

Bertie County, North Carolina

FINANCIAL REPORT

June 30, 2015



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Bertie County, North Carolina
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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, 2015, 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, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 4 through 17, 74 and 75, 76 and 77, pages 78 and 79, and 80 and 81, 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 1, 2015 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 1, 2015

Bertie County, North Carolina Management's Discussion and Analysis

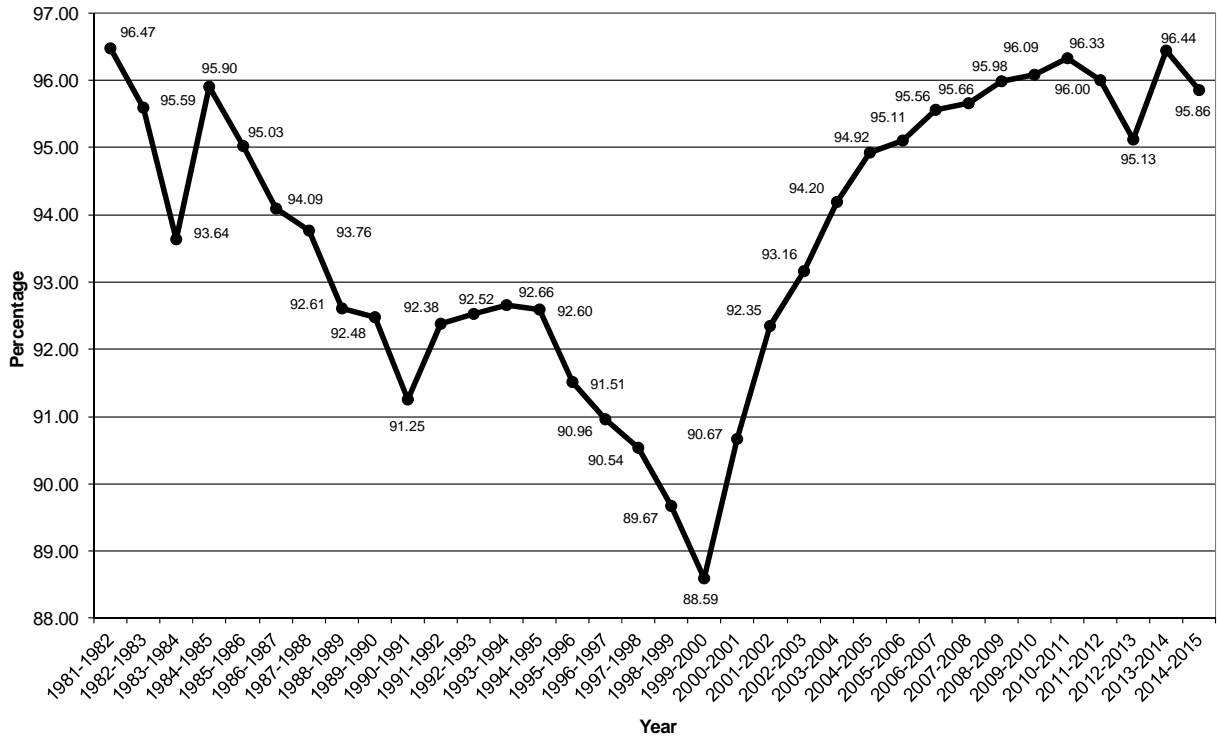
As management of Bertie County, we offer readers of Bertie County's financial statements this narrative overview and analysis of the financial activities of Bertie County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional 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 \$24,950,004 (*net position*).
- The government's total net position increased by \$926,359, 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 \$8,755,047, a decrease of \$524,742 in comparison with the prior year. Approximately 16.48% of this total amount or \$1,442,729 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,871,534, or 25.93% of total general fund expenditures of \$22,647,794 for the fiscal year.
- Bertie County's total debt decreased by \$2,123,722 or (3.44)% during the current fiscal year. The key factor in this decrease was the repayment of debt principal.
- Tax collection rate was 95.86% for FY 2014-2015. This represents a slight decrease from last year.

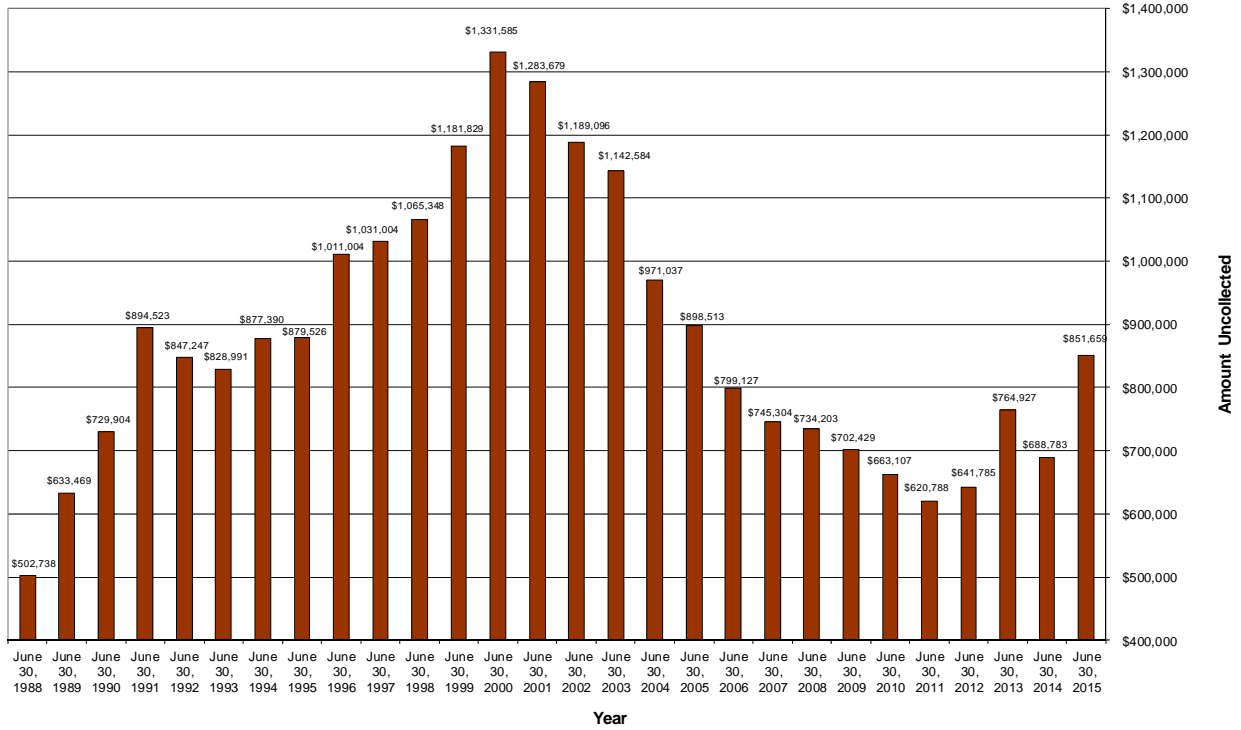
Bertie County, North Carolina Management's Discussion and Analysis

Current Year Tax Collection Rate - All Property



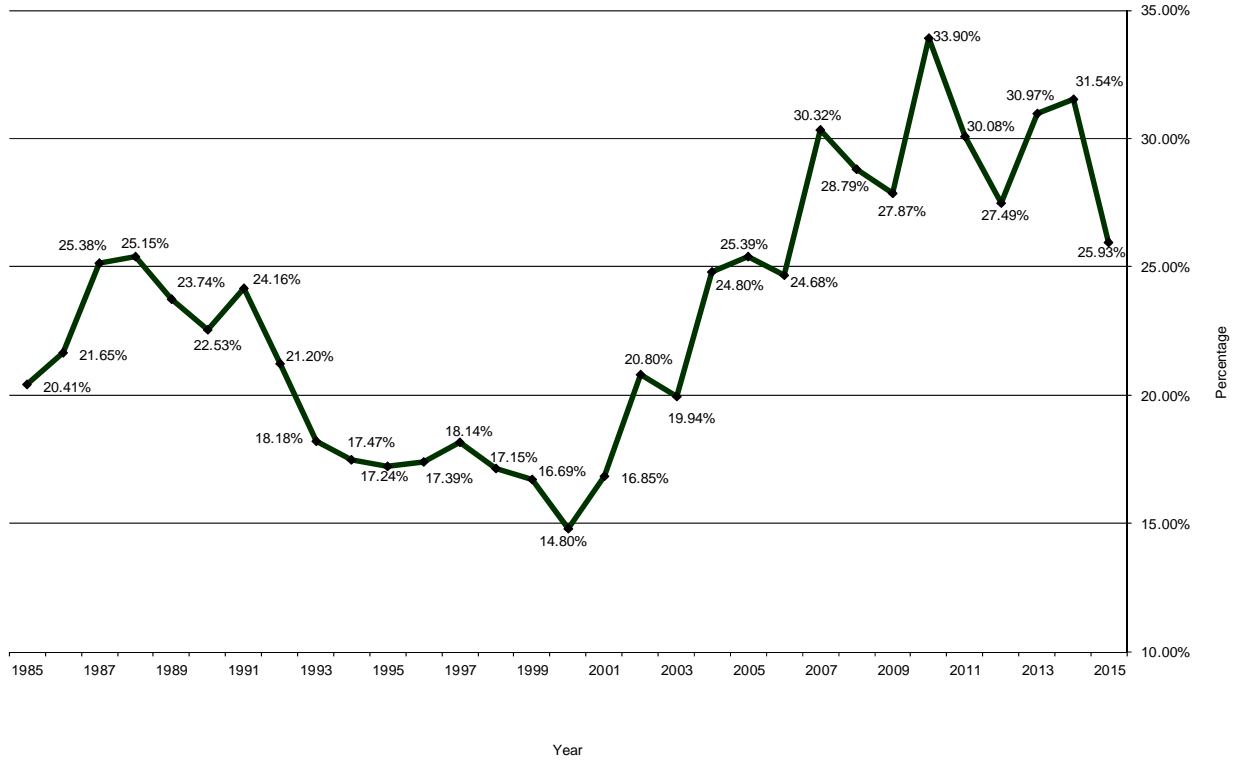
Bertie County, North Carolina Management's Discussion and Analysis

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



Bertie County, North Carolina Management's Discussion and Analysis

Unassigned Fund Balance as a Percentage of Current Year Expenditures



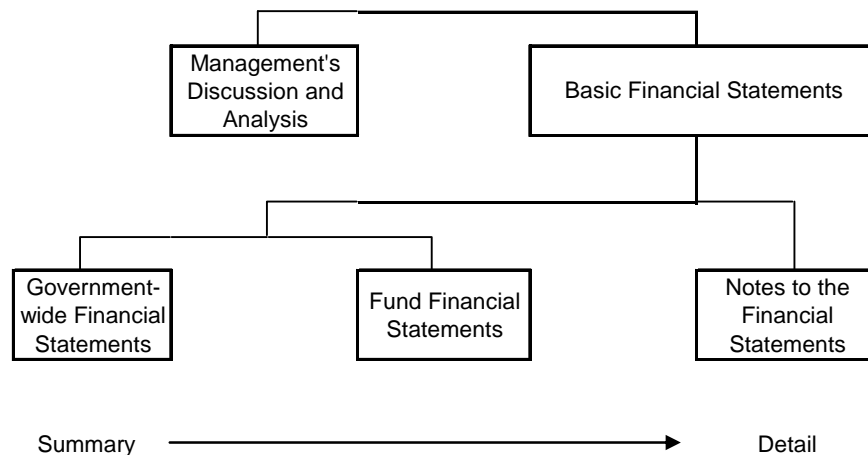
Bertie County, North Carolina Management's Discussion and Analysis

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 74 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 \$24,950,004 as of June 30, 2015. The County's net position increased by \$926,359 for the fiscal year ended June 30, 2015. One of the largest portions \$23,024,506 (92.28%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Bertie County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bertie County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Bertie County's net position \$1,442,729 (5.78%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$482,769 is unrestricted.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 15,466,443	\$ 17,506,701	\$ 2,531,728	\$ 2,019,143	\$ 17,998,171	\$ 19,525,844
Capital assets	29,537,029	29,705,459	27,451,230	28,009,775	56,988,259	57,715,234
Total assets	45,003,472	47,212,160	29,982,958	30,028,918	74,986,430	77,241,078
Total deferred outflows of resources	409,097	-	20,115	-	429,212	-
Current and other liabilities	874,306	1,989,085	300,954	238,060	1,175,260	2,227,145
Long-term liabilities outstanding	36,652,276	37,982,917	11,948,052	12,386,133	48,600,328	50,369,050
Total liabilities	37,526,582	39,972,002	12,249,006	12,624,193	49,775,588	52,596,195
Total deferred inflows of resources	1,144,677	781	51,498	-	1,196,175	781
Net position:						
Net investment in capital assets	6,837,584	6,429,096	16,186,922	16,307,729	23,024,506	22,736,825
Restricted	1,442,729	2,064,812	-	-	1,442,729	2,064,812
Unrestricted	(1,054,163)	(1,254,531)	1,536,932	1,096,996	482,769	(157,535)
Total net position	\$ 7,226,150	\$ 7,239,377	\$ 17,723,854	\$ 17,404,725	\$ 24,950,004	\$ 24,644,102

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.

Bertie County, North Carolina Management's Discussion and Analysis

- Savings were realized in several departments due to lapsed salaries, as well as unspent supplies, utilities and equipment appropriations.

Bertie County's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 4,079,312	\$ 3,413,333	\$ 2,708,133	\$ 2,030,271	\$ 6,787,445	\$ 5,443,604
Operating grants and contributions	4,670,014	4,316,559	-	-	4,670,014	4,316,559
Capital grants and contributions	-	-	37,703	6,550	37,703	6,550
General revenues:						
Property taxes	10,239,803	10,250,780	-	-	10,239,803	10,250,780
Other taxes	2,268,766	2,300,686	-	-	2,268,766	2,300,686
Investment earnings	737,513	736,636	443,371	450,853	1,180,884	1,187,489
Miscellaneous	287,716	377,185	8,391	7,834	296,107	385,019
Total revenues	22,283,124	21,395,179	3,197,598	2,495,508	25,480,722	23,890,687
Expenses:						
General government	3,819,903	3,518,722	-	-	3,819,903	3,518,722
Public safety	6,558,537	5,245,528	-	-	6,558,537	5,245,528
Environmental protection	529,175	513,480	-	-	529,175	513,480
Economic and physical development	904,800	719,094	-	-	904,800	719,094
Human services	5,027,384	5,103,236	-	-	5,027,384	5,103,236
Education	3,077,615	2,928,000	-	-	3,077,615	2,928,000
Special appropriations	464,601	426,630	-	-	464,601	426,630
Interest and fees on long-term debt	1,322,666	1,378,198	-	-	1,322,666	1,378,198
Water districts	-	-	2,849,683	2,649,367	2,849,683	2,649,367
Total expenses	21,704,680	19,832,888	2,849,683	2,649,367	24,554,363	22,482,255
Increase in net position before transfers	578,444	1,562,291	347,915	(153,859)	926,359	1,408,432
Transfers	-	(1,672)	-	1,672	-	-
Increase in net position	578,444	1,560,619	347,915	(152,187)	926,359	1,408,432
Net position, beginning	7,239,377	5,678,758	17,404,725	17,556,912	24,644,102	23,235,670
Net position, beginning, restated	6,647,706	5,678,758	17,375,939	17,556,912	24,023,645	23,235,670
Net position, June 30	\$ 7,226,150	\$ 7,239,377	\$ 17,723,854	\$ 17,404,725	\$ 24,950,004	\$ 24,644,102

Governmental activities. Governmental activities increased the County's net position by \$578,444. Key elements of this increase are as follows:

- Sales tax receipts which exceeded conservative budget projections.
- Increase in investment earnings due to QSCB interest on cash investments.
- Increased tax revenues as a result of improved efforts to discover previously unlisted business personal property for prior years. .

Business-type activities: Business-type activities increased Bertie County's net position by 347,915. Key elements of this decrease are as follows:

- Increased water sales resulted from the water rate adjustments which were effective July 1, 2014 and contributed to the improved net position for the water system.

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 \$5,871,534, while total fund balance reached \$7,469,893. 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 25.93% of general fund expenditures, while total fund balance represents 32.98% of that same amount.

At June 30, 2015, the governmental funds of Bertie County reported a combined fund balance of \$8,755,047, a 5.65% 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 \$1,536,932. There was an increase in net position of \$347,915. 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, 2015, totals \$56,988,259 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

Bertie County, North Carolina Management's Discussion and Analysis

Major capital asset transactions during the year include:

- Completion of Bertie High School
- Server, Software conversion, and firewall for the Tax Office
- 1 bucket truck
- Law Enforcement building and land
- 911 Communication system server and computer
- 6 public safety vehicles
- 3 ambulances

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 690,994	\$ 678,397	\$ 129,994	\$ 129,994	\$ 820,988	\$ 808,391
Building and system Improvements	26,414,002	5,756,759	26,897,074	26,653,930	53,311,076	32,410,689
Machinery and equipment	747,205	801,463	-	-	747,205	801,463
Vehicles and motorized equipment	1,192,569	794,761	-	-	1,192,569	794,761
Construction in progress	492,259	437,490	56,822	(3,604)	549,081	433,886
	-	21,236,587	367,340	1,208,955	367,340	22,445,542
Total	\$ 29,537,029	\$ 29,705,457	\$ 27,451,230	\$ 27,989,275	\$ 56,988,259	\$ 57,694,732

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

Long-term Debt. As of June 30, 2015, Bertie County had total debt outstanding of \$59,670,328.

Bertie County's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Due to County	\$ -	\$ -	\$ 11,070,000	\$ 11,425,000	\$ 11,070,000	\$ 11,425,000
Limited obligation bonds	20,915,000	21,200,000	11,070,000	11,425,000	31,985,000	32,625,000
Installment purchases	11,399,766	12,969,535	194,308	277,046	11,594,074	13,246,581
Original issue discount	-	-	(46,253)	(48,422)	(46,253)	(48,422)
Original issue premium	-	-	552,799	578,703	552,799	578,703
Compensated absences	359,418	309,884	25,939	19,915	385,357	329,799
Net pension obligation	280,341	251,565	-	-	280,341	251,565
Other postemployment benefits	3,697,751	3,251,933	151,259	133,891	3,849,010	3,385,824
Total	\$ 36,652,276	\$ 37,982,917	\$ 23,018,052	\$ 23,811,133	\$ 59,670,328	\$ 61,794,050

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 \$69,614,044.

Bertie County, North Carolina Management's Discussion and Analysis

Additional information regarding Bertie County's long-term debt can be found in Note II.B.6 beginning on page 62 of this audited financial report.

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.

The Board of Commissioners continued its efforts to improve and restore strategic assets and infrastructure in FY 2014-2015 including foundation repairs to the Courthouse which was erected in 1887. Foundation structural repairs for the Courthouse were \$143,087, of which \$109,787 was incurred during the fiscal year ended June 30, 2015. Bertie County also contributed \$200,000 to the Bertie Martin Regional Jail renovation project in FY 2014-2015 in addition to allocating \$150,000 for the former Board of Education administrative offices, which are designated as a new law enforcement center for the Sheriff. The Board of Commissioners also supported an upgrade in technology infrastructure with the replacement of the Tax Office's twenty-two year old computer server. These priority projects reflect the Board's targeted use of General Fund appropriated fund balance reserves to address critical infrastructure needs and deferred maintenance of long term capital assets which are primarily attributable to the net change in fund balance and reflects a decrease of \$621,754 for the fiscal year ended June 30, 2015.

FY 2014-2015 General Fund expenditures reflect the first full year of Emergency Medical Paramedic Services which total \$2,014,907 and were partially offset with ambulance fees of \$806,590 for a net cost of \$1,208,317, or roughly \$100,000 per month in operational support. The Board of Commissioners also initiated a Non-Emergency Transport Service which began operations in August of 2014. This new service is designed to provide supplemental revenues which will support the Paramedic service, and is projected to reach this target in three to five fiscal years. Early indications reflect that profitability may occur on a much more rapid schedule than initially planned.

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

Bertie County, North Carolina Management's Discussion and Analysis

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 30, 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 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 consultant'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



Bertie County, North Carolina Management's Discussion and Analysis

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. In addition, the Board of Commissioners has authorized staff to take steps toward a merger and consolidation of two municipal systems: Lewiston-Woodville and Roxobel. The South Windsor Water Association system merger became effective in FY 2014-2015 including the transfer of all assets and infrastructure to Water District III.

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, 2015
Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bertie County ABC Board
ASSETS				
Cash and cash equivalents	\$ 7,249,900	\$ 2,190,149	\$ 9,440,049	\$ 44,595
Receivables, (net)	2,156,168	188,174	2,344,342	11,188
Notes receivable	4,963,528	-	4,963,528	-
Inventories	-	-	-	139,892
Prepaid items	-	-	-	8,362
Restricted cash and cash equivalents	1,096,847	153,405	1,250,252	-
Total current assets	15,466,443	2,531,728	17,998,171	204,037
Net pension asset	484,840	21,285	506,125	2,300
Capital assets:				
Land, improvements, and construction in progress	690,994	711,809	1,402,803	-
Other capital assets, net of depreciation	28,846,035	26,739,421	55,585,456	36,616
Total capital assets	29,537,029	27,451,230	56,988,259	36,616
Total assets	45,488,312	30,004,243	75,492,555	242,953
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current year	409,097	20,115	429,212	4,157
LIABILITIES				
Accounts payable and accrued expenses	874,306	147,549	1,021,855	83,970
Customer deposits	-	153,405	153,405	-
Long-term liabilities				
Due within one year	1,999,326	408,126	2,407,451	-
Due in more than one year	34,652,951	11,539,926	46,192,877	151,675
Total long-term liabilities	36,652,276	11,948,052	48,600,328	151,675
Total liabilities	37,526,582	12,249,006	49,775,588	235,645
DEFERRED INFLOWS OF RESOURCES				
	1,144,677	51,498	1,196,175	5,605
NET POSITION				
Net investment in capital assets	6,837,584	16,186,922	23,024,506	36,616
Restricted for:				
Drug task force	22,363	-	22,363	-
Stabilization by State Statute	1,420,366	-	1,420,366	-
Working capital	-	-	-	21,747
Unrestricted (deficit)	(1,054,163)	1,536,932	482,769	(52,503)
Total net position	\$ 7,226,150	\$ 17,723,854	\$ 24,950,004	\$ 5,860

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, 2015
Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Bertie County ABC Board
Primary government:								
Governmental Activities:								
General government	\$ 3,819,903	\$ 116,834	\$ 52,613	\$ -	\$ (3,650,456)	\$ -	\$ (3,650,456)	\$ -
Public safety	6,558,537	1,462,500	8,701	-	(5,087,336)	-	(5,087,336)	-
Environmental protection	529,175	1,660,744	99,718	-	1,231,287	-	1,231,287	-
Economic and physical development	904,800	-	356,290	-	(548,510)	-	(548,510)	-
Human services	5,027,384	839,234	4,152,692	-	(35,458)	-	(35,458)	-
Intergovernmental:								
Education	3,077,615	-	-	-	(3,077,615)	-	(3,077,615)	-
Special appropriations	464,601	-	-	-	(464,601)	-	(464,601)	-
Debt service:								
Interest and fees on long-term debt	1,322,666	-	-	-	(1,322,666)	-	(1,322,666)	-
Total governmental activities	21,704,680	4,079,312	4,670,014	-	(12,955,354)	-	(12,955,354)	-
Business-type activities:								
Water Districts	2,849,683	2,708,133	-	37,703	-	(103,847)	-	-
Total business-type activities	2,849,683	2,708,133	-	37,703	-	(103,847)	-	-
Total primary government	\$ 24,554,363	\$ 6,787,445	\$ 4,670,014	\$ 37,703	\$ (12,955,354)	\$ (103,847)	\$ (12,955,354)	\$ -
Component unit:								
ABC Board	\$ 832,108	\$ 733,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (98,694)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					10,239,803	-	10,239,803	-
Local option sales tax					2,058,895	-	2,058,895	-
Other taxes and licenses					209,871	-	209,871	-
Investment earnings, unrestricted					737,513	443,371	1,180,884	102
Miscellaneous, unrestricted					287,716	8,391	296,107	5,223
Total general revenues					13,533,798	451,762	13,985,560	5,325
Change in net position					578,444	347,915	926,359	(93,369)
Net position-beginning, previously reported					7,239,377	17,404,725	24,644,102	100,049
Restatement					(591,671)	(28,786)	(620,457)	(820)
Net position - beginning, restated					6,647,706	17,375,939	24,023,645	99,229
Net position-ending					\$ 7,226,150	\$ 17,723,854	\$ 24,950,004	\$ 5,860

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

Bertie County, North Carolina
Balance Sheet – Governmental Fund
June 30, 2015
Exhibit 3

	Major		Non-Major	Total
	General Fund	Bertie High School	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 6,788,410	\$ -	\$ 361,673	\$ 7,150,083
Restricted cash	392,552	704,295	-	1,096,847
Receivables, (net):				
Taxes	732,967	-	-	732,967
Accounts	1,183,444	226,761	10,161	1,420,366
Notes - Vidant Medical Center	4,545,245	-	-	4,545,245
Notes - Landmark Asset Services	288,683	-	-	288,683
Notes - Bertie Memorial Limited Partnership	129,600	-	-	129,600
Total assets	14,060,901	931,056	371,834	15,363,791

LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:				
Accounts payable and accrued expenses	856,051	-	17,736	873,787
Total liabilities	856,051	-	17,736	873,787

DEFERRED INFLOWS OF RESOURCES	5,734,956	-	-	5,734,956
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Fund balances:				
Restricted:				
Drug task force	22,363	-	-	22,363
Stabilization for State Statute	1,183,444	226,761	10,161	1,420,366
Committed:				
Tax Revaluation	47,277	-	-	47,277
Education	345,275	704,295	-	1,049,570
Assigned:				
Subsequent years' expenditures	-	-	343,937	343,937
Unassigned	5,871,534	-	-	5,871,534
Total fund balances	7,469,893	931,056	354,098	8,755,047
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,060,900	\$ 931,056	\$ 371,834	

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

Total Fund Balance, Governmental Funds	8,755,047
Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds.	29,537,029
Net pension asset	484,840
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	409,097
Pension related deferrals	(1,106,216)
Deferred inflows of resources for taxes and special assessments.	5,696,496
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.	(36,652,276)
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	102,133
Net assets of governmental activities	\$ 7,226,150

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, 2015
Exhibit 4

	Major		Non-Major	Total Governmental Funds
	General Fund	Bertie High School	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 10,705,588	\$ -	\$ -	\$ 10,705,588
Other taxes and licenses	494,724	-	-	494,724
Intergovernmental revenues	5,919,711	50,000	382,556	6,352,267
Licenses and permits	291,006	-	-	291,006
Sales and services	2,689,895	-	-	2,689,895
Investment earnings	736,948	-	565	737,513
Miscellaneous	1,252,034	225,884	-	1,477,918
Total revenues	22,089,906	275,884	383,121	22,748,911
EXPENDITURES				
Current:				
General government	3,242,815	-	-	3,242,815
Public safety	6,779,327	-	195,602	6,974,929
Environmental protection	529,175	-	-	529,175
Economic and physical development	353,283	-	272,103	625,386
Human services	5,028,794	-	-	5,028,794
Intergovernmental:				
Education	3,077,615	-	-	3,077,615
Special appropriations	464,601	-	-	464,601
Capital projects	-	158,154	-	158,154
Debt service:				
Principal	1,849,518	-	-	1,849,518
Interest and fees	1,322,666	-	-	1,322,666
Total expenditures	22,647,794	158,154	467,705	23,273,653
Excess (deficiency) of revenues over expenditures	(557,888)	117,730	(84,584)	(524,742)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	8,693	-	-	8,693
Transfers to other funds	-	-	(8,693)	(8,693)
Total other financing sources and uses	8,693	-	(8,693)	-
Net change in fund balance	(549,195)	117,730	(93,277)	(524,742)
Fund balances-beginning	8,019,088	813,326	447,375	9,279,789
Fund balances-ending	\$ 7,469,893	\$ 931,056	\$ 354,098	\$ 8,755,047

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, 2015
Exhibit 5

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

Net changes in fund balances - total governmental funds	\$	(524,742)
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year.		 (168,628)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.		200
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		409,097
Revenues not in the Statement of Activities that do not provide current financial resources and reported as revenues in the funds.		(465,785)
 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.		 1,854,769
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.		(553,834)
Internal service funds are used by management to charge the costs of a telephone system to individual funds.		27,367
<hr/> Total changes in net position of governmental activities	<hr/> \$	<hr/> 578,444 <hr/>

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, 2015
Exhibit 6

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 10,070,897	\$ 10,121,097	\$ 10,705,588	\$ 584,491
Other taxes and licenses	404,300	404,300	494,724	90,424
Intergovernmental revenues	6,744,026	5,642,186	5,919,711	277,525
Licenses and permits	227,850	227,850	291,006	63,156
Sales and services	3,093,397	4,337,572	2,689,895	(1,647,677)
Investment earnings	20,000	20,000	13,933	(6,067)
Miscellaneous	412,793	1,214,132	1,252,034	37,902
Total revenues	20,973,263	21,967,137	21,366,891	(600,246)
EXPENDITURES				
Current:				
General government	3,248,017	3,396,531	3,242,815	153,716
Public safety	6,607,677	7,466,887	6,779,327	687,560
Environmental protection	526,180	529,176	529,175	1
Economic and physical development	454,791	480,365	353,283	127,082
Human services	5,604,471	5,785,477	5,028,794	756,683
Intergovernmental:				
Education	2,908,525	3,077,615	3,077,615	-
Special appropriations	448,550	484,371	464,601	19,770
Debt service:				
Principal	1,293,309	1,849,519	1,849,518	1
Interest and fees	1,052,228	1,322,669	1,322,666	3
Total expenditures	22,143,748	24,392,610	22,647,794	1,744,816
Revenues over (under) expenditures	(1,170,485)	(2,425,473)	(1,280,903)	1,144,570
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,505,485	1,821,894	1,048,228	(773,666)
Transfers to other funds	(335,000)	(335,000)	(388,231)	(53,231)
Total other financing sources and uses	1,170,485	1,486,894	659,997	(826,897)
Revenues and other financing sources over (under) expenditures and other financing uses	-	(938,579)	(620,906)	317,673
Appropriated fund balance	-	938,579	-	(938,579)
Net change in fund balance	\$ -	\$ -	(620,906)	\$ (620,906)
Fund balances-beginning			7,698,247	
Fund balances-ending			\$ 7,077,341	
The legally budgeted Tax Revaluation Fund and Capital Reserve Fund are consolidated into the General Fund for reporting purposes:				
Investment earnings			\$ 723,015	
Transfers in - General Fund			388,231	
Transfers out - General Fund			(1,039,535)	
Fund balance, beginning			320,841	
Fund balance, ending (Exhibit 4)			\$ 7,469,893	

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

Bertie County, North Carolina
Statement of Net Position – Proprietary Funds
June 30, 2015
Exhibit 7

	Business-type Activities - Proprietary Funds - Major						Governmental Activities - Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	County Water Service Fund	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 113,851	\$ 910,889	\$ 1,066,965	\$ 251,849	\$ -	\$ 2,343,554	\$ 99,817
Receivables, net	48,181	6,662	91,385	41,946	-	188,174	2,835
Total current assets	162,032	917,551	1,158,350	293,795	-	2,531,728	102,652
Noncurrent assets:							
Restricted assets:							
Due from Districts	-	-	-	-	11,070,000	11,070,000	-
Net pension asset	2,526	8,210	6,339	4,210	-	21,285	-
Capital assets:							
Land and improvements	36,994	36,500	36,500	20,000	-	129,994	-
Construction in progress	-	214,475	44,253	323,087	-	581,815	-
Buildings, improvements, and equipment	8,154,998	11,693,196	8,079,414	7,947,749	-	35,875,357	182,848
Less accumulated depreciation	(2,467,619)	(2,526,200)	(2,378,421)	(1,763,696)	-	(9,135,936)	(182,848)
Total capital assets	5,724,373	9,417,971	5,781,746	6,527,140	-	27,451,230	-
Total noncurrent assets	5,726,899	9,426,181	5,788,085	6,531,350	11,070,000	38,542,515	-
Total assets	5,888,931	10,343,732	6,946,435	6,825,145	11,070,000	41,074,243	102,652
DEFERRED OUTFLOWS OF RESOURCES	2,383	7,746	6,014	3,972	-	20,115	-
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	20,671	7,760	101,800	17,318	-	147,549	519
Customer deposits	34,199	33,181	47,856	38,169	-	153,405	-
Compensated absences	3,113	10,116	7,522	5,188	-	25,939	-
Installment purchase	-	7,908	-	-	-	7,908	-
Due to County	85,000	110,000	85,000	90,000	-	370,000	-
Limited obligation bonds	-	-	-	-	370,000	370,000	-
Original issue discount/premium	6,453	6,927	7,651	2,702	-	23,733	-
Total current liabilities	149,436	175,892	249,829	153,377	370,000	1,098,534	519
Noncurrent liabilities:							
Installment purchase	-	186,400	-	-	-	186,400	-
Due to County	2,270,000	3,220,000	2,050,000	3,160,000	-	10,700,000	-
Limited obligation bonds	-	-	-	-	10,700,000	10,700,000	-
Original issue discount/premium	128,534	144,889	144,753	64,637	-	482,813	-
Other postemployment benefits	29,696	38,056	46,674	36,833	-	151,259	-
Total noncurrent liabilities	2,428,230	3,589,345	2,241,427	3,261,470	10,700,000	22,220,472	-
Total liabilities	2,577,666	3,765,237	2,491,256	3,414,847	11,070,000	23,319,006	519
DEFERRED INFLOWS OF RESOURCES	6,112	19,863	15,337	10,186	-	51,498	-
NET POSITION							
Net investment in capital assets	3,369,373	5,893,663	3,646,746	3,277,140	-	16,186,922	-
Unrestricted	(61,837)	672,715	799,110	126,944	-	1,536,932	102,133
Total net position	\$ 3,307,536	\$ 6,566,378	\$ 4,445,856	\$ 3,404,084	\$ -	\$ 17,723,854	\$ 102,133

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, 2015
Exhibit 8

	Business-type Activities - Proprietary Funds - Major						Governmental Activities - Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	County Water Service Fund	Total	
Operating revenue							
User charges	\$ 399,728	\$ 1,131,195	\$ 647,543	\$ 529,667	\$ -	\$ 2,708,133	\$ 71,902
Total operating revenue	399,728	1,131,195	647,543	529,667	-	2,708,133	71,902
Operating expenses							
Administrative expenses	165,996	495,508	366,311	235,231	-	1,263,046	44,535
Depreciation expense	163,758	240,888	164,305	161,427	-	730,378	-
Total operating expenses	329,754	736,396	530,616	396,658	-	1,993,424	44,535
Operating income (loss)	69,974	394,799	116,927	133,009	-	714,709	27,367
Nonoperating revenues (expenses)							
Investment earnings	188	1,130	1,506	565	439,982	443,371	-
Miscellaneous income	558	1,110	1,272	657	-	3,597	-
Tax refunds	-	4,794	-	-	-	4,794	-
Interest, fees and amortization	(87,300)	(125,254)	(77,396)	(126,327)	(439,982)	(856,259)	-
Total nonoperating revenues (expenses)	(86,554)	(118,220)	(74,618)	(125,105)	-	(404,497)	-
Income (loss) before contributions and operating transfers	(16,580)	276,579	42,309	7,904	-	310,212	27,367
Capital contributions	-	-	37,703	-	-	37,703	-
Total transfers and capital contributions	-	-	37,703	-	-	37,703	-
Change in net position	(16,580)	276,579	80,012	7,904	-	347,915	27,367
Net position, beginning	3,327,532	6,300,902	4,374,417	3,401,874	-	17,404,725	74,766
Restatement	(3,416)	(11,103)	(8,573)	(5,694)	-	(28,786)	-
Net position, beginning, restated	3,324,116	6,289,799	4,365,844	3,396,180	-	17,375,939	74,766
Net position, ending	\$ 3,307,536	\$ 6,566,378	\$ 4,445,856	\$ 3,404,084	\$ -	\$ 17,723,854	\$ 102,133

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, 2015
Exhibit 9

	Business-type Activities - Proprietary Funds - Major					Governmental Activities - Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 362,180	\$ 1,161,690	\$ 572,348	\$ 488,112	\$ 2,584,330	\$ 73,932
Cash paid for goods and services	(107,996)	(369,946)	(153,844)	(143,369)	(775,155)	(44,577)
Cash paid to employees for services	(51,303)	(166,114)	(127,426)	(85,375)	(430,218)	-
Customer deposits (net)	1,225	1,950	4,000	2,750	9,925	-
Other operating revenues	21,538	17,709	33,327	27,026	99,600	-
Net cash provided (used) by operating activities	225,644	645,289	328,405	289,144	1,488,482	29,355
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Nonoperating income	558	1,110	1,272	657	3,597	-
Tax refunds	-	4,794	-	-	4,794	-
Net cash provided (used) from noncapital financing activities	558	5,904	1,272	657	8,391	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(13,806)	(44,350)	(71,558)	(23,008)	(152,722)	-
Interest paid on construction debt	(93,753)	(132,181)	(85,018)	(129,030)	(439,982)	-
Principal paid on bond maturities and equipment contracts	(85,000)	(120,385)	(80,000)	(85,000)	(370,385)	-
Capital contributions - Federal grant	-	-	37,703	-	37,703	-
Net cash provided (used) for capital and related financing activities	(192,559)	(296,916)	(198,873)	(237,038)	(925,386)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investment	188	1,130	1,506	565	3,389	-
Net increase (decrease) in cash and cash equivalents	33,831	355,407	132,310	53,328	574,876	29,355
Cash and cash equivalents, beginning	80,020	555,482	934,655	198,521	1,768,678	70,462
Cash and cash equivalents, ending	\$ 113,851	\$ 910,889	\$ 1,066,965	\$ 251,849	\$ 2,343,554	\$ 99,817

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, 2015
Exhibit 9

	Business-type Activities -Proprietary Funds-Major					Governmental Activities - Internal Service Funds
	Water District I	Water District II	Water District III	Water District IV	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating revenues						
Operating income (loss)	\$ 69,974	\$ 394,799	\$ 116,927	\$ 133,009	\$ 714,709	\$ 27,367
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	163,758	240,888	164,305	161,427	730,378	-
Pension expense	170	550	425	282	1,427	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(16,010)	48,204	(41,868)	(14,529)	(24,203)	2,030
Increase (decrease) in accounts payable and accrued liabilities	6,116	(42,412)	83,740	5,525	52,969	(42)
Increase (decrease) in customer deposits	1,225	1,950	4,000	2,750	9,925	-
Increase (decrease) in accrued vacation	723	2,349	1,747	1,205	6,024	-
Increase (decrease) in deferred outflows of resources for pensions	(2,383)	(7,746)	(6,014)	(3,972)	(20,115)	-
Increase (decrease) in OPEB payable	2,071	6,707	5,143	3,447	17,368	-
Total adjustments	155,670	250,490	211,478	156,135	773,773	1,988
Net cash provided (used) by operating activities	\$ 225,644	\$ 645,289	\$ 328,405	\$ 289,144	\$ 1,488,482	\$ 29,355

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

Bertie County, North Carolina
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2015
Exhibit 10

ASSETS	
Cash and cash equivalents	\$ 4,144
<hr/>	
LIABILITIES	
Miscellaneous liabilities	4,144
<hr/>	
NET POSITION	
Assets held in trust for social services	\$ -
<hr/>	

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.

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.

Bertie County, North Carolina Notes to Financial Statements

The County reports the following major governmental fund:

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

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

The County reports the following major enterprise funds:

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

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

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

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

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

The County also reports the following fund types:

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

Bertie County, North Carolina Notes to Financial Statements

the County; the Pest Management Fund, which accounts for the moneys received from local farmers for Agriculture Extension services; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Nonmajor Funds. The County maintains seven legally budgeted funds. The Emergency Telephone System Fund, the 2006 CDBG Fund, the 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 nonmajor 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

Bertie County, North Carolina Notes to Financial Statements

recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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.

D. Assets, Liabilities, Deferred Inflows and Outflows 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, North Carolina Notes to Financial Statements

Bertie County Restricted Cash			
Governmental Activities			
General Fund	Tax Revaluation		\$ 47,277
	Capital Reserves Schools		345,275
Bertie High School	Unexpended bond proceeds		704,295
Total Governmental Activities			\$ 1,096,847
Business-type Activities			
Water District I	Customer deposits		34,199
Water District II	Customer deposits		33,181
Water District III	Customer deposits		47,856
Water District IV	Customer deposits		38,169
Total Business-type Activities			\$ 153,405
Total Restricted Cash			\$ 1,250,252

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, 2014. 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.

Bertie County, North Carolina Notes to Financial Statements

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. The property has been deeded to the County to permit limited obligation bond financing for construction. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, but provides that the County will retain title to the property.

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

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

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not

be recognized as revenue until then. The County has two items that meets the criterion for this category – prepaid taxes and other pension related deferrals.

9. Long-term Obligations

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

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

Bertie County, North Carolina Notes to Financial Statements

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, 2015.

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

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

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

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

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

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

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

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

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

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

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

Bertie County, North Carolina Notes to Financial Statements

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.

12. Defined Benefit Pension Plans

The County participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State; the Local Governmental Employees' Retirement System (LGERS). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plan and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

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 \$(1,528,897) 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)	\$ 36,067,642
<u>Less accumulated depreciation</u>	<u>(6,530,613)</u>
Net capital assets	29,537,029
Net pension asset	484,840
Contributions to the pension plan in the current fiscal year	409,097
Penion related deferrals	(1,106,216)
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	5,696,496
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 I the funds statements:	
Bonds, leases, and installment financing	(32,314,766)
Pension obligation	(280,341)
Other postemployment benefit obligation	(3,697,751)
Compensated absences	(359,418)
	<u>(36,652,276)</u>
Internal service funds are used by management to charge the costs of a data information system to individual funds.	102,133
<u>Total adjustment</u>	<u>\$ (1,528,897)</u>

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 \$1,103,186 as follows:

Description	Amount
Capital outlay expenditures recorded in the funds statements but capitalized as assets in the statement of activities.	\$ 747,401
Cost of disposed capital assets not recorded in the fund statements.	200
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.	(916,029)
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.	1,854,769
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	409,097
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	(465,785)
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	(49,535)
Other postemployment benefit obligation	(445,818)
Net pension obligation	(28,776)
County's portion of collective pension expense	(29,705)
Internal service funds are used by management to charge the costs of a data information system to individual funds.	27,367
Total adjustment	\$ 1,103,186

F. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through December 1, 2015, the date on which the financial statements were available to be issued.

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the County's deposits had a carrying amount of \$8,059,042. The bank balances with financial institutions and with the State Treasurer were \$8,327,736 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 \$7,534,961 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2015, Bertie County had \$1,225 cash on hand.

At June 30, 2015, the carrying amount of deposits for Bertie County ABC Board was \$44,595 and the bank balance was \$40,598. All of the bank balance was covered by federal depository insurance.

At June 30, 2015, the ABC Board had \$0 cash on hand.

Bertie County, North Carolina Notes to Financial Statements

2. Investments

At June 30, 2015, the County's investments consisted of \$2,627,111 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, 2015, the ABC Board had no investments.

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

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

Year Levied	Tax	Interest	Total
2012	\$ 1,352,366	\$ 442,824	\$ 1,795,190
2013	1,483,918	352,196	1,836,114
2014	1,468,481	216,456	1,684,937
2015	1,459,058	83,882	1,542,940
Total	\$ 5,763,823	\$ 1,095,358	\$ 6,859,181

Bertie County, North Carolina Notes to Financial Statements

4. Receivables

Receivables at the government-wide level at June 30, 2015, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Other	Total
Governmental activities:					
General	\$ 653,864	\$ 815,720	\$ 529,580	\$ 4,963,528	\$ 6,962,692
Other Governmental	236,922	-	-	-	236,922
Internal Service Fund	2,835	-	-	-	2,835
Total receivables	893,621	815,720	529,580	4,963,528	7,202,449
Allowance for doubtful accounts	-	(82,753)	-	-	(82,753)
Total governmental activities	\$ 893,621	\$ 732,967	\$ 529,580	\$ 4,963,528	\$ 7,119,696
Business-type activities:					
Water Districts	\$ 200,167	\$ -	\$ -	\$ -	\$ 200,167
Total receivables	200,167	-	-	-	200,167
Allowance for doubtful accounts	(11,993)	-	-	-	(11,993)
Total business-type activities	\$ 188,174	\$ -	\$ -	\$ -	\$ 188,174

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

Local option sales tax	\$ 465,263
Sales tax receivable	64,317
	<u>\$ 529,580</u>

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

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 678,397	\$ 12,597	\$ -	\$ 690,994
Construction in progress	21,236,587	158,154	21,394,741	-
Total capital assets not being depreciated	21,914,984	170,751	21,394,741	690,994
Capital assets being depreciated:				
Buildings	9,026,135	21,182,603	5,000	30,203,738
Improvements	1,123,274	-	-	1,123,274
Equipment	1,818,372	576,282	6,216	2,388,438
Vehicles and motor equipment	1,491,326	212,906	43,037	1,661,195
Total capital assets being depreciated	13,459,107	21,971,791	54,253	35,376,645
Less accumulated depreciation for:				
Buildings	3,269,376	525,160	4,800	3,789,736
Improvements	321,811	54,258	-	376,069
Equipment	1,023,611	178,474	6,216	1,195,869
Vehicles and motor equipment	1,053,836	158,137	43,037	1,168,936
Total accumulated depreciation	5,668,634	916,029	54,053	6,530,610
Total capital assets being depreciated, net	7,790,473			28,846,035
Governmental activity capital assets, net	\$ 29,705,457			\$ 29,537,029

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

General government	\$ 457,744
Public safety	225,108
Human services	105,907
Parks and Recreation	127,270
Total depreciation expense	\$ 916,029

Bertie County, North Carolina
Notes to Financial Statements

Business-type Activities:	Beginning			Ending
Water Districts	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 129,994	\$ -	\$ -	\$ 129,994
Construction in progress	1,208,955	56,790	898,405	367,340
Total capital assets not being depreciated	1,338,949	56,790	898,405	497,334
Capital assets being depreciated:				
Plant and distribution systems	35,008,500	963,026	-	35,971,526
Vehicles	47,383	70,922	-	118,305
Total capital assets being depreciated	35,055,883	1,033,948	-	36,089,831
Less accumulated depreciation for:				
Plant and distribution systems	8,354,570	719,882	-	9,074,452
Vehicles	50,987	10,496	-	61,483
Total accumulated depreciation	8,405,557	730,378	-	9,135,935
Total capital assets being depreciated, net	26,650,326			26,953,896
Water Districts capital assets, net	\$ 27,989,275			\$ 27,451,230

Construction commitments

The government has active construction projects as of June 30, 2015. The projects include the water district projects and the Bertie High School construction. At June 30, 2015, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Bertie High School	\$ 21,394,741	\$ 140,259
DENR - Water District II	214,475	62,571
2012 CDBG - Water District III	44,253	239,747
Rural Center Grant Fund - Water District IV	323,087	16,713
Total	\$ 21,976,556	\$ 459,290

Bertie County, North Carolina
Notes to Financial Statements

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

ABC Board:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 3,789	\$ -	\$ -	\$ 3,789
Total capital assets not being depreciated	3,789	-	-	3,789
Capital assets being depreciated:				
Furniture and equipment	120,842	11,942	-	132,784
Leasehold improvements	17,711	1,500	-	19,211
Vehicles	1,470	-	-	1,470
Total capital assets being depreciated	140,023	13,442	-	153,465
Less accumulated depreciation for:				
Furniture and equipment	95,957	5,462	-	101,419
Leasehold improvements	17,711	38	-	17,749
Vehicles	1,470	-	-	1,470
Total accumulated depreciation	115,138	5,500	-	120,638
ABC capital assets, net	\$ 28,674			\$ 36,616

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Total
Governmental Activities:		
General	\$ 856,051	\$ 856,051
Other Governmental	17,736	17,736
Internal Service Fund	519	519
Total governmental funds	\$ 874,306	\$ 874,306
Business-type Activities:		
Water Districts	\$ 147,549	\$ 147,549
Total business-type activities	\$ 147,549	\$ 147,549

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Bertie County, North Carolina Notes to Financial Statements

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, firefighters, and the register of deeds, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$428,252 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$478,284 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .08110%, which was a decrease of .002% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$32,108. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 52,261
Net difference between projected and actual earnings on pension plan investments	-	1,113,435
Changes in proportion and differences between County contributions and proportionate share of contributions.	-	(8,470)
County contributions subsequent to the measurement date	428,252	-
Total	\$ 428,252	\$ 1,157,226

Bertie County, North Carolina Notes to Financial Statements

\$428,252 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (289,334)
2017	(289,334)
2018	(289,334)
2019	(289,224)
2020	-
Thereafter	-
	<u>\$ (1,157,226)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

Bertie County, North Carolina Notes to Financial Statements

rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.00%	2.50%
Global Equity	40.50%	6.10%
Real Estate	8.00%	5.70%
Alternatives	6.50%	10.50%
Credit	4.50%	6.80%
Inflation Protection	4.50%	3.70%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net position liability (asset)	\$ 1,623,503	\$ (478,284)	\$ (2,247,921)

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

b. Law Enforcement Officers' Special Separation Allowance

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. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Active plan members	26
Total	26

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies.

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

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

Bertie County, North Carolina Notes to Financial Statements

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 \$4,825, or .005% 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, 2014 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, 2014 was 16 years.

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

Annual Required Contribution	\$ 42,274
Interest on net OPEB obligation	12,578
Adjustment to annual required contribution	(21,251)
Annual OPEB cost (expense)	33,601
Contributions made	4,825
Increase (decrease) in net OPEB obligation	28,776
Net pension obligation, beginning of year	251,565
Net pension obligation, end of year	\$ 280,341

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 27,875	0.00%	\$ 225,605
2014	\$ 25,957	0.00%	\$ 251,565
2015	\$ 33,601	14.36%	\$ 280,341

4. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$314,106, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$314,106.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,056,816 and the ratio of the UAAL to the covered payroll was 29.72 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.

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, 2015 were \$75,881 which consisted of \$52,271 from the County and \$23,310 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Carolina County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's

Bertie County, North Carolina Notes to Financial Statements

eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$960 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$27,841 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .12285%, which was an increase of .00406% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of (\$976). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (255)
Net difference between projected and actual earnings on pension plan investments	-	150
Changes in proportion and differences between County contributions and proportionate share of contributions.	-	593
County contributions subsequent to the measurement date	960	-
Total	\$ 960	\$ 488

\$960 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year ended June 30:	
2016	\$ (191)
2017	(191)
2018	(68)
2019	(38)
2020	-
Thereafter	-
	\$ (488)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

Bertie County, North Carolina Notes to Financial Statements

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net position liability (asset)	\$ (25,000)	\$ (27,841)	\$ (30,283)

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

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

Bertie County, North Carolina Notes to Financial Statements

premiums, if any, will be determined on an annual basis. Service time credit with the County will be calculated based on actual service time and any sick leave time that is on balance with the County at the time of retirement. The health insurance provision of this article shall apply to County Commissioners. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement 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 \$246,270 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		135,429
Adjustment to annual required contribution		(129,376)
<hr/>		
Annual OPEB cost (expense)		709,567
Contributions made		(246,270)
<hr/>		
Increase (decrease) in net OPEB obligation		463,297
Net OPEB obligation, beginning of year		3,385,713
<hr/>		
Net OPEB obligation, end of year	\$	3,849,010
<hr/>		

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 June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB 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 calculated based on the funded level of the plan at the valuation date, and an annual medical cost

Bertie County, North Carolina Notes to Financial Statements

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, 2015, 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:

No. Years Contributing	Years Relief	FY Contributions Resume
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	\$ -	\$ 52,261
Register of Deeds	-	(255)
Pensions - difference between projected and actual investment earnings	-	1,113,585
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	(7,877)
Contributions to pension plan in 2014-2015 fiscal year	429,212	-
Prepaid taxes not yet earned (General)	-	38,461
Taxes receivables, net (General)	-	732,968
Special assessments receivable, net (General)	-	4,963,528
	\$ 429,212	\$ 6,892,671

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.

Bertie County, North Carolina Notes to Financial Statements

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

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

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

5. Contingent Liabilities

At June 30, 2015, 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. Long-Term Obligations

a. Installment Purchase

Serviced by the General Fund:

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

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

As authorized by State law [G.S.160A-20 and 153A-158.1], the County financed various property acquisitions for use by Bertie County Board of Education during the fiscal year ended June 30, 2004 by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has

Bertie County, North Carolina Notes to Financial Statements

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.

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%.

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For Bertie County, the future minimum payments of these installment purchases as of June 30, 2015, including \$1,283,484 of interest, are:

Year ending June 30	Governmental Activities					
	Hospital		Health Department		DSS County Building	
	Principal	Interest	Principal	Interest	Principal	Interest
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	44,444	597	220,000	21,032
2020	734,319	92,331	-	-	220,000	15,774
2021-2024	1,249,900	58,883	-	-	440,000	15,774
Principal and interest payment totals	\$ 4,545,245	\$ 896,790	\$ 244,445	\$ 16,390	\$ 1,540,000	\$ 147,224

Year ending June 30	QZAB School Project		QZAB Bertie High		Middle School	
	Principal	Principal	Principal	Interest		
	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	212,181	109,460	400,000	16,900		
2021-2024	575,391	686,480	200,000	3,380		
Principal and interest payment totals	\$ 1,636,296	\$ 1,233,780	\$ 2,200,000	\$ 223,080		

Year ending June 30	Business-type Activities		Totals	
	Principal	Principal	Interest	
	2016	\$ 7,908	\$ 1,603,603	\$ 354,706
2017	11,650	1,641,595	299,280	
2018	11,650	1,677,159	242,557	
2019	11,650	1,692,536	183,899	
2020	11,650	1,687,610	125,005	
2021-2025	58,250	3,210,021	78,037	
2026-2030	58,250	58,250	-	
2031-2032	23,300	23,300	-	
Principal and interest payment totals	\$ 194,308	\$ 11,594,074	\$ 1,283,484	

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 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.

Bertie County, North Carolina Notes to Financial Statements

The County's general obligation bonds payable at June 30, 2015 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. Interest at varying rates of 2% - 4%.	\$ 2,355,000
\$3,540,000 refunding Series 2013 issued May 2013 due in annual installments of \$105,000 to \$180,000 through 2037. Interest at varying rates of 2% - 4%.	3,330,000
\$2,290,000 refunding Series 2013 issued May 2013 due in annual installments of \$75,000 to \$120,000 through 2035. Interest at varying rates of 2% - 4%.	2,135,000
\$3,415,000 refunding Series 2013 issued May 2013 due in annual installments of \$80,000 to \$160,000 through 2040. Interest at varying rates of 2% - 4%.	3,250,000
	\$ 11,070,000

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

Year ending June 30	Business-type activities Totals	
	Principal	Interest
2016	\$ 370,000	\$ 429,706
2017	380,000	422,306
2018	385,000	407,106
2019	405,000	395,556
2020	415,000	379,356
2021-2025	2,355,000	1,632,981
2026-2030	2,745,000	1,121,969
2031-2035	2,800,000	560,088
2036-2040	1,215,000	114,913
Principal and interest payment totals	\$ 11,070,000	\$ 5,463,981

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, 2015 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%.	2,885,000
	\$ 20,915,000

Limited obligation bonds serviced by the County Water Service Fund:

\$11,770,000 limited obligation Series 2013 issued May 2013 due in annual installments of \$345,000 to \$570,000 through 2040. Interest at varying rates of 2% - 4%.	\$ 11,070,000
	\$ 11,070,000

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
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	555,000	881,360	415,000	379,356
2021-2025	1,175,000	4,232,013	2,355,000	1,632,980
2026-2030	-	4,207,300	2,745,000	1,121,969
2031-2035	-	4,207,300	2,800,000	560,090
2036-2040	18,030,000	1,262,190	1,215,000	114,913
Principal and interest payment totals	\$ 20,915,000	\$ 18,395,553	\$ 11,070,000	\$ 5,463,982

At June 30, 2015, Bertie County had a legal debt margin of \$69,614,044.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	Balance			Current	
	June 30, 2014	Increases	Decreases	Balance June 30, 2015	Portion of Balance
Governmental activities:					
Installment purchase	\$ 12,969,535	\$ -	\$ 1,569,769	\$ 11,399,766	\$ 1,595,695
Limited obligation debt	21,200,000	-	285,000	20,915,000	285,000
Compensated absences	309,884	49,534	-	359,418	89,855
Net pension obligation	251,565	28,776	-	280,341	28,776
Other postemployment benefits	3,251,933	445,818	-	3,697,751	-
Total governmental activities	\$ 37,982,917	\$ 524,128	\$ 1,854,769	\$ 36,652,276	\$ 1,999,326
Business-type activities:					
Installment purchase	\$ 277,046	\$ -	\$ 82,738	\$ 194,308	\$ 7,908
Due to County	11,425,000	-	355,000	11,070,000	370,000
Limited obligation debt	11,425,000	-	355,000	11,070,000	370,000
Original issue discount	(48,422)	-	(2,169)	(46,253)	(2,167)
Original issue premium	578,703	-	25,904	552,799	25,900
Compensated absences	19,915	6,024	-	25,939	6,485
Other postemployment benefits	133,891	17,368	-	151,259	-
Total business-type activities	\$ 23,811,133	\$ 23,392	\$ 816,473	\$ 23,018,052	\$ 778,126
Discretely presented component unit:					
Other postemployment benefits	\$ 135,830	\$ 15,845	\$ -	\$ 151,675	\$ -
Total discretely presented component unit	\$ 135,830	\$ 15,845	\$ -	\$ 151,675	\$ -

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.

Bertie County, North Carolina
Notes to Financial Statements

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, 2015, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2015 consist of the following:

Due to the County for general obligation bond debt from:	
Water District I	\$ 2,355,000
Water District II	3,330,000
Water District III	2,135,000
Water District IV	3,250,000
Total	\$ 11,070,000

See Note II 6b for more detail on the Due To the County.

Transfers to/from other funds at June 30, 2015, consist of the following:

Transfer from the Capital Reserve Schools to the General Fund for debt services.	\$ 701,304
Transfer from the General Fund to the Revaluation Fund to accumulate resources for the revaluation of real property.	(50,000)
Transfer from the 2006 CDBG to the General Fund to close out the CDBG Fund.	8,693
Total	\$ 659,997

Bertie County, North Carolina
Notes to Financial Statements

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 29,537,029	\$ 27,451,230
Less: long-term debt	32,314,766	11,264,308
Add: debt related to assets not owned by the County	9,615,321	-
Net investment in capital assets	\$ 6,837,584	\$ 16,186,922

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.

<u>Total fund balance - General Fund</u>	<u>\$ 7,469,893</u>
Less:	
Drug	22,363
Stabilization by State Statute	1,183,444
Tax Revaluation	47,277
Education	345,275
Working Capital/Fund Balance Policy	2,303,603
Remaining Fund Balance	3,567,932

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$130,764 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.

Bertie County, North Carolina Notes to Financial Statements

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$49,390 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, 2015. In accordance with the governmental agreement between the participating governments, the County appropriated \$903,673 to the Jail to supplement its activities. This amount represents 46.5% of the total contributions by the participating governments. Complete financial statements for the Jail may be obtained from the Jail's office at 230 County Farm Road, Windsor, North Carolina 27983.

The County participates in a joint venture to operate the Choanoke Public Transportation Authority with three other local governments. Each participating government appoints board members to the nine member board based upon population. Bertie County appoints two members to the board. The County has an ongoing financial responsibility for the joint venture because the Authority's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2015. 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, 2015.

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

Bertie County, North Carolina
Notes to Financial Statements

determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	Federal	State
Medicaid	\$ 26,948,408	\$ 15,251,453
Food stamp program	7,725,177	-
Energy assistance	182,494	-
Title IV-E	53,151	13,779
Foster Care	33,160	8,596
Foster Home	-	66
SC/SA Domiciliary Care	-	346,221
Total	\$ 34,942,390	\$ 15,620,115

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, 2015, 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.

Bertie County, North Carolina Notes to Financial Statements

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, 2015, the balance of the County's ADM allocation account was \$2,637. 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, 2015, the balance of the County's Lottery Fund account was \$758,627. This does not require a county match.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2015, 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, 2015, the fair market value of the lease was \$4,545,245.

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



Bertie County, North Carolina Notes to Financial Statements

County. The face value of the note is \$129,600, due in eighteen payments beginning in 2037 and is non-interest bearing. The note is valued on the financial statements at face value and is recorded as a deferred revenue because the revenue is measurable, but not available.

X. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$591,671 and \$28,786, respectively

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2003	\$ -	\$ 128,702	\$ 128,702	0.00%	\$ 497,053	25.89%
12/31/2004	\$ -	\$ 149,574	\$ 149,574	0.00%	\$ 691,183	21.64%
12/31/2005	\$ -	\$ 143,377	\$ 143,377	0.00%	\$ 748,458	19.16%
12/31/2006	\$ -	\$ 160,224	\$ 160,224	0.00%	\$ 729,854	21.95%
12/31/2007	\$ -	\$ 169,093	\$ 169,093	0.00%	\$ 669,260	25.27%
12/31/2008	\$ -	\$ 189,196	\$ 189,196	0.00%	\$ 877,514	21.56%
12/31/2009	\$ -	\$ 211,187	\$ 211,187	0.00%	\$ 809,289	26.10%
12/31/2010	\$ -	\$ 209,354	\$ 209,354	0.00%	\$ 907,223	23.08%
12/31/2011	\$ -	\$ 217,109	\$ 217,109	0.00%	\$ 938,152	23.14%
12/31/2012	\$ -	\$ 242,333	\$ 242,333	0.00%	\$ 940,600	25.76%
12/31/2013	\$ -	\$ 271,489	\$ 271,489	0.00%	\$ 1,016,239	26.72%
12/31/2014	\$ -	\$ 314,106	\$ 314,106	0.00%	\$ 1,056,816	29.72%

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

Year End	Annual Required Contribution	Percentage Contributed
2006	\$ 15,444	0.00%
2007	\$ 19,645	0.00%
2008	\$ 19,396	0.00%
2009	\$ 20,464	0.00%
2010	\$ 20,280	42.94%
2011	\$ 24,457	35.61%
2012	\$ 28,097	31.00%
2013	\$ 29,289	2.48%
2014	\$ 33,058	0.00%
2015	\$ 42,274	11.41%

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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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 Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	
12/31/2008	\$	-	\$ 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 June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 737,964	17.30%
2011	\$ 744,719	21.26%
2012	\$ 754,692	24.40%
2013	\$ 767,797	24.96%
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
Local Governmental Employees' Retirement System
Required Supplemental Information
Schedule of the County's Proportionate Share
of the Net Pension Liability (Asset)
Schedule 5**

	2015	2014
County's proportion of the net pension liability (asset) (%)	0.0811%	0.0831%
County's proportionate share of the net pension liability (asset) (\$)	\$ (478,284)	\$ 1,001,674
County's covered-employee payroll	\$ 6,546,107	\$ 5,337,910
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(7.31)%	18.77%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

Bertie County, North Carolina
Local Governmental Employees' Retirement System
Required Supplemental Information
Schedule of the County's Contributions
Schedule 6

	2015	2014
Contractually required contribution	\$ 428,252	\$ 354,841
Contributions in relation to the contractually required contribution	428,252	354,841
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 6,546,107	\$ 5,337,910
Contributions as a percentage of covered-employee payroll	6.54%	6.65%

Bertie County, North Carolina
Register of Deeds Supplemental Pension Fund
Required Supplemental Information
Schedule of the County's Proportionate Share
of the Net Pension Liability (Asset)
Schedule 7

	2015	2014
County's proportion of the net pension liability (asset) (%)	0.12285%	0.11879%
County's proportionate share of the net pension liability (asset) (\$)	\$ (27,841)	\$ (25,374)
County's covered-employee payroll	\$ 119,148	\$ 118,870
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-23.37%	-21.35%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

Bertie County, North Carolina
Register of Deeds Supplemental Pension Fund
Required Supplemental Information
Schedule of the County's Contribution
Schedule 8

	2015	2014
Contractually required contribution	\$ 960	\$ 1,003
Contributions in relation to the contractually required contribution	960	1,003
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 119,148	\$ 118,870
Contributions as a percentage of covered-employee payroll	0.81%	0.84%

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes			
Current year		\$ 10,267,919	
Prior years		291,590	
Penalties and interest		146,079	
Total	\$ 10,121,097	10,705,588	\$ 584,491
Other taxes			
Local 1 percent sales tax-article 39		397,162	
Scrap tire disposal tax		26,026	
NC excise tax		68,240	
White goods disposal tax		3,044	
Lease vehicle tax		252	
Total	404,300	494,724	90,424
Intergovernmental revenues:			
Wine and beer		69,056	
Emergency Management		38,709	
Local 1/2¢ sales tax-article 40		999,837	
Local 1/2¢ sales tax-article 42		436,118	
Local 1/2¢ sales tax-article 44		(106)	
State DWI reimbursement		1,325	
Payment in lieu of taxes		49,262	
Aging office		201,886	
CAMA		375	
Soil conservation		23,092	
Juvenile Crime Prevention Council		90,451	
Court facility fees		34,132	
Officer fees		46,014	
Restricted drug money		11,151	
Law Enforcement Grant		3,127	
School Resource Officer - Board of Ed		121,437	
Rural General Public Transportation		47,076	
Aging - Senior outreach		3,893	
Social services - general administration		2,329,260	
Day Care		657,895	
Work First		9,013	
Child support		320,736	
Foster care		51,253	
Elderly/Handicapped transportation		48,751	
Hurricane Isabel stream cleanup		8,847	
Shiip Grant		4,249	
Abandoned Mobile Home		9,000	
Foster Child Adoption Incentive		28,800	
Solid Waste Disposal		11,463	
Medicaid EMS Cost Settlement		14,616	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
EFNEP program assistant		23,000	
Drug Task force		599	
Eat Smart Move More		7,000	
4-H Cooking camp		2,000	
Low Income Energy Assistance		182,627	
Mid East		33,767	
Total	5,642,186	5,919,711	277,525
Licenses and permits:			
Recording fees		43,433	
Vital record fees		12,584	
Concealed weapons		7,485	
Recreation fees		7,072	
Peddlers license		25	
Other fees		45,607	
Inspection fees and building permits		167,492	
Cultural resources		2,204	
Floodplain mapping fee		4,849	
Concession profits		255	
Total	227,850	291,006	63,156
Sales and services:			
Rents and concessions		53,415	
Jail fees		7,830	
Ambulance and rescue squad fees		806,590	
Non-Emergency transport		145,322	
Refuse collection fees		1,655,895	
Aging Program income		15,804	
Registration fees		455	
Vehicle tax collection fees		4,584	
Total	4,337,572	2,689,895	(1,647,677)
Investment earnings	20,000	13,933	(6,067)
Miscellaneous:			
Fuel tax		48,607	
Miscellaneous		77,988	
ABC profits		19,191	
5¢ per bottle tax		2,902	
Sale of assets		1,715	
Other department revenue		104,082	
Insurance proceeds		7,259	
Hospital lease revenue		826,650	
5% water gross receipts		20,950	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
5% electric gross receipts		43,675	
5% sewer gross receipts		9,494	
Reimbursement Cooperative Extension Program Income		8,081	
Donations - Kelford		1,800	
Donations - Library roof		52,613	
Implemental functions of NC911		27,027	
Total	1,214,132	1,252,034	37,902
Total revenues	21,967,137	21,366,891	(600,246)
EXPENDITURES			
<u>General Government</u>			
Governing body:			
Salaries and benefits		89,457	
Travel		42,543	
Telephone and postage		2,193	
Dues and subscriptions		5,521	
Advertising		1,197	
Insurance and bonds		41,690	
Miscellaneous		9,383	
Total	193,408	191,984	1,424
Administration:			
Salaries and benefits		203,464	
Telephone and postage		4,348	
Travel		8,435	
Supplies and materials		8,820	
Dues and subscriptions		1,446	
Insurance and bonds		530	
Employee training		2,382	
Total	229,841	229,425	416
Finance:			
Salaries and benefits		242,374	
Supplies and materials		12,406	
Travel		1,984	
Telephone and postage		4,517	
Contracted services		36,743	
Dues and subscriptions		105	
Maintenance and repairs		3,256	
Insurance and bonds		175	
Employee training		900	
Total	309,528	302,460	7,068

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Elections:			
Salaries and benefits		70,328	
Telephone and postage		5,308	
Travel		5,814	
Buildings and equipment rents		53	
Advertising		393	
Supplies and materials		8,248	
Maintenance and repairs		18,048	
Contracted services		7,991	
Dues and subscriptions		20	
Insurance and bonds		376	
Employee training		1,400	
Total	142,704	117,979	24,725
Tax Collections:			
Salaries and benefits		342,399	
Telephone and postage		15,603	
Travel		2,059	
Insurance and bonds		450	
Advertising		5,274	
Office supplies		6,185	
Contracted services		192,624	
Maintenance and repairs		3,348	
Miscellaneous		16,993	
Capital outlay		79,728	
Total	716,207	664,663	51,544
Legal:			
Contracted services		63,725	
Tax foreclosures		69,347	
Total	135,000	133,072	1,928
Register of Deeds:			
Salaries and benefits		167,381	
Telephone and postage		3,147	
Travel		3,385	
Supplies and materials		4,045	
Fees		1,763	
Contracted services		16,959	
Dues and subscriptions		350	
Insurance and bonds		1,288	
Maintenance and repairs		42,217	
Conveyance tax		33,437	
Domestic violence		2,660	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Floodplain mapping plan		4,849	
Employee training		380	
Total	294,793	281,861	12,932
Data Center:			
Salaries and benefits		145,607	
Telephone and postage		9,941	
Travel		896	
Supplies and materials		8,983	
Maintenance and repairs		30,349	
Employee training		150	
Capital outlay		6,750	
Total	210,077	202,676	7,401
Public Buildings:			
Salaries and benefits		215,887	
Telephone and postage		1,676	
Utilities		69,384	
Maintenance and repairs - buildings		210,048	
Maintenance and repairs - vehicles and equipment		3,364	
Maintenance and repairs - Library roof		52,613	
Automotive supplies		4,691	
Supplies and materials		12,731	
Contracted services		17,071	
Insurance and bonds		29,261	
Uniforms		2,142	
Capital outlay		9,129	
	651,941	627,997	23,944
Allocated to court facilities	(46,000)	(46,000)	-
Total	605,941	581,997	23,944
Court Facilities:			
Utilities and telephone		34,193	
Buildings and equipment rents		372	
Miscellaneous		5,511	
	40,566	40,076	490
Allocated from public buildings	46,000	46,000	-
Total	86,566	86,076	490
Parks and Recreation:			
Salaries and benefits		143,160	
Supplies and materials		22,599	
Travel		285	
Telephone and postage		1,998	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Maintenance and repairs		5,819	
Insurance and bonds		2,913	
Supplemental grants		9,796	
Contracted services		3,959	
Dues and subscriptions		60	
Utilities		13,763	
Total	226,195	204,352	21,843
Appropriations:			
Retiree health insurance		246,270	
Total	246,271	246,270	1
<u>Total General Government</u>	3,396,531	3,242,815	153,716
<u>Public Safety</u>			
Sheriff:			
Salaries and benefits		1,654,220	
Employee training		4,060	
Telephone and postage		14,458	
Travel		2,264	
Maintenance and repairs - equipment		5,894	
Maintenance and repairs - vehicles		34,341	
Maintenance and repairs - building		5,483	
Automotive supplies		140,939	
Supplies and materials		69,296	
Dues and subscriptions		418	
Insurance and bonds		25,142	
Uniforms		16,137	
Utilities		12,546	
Employee physical		60	
Miscellaneous		11,769	
Capital outlay - equipment		15,778	
Capital outlay - vehicles		129,507	
Total	2,491,263	2,142,312	348,951
Emergency Management:			
Salaries and benefits		76,944	
Telephone and postage		1,565	
Travel		1,582	
Insurance and bonds		1,870	
Supplies and materials		8,562	
Maintenance and repairs		9,460	
Contracted services		372	
Fire department		240,000	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Uniforms		164	
Rescue squad		16,000	
Supplemental grant		1,259	
Capital outlay - equipment		5,602	
Total	384,730	363,380	21,350
Emergency Services:			
Salaries and benefits		1,672,852	
Telephone and postage		13,370	
Travel		463	
Supplies and materials		148,169	
Maintenance and repairs		55,876	
Training		2,528	
Insurance and bonds		8,252	
Capital outlay		45,861	
Utilities		15,759	
Contracted services		51,777	
Total	2,015,042	2,014,907	135
Non-Emergency Services:			
Salaries and benefits		252,307	
Telephone and postage		1,794	
Travel		224	
Supplies and materials		21,021	
Maintenance and repairs		17,040	
Advertising		8,016	
Capital outlay		3,980	
Contracted services		938	
Total	520,113	305,320	214,793
Planning and inspection:			
Salaries and benefits		283,132	
Telephone and postage		3,386	
Travel		2,427	
Maintenance and repairs		127	
Automotive supplies		9,653	
Supplies and materials		1,868	
Dues and subscriptions		485	
Insurance and bonds		1,589	
Advertising		330	
Miscellaneous		8,778	
Total	339,299	311,775	27,524

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Animal Control:			
Salaries and benefits		78,321	
Utilities		1,512	
Maintenance and repairs		748	
Telephone and postage		1,496	
Automotive supplies		11,026	
Supplies and materials		3,889	
Insurance and bonds		1,302	
Contracted services		1,005	
Uniforms		708	
Special shelter needs		7,165	
Total	119,149	107,172	11,977
Medical Examiner:			
Professional services	6,600	6,600	-
Communications:			
Salaries and benefits		349,630	
Telephone and postage		5,727	
Utilities		5,632	
Travel		20	
Supplies and materials		2,282	
Insurance and bonds		676	
Maintenance contracts		10,233	
Capital outlay		22,774	
Total	459,804	396,974	62,830
Criminal Justice Partnership:			
Salaries and benefits		214	
Total	214	214	-
Appropriations:			
Bertie-Martin Regional Jail		930,673	
Bertie-Martin Regional Jail - Capital Improvements		200,000	
Total	1,130,673	1,130,673	-
<u>Total Public Safety</u>	7,466,887	6,779,327	687,560

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
<u>Environmental Protection:</u>			
Sanitation:			
Tire disposal		24,874	
Convenience centers		496,661	
Contracted services		7,640	
Total	529,176	529,175	1
<u>Total Environmental Protection</u>	529,176	529,175	1
<u>Economic and Physical Development:</u>			
Agricultural Extension:			
Salaries and benefits		131,674	
Maintenance and repairs - equipment		1,237	
Telephone and postage		6,289	
Programs		9,422	
Eat Smart Move More		5,575	
4-H Cooking Camp		1,716	
Travel		3,286	
Supplies and materials		12,450	
Dues and subscriptions		450	
Contracted services		400	
Total	187,866	172,499	15,367
Economic Development:			
Salaries and benefits		71,379	
Telephone and postage		588	
Travel		4,390	
Advertising		1,000	
Supplies and materials		231	
Contracted services		20,195	
Peanut Belt Rural Planning		5,781	
Employee training		566	
Total	199,786	104,130	95,656
Soil Conservation:			
Salaries and benefits		65,660	
Dues and subscriptions		547	
Transportation		1,600	
Hurricane Isabel stream cleanup		8,847	
Total	92,713	76,654	16,059
<u>Total Economic & Physical Development</u>	480,365	353,283	127,082

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
<u>Human Services:</u>			
Health:			
Administration:			
Insurance and bonds		1,658	
Management fee yearly appropriation		96,000	
Total	97,658	97,658	-
Total Health	97,658	97,658	-
Social Services:			
Administration:			
Salaries and benefits		2,048,027	
Telephone and postage		38,389	
Utilities		27,875	
Travel		14,063	
Maintenance and repairs		14,823	
Food stamp - EBT		8,895	
Maintenance contracts		5,224	
Buildings and equipment rents		756	
Vehicle supplies		5,069	
Supplies and materials		28,572	
Contracted services		17,732	
Dues and subscriptions		800	
Insurance		7,294	
Vidant Bertie Hospital - Indigent Care		120,000	
Miscellaneous expense		1,738	
Total	2,703,203	2,339,257	363,946
General Assistance:			
Public assistance		675	
SAA		346,221	
State Foster care		5,137	
Day Care		657,671	
Medicaid		313	
Legal services		16,734	
Chore services		42,648	
Adoption assistance		16,684	
Foster Child Adoption Incentive		1,848	
Transport of patients and other		99,686	
Work First		40,464	
AFDC - Foster Care		73,022	
AFDC - Local		984	
Crisis Intervention		121,377	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Jobs programs		16,000	
Aid to blind		1,490	
Low Income Home Energy		182,627	
DNA testing		1,384	
Child support		411,660	
Total	2,362,640	2,036,625	326,015
Aid to Aged and Disabled:			
Salaries and benefits		180,411	
Advertising		506	
Vehicles supplies		247	
Telephone and postage		2,634	
Travel		5,085	
Contracted services		531	
Maintenance and repairs		17,146	
Building and equipment rent		7,800	
Respite		53,770	
Transportation of patients		50,989	
Utilities		14,456	
Home delivered meals		34,629	
Food and provisions		54,314	
Insurance and bonds		2,663	
Janitor		1,283	
Senior Center		5,190	
Classes		2,898	
SHIP Grant		3,230	
Supplies and materials		3,855	
Dues and subscriptions		180	
Employee training		901	
Total	508,994	442,718	66,276
Total Social Services	5,574,837	4,818,600	756,237
Veterans Service Office:			
Salaries and benefits		22,798	
Telephone and postage		510	
Travel		1,243	
Supplies and materials		1,020	
Dues and subscriptions		75	
Total	26,092	25,646	446
Appropriations:			
Mental health		44,590	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Mental health - ABC 5¢		4,800	
Community Based Alternative		27,500	
Choanoke Public Transit Authority		10,000	
Total	86,890	86,890	-
<u>Total Human Services</u>	5,785,477	5,028,794	756,683
<u>Education:</u>			
Public schools current expense			
Public schools current expense		2,503,000	
Public Schools capital outlay		466,409	
Martin Community College		54,116	
Martin Community College Bertie Campus		19,090	
Roanoke Chowan Community College		35,000	
Total	3,077,615	3,077,615	-
<u>Total Education</u>	3,077,615	3,077,615	-
<u>Special Appropriations:</u>			
Other Agencies:			
Arts Council		3,000	
Airport		18,000	
Mideast Commission		6,119	
Roanoke River Partners		1,500	
Forest service		84,985	
Historical group		15,000	
Bertie County YMCA		10,000	
Library		130,764	
Juvenile detention		21,716	
Juvenile probation		2,600	
CADA		4,800	
CBA task force		3,263	
Roanoke River Basin		1,500	
Windsor Area Chamber		4,000	
Food Bank of Albemarle		2,000	
Partnership for the Sounds		7,000	
Roanoke-Chowan Safe		1,000	
Rural general public transpiration		47,076	
Highway 17 Association		4,000	
Three Rivers Healthy Carolina		880	
Family Resource Center		25,000	

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, 2015
Schedule 9

	Final Budget	Actual	Variance Positive (Negative)
Humane Society		2,000	
Vocation Jobs/Education		38,500	
Total	484,371	464,601	19,770
<u>Total Special Appropriations</u>	484,371	464,601	19,770
<u>Debt Service:</u>			
Principal retirement	1,849,519	1,849,518	
Interest and fees	1,322,669	1,322,666	
Total	3,172,188	3,172,184	4
<u>Total Debt Service</u>	3,172,188	3,172,184	4
Total expenditures	24,392,610	22,647,794	1,744,816
Revenues over (under) expenditures	(2,425,473)	(1,280,903)	(1,144,570)
<u>Other financing sources (uses):</u>			
Transfers from other funds:			
Capital Reserve Schools Fund	1,505,485	1,039,535	(465,950)
Lottery Fund	316,409	-	(316,409)
2006 CDBG	-	8,693	8,693
Transfers to other funds:			
Tax Revaluation Fund	(50,000)	(50,000)	-
Capital Reserve Schools Fund	(285,000)	(338,231)	(53,231)
Total other financing sources and (uses)	1,486,894	659,997	(826,897)
Revenues and other sources over (under) expenditures and other uses	(938,579)	(620,906)	317,673
Appropriated fund balance	938,579	-	(938,579)
Net change in fund balance	\$ -	(620,906)	\$ (620,906)
Fund balance-beginning		7,698,247	
Fund balance-ending		\$ 7,077,341	

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, 2015
Schedule 10

	2015		Variance Positive (Negative)
	Final Budget	Actual	
EXPENDITURES			
Current:			
Revaluation	\$ 50,000	\$ -	\$ 50,000
Total expenditures	50,000	-	50,000
Revenues over (under) expenditures	50,000	-	50,000
OTHER FINANCING SOURCES			
Transfers in - General Fund	50,000	50,000	-
Revenues and other sources over (under) expenditures	-	50,000	50,000
Fund balance, beginning		(2,723)	
Fund balance, ending		\$ 47,277	

**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, 2015
Schedule 11**

	2015		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Investment earnings	\$ 3,000	\$ 978	\$ (2,022)
QSCB interest	-	722,037	722,037
Total revenue	3,000	723,015	720,015
OTHER FINANCING SOURCES (USES)			
Transfers in - General Fund	285,000	338,231	53,231
Transfers in - Lottery	193,591	-	(193,591)
Transfers out - General Fund	(1,505,485)	(1,039,535)	465,950
Total transfers	(1,026,894)	(701,304)	325,590
Revenues and other sources over (under) expenditures	(1,023,894)	21,711	1,045,605
Appropriated fund balance	1,023,894	-	(1,023,894)
Revenues, other uses, and appropriated fund balance over (under) expenditures	\$ -	21,711	\$ 21,711
Fund balances, beginning		323,564	
Fund balances, ending		\$ 345,275	

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, 2015
Schedule 12

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
NC Department of Transportation	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
Investment earnings	-	5,274	-	5,274	5,274
Tax refunds	-	467,677	225,884	693,561	693,561
Total revenue	-	472,951	275,884	748,835	748,835
EXPENDITURES:					
Construction	19,837,611	19,725,704	78,378	19,804,082	33,529
Engineer and architectural fees	910,121	784,529	77,566	862,095	48,026
Furniture, fixtures and equipment	350,000	349,541	-	349,541	459
Legal fees	367,795	335,335	2,210	337,545	30,250
Bond insurance and issuance costs	69,473	41,478	-	41,478	27,995
Total expenditures	21,535,000	21,236,587	158,154	21,394,741	140,259
Revenues over (under) expenditures	(21,535,000)	(20,763,636)	117,730	(20,645,906)	889,094
OTHER FINANCING SOURCES (USES)					
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)	-
Total other financing sources (uses)	21,535,000	21,576,962	-	21,576,962	41,962
Net change in fund balance	\$ -	\$ 813,326	117,730	\$ 931,056	\$ 931,056
Fund balance, beginning			813,326		
Fund balance, ending			\$ 931,056		

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Balance Sheet
June 30, 2015
Schedule 13

	Special Revenue Funds	
	Emergency Telephone System	Total Nonmajor Special Revenue Funds
ASSETS		
Cash and investments	\$ 359,421	\$ 359,421
Accounts receivable (net)	10,161	10,161
Total assets	\$ 369,582	\$ 369,582
LIABILITIES		
Accounts payable	\$ 17,736	\$ 17,736
Total liabilities	17,736	17,736
FUND BALANCES		
Restricted:		
Stabilization by State Statute	10,161	10,161
Unassigned	341,685	341,685
Total fund balances	351,846	351,846
Total liabilities and fund balances	\$ 369,582	\$ 369,582

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Balance Sheet
June 30, 2015
Schedule 13

	Capital Project Funds				Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Pilot Extraction Fund	Golden Leaf Grant	Maintenance Building			
ASSETS						
Cash and investments	\$ 471	\$ 1,738	\$ 43	\$ 2,252	\$ 361,673	
Accounts receivable (net)	-	-	-	-	10,161	
Total assets	\$ 471	\$ 1,738	\$ 43	\$ 2,252	\$ 371,834	
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 17,736	
Total liabilities	-	-	-	-	17,736	
FUND BALANCES						
Restricted:						
Stabilization by State Statute	-	-	-	-	10,161	
Unassigned	471	1,738	43	2,252	343,937	
Total fund balances	471	1,738	43	2,252	354,098	
Total liabilities and fund balances	\$ 471	\$ 1,738	\$ 43	\$ 2,252	\$ 371,834	

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2015
Schedule 14

	Special Revenue Funds				Total Nonmajor Special Revenue Funds
	Emergency Telephone System	2006 Community Development Block Grant	2011 HU Community Development Block Grant	2011 SS Community Development Block Grant	
REVENUES					
Investment earnings	\$ 565	\$ -	\$ -	\$ -	565
Federal and State grants	-	-	15,897	244,726	260,623
Intergovernmental revenues	121,933	-	-	-	121,933
Total revenues	122,498	-	15,897	244,726	383,121
EXPENDITURES					
Current:					
Public safety	195,602	-	-	-	195,602
Economic and physical development	-	-	15,897	244,726	260,623
Total expenditures	195,602	-	15,897	244,726	456,225
Excess (deficiency) of revenues over (under) expenditures	(73,104)	-	-	-	(73,104)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(8,693)	-	-	(8,693)
Total other financing sources (uses)	-	(8,693)	-	-	(8,693)
Net change in fund balance	(73,104)	(8,693)	-	-	(81,797)
Fund balance, beginning	424,950	8,693	-	-	433,643
Fund balance, ending	\$ 351,846	\$ -	\$ -	\$ -	351,846

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2015
Schedule 14

	Capital Project Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Pilot Extraction Fund	Golden Leaf Grant	Maintenance Building		
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 565
Federal and State grants	-	-	-	-	260,623
Intergovernmental revenues	-	-	-	-	121,933
Total revenues	-	-	-	-	383,121
EXPENDITURES					
Current:					
Public safety	-	-	-	-	195,602
Economic and physical development	11,480	-	-	11,480	272,103
Total expenditures	11,480	-	-	11,480	467,705
Excess (deficiency) of revenues over (under) expenditures	(11,480)	-	-	(11,480)	(84,584)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	(8,693)
Total other financing sources (uses)	-	-	-	-	(8,693)
Net change in fund balance	(11,480)	-	-	(11,480)	(93,277)
Fund balance, beginning	11,951	1,738	43	13,732	447,375
Fund balance, ending	\$ 471	\$ 1,738	\$ 43	\$ 2,252	\$ 354,098

**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, 2015
Schedule 15**

	2015		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Restricted intergovernmental	\$ 120,560	\$ 121,933	\$ 1,373
Investment earnings	500	565	65
Total	121,060	122,498	1,438
EXPENDITURES			
Implemental functions	30,000	27,026	2,974
Telephone	35,540	33,961	1,579
Software maintenance	6,000	-	6,000
Hardware maintenance	41,560	38,471	3,089
Training	2,000	35	1,965
Capital outlay - equipment	105,548	96,109	9,439
Total expenditures	220,648	195,602	25,046
Revenues and other sources over (under) expenditures	(99,588)	(73,104)	26,484
Appropriated fund balance	99,588	-	(99,588)
Revenues, other uses, and appropriated fund balance over (under) expenditures	-	(73,104)	\$ (73,104)
Fund balances, beginning		424,950	
Fund balances, ending		\$ 351,846	

Bertie County, North Carolina
2006 Community Development Block Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2015
Schedule 16

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES:					
Federal grants	\$ 700,000	\$ 689,407	\$ -	\$ 689,407	\$ (10,593)
Total revenue	700,000	689,407	-	689,407	(10,593)
EXPENDITURES:					
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
OTHER FINANCING SOURCES (USES):					
Transfer in	50,000	50,000	-	50,000	-
Transfer out	-	-	(8,693)	(8,693)	8,693
Total other financing sources (uses)	50,000	50,000	(8,693)	41,307	8,693
Net change in fund balance	\$ -	\$ 8,693	(8,693)	\$ -	\$ -
Fund balance, beginning			8,693		
Fund balance, ending			\$ -		

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, 2015
Schedule 17

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES:					
Federal grants	\$ 50,000	\$ 34,103	\$ 15,897	\$ 50,000	\$ -
Total revenue	50,000	34,103	15,897	50,000	-
EXPENDITURES:					
Current:					
Economic and physical development	50,000	34,103	15,897	50,000	-
Total expenditures	50,000	34,103	15,897	50,000	-
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, 2015
Schedule 18

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

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, 2015
Schedule 19

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES:					
Donations	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
Total revenues	15,000	15,000	-	15,000	-
EXPENDITURES:					
General construction	15,000	2,989	11,480	14,469	531
Legal	-	60	-	60	(60)
Total expenditures	15,000	3,049	11,480	14,529	471
Net change in fund balance	\$ -	\$ 11,951	(11,480)	\$ 471	\$ 471
Fund balance, beginning			11,951		
Fund balance, ending			\$ 471		

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, 2015
Schedule 20

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
State grant	\$ 500,000	\$ 388,296	\$ -	\$ 388,296	\$ (111,704)
Total revenues	500,000	388,296	-	388,296	(111,704)
EXPENDITURES:					
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	246,489	-	246,489	37,354
Total expenditures	500,000	386,558	-	386,558	113,442
Net change in fund balance	\$ -	\$ 1,738	-	\$ 1,738	\$ 1,738
Fund balance, beginning				1,738	
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, 2015
Schedule 21

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Operating revenues:			
Charges for services		\$ 369,344	
Water taps		8,846	
Other operating revenue		21,538	
Total operating revenues	\$ 380,000	399,728	\$ 19,728
Nonoperating revenues:			
Investment earnings		188	
Miscellaneous revenue		558	
Total nonoperating revenues	5,200	746	(4,454)
Total revenues	385,200	400,474	15,274
Expenditures:			
Water administration:			
Salaries and benefits		51,303	
Telephone and postage		9,950	
Travel		73	
Repairs and maintenance		8,589	
Supplies		10,300	
Uniforms		406	
Contracted services		33,991	
Professional fees		2,400	
Dues and subscriptions		417	
Chemicals		1,108	
Employee training		61	
Insurance		5,100	
Utilities		15,887	
Water testing		2,343	
Capital outlay equipment		183	
Other expenses		23,304	
Total	209,425	165,415	44,010

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, 2015
Schedule 21

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Debt service:			
Principal		85,000	
Interest, fees and amortization		93,753	
Total	178,775	178,753	22
Total expenditures	388,200	344,168	44,032
Revenues over (under) expenditures	(3,000)	56,306	59,306
Appropriated net assets	3,000	-	(3,000)
Revenues and appropriated net assets over (under) expenditures	\$ -	56,306	\$ 56,306

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

Reconciling items:	
Depreciation	(163,758)
Amortization	6,453
Debt principal	85,000
Contributions to the pension plan in the current year	2,383
Pension expense	(170)
(Increase) decrease in accrued vacation payable	(723)
(Increase) decrease in other postemployment benefits	(2,071)
Change in net position	\$ (16,580)

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, 2015
Schedule 22

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Operating revenues:			
Charges for services		\$ 1,096,128	
Water taps		17,358	
Other operating revenue		17,709	
Total operating revenues	\$ 808,826	1,131,195	\$ 322,369
Nonoperating revenues:			
Investment earnings		1,130	
Miscellaneous revenue		1,110	
Total nonoperating revenues	2,500	2,240	(260)
Total revenues	811,326	1,133,435	322,109
Expenditures:			
Water administration:			
Salaries and benefits		166,114	
Telephone and postage		32,215	
Travel		233	
Repairs and maintenance		40,386	
Supplies		34,078	
Uniforms		1,337	
Contracted services		112,463	
Professional fees		7,800	
Dues and subscriptions		1,355	
Chemicals		3,602	
Employee training		199	
Insurance		7,608	
Utilities		51,396	
Water testing		7,614	
Other expenses		26,651	
Capital outlay		597	
Total	583,738	493,648	90,090

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, 2015
Schedule 22

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Debt service:			
Principal		120,385	
Interest, fees and amortization		132,181	
Total	237,338	252,566	(15,228)
Total expenditures	821,076	746,214	74,862
Revenues over (under) expenditures	(9,750)	387,221	396,971
Appropriated net assets	9,750	-	(9,750)
Revenues and appropriated net assets over (under) expenditures	\$ -	387,221	\$ 387,221

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

Revenues over (under) expenditures	387,221
Reconciling items:	
Depreciation	(240,888)
Amortization	6,927
Debt principal	120,385
Tax refunds	4,794
Contributions to the pension plan in the current year	7,746
Pension expense	(550)
(Increase) decrease in accrued vacation payable	(2,349)
(Increase) decrease in other postemployment benefits	(6,707)
Change in net position	\$ 276,579

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, 2015
Schedule 23

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
Tax refunds	\$ -	\$ -	\$ 4,794	\$ 4,794	\$ 4,794
Total revenues	-	-	4,794	4,794	4,794
EXPENDITURES:					
Construction	\$ 204,625	\$ 147,543	\$ 15,672	\$ 163,215	\$ 41,410
Engineering	26,339	23,692	-	23,692	2,647
Legal	10,500	7,055	1,140	8,195	2,305
Miscellaneous	29,130	17,097	2,276	19,373	9,757
Contingency	6,452	-	-	-	6,452
Total expenditures	277,046	195,387	19,088	214,475	62,571
Revenues over (under) expenditures	(277,046)	(195,387)	(14,294)	(209,681)	67,365
OTHER FINANCING SOURCES (USES)					
Loan proceeds	277,046	277,046	(67,353)	209,693	67,353
Total other financing sources (uses)	277,046	277,046	(67,353)	209,693	67,353
Revenues and other sources over (under) expenditures	\$ -	\$ 81,659	\$ (81,647)	\$ 12	\$ 12

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, 2015
Schedule 24

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Operating revenues:			
Charges for services		\$ 598,656	
Water taps		15,560	
Other operating revenue		33,327	
Total operating revenues	\$ 578,588	647,543	\$ 68,955
Nonoperating revenues:			
Investment earnings		1,506	
Miscellaneous revenue		1,272	
Total nonoperating revenues	2,700	2,778	78
Total revenues	581,288	650,321	69,033
Expenditures:			
Water administration:			
Salaries and benefits		127,426	
Telephone and postage		23,886	
Travel		173	
Repairs and maintenance		18,338	
Advertising		63	
Supplies		24,896	
Uniforms		992	
Contracted services		80,491	
Professional fees		5,800	
Dues and subscriptions		1,008	
Chemicals		2,679	
Employee training		148	
Insurance		5,494	
Utilities		38,175	
Water testing		5,691	
Other expenses		29,306	
Capital outlay - equipment		444	
Total	423,425	365,010	58,415

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, 2015
Schedule 24

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Debt service:			
Principal		80,000	
Interest, fees and amortization		85,018	
Total	165,113	165,018	95
Total expenditures	588,538	530,028	58,510
Revenues over (under) expenditures	(7,250)	120,293	127,543
Appropriated net assets	7,250	-	(7,250)
Revenues and appropriated net assets over (under) expenditures	\$ -	120,293	\$ 120,293

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

Reconciling items:		
Depreciation		(164,305)
Amortization		7,622
Debt principal		80,000
Capital contributions		37,703
Contributions to the pension plan in the current year		6,014
Pension expense		(425)
(Increase) decrease in accrued vacation payable		(1,747)
(Increase) decrease in other postemployment benefits		(5,143)
Change in net position		\$ 80,012

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, 2015
Schedule 25

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
Federal grants	\$ 284,000	\$ 6,550	\$ 37,703	\$ 44,253	\$ (239,747)
Total revenues	284,000	6,550	37,703	44,253	(239,747)
EXPENDITURES:					
C-1 Water improvement	256,200	-	28,038	28,038	228,162
C-1 Administration	27,800	6,550	9,665	16,215	11,585
Total expenditures	284,000	6,550	37,703	44,253	239,747
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, 2015
Schedule 26

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Operating revenues:			
Charges for services		\$ 489,041	
Water taps		13,600	
Other operating revenue		27,026	
Total operating revenues	\$ 490,000	529,667	\$ 39,667
Nonoperating revenues:			
Investment earnings		565	
Miscellaneous revenue		657	
Total nonoperating revenues	1,200	1,222	22
Total revenues	491,200	530,889	39,689
Expenditures:			
Water administration:			
Salaries and benefits		85,375	
Telephone and postage		16,481	
Travel		118	
Repairs and maintenance		10,374	
Supplies		17,455	
Uniforms		681	
Contracted services		37,267	
Professional fees		4,000	
Dues and subscriptions		695	
Chemicals		1,847	
Employee training		102	
Maintenance contracts		368	
Insurance		3,179	
Utilities		26,074	
Water testing		3,876	
Other expenses		26,071	
Capital outlay - equipment		306	
Total	282,068	234,269	47,799

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, 2015
Schedule 26

	2015		Variance Positive (Negative)
	Final Budget	Actual	
Debt service:			
Principal		85,000	
Interest, fees and amortization		129,030	
Total	214,132	214,030	102
Total expenditures	496,200	448,299	47,901
Revenues over (under) expenditures	(5,000)	82,590	87,590
Appropriated net assets	5,000	-	(5,000)
Revenues and appropriated net assets over (under) expenditures	\$ -	82,590	\$ 82,590

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

Reconciling items:	
Depreciation	(161,427)
Amortization	2,703
Debt principal	85,000
Contributions to the pension plan in the current year	3,972
Pension expense	(282)
(Increase) decrease in accrued vacation payable	(1,205)
(Increase) decrease in other postemployment benefits	(3,447)
Change in net position	\$ 7,904

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, 2015
Schedule 27

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
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)
EXPENDITURES:					
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
Bertie Telephone Internal Service Fund
Statement of Net Position
June 30, 2015
Schedule 28

		2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$	99,817
Accounts receivable (net):		2,835
Total assets		102,652
 LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities		519
Total liabilities		519
 NET ASSETS		
Unrestricted		102,133
Total net position	\$	102,133

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2015
Schedule 29

	2015		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
User charges	\$ 70,000	\$ 71,902	\$ 1,902
Total revenues	70,000	71,902	1,902
Expenditures:			
Operating:			
Telephone	60,000	43,537	16,463
Maintenance contracts	2,000	998	1,002
Capital outlay	2,500	-	2,500
Depreciation expense	5,500	-	5,500
Total expenditures	70,000	44,535	25,465
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 27,367	\$ 27,367
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Change in net position		\$ 27,367	

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
Schedule 30

		2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$	73,932
Cash paid for goods and services		(44,577)
		29,355
Net cash provided (used) by operating activities		29,355
Net increase (decrease) in cash and cash equivalents		29,355
Cash and cash equivalents, beginning of year		70,462
Cash and cash equivalents, end of year		\$ 99,817
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	27,367
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		2,030
Increase (decrease) I accounts payable and accrued liabilities		(42)
Total adjustments		1,988
Net cash provided (used) by operating activities		\$ 29,355

Bertie County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2015
Schedule 31

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
Social Services				
Assets:				
Cash and cash equivalents	\$ 416	\$ -	\$ -	\$ 416
Liabilities:				
Miscellaneous liabilities	\$ 416	\$ -	\$ -	\$ 416
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ 2,204	\$ 834,152	\$ 836,355	\$ 1
Liabilities:				
Intergovernmental payable	\$ 2,204	\$ 834,152	\$ 836,355	\$ 1
Pest Management				
Assets:				
Cash and cash equivalents	\$ 2,391	\$ 9,820	\$ 8,484	\$ 3,727
Liabilities:				
Miscellaneous liabilities	\$ 2,391	\$ 9,820	\$ 8,484	\$ 3,727
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 5,011	\$ 843,972	\$ 844,839	\$ 4,144
Liabilities:				
Miscellaneous liabilities	\$ 5,011	\$ 843,972	\$ 844,839	\$ 4,144

Bertie County, North Carolina
General Fund Schedule of Ad Valorem Taxes Receivable
June 30, 2015
Schedule 32

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014 - 2015	\$ -	\$ 10,702,525	\$ 10,259,496	\$ 443,029
2013 - 2014	344,482	-	210,426	134,056
2012 - 2013	126,519	-	55,074	71,445
2011 - 2012	54,136	-	11,735	42,401
2010 - 2011	36,335	-	6,552	29,783
2009 - 2010	27,982	-	5,092	22,890
2008 - 2009	28,220	-	4,731	23,489
2007 - 2008	23,290	-	3,217	20,073
2006 - 2007	16,029	-	1,723	14,306
2005 - 2006	16,025	-	1,777	14,248
2004 - 2005	15,766	-	15,766	-
	<u>\$ 688,784</u>	<u>\$ 10,702,525</u>	<u>\$ 10,575,589</u>	<u>815,720</u>
Less: Allowance for uncollectible accounts:				
General Fund				82,753
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 732,967</u>
<u>Reconciliation with revenues</u>				
Ad valorem taxes - General Fund				\$ 10,705,588
Reconciling items:				
Interest collected				(146,079)
Taxes written off				14,483
Discoveries and adjustments				1,597
<u>Total collections and credits</u>				<u>\$ 10,575,589</u>

Bertie County, North Carolina
County-Wide Levy Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2015
Schedule 33

	County Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,278,351,190	0.0084	\$ 10,738,150	\$ 9,284,090	\$ 1,454,060
Total	1,278,351,190		10,738,150	9,284,090	1,454,060
Discoveries:					
Current year taxes	193,095	0.0084	1,622	218,301	(216,679)
Abatements	(4,434,167)	0.0084	(37,247)	(37,247)	-
Total property valuation	\$ 1,274,110,118				
Net Levy			10,702,525	9,465,144	1,237,381
Current year's taxes collected			10,259,496	9,028,188	1,231,308
Uncollected taxes at June 30, 2015			\$ 443,029	\$ 436,956	\$ 6,073
Current levy collection percentage			95.86%	95.38%	99.51%



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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, 2015, 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 1, 2015. Our audit includes a reference to other auditors who audited the financial statements of the Bertie County ABC Board, as described in our report on Bertie County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Bertie County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 15-01.

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*.

Bertie County's Response to Findings

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

Purpose of this Report

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

Cary Riggs & Ingram, L.L.C.

Belhaven, North Carolina
December 1, 2015



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

Independent 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, 2015. 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, 2015.

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 1, 2015



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

Independent 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, 2015. 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, 2015.

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 1, 2015

Bertie County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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 X Yes _____ 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: \$ 936,574

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, 2015

State Awards

Internal control over major State programs:

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 State award _____ Yes X No

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

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

Identification of major State programs

Name of State Program or Cluster
Medicaid

Bertie County, North Carolina

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

Section II - Financial Statement Findings

Significant Deficiency

15-01 Approval of Journal Entries

Criteria: The County's journal entries should be reviewed and approved by a management-level individual independent of the preparer or by a member of the governing body.

Condition: The County's journal entries recorded during the fiscal year were not reviewed and approved by a management-level individual independent of the preparer or by a member of the governing body.

Effect: Journal entries recorded could be incorrect, which could lead to misstatements in the County's general ledger and financial statements.

Cause: Management or the governing body did not review and approve all journal entries.

Recommendation: All journal entries should be reviewed and approved by a management-level individual independent of the preparer or by a member of the governing body.

Views of responsible officials and planned corrective action: The County agrees with this finding. The County will ensure that all journal entries are reviewed and approved by a management-level individual independent of the preparer or by a member of the governing body.

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, 2015**

Section II - Financial Statement Findings

15-01 Approval of Journal Entries

Name of Contact Person: Scott Sauer, County Manager

Corrective Action: The County will put procedures in place to ensure that all journal entries are reviewed and approved by a management-level individual independent of the preparer or by a member of the governing body.

Proposed Completion Date: The County will implement the above procedure immediately.

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, 2015**

Findings:

None reported

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<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	\$ 335,698	\$ -	\$ 335,698
Total SNAP			335,698	-	335,698
Total U.S. Dept. of Agriculture			335,698	-	335,698
<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	15,897	-	-
2011 Community Development Block Grant	14.228	XXXX	244,726	-	-
2012 Community Development Block Grant	14.228	XXXX	37,703	-	-
Total U.S. Dept. Housing and Urban Development			298,326	-	-
<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	106,162	77,200	15,459
Special Programs for the Aging – Title III C					
Nutrition Services	93.045	XXXX	18,734	14,705	3,393
Total Aging Cluster			124,896	91,905	18,852
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	156	150	78
Title IV-E Foster Care	93.658	XXXX	33,160	8,596	8,596
Title IV-E Foster Care/Off Trn	93.658	XXXX	41,454	-	41,454
Title IV-E Max Level III	93.658	XXXX	7,376	-	3,827
Title IV-E Family Foster Max	93.658	XXXX	321	-	167
Title IV-E Adopt Subsidy and Vendor	93.659	XXXX	53,151	13,779	13,779
Total Foster Care and Adoption Cluster			135,618	22,525	67,901

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<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	357,188	-	-
Child Care and Development Fund – Mandatory	93.596	XXXX	135,013	-	-
Child Care and Development Fund – Match	93.596	XXXX	39,169	-	-
Total Child Care Fund Cluster			611,370	-	-
Temporary Assistance for Needy Families	93.558	XXXX	106,636	-	-
Foster Care Title IV-E	93.658	XXXX	7,465	3,870	-
State Appropriations		XXXX	-	1,007	-
TANF-MOE		XXXX	-	1,887	-
Total Subsidized Child Care Cluster			725,471	6,764	-
Division of Social Services:					
TANF - Work First Services	93.558	XXXX	166,195	-	166,030
TANF - Work First Administration	93.558	XXXX	43,948	-	75,138
TANF - Payments & Penalties	93.558	XXXX	173,692	-	984
TANF - Special Children Adoption	93.558	XXXX	28,800	-	-
Low-Income Home Energy Assistance Block Grant:					
Low-Income Home Energy Assistance (LIHEAP)					
Administration	93.568	XXXX	121,432	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	XXXX	24,365	-	-
AFDC Payments and Penalties	93.560	XXXX	182,494	-	-
Child Welfare Services - Permanency Planning - Spec	93.645	XXXX	(36)	(10)	(10)
SSBG – Other Service and Training	93.667	XXXX	56	-	19
SSBG – In Home Service Fund	93.667	XXXX	142,231	17,270	53,167
SSBG - Adult Protective Services	93.667	XXXX	5,224	-	746
SSBG - Adult Protective Services	93.667	XXXX	11,584	-	3,861
SSBG – Adult Day Care Over 60	93.667	XXXX	4,712	-	673
Child Support Enforcement - IV-D Administration	93.563	XXXX	486,915	-	250,835
Child Support Enforcement - IV-D Offset Fees	93.563	XXXX	1,431	-	737
			1,393,043	17,260	552,180
<u>Health Care Financing Administration</u>					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	26,948,408	15,251,453	203,467
			26,948,408	15,251,453	203,467
<u>Division of Medical Assistance</u>					
Direct Benefit Payments:					
Health Choice	93.767	XXXX	242,399	76,146	-
<u>Division of Facility Services</u>					
Office of Emergency Medical Services					
Division of Social Services:					
Administration:					
Health Choice	93.767	XXXX	20,055	908	5,390
Medical Assistance Program	93.778	XXXX	939,262	9,636	358,765
Medical Assistance Program	93.778	XXXX	14,616	-	-
			973,933	10,544	364,155

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Department of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Direct Program:					
Law Enforcement BVP Grant	16.592	XXXX	3,127	-	-
			3,127	-	-
<u>U.S. Department of Homeland Security</u>					
Federal Emergency Management Assistance	97.036	XXXX	38,220	-	-
Total Federal Awards			31,219,139	15,476,597	1,542,253
State Awards:					
<u>N.C. Dept. of Environment and Natural Resources</u>					
Soil and Water Conservation – S&W Conservation		XXXX	-	23,092	-
Soil and Water Conservation – Administration		XXXX	-	3,600	-
Minor Permit County Aid	11.419	XXXX	-	375	-
Abandoned Mobile Home Grant		XXXX	-	9,000	-
Total Dept. of Environment and Natural Resources			-	36,067	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults – Direct Benefits benefit payments		XXXX	-	346,221	346,221
State Foster Care Benefits Program		XXXX	-	66	66
CWS Adopt Subsidy & Vendor		XXXX	-	16,323	2,905
AFDC/TANF Incent/Program Integrity		XXXX	-	412	-
Total Dept. of Health and Human Services			-	363,022	349,192
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>					
Juvenile Crime Prevention Program		XXXX	-	90,451	-
<u>N.C. Dept. of Transportation</u>					
Elderly and Disabled Transportation Assistance (DOT-16CL)		XXXX	-	48,751	-
Work First/Transitional Employment (DOT-16CL)		XXXX	-	9,013	-
Rural General Public Transportation(DOT-16CL)		XXXX	-	47,076	-
GDB&P School Bus Drive (DOT-18)		XXXX	-	50,000	-
Total N.C. Dept. of Transportation			-	154,840	-

Bertie County, North Carolina Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:					
<u>NC Dept. of Commerce</u>					
Passed-through from Mid East Commission:					
Senior Health Insurance Information Program		XXXX	-	4,249	-
Total State Awards			-	648,629	349,192
Total Federal and State Awards			\$ 31,219,139	\$ 16,125,226	\$ 1,891,445

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 Number	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Subsidized Child Care and Foster Care and Adoption	XXXX	XXXX	725,471	6,764



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December 1, 2015

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 2015 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 2015 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.

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, 2015.
- 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, 2015;
- 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, 2015, and have issued our report thereon dated December 1, 2015. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR’S RESPONSE
<p>Auditor’s responsibility under Generally Accepted Auditing Standards</p>	<p>As stated in our engagement letter dated June 8, 2015, 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>
<p>Client’s responsibility</p>	<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>
<p>Planned scope and timing of the audit</p>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<p>Management judgments and accounting estimates <i>The process used by management in forming</i></p>	<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>Potential effect on the financial statements of any significant risks and exposures <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>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</p> <ul style="list-style-type: none"> • <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> • <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> <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>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. During the 2015 fiscal year, the County implemented Statement 68 of the governmental Accounting Standards Board, Accounting and Financial Reporting for Pensions. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</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>Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	None.
<p>Disagreements with management <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>Other findings or issues <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>Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i></p>	None.
<p>Corrected and uncorrected misstatements <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>Major issues discussed with management prior to retention</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>Consultations with other accountants</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>Written representations</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>Internal control deficiencies</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>Fraud and illegal acts</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>Parties in interest and prohibited transactions</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>Other information in documents containing audited financial statements</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"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <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.
Local Governmental Employees’ Retirement	<p>The County estimates retirement benefits in accordance with all applicable standards and guidelines.</p> <p>The County disclosed retirement 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 retirement benefits is based on an actuary performed periodically.	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

Summary of Audit Adjustments

Proposed Journal Entries

Proposed Journal Entries JE # 41

To record unbilled revenues

610000-124100	CUSTOMERS ACCOUNTS RECEIVABLES	32,148.00	
620000-124100	CUSTOMERS ACCOUNTS RECEIVABLES	34,037.00	
620040-471001	SALE OF WATER	16,440.00	
630000-124100	CUSTOMERS ACCOUNTS RECEIVABLES	47,359.00	
640000-124100	CUSTOMERS ACCOUNTS RECEIVABLES	32,307.00	
610000-396000	RETAINED EARNINGS		25,942.00
610040-471001	SALE OF WATER		6,206.00
620000-396000	RETAINED EARNINGS		50,477.00
630000-396000	RETAINED EARNINGS		35,181.00
630040-471001	SALE OF WATER		12,178.00
640000-396000	RETAINED EARNINGS		24,295.00
640040-471001	SALE OF WATER		8,012.00
Total		<u>162,291.00</u>	<u>162,291.00</u>

Proposed Journal Entries JE # 43

To adjust payroll liabilities

100000-215620	PAYROLL LIABILITIES	60,152.00	
104120-512100	SALARIES & WAGES - REGULA		60,152.00
Total		<u>60,152.00</u>	<u>60,152.00</u>
	Total Proposed Journal Entries	<u>222,443.00</u>	<u>222,443.00</u>
	Total All Journal Entries	<u>222,443.00</u>	<u>222,443.00</u>

Summary of Audit Adjustments

Governmental Activities

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Reference	Financial Statements Effect - Amount of Over (Under) Statement of:						Change in Fund Balance/Net Position
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	
Payroll Liabilities	Factual (F)	Non-accrual of liability	5202.02	-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Total				-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Less audit adjustments subsequently booked										
Net unadjusted AD-current year (iron curtain method)				-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Effect of unadjusted AD-prior years										
Combined current year and prior year AD (rollover method)				-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Financial statement caption totals				45,488,312	37,526,582	12,592,811	7,226,150	22,283,124	21,704,680	578,444
Current year AD as % of F/S captions (iron curtain method)				0.00%	0.16%	-0.48%	-0.83%	0.00%	0.28%	-10.40%
Current and prior year AD as a % of F/S captions (rollover method)				0.00%	0.16%	-0.48%	-0.83%	0.00%	0.28%	-10.40%

General Fund

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Reference	Financial Statements Effect - Amount of Over (Under) Statement of:						Change in Fund Balance/Net Position
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	
Payroll Liabilities	Factual (F)	Non-accrual of liability	5202.02	-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Total				-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Less audit adjustments subsequently booked										
Net unadjusted AD-current year (iron curtain method)				-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Effect of unadjusted AD-prior years										
Combined current year and prior year AD (rollover method)				-	60,152	(60,152)	(60,152)	-	60,152	(60,152)
Financial statement caption totals				14,060,901	856,051	6,324,911	7,469,893	22,089,906	22,647,794	(549,195)
Current year AD as % of F/S captions (iron curtain method)				0.00%	7.03%	-0.95%	-0.81%	0.00%	0.27%	10.95%
Current and prior year AD as a % of F/S captions (rollover method)				0.00%	7.03%	-0.95%	-0.81%	0.00%	0.27%	10.95%

Business-type Activities

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Reference	Financial Statements Effect - Amount of Over (Under) Statement of:						Change in Fund Balance/Net Position
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	
Unbilled Revenues	Factual (F)	Non-accrual of Revenue	4253.02	(145,851)	-	(145,851)	(135,895)	(9,956)	-	(9,956)
Total				(145,851)	-	(145,851)	(135,895)	(9,956)	-	(9,956)
Less audit adjustments subsequently booked										
Net unadjusted AD-current year (iron curtain method)				(145,851)	-	(145,851)	(135,895)	(9,956)	-	(9,956)
Effect of unadjusted AD-prior years										
Combined current year and prior year AD (rollover method)				(145,851)	-	(145,851)	(135,895)	(9,956)	-	(9,956)
Financial statement caption totals				30,004,243	12,249,006	1,822,648	17,723,854	3,197,603	2,849,683	347,915
Current year AD as % of F/S captions (iron curtain method)				-0.49%	0.00%	-8.00%	-0.77%	-0.31%	0.00%	-2.86%
Current and prior year AD as a % of F/S captions (rollover method)				-0.49%	0.00%	-8.00%	-0.77%	-0.31%	0.00%	-2.86%

Management Representation Letter



BERTIE COUNTY
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BOARD OF COMMISSIONERS
RONALD "RON" WESSON, Chairman
TAMMY LEE, Vice-Chairman
JOHN TRENT
ERNESTINE BRYD-BAZEMORE
STEWART WHITE

December 1, 2015

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, 2015, 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 1, 2015 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 8, 2015, 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.

Management Representation Letter

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
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.

Management Representation Letter

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

Management Representation Letter

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.
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 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 classification of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

Management Representation Letter

37. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
38. Provisions for uncollectible receivables have been properly identified and recorded.
39. 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.
40. 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.
41. Revenues are appropriately classified in the statement of activities within program revenues, or general revenues.
42. Interfund, internal, and intra-entity activity have been appropriately classified and reported.
43. Deposits and investment securities are properly classified as to risk and are properly disclosed.
44. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
45. 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.
46. 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.
47. 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.
48. With respect to the 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 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 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.

49. 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.
- 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.

Management Representation Letter

- 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.
- 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.

Management Representation Letter

- 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.W.T. Sauer
Scott Sauer, County Manager

Signed: William Roberson
William Roberson, Finance Director

Date: 12-2-15

Date: 12-2-15



Internal Control Findings

Carr, Riggs & Ingram, LLC
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December 1, 2015

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, 2015, 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 1, 2015, 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 1, 2015

Internal Control Findings

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

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
15-1	IP	Credit Card Policy	During our audit, we discovered the County maintains three credit cards with no official written policy regarding the use of these cards.	We recommend the County adopt an official written policy in regards credit card use.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will work to adopt an official written credit card policy.
15-2	IP	Travel Policy	During our audit, we discovered some County employees have been reimbursed for amounts that are above the allowable limit, as imposed by the County’s travel policy.	We recommend the County more closely review travel reimbursement requests to ensure the proper amounts are reimbursed.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will more closely monitor travel reimbursement requests.

Internal Control Findings

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
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CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
15-3	IP	Unallowable Purchases	During our audit, we discovered one County employee had been reimbursed for an unallowable purchase while traveling on County business.	We recommend the County more closely review travel reimbursement requests to ensure only allowable amounts are reimbursed.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will more closely monitor travel reimbursement requests.
15-4	SD	Non-Approval of Adjusting Journal Entries	During our audit, we discovered the adjusting journal entries are not being reviewed and approved by someone independent of the preparer.	We recommend the all adjusting journal entries be reviewed and approved by someone independent of the preparation.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified.