$ -   | \$ -     | \$ 493  |
| Federal and State grants          | -                                | -  | 23,280   | 150,274  | -        | 173,554                                       |
| Intergovernmental revenues        | 142,796                          | -  | -  | -  | -        | 142,796                                       |
| <b>Total revenues</b>             | <b>143,289</b>                   | <b>-</b>   | <b>23,280</b>                                      | <b>150,274</b>                                     | <b>-</b> | <b>316,843</b>                                |
| <b>EXPENDITURES</b>               |                                  |  |  |  |          |   |
| Current:                          |                                  |  |  |  |          |   |
| Public safety                     | 97,197                           | -  | -  | -  | -        | 97,197  |
| Economic and physical development | -                                | -  | 23,280   | 155,844  | -        | 179,124                                       |
| <b>Total expenditures</b>         | <b>97,197</b>                    | <b>-</b>   | <b>23,280</b>                                      | <b>155,844</b>                                     | <b>-</b> | <b>276,321</b>                                |
| Net change in fund balance        | 46,092                           | -  | -  | (5,570)  | -        | 40,522  |
| Fund balance, beginning           | 378,858                          | 8,693  | -  | 5,570  | -        | 393,121                                       |
| Fund balance, ending              | \$ 424,950                       | \$ 8,693   | \$ -   | \$ -   | \$ -     | \$ 433,643                                    |

**Bertie County, North Carolina**  
**Nonmajor Governmental Funds Combining Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**For The Fiscal Year Ended June 30, 2014**  
**Schedule 10**

|                                   | Capital Project Funds    |                      |                         | Total<br>Nonmajor<br>Capital Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|-----------------------------------|--------------------------|----------------------|-------------------------|--|--|
|                                   | Pilot Extraction<br>Fund | Golden Leaf<br>Grant | Maintenance<br>Building |  |  |
| <b>REVENUES</b>                   |                          |                      |                         |  |  |
| Investment earnings               | \$ -                     | \$ -                 | \$ -                    | \$ -   | \$ 493                                     |
| Federal and State grants          | -                        | 54,823               | -                       | 54,823   | 228,377                                    |
| Intergovernmental revenues        | -                        | -                    | -                       | -  | 142,796                                    |
| Total revenues                    | -                        | 54,823               | -                       | 54,823   | 371,666                                    |
| <b>EXPENDITURES</b>               |                          |                      |                         |  |  |
| Current:                          |                          |                      |                         |  |  |
| Public safety                     | -                        | -                    | -                       | -  | 97,197                                     |
| Economic and physical development | -                        | 145,934              | -                       | 145,934  | 325,058                                    |
| Total expenditures                | -                        | 145,934              | -                       | 145,934  | 422,255                                    |
| Net change in fund balance        | -                        | (91,111)             | -                       | (91,111)                                       | (50,589)                                   |
| Fund balance, beginning           | 11,951                   | 92,849               | 43                      | 104,843  | 497,964                                    |
| Fund balance, ending              | \$ 11,951                | \$ 1,738             | \$ 43                   | \$ 13,732                                      | \$ 447,375                                 |

**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, 2014**  
**Schedule 11**

|                                    | 2014         |            | Variance<br>Positive<br>(Negative) |
|------------------------------------|--------------|------------|------------------------------------|
|                                    | Final Budget | Actual     |                                    |
| <b>REVENUES</b>                    |              |            |                                    |
| Restricted intergovernmental       | \$ 142,796   | \$ 142,796 | \$ -                               |
| Investment earnings                | 500          | 493        | (7)                                |
| Total                              | 143,296      | 143,289    | (7)                                |
| <b>EXPENDITURES</b>                |              |            |                                    |
| Implemental functions              | 55,000       | 26,388     | 28,612                             |
| Telephone                          | 37,643       | 32,900     | 4,743                              |
| Furniture                          | 4,312        | 4,312      | -                                  |
| Software maintenance               | 1,188        | 735        | 453                                |
| Hardware maintenance               | 43,153       | 32,762     | 10,391                             |
| Training                           | 2,000        | 100        | 1,900                              |
| Total expenditures                 | 143,296      | 97,197     | 46,099                             |
| Revenues over (under) expenditures | \$ -         | 46,092     | \$ 46,092                          |
| Fund balances, beginning           |              | 378,858    |                                    |
| Fund balances, ending              |              | \$ 424,950 |                                    |

**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, 2014**  
**Schedule 12**

|                                       | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|---------------------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
|                                       |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>REVENUES:</b>                      |                          |                |                 |                  |                                    |
| Federal grants                        | \$ 700,000               | \$ 689,407     | \$ -            | \$ 689,407       | \$ (10,593)                        |
| Total revenue                         | 700,000                  | 689,407        | -               | 689,407          | (10,593)                           |
| <b>EXPENDITURES:</b>                  |                          |                |                 |                  |                                    |
| Current:                              |                          |                |                 |                  |                                    |
| Economic and physical development     | 750,000                  | 730,714        | -               | 730,714          | 19,286                             |
| Total expenditures                    | 750,000                  | 730,714        | -               | 730,714          | 19,286                             |
| Revenues over (under) expenditures    | (50,000)                 | (41,307)       | -               | (41,307)         | 8,693                              |
| <b>OTHER FINANCING SOURCES (USES)</b> |                          |                |                 |                  |                                    |
| Transfer in                           | 50,000                   | 50,000         | -               | 50,000           | -                                  |
| Total other financing sources (uses)  | 50,000                   | 50,000         | -               | 50,000           | -                                  |
| Net change in fund balance            | \$ -                     | \$ 8,693       | -               | \$ 8,693         | \$ 8,693                           |
| Fund balance, beginning               |                          |                |                 | 8,693            |                                    |
| Fund balance, ending                  |                          |                | \$              | 8,693            |                                    |

**Bertie County, North Carolina**  
**2011 Hookup 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, 2014**  
**Schedule 13**

|                                   | Project<br>Authorization | Prior<br>Years | Actual          |                  | Variance<br>Positive<br>(Negative) |
|-----------------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
|                                   |                          |                | Current<br>Year | Total to<br>Date |                                    |
| <b>REVENUES:</b>                  |                          |                |                 |                  |                                    |
| Federal grants                    | \$ 50,000                | \$ 10,823      | \$ 23,280       | \$ 34,103        | \$ (15,897)                        |
| Total revenue                     | 50,000                   | 10,823         | 23,280          | 34,103           | (15,897)                           |
| <b>EXPENDITURES:</b>              |                          |                |                 |                  |                                    |
| Current:                          |                          |                |                 |                  |                                    |
| Economic and physical development | 50,000                   | 10,823         | 23,280          | 34,103           | 15,897                             |
| Total expenditures                | 50,000                   | 10,823         | 23,280          | 34,103           | 15,897                             |
| Net change in fund balance        | \$ -                     | \$ -           | -               | \$ -             | \$ -                               |
| Fund balance, beginning           |                          |                |                 |                  | -                                  |
| Fund balance, ending              |                          |                | \$ -            |                  | -                                  |

**Bertie County, North Carolina**  
**2011 Scattered Sites 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, 2014**  
**Schedule 14**

|                                   | Project<br>Authorization | Prior<br>Years  | Actual          |                  | Variance<br>Positive<br>(Negative) |
|-----------------------------------|--------------------------|-----------------|-----------------|------------------|------------------------------------|
|                                   |                          |                 | Current<br>Year | Total to<br>Date |                                    |
| <b>REVENUES:</b>                  |                          |                 |                 |                  |                                    |
| Federal grants                    | \$ 400,000               | \$ 5,000        | \$ 150,274      | \$ 155,274       | \$ (244,726)                       |
| Program income                    | 10,750                   | 10,750          | -               | 10,750           | -                                  |
| <b>Total revenue</b>              | <b>410,750</b>           | <b>15,750</b>   | <b>150,274</b>  | <b>166,024</b>   | <b>(244,726)</b>                   |
| <b>EXPENDITURES:</b>              |                          |                 |                 |                  |                                    |
| Current:                          |                          |                 |                 |                  |                                    |
| Economic and physical development | 410,750                  | 10,180          | 155,844         | 166,024          | 244,726                            |
| <b>Total expenditures</b>         | <b>410,750</b>           | <b>10,180</b>   | <b>155,844</b>  | <b>166,024</b>   | <b>244,726</b>                     |
| <b>Net change in fund balance</b> | <b>\$ -</b>              | <b>\$ 5,570</b> | <b>(5,570)</b>  | <b>\$ -</b>      | <b>\$ -</b>                        |
| <b>Fund balance, beginning</b>    |                          |                 | <b>5,570</b>    |                  |                                    |
| <b>Fund balance, ending</b>       |                          |                 | <b>\$ -</b>     |                  |                                    |



**Bertie County, North Carolina**  
**Pilot Extraction Fund Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2014**  
**Schedule 15**

|                            | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|----------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
|                            |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <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 Fund Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2014**  
**Schedule 16**

|                            | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|----------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
|                            |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>REVENUES:</b>           |                          |                |                 |                  |                                    |
| State grant                | \$ 500,000               | \$ 333,473     | \$ 54,823       | \$ 388,296       | \$ (111,704)                       |
| Total revenues             | 500,000                  | 333,473        | 54,823          | 388,296          | (111,704)                          |
| <b>EXPENDITURES:</b>       |                          |                |                 |                  |                                    |
| Salaries and wages         | 152,000                  | 90,158         | -               | 90,158           | 61,842                             |
| Youth program              | 16,000                   | 15,432         | -               | 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                  | 100,555        | 145,934         | 246,489          | 37,354                             |
| Total expenditures         | 500,000                  | 240,624        | 145,934         | 386,558          | 113,442                            |
| Net change in fund balance | \$ -                     | \$ 92,849      | (91,111)        | \$ 1,738         | \$ 1,738                           |
| Fund balance, beginning    |                          |                | 92,849          |                  |                                    |
| Fund balance, ending       |                          |                | \$ 1,738        |                  |                                    |

**Bertie County, North Carolina**  
**Water District I Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 17**

|   | 2014              |                | Variance<br>Positive<br>(Negative) |
|---|-------------------|----------------|------------------------------------|
|   | Final Budget      | Actual         |                                    |
| <b>Operating revenues:</b>  |                   |                |                                    |
| Charges for services  |                   | \$ 342,881     |                                    |
| Water taps  |                   | 8,060          |                                    |
| Other operating revenue   |                   | 21,533         |                                    |
| <b>Total operating revenues</b>                                       | <b>\$ 379,000</b> | <b>372,474</b> | <b>\$ (6,526)</b>                  |
| <b>Nonoperating revenues:</b>   |                   |                |                                    |
| Investment earnings   |                   | 164            |                                    |
| Miscellaneous revenue   |                   | 2,740          |                                    |
| <b>Total nonoperating revenues</b>                                    | <b>2,700</b>      | <b>2,904</b>   | <b>204</b>                         |
| <b>Total revenues</b>   | <b>381,700</b>    | <b>375,378</b> | <b>(6,322)</b>                     |
| <b>Expenditures:</b>  |                   |                |                                    |
| <b>Water administration:</b>  |                   |                |                                    |
| Salaries and benefits   |                   | 51,982         |                                    |
| Telephone and postage   |                   | 9,691          |                                    |
| Travel  |                   | 154            |                                    |
| Repairs and maintenance   |                   | 5,169          |                                    |
| Advertising   |                   | 49             |                                    |
| Supplies  |                   | 8,995          |                                    |
| Uniforms  |                   | 341            |                                    |
| Contracted services   |                   | 24,753         |                                    |
| Professional fees   |                   | 2,040          |                                    |
| Dues and subscriptions  |                   | 456            |                                    |
| Chemicals   |                   | 1,709          |                                    |
| Employee training   |                   | 65             |                                    |
| Insurance   |                   | 4,125          |                                    |
| Utilities   |                   | 15,209         |                                    |
| Water testing   |                   | 3,396          |                                    |
| Other expenses  |                   | 21,362         |                                    |
| <b>Total</b>  | <b>205,290</b>    | <b>149,496</b> | <b>55,794</b>                      |
| <b>Debt service:</b>  |                   |                |                                    |
| Principal   |                   | 85,000         |                                    |
| Interest, fees and amortization                                       |                   | 96,856         |                                    |
| <b>Total</b>  | <b>178,771</b>    | <b>181,856</b> | <b>(3,085)</b>                     |
| <b>Total expenditures</b>   | <b>384,061</b>    | <b>331,352</b> | <b>52,709</b>                      |
| <b>Revenues over (under) expenditures</b>                             | <b>(2,361)</b>    | <b>44,026</b>  | <b>46,387</b>                      |
| <b>Other financing sources (uses):</b>                                |                   |                |                                    |
| Transfers in - General Fund   | 201               | 201            | -                                  |
| <b>Total other financing sources (uses)</b>                           | <b>201</b>        | <b>201</b>     | <b>-</b>                           |
| <b>Revenues and other financing sources over (under) expenditures</b> | <b>(2,160)</b>    | <b>44,227</b>  | <b>46,387</b>                      |
| <b>Appropriated net assets</b>  | <b>2,160</b>      | <b>-</b>       | <b>(2,160)</b>                     |
| <b>Revenues and appropriated net assets over (under) expenditures</b> | <b>\$ -</b>       | <b>44,227</b>  | <b>\$ 44,227</b>                   |

**Bertie County, North Carolina**  
**Water District I Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 17**

|   |                    |
|---|--------------------|
| <b>Reconciliation from budgetary basis (modified accrual)</b> |                    |
| <b>to full accrual:</b>                                       | <u>Actual</u>      |
| Revenues over (under) expenditures                            | 44,227             |
| Reconciling items:  |                    |
| Depreciation  | (162,609)          |
| Amortization  | 6,454              |
| Debt principal  | 85,000             |
| (Increase) decrease in accrued vacation payable               | 1,210              |
| (Increase) decrease in other postemployment benefits          | (2,032)            |
| Change in net position  | <u>\$ (27,750)</u> |

**Bertie County, North Carolina**  
**Water District II Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 18**

|  | 2014         |            | Variance<br>Positive<br>(Negative) |
|--|--------------|------------|------------------------------------|
|  | Final Budget | Actual     |                                    |
| <b>Operating revenues:</b>                                     |              |            |                                    |
| Charges for services   |              | \$ 632,610 |                                    |
| Water taps   |              | 28,842     |                                    |
| Other operating revenue  |              | 24,357     |                                    |
| Total operating revenues                                       | \$ 696,000   | 685,809    | \$ (10,191)                        |
| <b>Nonoperating revenues:</b>                                  |              |            |                                    |
| Investment earnings  |              | 822        |                                    |
| Miscellaneous revenue  |              | 4,360      |                                    |
| Total nonoperating revenues                                    | 10,100       | 5,182      | (4,918)                            |
| Total revenues   | 706,100      | 690,991    | (15,109)                           |
| <b>Expenditures:</b>   |              |            |                                    |
| <b>Water administration:</b>                                   |              |            |                                    |
| Salaries and benefits  |              | 145,311    |                                    |
| Telephone and postage  |              | 30,794     |                                    |
| Travel   |              | 283        |                                    |
| Repairs and maintenance  |              | 14,324     |                                    |
| Advertising  |              | 108        |                                    |
| Supplies   |              | 29,507     |                                    |
| Uniforms   |              | 979        |                                    |
| Contracted services  |              | 79,643     |                                    |
| Professional fees  |              | 6,630      |                                    |
| Dues and subscriptions   |              | 1,269      |                                    |
| Chemicals  |              | 5,554      |                                    |
| Employee training  |              | 213        |                                    |
| Insurance  |              | 6,252      |                                    |
| Utilities  |              | 49,429     |                                    |
| Water testing  |              | 11,034     |                                    |
| Other expenses   |              | 23,874     |                                    |
| Total  | 480,565      | 405,204    | 75,361                             |
| <b>Debt service:</b>   |              |            |                                    |
| Principal  |              | 105,000    |                                    |
| Interest, fees and amortization                                |              | 134,684    |                                    |
| Total  | 233,207      | 239,684    | (6,477)                            |
| Total expenditures   | 713,772      | 644,888    | 68,884                             |
| Revenues over (under) expenditures                             | (7,672)      | 46,103     | 53,775                             |
| <b>Other financing sources (uses):</b>                         |              |            |                                    |
| Transfers in - General Fund                                    | 652          | 652        | -                                  |
| Revenues and other financing sources over (under) expenditures | (7,020)      | 46,755     | 53,775                             |
| Appropriated net assets  | 7,020        | -          | (7,020)                            |
| Revenues and appropriated net assets over (under) expenditures | \$ -         | 46,755     | \$ 46,755                          |

**Bertie County, North Carolina**  
**Water District II Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 18**

|   |                    |
|---|--------------------|
| <b>Reconciliation from budgetary basis (modified accrual)</b> |                    |
| <b>to full accrual:</b>                                       | <u>Actual</u>      |
| Revenues over (under) expenditures                            | 46,755             |
| Reconciling items:  |                    |
| Depreciation  | (234,238)          |
| Amortization  | 6,927              |
| Debt principal  | 105,000            |
| (Increase) decrease in accrued vacation payable               | (3,266)            |
| (Increase) decrease in other postemployment benefits          | (5,948)            |
| Change in net position  | <u>\$ (84,770)</u> |

**Bertie County, North Carolina**  
**Department of Environment and Natural Resources Water District II Fund**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2014**  
**Schedule 19**

|  | Project<br>Authorization | Prior<br>Years | Actual          |                  | Variance<br>Positive<br>(Negative) |
|--|--------------------------|----------------|-----------------|------------------|------------------------------------|
|  |                          |                | Current<br>Year | Total to<br>Date |                                    |
| <b>EXPENDITURES:</b>                                 |                          |                |                 |                  |                                    |
| Construction   | \$ 204,625               | \$ -           | \$ 147,543      | \$ 147,543       | \$ 57,082                          |
| Engineering  | 26,339                   | -              | 23,692          | 23,692           | 2,647                              |
| Legal  | 10,500                   | -              | 7,055           | 7,055            | 3,445                              |
| Miscellaneous  | 29,130                   | -              | 17,097          | 17,097           | 12,033                             |
| Contingency  | 6,452                    | -              | -               | -                | 6,452                              |
| <b>Total expenditures</b>                            | <b>277,046</b>           | <b>-</b>       | <b>195,387</b>  | <b>195,387</b>   | <b>81,659</b>                      |
| Revenues over (under) expenditures                   | (277,046)                | -              | (195,387)       | (195,387)        | (81,659)                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                          |                |                 |                  |                                    |
| Loan proceeds  | 277,046                  | -              | 277,046         | 277,046          | -                                  |
| <b>Total other financing sources (uses)</b>          | <b>277,046</b>           | <b>-</b>       | <b>277,046</b>  | <b>277,046</b>   | <b>-</b>                           |
| Revenues and other sources over (under) expenditures | \$ -                     | \$ -           | \$ 81,659       | \$ 81,659        | \$ (81,659)                        |

**Bertie County, North Carolina**  
**Water District III Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 20**

|  | 2014         |            | Variance<br>Positive<br>(Negative) |
|--|--------------|------------|------------------------------------|
|  | Final Budget | Actual     |                                    |
| <b>Operating revenues:</b>                                     |              |            |                                    |
| Charges for services   |              | \$ 489,065 |                                    |
| Water taps   |              | 8,163      |                                    |
| Other operating revenue  |              | 30,563     |                                    |
| Total operating revenues                                       | \$ 511,400   | 527,791    | \$ 16,391                          |
| <b>Nonoperating revenues:</b>                                  |              |            |                                    |
| Investment earnings  |              | 1,315      |                                    |
| Miscellaneous revenue  |              | 614        |                                    |
| Total nonoperating revenues                                    | 2,700        | 1,929      | (771)                              |
| Total revenues   | 514,100      | 529,720    | 15,620                             |
| <b>Expenditures:</b>   |              |            |                                    |
| <b>Water administration:</b>                                   |              |            |                                    |
| Salaries and benefits  |              | 114,799    |                                    |
| Telephone and postage  |              | 22,922     |                                    |
| Travel   |              | 286        |                                    |
| Repairs and maintenance  |              | 11,158     |                                    |
| Advertising  |              | 97         |                                    |
| Supplies   |              | 22,023     |                                    |
| Uniforms   |              | 732        |                                    |
| Contracted services  |              | 39,281     |                                    |
| Professional fees  |              | 4,930      |                                    |
| Dues and subscriptions   |              | 1,004      |                                    |
| Chemicals  |              | 4,130      |                                    |
| Employee training  |              | 158        |                                    |
| Insurance  |              | 4,523      |                                    |
| Utilities  |              | 36,755     |                                    |
| Water testing  |              | 8,205      |                                    |
| Other expenses   |              | 24,559     |                                    |
| Total  | 346,770      | 295,562    | 51,208                             |
| <b>Debt service:</b>   |              |            |                                    |
| Principal  |              | 75,000     |                                    |
| Interest, fees and amortization                                |              | 89,179     |                                    |
| Total  | 173,035      | 164,179    | 8,856                              |
| Total expenditures   | 519,805      | 459,741    | 60,064                             |
| Revenues over (under) expenditures                             | (5,705)      | 69,979     | 75,684                             |
| <b>Other financing sources (uses):</b>                         |              |            |                                    |
| Transfers in - General Fund                                    | 485          | 485        | -                                  |
| Total other financing sources                                  | 485          | 485        | -                                  |
| Revenues and other financing sources over (under) expenditures | (5,220)      | 70,464     | 75,684                             |
| Appropriated net assets  | 5,220        | -          | (5,220)                            |
| Revenues and appropriated net assets over (under) expenditures | \$ -         | 70,464     | \$ 70,464                          |



**Bertie County, North Carolina**  
**Water District III Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 20**

|   |                   |
|---|-------------------|
| <b>Reconciliation from budgetary basis (modified accrual)</b> |                   |
| <b>to full accrual:</b>                                       | <u>Actual</u>     |
| Revenues over (under) expenditures                            | 70,464            |
| Reconciling items:  |                   |
| Depreciation  | (161,506)         |
| Amortization  | 7,652             |
| Debt principal  | 75,000            |
| Capital contributions   | 6,550             |
| (Increase) decrease in accrued vacation payable               | (374)             |
| (Increase) decrease in other postemployment benefits          | (4,610)           |
| <u>Change in net position</u>                                 | <u>\$ (6,824)</u> |

**Bertie County, North Carolina**  
**2012 Community Development Block Grant Water District III Fund**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 21**

|                                    | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|------------------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
|                                    |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>REVENUES:</b>                   |                          |                |                 |                  |                                    |
| Restricted intergovernmental:      |                          |                |                 |                  |                                    |
| Federal grants                     | \$ 284,000               | \$ -           | \$ 6,550        | \$ 6,550         | \$ (277,450)                       |
| Total revenues                     | 284,000                  | -              | 6,550           | 6,550            | (277,450)                          |
| <b>EXPENDITURES:</b>               |                          |                |                 |                  |                                    |
| C-1 Water improvement              | 256,200                  | -              | -               | -                | 256,200                            |
| C-1 Administration                 | 27,800                   | -              | 6,550           | 6,550            | 21,250                             |
| Total expenditures                 | 284,000                  | -              | 6,550           | 6,550            | 277,450                            |
| Revenues over (under) expenditures | \$ -                     | \$ -           | \$ -            | \$ -             | \$ -                               |

**Bertie County, North Carolina**  
**Water District IV Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 22**

|   | 2014              |                | Variance<br>Positive<br>(Negative) |
|---|-------------------|----------------|------------------------------------|
|   | Final Budget      | Actual         |                                    |
| <b>Operating revenues:</b>  |                   |                |                                    |
| Charges for services  |                   | \$ 411,522     |                                    |
| Water taps  |                   | 8,212          |                                    |
| Other operating revenue   |                   | 24,463         |                                    |
| <b>Total operating revenues</b>                                       | <b>\$ 493,628</b> | <b>444,197</b> | <b>\$ (49,431)</b>                 |
| <b>Nonoperating revenues:</b>   |                   |                |                                    |
| Investment earnings   |                   | 329            |                                    |
| Miscellaneous revenue   |                   | 120            |                                    |
| <b>Total nonoperating revenues</b>                                    | <b>1,300</b>      | <b>449</b>     | <b>(851)</b>                       |
| <b>Total revenues</b>   | <b>494,928</b>    | <b>444,646</b> | <b>(50,282)</b>                    |
| <b>Expenditures:</b>  |                   |                |                                    |
| <b>Water administration:</b>  |                   |                |                                    |
| Salaries and benefits   |                   | 81,739         |                                    |
| Telephone and postage   |                   | 15,916         |                                    |
| Travel  |                   | 220            |                                    |
| Repairs and maintenance   |                   | 7,806          |                                    |
| Advertising   |                   | 70             |                                    |
| Supplies  |                   | 16,148         |                                    |
| Uniforms  |                   | 507            |                                    |
| Contracted services   |                   | 18,413         |                                    |
| Professional fees   |                   | 3,400          |                                    |
| Dues and subscriptions  |                   | 716            |                                    |
| Chemicals   |                   | 2,848          |                                    |
| Employee training   |                   | 109            |                                    |
| Maintenance contracts   |                   | 350            |                                    |
| Insurance   |                   | 2,630          |                                    |
| Utilities   |                   | 25,348         |                                    |
| Water testing   |                   | 5,660          |                                    |
| Other expenses  |                   | 22,575         |                                    |
| <b>Total</b>  | <b>276,387</b>    | <b>204,455</b> | <b>71,932</b>                      |
| <b>Debt service:</b>  |                   |                |                                    |
| Principal   |                   | 80,000         |                                    |
| Interest, fees and amortization                                       |                   | 127,504        |                                    |
| <b>Total</b>  | <b>222,475</b>    | <b>207,504</b> | <b>14,971</b>                      |
| <b>Total expenditures</b>   | <b>498,862</b>    | <b>411,959</b> | <b>86,903</b>                      |
| <b>Revenues over (under) expenditures</b>                             | <b>(3,934)</b>    | <b>32,687</b>  | <b>36,621</b>                      |
| <b>Other financing sources (uses):</b>                                |                   |                |                                    |
| Transfers in - General Fund   | 334               | 334            | -                                  |
| <b>Total other financing sources</b>                                  | <b>334</b>        | <b>334</b>     | <b>-</b>                           |
| <b>Revenues and other financing sources over (under) expenditures</b> | <b>\$ (3,600)</b> | <b>33,021</b>  | <b>\$ 36,621</b>                   |
| <b>Appropriated net assets</b>  | <b>3,600</b>      | <b>-</b>       | <b>(3,600)</b>                     |
| <b>Revenues and appropriated net assets over (under) expenditures</b> | <b>\$ -</b>       | <b>33,021</b>  | <b>\$ 33,021</b>                   |

**Bertie County, North Carolina**  
**Water District IV Fund Schedule of Revenues and**  
**Expenditures Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 22**

|   |                    |
|---|--------------------|
| <b>Reconciliation from budgetary basis (modified accrual)</b> |                    |
| <b>to full accrual:</b>                                       | <u>Actual</u>      |
| Revenues over (under) expenditures                            | 33,021             |
| Reconciling items:  |                    |
| Depreciation  | (145,833)          |
| Amortization  | 2,703              |
| Debt principal  | 80,000             |
| (Increase) decrease in accrued vacation payable               | 518                |
| (Increase) decrease in other postemployment benefits          | (3,252)            |
| Change in net position  | <u>\$ (32,843)</u> |

**Bertie County, North Carolina**  
**Rural Center Grant Fund Water District IV Fund**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2014**  
**Schedule 23**

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

**Bertie County, North Carolina**  
**2008 Community Development Block Grant Fund Water District IV Fund**  
**Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2014**  
**Schedule 24**

|  | Actual                   |                |                 |                  | Variance<br>Positive<br>(Negative) |
|--|--------------------------|----------------|-----------------|------------------|------------------------------------|
|  | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>REVENUES:</b>                                     |                          |                |                 |                  |                                    |
| Restricted intergovernmental:                        |                          |                |                 |                  |                                    |
| Federal grants                                       | \$ 850,000               | \$ 624,431     | \$ -            | \$ 624,431       | \$ (225,569)                       |
| Miscellaneous revenues                               | 59,500                   | -              | -               | -                | (59,500)                           |
| Total revenues                                       | 909,500                  | 624,431        | -               | 624,431          | (285,069)                          |
| <b>EXPENDITURES:</b>                                 |                          |                |                 |                  |                                    |
| C-1 Acquisition                                      | 72,000                   | 35,462         | -               | 35,462           | 36,538                             |
| C-1 Water improvement                                | 40,000                   | 15,000         | -               | 15,000           | 25,000                             |
| C-1 Street improvement                               | 314,000                  | 297,449        | -               | 297,449          | 16,551                             |
| C-1 Clearance  | 26,500                   | 25,079         | -               | 25,079           | 1,421                              |
| C-1 Relocation                                       | 105,000                  | 33,270         | -               | 33,270           | 71,730                             |
| C-1 Rehabilitation                                   | 140,000                  | 77,510         | -               | 77,510           | 62,490                             |
| C-1 Administration                                   | 84,500                   | 72,661         | -               | 72,661           | 11,839                             |
| L-1 Water  | 127,500                  | 127,500        | -               | 127,500          | -                                  |
| Total expenditures                                   | 909,500                  | 683,931        | -               | 683,931          | 225,569                            |
| Revenues over (under) expenditures                   | -                        | (59,500)       | -               | (59,500)         | (59,500)                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                          |                |                 |                  |                                    |
| Transfers in (out)                                   |                          |                |                 |                  |                                    |
| Transfer in - General Fund                           | -                        | 25,073         | -               | 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)                 | -                        | 59,500         | -               | 59,500           | (59,500)                           |
| Revenues and other sources over (under) expenditures | \$ -                     | \$ -           | \$ -            | \$ -             | \$ -                               |

**Bertie County, North Carolina**  
**Bertie Telephone Internal Service Fund**  
**Statement of Net Position**  
**June 30, 2014**  
**Schedule 25**

|  |    | 2014   |
|--|----|--------|
| <b>ASSETS</b>                            |    |        |
| Current assets:                          |    |        |
| Cash and cash equivalents                | \$ | 70,462 |
| Accounts receivable (net):               |    | 4,865  |
| Total assets                             |    | 75,327 |
| <br><b>LIABILITIES</b>                   |    |        |
| Current liabilities:                     |    |        |
| Accounts payable and accrued liabilities |    | 561    |
| Total liabilities                        |    | 561    |
| <br><b>NET ASSETS</b>                    |    |        |
| Unrestricted                             |    | 74,766 |
| Total net position                       | \$ | 74,766 |

**Bertie County, North Carolina**  
**Bertie Telephone Internal Service Fund**  
**Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 26**

|  | 2014         |             | Variance<br>Positive<br>(Negative) |
|--|--------------|-------------|------------------------------------|
|  | Final Budget | Actual      |                                    |
| <b>Revenues:</b>   |              |             |                                    |
| Operating revenues:  |              |             |                                    |
| User charges   | \$ 70,000    | \$ 71,822   | \$ 1,822                           |
| Total revenues   | 70,000       | 71,822      | 1,822                              |
| <b>Expenditures:</b>   |              |             |                                    |
| Operating:   |              |             |                                    |
| Telephone  | 54,370       | 45,515      | 8,855                              |
| Maintenance contracts  | 38,900       | 36,096      | 2,804                              |
| Capital outlay   | 85,230       | 71,714      | 13,516                             |
| Total expenditures   | 178,500      | 153,325     | 25,175                             |
| Appropriated fund balance  | 108,500      | -           | (108,500)                          |
| Revenues and appropriated fund balance<br>over (under) expenditures                    | \$ -         | \$ (81,503) | \$ (81,503)                        |
| <br><b>Reconciliation from budgetary basis (modified accrual)<br/>to full accrual:</b> |              |             |                                    |
| Change in net position   |              |             | \$ (81,503)                        |



**Bertie County, North Carolina**  
**Bertie Telephone Internal Service Fund**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 27**

|   | 2014        |
|---|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |
| Cash received from users  | \$ 69,847   |
| Cash paid for goods and services  | (153,322)   |
| <hr/>   |             |
| Net cash provided (used) by operating activities  | (83,475)    |
| <hr/>   |             |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | (83,475)    |
| <hr/>   |             |
| Cash and cash equivalents, beginning of year  | 153,937     |
| <hr/>   |             |
| Cash and cash equivalents, end of year  | \$ 70,462   |
| <hr/> <hr/>   |             |
| <br><b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |             |
| Operating income (loss)   | \$ (81,503) |
| <br>Adjustments to reconcile operating income to net cash provided by operating activities:               |             |
| Changes in assets and liabilities:  |             |
| (Increase) decrease in accounts receivable  | (1,975)     |
| Increase (decrease) I accounts payable and accrued liabilities  | 3           |
| <hr/>   |             |
| Total adjustments   | (1,972)     |
| <hr/>   |             |
| Net cash provided (used) by operating activities  | \$ (83,475) |
| <hr/> <hr/>   |             |

**Bertie County, North Carolina**  
**Agency Funds Combining Statement of Changes**  
**in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 28**

|                                 | Balance<br>July 1, 2013 | Additions  | Deductions | Balance<br>June 30, 2014 |
|---------------------------------|-------------------------|------------|------------|--------------------------|
| <b>Social Services</b>          |                         |            |            |                          |
| Assets:                         |                         |            |            |                          |
| Cash and cash equivalents       | \$ 416                  | \$ -       | \$ -       | \$ 416                   |
| Liabilities:                    |                         |            |            |                          |
| Miscellaneous liabilities       | \$ 416                  | \$ -       | \$ -       | \$ 416                   |
| <b>Motor Vehicle Tax</b>        |                         |            |            |                          |
| Assets:                         |                         |            |            |                          |
| Cash and cash equivalents       | \$ 395                  | \$ 811,080 | \$ 809,271 | \$ 2,204                 |
| Liabilities:                    |                         |            |            |                          |
| Intergovernmental payable       | \$ 395                  | \$ 811,080 | \$ 809,271 | \$ 2,204                 |
| <b>Pest Management</b>          |                         |            |            |                          |
| Assets:                         |                         |            |            |                          |
| Cash and cash equivalents       | \$ 2,482                | \$ 6,260   | \$ 6,351   | \$ 2,391                 |
| Liabilities:                    |                         |            |            |                          |
| Miscellaneous liabilities       | \$ 2,482                | \$ 6,260   | \$ 6,351   | \$ 2,391                 |
| <b>Total - All Agency Funds</b> |                         |            |            |                          |
| Assets:                         |                         |            |            |                          |
| Cash and cash equivalents       | \$ 3,293                | \$ 817,340 | \$ 815,622 | \$ 5,011                 |
| Liabilities:                    |                         |            |            |                          |
| Miscellaneous liabilities       | \$ 3,293                | \$ 817,340 | \$ 815,622 | \$ 5,011                 |

**Bertie County, North Carolina**  
**General Fund Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2014**  
**Schedule 29**

| Fiscal Year                                 | Uncollected<br>Balance<br>June 30, 2013 | Additions         | Collections<br>and Credits | Uncollected<br>Balance<br>June 30, 2014 |
|---|---|-------------------|----------------------------|---|
| 2013 - 2014                                 | \$ -                                    | \$ 10,653,456     | \$ 10,274,111              | \$ 379,345                              |
| 2012 - 2013                                 | 462,673                                 | 6,660             | 343,111                    | 126,222                                 |
| 2011 - 2012                                 | 85,236                                  | 101               | 31,202                     | 54,135                                  |
| 2010 - 2011                                 | 50,486                                  | -                 | 14,152                     | 36,334                                  |
| 2009 - 2010                                 | 36,089                                  | -                 | 8,023                      | 28,066                                  |
| 2008 - 2009                                 | 35,492                                  | -                 | 7,188                      | 28,304                                  |
| 2007 - 2008                                 | 26,519                                  | -                 | 3,228                      | 23,291                                  |
| 2006 - 2007                                 | 17,857                                  | -                 | 1,828                      | 16,029                                  |
| 2005 - 2006                                 | 17,926                                  | -                 | 1,843                      | 16,083                                  |
| 2004 - 2005                                 | 16,918                                  | -                 | 1,109                      | 15,809                                  |
| 2003 - 2004                                 | 15,731                                  | -                 | 15,731                     | -                                       |
|   | <u>764,927</u>                          | <u>10,660,217</u> | <u>10,701,526</u>          | <u>723,618</u>                          |
| Less: Allowance for uncollectible accounts: |   |                   |                            |   |
| General Fund                                |   |                   |                            | 81,076                                  |
| Ad valorem taxes receivable - net:          |   |                   |                            |   |
| General Fund                                |   |                   |                            | <u>\$ 642,542</u>                       |
| <u>Reconciliation with revenues</u>         |   |                   |                            |   |
| Ad valorem taxes - General Fund             |   |                   |                            | \$ 10,820,133                           |
| Reconciling items:                          |   |                   |                            |   |
| Interest collected                          |   |                   |                            | (137,741)                               |
| Taxes written off                           |   |                   |                            | 14,490                                  |
| Discoveries and adjustments                 |   |                   |                            | 4,644                                   |
| Total collections and credits               |   |                   |                            | <u>\$ 10,701,526</u>                    |

**Bertie County, North Carolina**  
**County-Wide Levy Analysis of Current Tax Levy**  
**For the Fiscal Year Ended June 30, 2014**  
**Schedule 30**

|   | County Wide           |        |                   | Total Levy   |                                 |
|---|-----------------------|--------|-------------------|--|---------------------------------|
|   | Property<br>Valuation | Rate   | Amount<br>of Levy | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| Original Levy:  |                       |        |                   |  |                                 |
| Property taxed at current year's rate                   | \$1,234,197,143       | 0.0084 | \$ 10,367,256     | \$ 9,180,489   | \$ 1,186,767                    |
| Registered motor vehicles taxed at<br>prior year's rate | 38,495,256            | 0.0078 | 300,263           | -  | 300,263                         |
| Total   | 1,272,692,399         |        | 10,667,519        | 9,180,489  | 1,487,030                       |
| Discoveries:  |                       |        |                   |  |                                 |
| Current year taxes                                      | 6,952,024             | 0.0084 | 58,397            | 52,109   | 6,288                           |
| Abatements  | (8,626,190)           | 0.0084 | (72,460)          | (57,142)   | (15,318)                        |
| Total property valuation                                | \$1,271,018,233       |        |                   |  |                                 |
| Net Levy  |                       |        | 10,653,456        | 9,175,456  | 1,478,000                       |
| Current year's taxes collected                          |                       |        | 10,274,111        | 8,915,091  | 1,359,020                       |
| Uncollected taxes at June 30, 2104                      |                       |        | \$ 379,345        | \$ 260,365   | \$ 118,980                      |
| Current levy collection percentage                      |                       |        | 96.44%            | 97.16%   | 91.95%                          |



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

**Independent Auditors' Report**

To the Board of 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, 2014, and the related notes to the financial statements, which collectively comprises Bertie County's basic financial statements, and have issued our report thereon dated December 19, 2014. 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 Bard 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 the County's internal control.

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

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

The 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.

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

Belhaven, North Carolina  
December 19, 2014



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

**Independent Auditor's 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, 2014. 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, 2014.

### **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 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 federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Belhaven, North Carolina  
December 19, 2014





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

**Independent Auditor's 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, 2014. 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 its 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, 2014.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Belhaven, North Carolina  
December 19, 2014

**Bertie County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

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

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Significant deficiency(ies) 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(ies) 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: Unmodified

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 Number</u> | <u>Name of Federal Program</u> |
|--------------------|--------------------------------|
| 93.778             | Title XIX - Medicaid           |

Dollar threshold used to distinguish between Type A and Type B programs: \$    882,000

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





**Bertie County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014**

**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



**Bertie County, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2014**

**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



**Bertie County, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2014**

**Findings:**

None reported

**Bertie County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2014**

| Grantor/Pass-through<br>Grantor/Program Title               | Federal<br>CFDA<br>Number | State<br>Pass-through<br>Grantor's<br>Number | Federal<br>(Direct and<br>Pass-<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|---------------------------|--|---|-----------------------|-----------------------|
| <b>Federal Awards:</b>                                      |                           |  |   |                       |                       |
| <u>U.S. Dept. of Agriculture</u>                            |                           |  |   |                       |                       |
| <u>Food and Nutrition Service</u>                           |                           |  |   |                       |                       |
| Passed-through the N.C. Dept. of Health and Human Services: |                           |  |   |                       |                       |
| Division of Social Services:                                |                           |  |   |                       |                       |
| Administration:   |                           |  |   |                       |                       |
| <u>SNAP Cluster:</u>  |                           |  |   |                       |                       |
| State Administrative Matching Grants for                    |                           |  |   |                       |                       |
| Supplemental Nutrition Assistance Program                   | 10.561                    | XXXX   | \$ 373,857                                      | \$ -                  | \$ 373,857            |
| Total SNAP  |                           |  | 373,857   | -                     | 373,857               |
| Total U.S. Dept. of Agriculture                             |                           |  | 373,857   | -                     | 373,857               |
| <u>U.S. Dept. of Housing and Urban Development</u>          |                           |  |   |                       |                       |
| Passed-through N.C. Dept of Commerce:                       |                           |  |   |                       |                       |
| 2011 Community Development Block Grant                      | 14.228                    | XXXX   | 23,280  | -                     | -                     |
| 2011 Community Development Block Grant                      | 14.228                    | XXXX   | 150,274   | -                     | -                     |
| 2012 Community Development Block Grant                      | 14.228                    | XXXX   | 6,550   | -                     | -                     |
| Total U.S. Dept. Housing and Urban Development              |                           |  | 180,104   | -                     | -                     |
| <u>U.S. 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 Centers           | 93.044                    | XXXX   | 125,707   | 91,413                | 18,305                |
| Special Programs for the Aging – Title III C                |                           |  |   |                       |                       |
| Nutrition Services  | 93.045                    | XXXX   | 22,184  | 17,412                | 4,018                 |
| Total Aging Cluster   |                           |  | 147,891   | 108,825               | 22,323                |
| 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   | 3,039   | 6,007                 | 1,520                 |
| Title IV-E Foster Care                                      | 93.658                    | XXXX   | 26,339  | 6,867                 | 6,867                 |
| Title IV-E Foster Care/Off Trn                              | 93.658                    | XXXX   | 40,862  | -                     | 40,862                |
| Title IV-E Admin County Paid to CCI                         | 93.658                    | XXXX   | 8,123   | 4,062                 | 4,062                 |
| Title IV-E Max Level III                                    | 93.658                    | XXXX   | 9,479   | -                     | 4,940                 |
| Title IV-E Family Foster Max                                | 93.658                    | XXXX   | 181   | -                     | 94                    |
| Title IV-E Adopt Subsidy and Vendor                         | 93.659                    | XXXX   | 46,729  | 12,184                | 12,184                |
| Title IV-E Adoption/Off Trn                                 | 93.659                    | XXXX   | 76  | -                     | 76                    |
| Title IV-E Optional Adoption/Off Trn                        | 93.659                    | XXXX   | 924   | -                     | 924                   |
| Family Preservation   | 93.556                    | XXXX   | 1,272   | -                     | -                     |
| Total Foster Care and Adoption Cluster                      |                           |  | 137,024   | 29,120                | 71,529                |



**Bertie County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2014**

| Grantor/Pass-through<br>Grantor/Program Title               | Federal<br>CFDA<br>Number | State<br>Pass-through<br>Grantor's<br>Number | Federal<br>(Direct and<br>Pass-through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|---------------------------|--|---|-----------------------|-----------------------|
| <b>Federal Awards:</b>                                      |                           |  |   |                       |                       |
| <u>Administration for Children and Families</u>             |                           |  |   |                       |                       |
| Passed-through the N.C. Dept. of Health and Human Services: |                           |  |   |                       |                       |
| <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 – Discretionary             | 93.575                    | XXXX   | 258,469   | -                     | -                     |
| Child Care and Development Fund – Mandatory                 | 93.596                    | XXXX   | 191,397   | -                     | -                     |
| Child Care and Development Fund – Match                     | 93.596                    | XXXX   | 37,873  | -                     | -                     |
| Total Child Care Fund Cluster                               |                           |  | 567,739   | -                     | -                     |
| Temporary Assistance for Needy Families                     | 93.558                    | XXXX   | 145,203   | -                     | -                     |
| Foster Care Title IV-E                                      | 93.658                    | XXXX   | 7,322   | 3,821                 | -                     |
| State Appropriations  |                           | XXXX   | -   | 20,087                | -                     |
| TANF-MOE  |                           | XXXX   | -   | 26,477                | -                     |
| Total Subsidized Child Care Cluster                         |                           |  | 720,264   | 50,385                | -                     |
| Division of Social Services:                                |                           |  |   |                       |                       |
| TANF - Work First Services                                  | 93.558                    | XXXX   | 164,211   | -                     | 148,015               |
| TANF - Work First Administration                            | 93.558                    | XXXX   | 38,618  | -                     | 52,191                |
| TANF - Payments & Penalties                                 | 93.558                    | XXXX   | 167,129   | -                     | 236                   |
| Low-Income Home Energy Assistance Block Grant:              |                           |  |   |                       |                       |
| Low-Income Home Energy Assistance (LIHEAP)                  | 93.568                    | XXXX   | 124,450   | -                     | -                     |
| Administration  | 93.568                    | XXXX   | 25,371  | -                     | -                     |
| Energy Assistance Payments - Direct Benefit Payments        | 93.568                    | XXXX   | 190,500   | -                     | -                     |
| Child Welfare Services - Permanency Planning - Spec         | 93.645                    | XXXX   | 11,427  | -                     | 3,809                 |
| SSBG – Other Service and Training                           | 93.667                    | XXXX   | 142,438   | 17,270                | 53,236                |
| SSBG – In Home Service Fund                                 | 93.667                    | XXXX   | 4,511   | -                     | 644                   |
| SSBG - Adult Protective Services                            | 93.667                    | XXXX   | 11,559  | -                     | 3,853                 |
| SSBG – Adult Day Care Over 60                               | 93.667                    | XXXX   | 7,571   | -                     | 1,081                 |
| Chafee Foster Care Independence Program                     | 93.674                    | XXXX   | 3,534   | 884                   | -                     |
| Child Support Enforcement - IV-D Administration             | 93.563                    | XXXX   | 582,228   | -                     | 299,935               |
| Child Support Enforcement - IV-D Offset Fees                | 93.563                    | XXXX   | 1,389   | -                     | 716                   |
|   |                           |  | 1,474,936   | 18,154                | 563,716               |
| <u>Health Care Financing Administration</u>                 |                           |  |   |                       |                       |
| Direct Benefit Payments:                                    |                           |  |   |                       |                       |
| Medical Assistance Program                                  | 93.778                    | XXXX   | 25,721,679  | 14,775,195            | -                     |
|   |                           |  | 25,721,679  | 14,775,195            | -                     |
| <u>Division of Medical Assistance</u>                       |                           |  |   |                       |                       |
| Direct Benefit Payments:                                    |                           |  |   |                       |                       |
| Health Choice   | 93.767                    | XXXX   | 358,045   | 113,051               | -                     |
| <u>Division of Facility Services</u>                        |                           |  |   |                       |                       |
| Office of Emergency Medical Services                        |                           |  |   |                       |                       |
| Division of Social Services:                                |                           |  |   |                       |                       |
| Administration:   |                           |  |   |                       |                       |
| Health Choice   | 93.767                    | XXXX   | 20,669  | 872                   | 5,654                 |
| Medical Assistance Program                                  | 93.778                    | XXXX   | 586,119   | 23,319                | 531,702               |
|   |                           |  | 606,788   | 24,191                | 537,356               |
| Total U.S. Dept. of Health and Human Services               |                           |  | 29,166,627  | 15,118,921            | 1,194,924             |

**Bertie County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2014**

| Grantor/Pass-through<br>Grantor/Program Title                           | Federal<br>CFDA<br>Number | State<br>Pass-through<br>Grantor's<br>Number | Federal<br>(Direct and<br>Pass-through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|---------------------------|--|---|-----------------------|-----------------------|
| <b>Federal Awards:</b>  |                           |  |   |                       |                       |
| <u>U.S. Department of Justice</u>                                       |                           |  |   |                       |                       |
| <u>Bureau of Justice Assistance</u>                                     |                           |  |   |                       |                       |
| Direct Program:   |                           |  |   |                       |                       |
| Law Enforcement Block Grant   | 16.592                    | XXXX   | 2,141   | -                     | -                     |
| <u>U.S. Department of Homeland Security</u>                             |                           |  |   |                       |                       |
| Federal Emergency Management Assistance –<br>Tornado                    | 97.036                    | XXXX   | 35,317  | -                     | -                     |
| <u>U.S. Environmental Protection Agency</u>                             |                           |  |   |                       |                       |
| Passed-through the N.C. Dept of Environment and<br>Natural Resources    |                           |  |   |                       |                       |
| ARRA-Drinking Water State Revolving Funds<br>H-FRX-F-11-1446            | 66.468                    | XXXX   | 195,387   | -                     | -                     |
| Total Federal Awards  |                           |  | 29,953,433  | 15,118,921            | 1,568,781             |
| <b>State Awards:</b>  |                           |  |   |                       |                       |
| <u>N.C. Dept. of Environment and Natural Resources</u>                  |                           |  |   |                       |                       |
| Soil and Water Conservation – S&W Conservation                          |                           | XXXX   | -   | 22,792                | -                     |
| Soil and Water Conservation – Administration                            |                           | XXXX   | -   | 4,000                 | -                     |
| Minor Permit County Aid   | 11.419                    | XXXX   | -   | 300                   | -                     |
| Abandoned Mobile Home Grant   |                           | XXXX   | -   | 1,026                 | -                     |
| Total Dept. of Environment and Natural Resources                        |                           |  | -   | 28,118                | -                     |
| <u>N.C. Dept. of Health and Human Services</u>                          |                           |  |   |                       |                       |
| Division of Social Services:  |                           |  |   |                       |                       |
| State/County Special Assistance for Adults – Direct<br>benefit payments |                           | XXXX   | -   | 346,888               | 346,888               |
| State Foster Care Benefits Program                                      |                           | XXXX   | -   | 15,230                | 15,230                |
| SFHF Maximization   |                           | XXXX   | -   | 1,938                 | 1,938                 |
| Foster Care At Risk Maximization  |                           | XXXX   | -   | 6,150                 | 3,369                 |
| Foster Care Special Provision   |                           | XXXX   | -   | 1,752                 | -                     |
| CWS Adopt Subsidy & Vendor  |                           | XXXX   | -   | 12,837                | 1,743                 |
| AFDC/TANF Incent/Program Integrity                                      |                           | XXXX   | -   | 563                   | -                     |
| Total Dept. of Health and Human Services                                |                           |  | -   | 385,358               | 369,168               |
| <u>N.C. Dept. of Administration</u>                                     |                           |  |   |                       |                       |
| Veterans Service  |                           | XXXX   | -   | 1,452                 | -                     |
| <b>State Awards:</b>  |                           |  |   |                       |                       |
| <u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>        |                           |  |   |                       |                       |
| Juvenile Crime Prevention Program                                       |                           | XXXX   | -   | 93,781                | -                     |
| <u>N.C. Dept. of Transportation</u>                                     |                           |  |   |                       |                       |
| Elderly and Disabled Transportation Assistance                          |                           | XXXX   | -   | 53,192                | -                     |
| Work First/Transitional Employment                                      |                           | XXXX   | -   | 11,007                | -                     |
| Rural General Public Transportation                                     |                           | XXXX   | -   | 61,602                | -                     |
| Total N.C. Dept. of Transportation                                      |                           |  | -   | 125,801               | -                     |

**Bertie County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2014**

| Grantor/Pass-through<br>Grantor/Program Title | Federal<br>CFDA<br>Number | State<br>Pass-through<br>Grantor's<br>Number | Federal<br>(Direct and<br>Pass-through)<br>Expenditures | State<br>Expenditures | Local<br>Expenditures |
|---|---------------------------|--|---|-----------------------|-----------------------|
| <b>State Awards:</b>                          |                           |  |   |                       |                       |
| <u>NC Dept. of Commerce</u>                   |                           |  |   |                       |                       |
| Passed-through from Mid East Commission:      |                           |  |   |                       |                       |
| Senior Health Insurance Information Program   |                           | XXXX   | -   | 2,244                 | -                     |
| <b>Total State Awards</b>                     |                           |  | -   | 636,754               | 369,168               |
| <b>Total Federal and State Awards</b>         |                           |  | \$ 29,953,433   | \$ 15,755,675         | \$ 1,937,949          |

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

1 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<br>Number | Pass-through<br>Grantor's<br>Number | Federal<br>Expenditures | State<br>Expenditures |
|--|----------------|-------------------------------------|-------------------------|-----------------------|
| Subsidized Child Care and Foster Care and Adoption | XXXX           | XXXX                                | 720,264                 | 50,385                |

2 Loans Outstanding

Bertie County had the following loan balances outstanding at June 30, 2014. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

| Program Title   | CFDA<br>Number | Pass-through<br>Grantor's<br>Number | Federal<br>Expenditures | State<br>Expenditures |
|---|----------------|-------------------------------------|-------------------------|-----------------------|
| ARRA-Drinking Water State Revolving Funds - H-FRX-F-11-1446 | 44.468         | XXXX                                | 277,046                 | 277,046               |



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December 19, 2014

To the Commissioners and Management of  
Bertie County, North Carolina

Dear Commissioners and Management:

We are pleased to present the results of our audit of the 2014 financial statements of Bertie County.

This report to the Commissioners and Management summarizes our audit, the report issued and various analyses and observations related to the County's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed to express an opinion on the County's 2014 financial statements. We considered the County's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Commissioners and Management, expect. We received the full support and assistance of County's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Commissioners, Management and others within the organization and should not be used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 252-943-2723 or [jbest@cricpa.com](mailto:jbest@cricpa.com).

Very truly yours,

*Jeff Best, CPA*

Jeff Best, CPA

## Required Communications

As discussed with the Commissioners and Management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the County. Specifically, we planned and performed our audit to:

- Perform an annual audit, as required by North Carolina General Statutes, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the County's financial statements for the year ended June 30, 2014.
- Conduct an audit 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act and issue a report on the County's 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 the County's major federal and state programs for the year ended June 30, 2014;
- Communicate directly with the Commissioners and Management regarding the results of our procedures;
- Address with the Commissioners and Management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Commissioners and Management; and
- Other audit-related projects as they arise and upon request.

## Required Communications

We have audited the financial statements of Bertie County, North Carolina (the “County”) for the year ended June 30, 2014, and have issued our report thereon dated December 19, 2014. Professional standards require that we provide you with the following information related to our audit:

| <b>MATTER TO BE COMMUNICATED</b>   | <b>AUDITOR’S RESPONSE</b>   |
|--|---|
| <b>Auditor’s responsibility under Generally Accepted Auditing Standards</b>                              | <p>As stated in our engagement letter dated June 19, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the 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 presented prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the County. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p> <p>Our audit also consisted of issuing reports regarding the Board’s internal control, in accordance with <i>Government Auditing Standards</i>, and compliance with certain compliance requirements as it relates to the Board’s major federal and / or state programs, in accordance OMB A-133 and the State Single Audit Implementation Act.</p> |
| <b>Client’s responsibility</b>   | <p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>   |
| <b>Planned scope and timing of the audit</b>   | <p>Our initial audit plan was not significantly altered during our fieldwork.</p>   |
| <b>Management judgments and accounting estimates</b><br><i>The process used by management in forming</i> | <p>Please see the following section titled (“Accounting Policies, Judgments and Sensitive Estimates and CRI</p>   |

## Required Communications

| MATTER TO BE COMMUNICATED  | AUDITOR'S RESPONSE                            |
|--|---|
| <p><i>particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i></p>  | <p>Comments on Quality").</p>                 |
| <p><b>Potential effect on the financial statements of any significant risks and exposures</b><br/> <i>Major risks and exposures facing the County and how they are disclosed.</i></p>  | <p>No such risks or exposures were noted.</p> |
| <p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li>• <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li>• <i>The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the County's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the County in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i></li> </ul> <p><i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us,</i></p> | <p>None.</p>                                  |

## Required Communications

| MATTER TO BE COMMUNICATED  | AUDITOR'S RESPONSE  |
|--|---|
| <p><i>discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i></p>   |   |
| <p><b>Significant difficulties encountered in the audit</b><br/> <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>   | None.   |
| <p><b>Disagreements with management</b><br/> <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i></p>  | None.   |
| <p><b>Other findings or issues</b><br/> <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i></p>   | None.   |
| <p><b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b><br/> <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>  | None.   |
| <p><b>Corrected and uncorrected misstatements</b><br/> <i>All significant audit adjustments arising from the audit, whether or not recorded by the County, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the County about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i></p> | Please see the following section titled "Summary of Audit Adjustments." |



## Required Communications

| MATTER TO BE COMMUNICATED   | AUDITOR'S RESPONSE  |
|---|---|
| <p><b>Major issues discussed with management prior to retention</b></p> <p><i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i></p>   | None.   |
| <p><b>Consultations with other accountants</b></p> <p><i>When management has consulted with other accountants about significant accounting or auditing matters.</i></p>   | None of which we are aware.   |
| <p><b>Written representations</b></p> <p><i>A description of the written representations the auditor requested (or a copy of the representation letter).</i></p>  | See "Management Representation Letter" section.   |
| <p><b>Internal control deficiencies</b></p> <p><i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.</i></p>   | See "Internal Control Findings" section.  |
| <p><b>Fraud and illegal acts</b></p> <p><i>Fraud involving management, or the County, those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p> | We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.  |
| <p><b>Parties in interest and prohibited transactions</b></p> <p><i>Any parties in interest in the County, prohibited transactions as defined by ERISA, and other reportable transactions.</i></p>  | No prohibited transactions were noted. Transactions with parties in interest and other reportable transactions were properly disclosed in the notes to the financial statements, in accordance with GAAP.   |
| <p><b>Other information in documents containing audited financial statements</b></p> <p><i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>  | <p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p> |

## Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the County's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The County may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

| AREA                            | ACCOUNTING POLICY   | CRITICAL POLICY? | JUDGMENTS & SENSITIVE ESTIMATE   | COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION                          |
|---------------------------------|---|------------------|--|---|
| Capital Assets                  | <p>Based upon our audit procedures, with respect to the County's capital assets, we noted that it estimates the annual provision for depreciation expense on estimated useful life of the capital asset in accordance with all applicable standards and guidelines.</p> <p>The County calculates depreciation expense using the straight-line method.</p> | X                | <p>The County's estimate of the useful life of its capital assets.</p> <p>The estimated useful lives of County's capital assets are based on a detailed management review.</p> | The County's policy is in accordance with all applicable accounting guidelines. |
| Allowance for Doubtful Accounts | <p>The County estimates the allowance accounts for the water districts in accordance with applicable standards and guidelines.</p> <p>The County calculates the allowance for doubtful accounts in each district based on an analysis of the collectability of individual accounts.</p>   | X                | The County's estimate of its allowance for doubtful accounts is based on historical water revenues and an analysis of the collectability of individual accounts.               | The County's policy is in accordance with all applicable accounting guidelines. |

## Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality

| AREA                          | ACCOUNTING POLICY   | CRITICAL POLICY? | JUDGMENTS & SENSITIVE ESTIMATE  | COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION                          |
|-------------------------------|---|------------------|---|---|
| Compensated Absences          | <p>The County estimates the accrued liability at year-end for amounts owed to its employees for compensated absences (“Vacation Policy”) in accordance with all applicable standards and guidelines.</p> <p>The County calculates the annual liability at the prevailing rates of compensation.</p> | X                | The County’s estimate of its accrued liability for compensated absences is based upon the established compensation levels at year-end which may differ from the actual amounts. | The County’s policy is in accordance with all applicable accounting guidelines. |
| Other Postemployment Benefits | <p>The County estimates postemployment benefits in accordance with all applicable standards and guidelines.</p> <p>The County discloses postemployment benefits based on actuarial assumptions. These assumptions may change in the future depending on future operating conditions.</p>            | X                | The County’s estimate of its postemployment benefits is based on an actuary that is performed every three years.  | The County’s policy is in accordance with all applicable accounting guidelines. |

## Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the County and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the County or passed (uncorrected).

See attached schedules.

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the County's operating environment that has been identified as playing a significant role in the County's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.
- Whether the difference involves concealment of a prohibited transaction, or transaction with a party in interest, as defined by GAAP or any applicable federal, state, or local laws.



### BERTIE COUNTY

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### BOARD OF COMMISSIONERS

RONALD "RON" WESSON, Chairman  
TAMMY A. LEE, Vice-Chairman  
JOHN TRENT  
ERNESTINE (BYRD) BAZEMORE  
STEWART WHITE

December 19, 2014

Carr, Riggs & Ingram, LLC  
P.O. Box 399  
Belhaven, NC 27810

This representation letter is provided in connection with your audit of the financial statements of Bertie County, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 19, 2014 the following representations made to you during your audit.

#### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 26, 2014, including our responsibility for the preparation and fair presentation of the financial statements in accordance with US GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

## Management Representation Letter

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of US GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with US GAAP.
10. Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.
11. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the County's accounts.

### **Information Provided**

12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of Bertie County or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and State awards.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or

- c. Others where the fraud could have a material effect on the financial statements.
- 16. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, regulators, or others.
- 17. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.

### **Government - specific**

- 20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21. We have a process to track the status of audit findings and recommendations.
- 22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provision of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance, [except as disclosed in the footnotes].

30. As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal and State awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within our senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal and State awards.
31. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the footnotes.
32. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
33. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
34. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
37. We have followed all applicable laws and regulations in adopting, approving, and amending budgets, except as disclosed in the footnotes.
38. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, or general revenues.
41. Interfund, internal, and intra-entity activity have been appropriately classified and reported.
42. Deposits and investment securities are properly classified as to risk and are properly disclosed.
43. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
44. We have appropriately disclosed the County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.



45. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
46. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
47. With respect to the combining and individual fund statements and schedules, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards
  - a. We acknowledge our responsibility for presenting the combining and individual fund statements schedules, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b. If the combining and individual fund statements and schedules, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and State awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
48. With respect to federal and State award programs:
  - a. We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, including requirements relating to preparation of the schedule of expenditures of federal and State awards.
  - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal and State awards (SEFSA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFSA, including its form and content, is fairly presented in accordance with the OMB Circular A-133 §310.b. The methods of measurement and presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.
  - c. If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the supplementary information and the auditor's report thereon.

## Management Representation Letter

- d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the State Single Audit Implementation Act and have included in the SEFSA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and State programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and State programs that provides reasonable assurance that we are managing our federal and State awards in compliance with laws, regulations, and the provisions of the contracts and grant agreements that could have a material effect on our federal and State programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and State agencies or pass-through entities relevant to federal and State programs and related activities.
- h. We have received no request from a federal or State agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal and State awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal or State awards.
- j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principals for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

## Management Representation Letter

- n. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and State program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r. Federal and State program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal and State program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and State agency or pass-through entity, as applicable.
- t. We have charged costs to federal and State awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal and State awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w. We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signed: S. T. Sam  
County Manager  
Date: 12-19-14

Signed: William Roberson  
FINANCE DIRECTOR  
Date: 12-19-14



## Internal Control Findings

Carr, Riggs & Ingram, LLC  
382 Pamlico Street  
Belhaven, North Carolina 27810

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December 19, 2014

The Commissioners and Management of  
Bertie County, North Carolina

In planning and performing our audit of the financial statements of Bertie County as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The chart that follows this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 19, 2014, on the financial statements of Bertie County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Commissioners and Management, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

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

Belhaven, North Carolina  
December 19, 2014

## Internal Control Findings

The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

|   |   |  |   |
|---|---|--|---|
| <b>IP =</b><br><b>Improvement Point</b> | <b>D =</b><br><b>Control Deficiency</b> | <b>SD =</b><br><b>Significant Deficiency</b> | <b>MW =</b><br><b>Material Weakness</b> |
|---|---|--|---|

| CONTROL NUMBER | RATING | AREA                        | ITEM NOTED   | SUGGESTION  | MANAGEMENT ACTION   |
|----------------|--------|-----------------------------|--|---|---|
| 14-1           | IP     | Escheats                    | During our testing, we noted several long outstanding checks. [Outstanding checks issued by governmental units are reportable one year from date issued].          | We recommend that these checks be turned over to the state escheats program.                            | We have reviewed the results of the finding noted and concur with the assessment of the issues identified.<br><br>We will designate personnel to ensure the outstanding checks are remitted to the State.             |
| 14-2           | IP     | Untimely Paid Payroll Taxes | During the audit, we found several instances where federal and state payroll liabilities were not paid on time causing the County to incur interest and penalties. | We recommend the County put procedures in place to ensure that all payroll liabilities are paid timely. | We have reviewed the results of the finding noted and concur with the assessment of the issues identified.<br><br>We will monitor payroll liability due dates more closely to avoid incurring penalties and interest. |

## Summary of Audit Adjustments

### Proposed Journal Entries

#### Proposed Journal Entries JE # 61

To record accrued wages payable for EMS

|               |                          |                  |                  |
|---------------|--------------------------|------------------|------------------|
| 104335-512100 | SALARIES & WAGES-REGULAR | 39,940.00        |                  |
| 100000-277000 | ACCRUED SALARIES         |                  | 39,940.00        |
| <b>Total</b>  |                          | <b>39,940.00</b> | <b>39,940.00</b> |

#### Proposed Journal Entries JE # 62

To adjust payroll liabilities

|               |                                |                  |                  |
|---------------|--------------------------------|------------------|------------------|
| 104120-518100 | FICA MATCHING EXPENSE          | 7,886.00         |                  |
| 104120-518300 | GROUP INSURANCE EXPENSES       | 4,405.00         |                  |
| 104120-518601 | UNEMPLOYMENT BENEFITS          | 5,779.00         |                  |
| 100000-215100 | FICA TAX PAYABLE               |                  | 7,886.00         |
| 100000-215301 | UNEMPLOYMENT INSURANCE PAYABLE |                  | 5,779.00         |
| 100000-215503 | INS DED PAYABLE-COLONIAL       |                  | 4,405.00         |
| <b>Total</b>  |                                | <b>18,070.00</b> | <b>18,070.00</b> |

|  |                  |                  |
|--|------------------|------------------|
|  | <b>58,010.00</b> | <b>58,010.00</b> |
|--|------------------|------------------|

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| <b>Total All Journal Entries</b> | <b>58,010.00</b> | <b>58,010.00</b> |
|----------------------------------|------------------|------------------|

## Summary of Audit Adjustments

### Governmental Activities

| Description<br>(Nature) of Audit<br>Difference (AD)                | Factual (F),<br>Judgmental (J),<br>or Projected<br>(P) | Cause                    | Work-<br>paper<br>Reference | Financial Statements Effect - Amount of Over (Under) Statement of: |                      |                 |                                 |            |            | Change in<br>Fund<br>Balance/Net<br>Position |
|--|--|--------------------------|-----------------------------|--|----------------------|-----------------|---------------------------------|------------|------------|--|
|  |  |                          |                             | Total Assets   | Total<br>Liabilities | Working<br>Cap. | Fund<br>Balance/Net<br>Position | Revenues   | Expen.     |  |
| Accrued Salaries   | Factual (F)  | Non-accrual of expense   | 5202.02                     | -  | (39,940)             | 39,940          | 39,940                          | -          | (39,940)   | (39,940)                                     |
| Payroll Liabilities  | Factual (F)  | Non-accrual of liability | 5202.02                     | -  | (18,070)             | 18,070          | 18,070                          | -          | (18,070)   | (18,070)                                     |
| <b>Total</b>   |  |                          |                             | -  | (58,010)             | 58,010          | 58,010                          | -          | (58,010)   | (58,010)                                     |
| Less audit adjustments subsequently booked                         |  |                          |                             |  |                      |                 |                                 |            |            |  |
| Net unadjusted AD-current year (iron curtain method)               |  |                          |                             | -  | (58,010)             | 58,010          | 58,010                          | -          | (58,010)   | (58,010)                                     |
| Effect of unadjusted AD-prior years                                |  |                          |                             |  |                      |                 |                                 |            |            |  |
| Combined current year and prior year AD (rollover method)          |  |                          |                             | -  | (58,010)             | 58,010          | 58,010                          | -          | (58,010)   | (58,010)                                     |
| Financial statement caption totals                                 |  |                          |                             | 47,212,160   | 39,972,002           | 15,517,616      | 7,239,377                       | 21,395,180 | 19,832,889 | 1,560,619                                    |
| Current year AD as % of F/S captions (iron curtain method)         |  |                          |                             | 0.00%  | -0.15%               | 0.37%           | 0.80%                           | 0.00%      | -0.29%     | -3.72%                                       |
| Current and prior year AD as a % of F/S captions (rollover method) |  |                          |                             | 0.00%  | -0.15%               | 0.37%           | 0.80%                           | 0.00%      | -0.29%     | -3.72%                                       |

### General Fund

| Description<br>(Nature) of Audit<br>Difference (AD)                | Factual (F),<br>Judgmental (J),<br>or Projected<br>(P) | Cause                    | Work-<br>paper<br>Reference | Financial Statements Effect - Amount of Over (Under) Statement of: |                      |                 |                                 |            |            | Change in<br>Fund<br>Balance/Net<br>Position |
|--|--|--------------------------|-----------------------------|--|----------------------|-----------------|---------------------------------|------------|------------|--|
|  |  |                          |                             | Total Assets   | Total<br>Liabilities | Working<br>Cap. | Fund<br>Balance/Net<br>Position | Revenues   | Expen.     |  |
| Accrued Salaries   | Factual (F)  | Non-accrual of expense   | 5202.02                     | -  | (39,940)             | 39,940          | 39,940                          | -          | (39,940)   | (39,940)                                     |
| Payroll Liabilities  | Factual (F)  | Non-accrual of liability | 5202.02                     | -  | (18,070)             | 18,070          | 18,070                          | -          | (18,070)   | (18,070)                                     |
| <b>Total</b>   |  |                          |                             | -  | (58,010)             | 58,010          | 58,010                          | -          | (58,010)   | (58,010)                                     |
| Less audit adjustments subsequently booked                         |  |                          |                             |  |                      |                 |                                 |            |            |  |
| Net unadjusted AD-current year (iron curtain method)               |  |                          |                             | -  | (58,010)             | 58,010          | 58,010                          | -          | (58,010)   | (58,010)                                     |
| Effect of unadjusted AD-prior years                                |  |                          |                             |  |                      |                 |                                 |            |            |  |
| Combined current year and prior year AD (rollover method)          |  |                          |                             | -  | (58,010)             | 58,010          | 58,010                          | -          | (58,010)   | (58,010)                                     |
| Financial statement caption totals                                 |  |                          |                             | 14,961,728   | 6,163,061            | 8,798,667       | 8,019,088                       | 21,125,189 | 20,538,285 | 585,232                                      |
| Current year AD as % of F/S captions (iron curtain method)         |  |                          |                             | 0.00%  | -0.94%               | 0.66%           | 0.72%                           | 0.00%      | -0.28%     | -9.91%                                       |
| Current and prior year AD as a % of F/S captions (rollover method) |  |                          |                             | 0.00%  | -0.94%               | 0.66%           | 0.72%                           | 0.00%      | -0.28%     | -9.91%                                       |