

Bertie County, North Carolina

FINANCIAL REPORT

June 30, 2016



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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, 2016, 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 financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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, 2016, 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 Liability 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 23, 77, 78, 79 and 80, 81 and 82, 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 *Title 2 US Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 February 8, 2017 on our consideration of Bertie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bertie County's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Belhaven, North Carolina
February 8, 2017

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, 2016. 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 \$25,107,656 (*net position*).
- The government's total net position increased by \$238,561, primarily due to the governmental funds. The figure reflects the sum of governmental funds which increased \$828,150 and business activities (regional water system) which reflects a decrease of \$589,589 as indicated in Figure 3. This decrease of \$589,589 in net position for the Regional Water District Fund (business activities) is primarily attributable to one time payments and project expenditures of \$1,140,581 during the fiscal year ended June 30, 2016. These expenditures include capital projects and local match requirements for various system improvements and the governing body's approval for a payment of reimbursable expenses to the General Fund of \$855,000 from the regional water system (business-type activities). Currently there are seven (7) multiyear capital projects, which are structured to secure more than \$2,000,000 in state and federal grants in support of a Capital Improvement Program financing in excess of \$6.5 million in system improvements for the County's regional water system.
- The three most significant water system projects being financed include:
 - **Water District II** - \$1,339,350 State Revolving Loan (20 years at 0% interest) and a local match of \$26,787 to address Water Loss Reduction Improvements identified in the 2014 Water System Operations Evaluation.
 - **Water District III** - \$1,717,000 USDA Rural Development (40 years at 2.875% interest), a grant of \$1,074,000 and a local match requirement of \$264,000 for the consolidation and merger with South Windsor Community Association Water System and related improvements.
 - **Water District IV** - \$1,178,550 State Revolving Loan (20 years at 0%) and principal forgiveness (grant) of \$500,000 and a local match requirement of \$33,571 for the merger and consolidation with the Town of Roxobel and related water system improvements.

Bertie County, North Carolina Management's Discussion and Analysis

- As of the close of the current fiscal year, Bertie County's governmental funds reported combined ending fund balances of \$7,586,420, a decrease of \$941,866 in comparison with the prior year. Approximately 19.56% of this total amount or \$1,484,183 is restricted or non-spendable. It is important to note that the combined ending fund balances and the reported decrease of \$941,866 include \$397,205 which is the approved capital project to upgrade the County's Emergency Telephone System which was scheduled and completed in the fiscal year ended June 30, 2016. This project approved by the governing body is identified both in Exhibit 4 of the Statement of Revenues and Expenditures for Public Safety and in Schedule II's Statement of Revenues and Expenditures for Special Revenue Funds. This project was scheduled and coordinated to coincide with the Board of Commissioners' approval for the relocation of the Sheriff's Law Enforcement and Communications Center following the renovation of the former Central Offices for School Administration building, which was acquired by the County in the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,572,812, or 13.98% of total general fund expenditures of \$25,557,424 for the fiscal year, while total fund balance for Governmental Funds represents 26.80% of that same amount.
- It should be noted that the presentation of unassigned fund balance for the General Fund in Exhibit 3 includes separate delineation of "Subsequent year expenditures" in the amount of \$1,334,101 and represents the amount of appropriated fund balance in the adopted budget for the General Fund in FY 2016-2017. This change in the audit firm's presentation of Exhibit 3 and the segregation of appropriated fund balance for the subsequent fiscal year in the budget ordinance corrects the presentation of the unassigned fund balance which has been consistent for more than a decade. Using the previous presentation of annual financial statements the unassigned fund balance (including the subsequent year appropriation) as compared to expenditures for the prior year of \$25,557,424 calculates to a figure of \$4,906,913 or 19.2 percent. It is important to note that the fiscal year ended June 30, 2016 included significant activity for capital improvement projects planned and approved by the governing body in the General Fund.
- By contrast, the Board of Commissioners approved the FY 2016-2017 Budget Ordinance incorporating \$1,334,101 in appropriated fund balance for a total General Fund budget of \$22,652,415. The FY 2016-2017 Adopted Budget Ordinance reflects a decrease in General Fund expenditures of \$2.9 million compared to the fiscal year ended June 30, 2016 as approved by the governing body.
- In the three most recent fiscal years, the Board of Commissioners has approved the investment of appropriated fund balance reserves for major capital improvements such as the building renovations for the Sheriff's Law Enforcement and Communications Center, the rehabilitation of existing physical assets including the Bertie County Courthouse built in 1887, the recent upgrades to the County Administration Building, and to address deferred maintenance activities for many of the county facilities supported by the General Fund, which had been neglected for nearly a decade.

Bertie County, North Carolina Management's Discussion and Analysis

- A close examination of the Finance Officer's presentation of the changes in fund balance for the General Fund reflects the governing body's effort to maintain stability in cash reserves through the strategic use of these funds for one time capital projects on a "pay as you go" funding basis rather than increasing the indebtedness for the General Fund.
- The fiscal year ended June 30, 2016 reflects a total fund balance for the General Fund of \$6,380,863 as noted in Exhibit 6 on the Statement of Revenues, Expenditures, and Changes in Fund Balance which is a decrease \$696,478 from the beginning balance on July 1, 2015. The original Adopted Budgeted Ordinance included an appropriated fund balance for the General Fund of \$1,582,606 and a final revised appropriated fund balance of \$2,437,679 of which \$696,478 was required to support General Fund activities and capital projects.
- **General Fund capital project activity** for the fiscal year ended June 30, 2016 included:

\$ 474,288	Courthouse and County Administration Building rehabilitation and repairs
\$ 220,387	Sheriff's Law Enforcement & Communication Center renovations
\$ 147,475	General Fund contribution toward Albemarle Sound land acquisition
<u>\$ 236,295</u>	Vehicle acquisition for Public Safety and related equipment
\$1,078,445	Total expenditures for major capital projects in FY 2105-2016
- Likewise, in the prior fiscal year (FY2014-2015) the use of fund balance reserves reflects a decrease of \$620,906 and was primarily attributable to the \$200,000 appropriation for Bertie Martin Regional Jail renovations, \$150,000 for the purchase of the former School Administration Central Office building and \$109,787 for foundation repairs to the Courthouse erected in 1887.

Bertie County General Fund Annual Net Changes in Fund Balance

Fiscal Year	Net Change	Fund Balance
1999-2000	\$ 136,555	\$ 4,576,226
2000-2001	\$ 157,505	\$ 4,733,731
2001-2002	\$ 375,706	\$ 5,109,437
2002-2003	\$ 397,791	\$ 5,507,228
2003-2004	\$ 951,438	\$ 6,458,666
2004-2005	\$ 287,067	\$ 6,745,733
2005-2006	\$ (376,921)	\$ 6,368,812
2006-2007	\$ 682,229	\$ 7,051,038
2007-2008	\$ (21,197)	\$ 7,029,841
2008-2009	\$ (423,025)	\$ 6,606,816
2009-2010	\$ 556,810	\$ 7,163,626
2010-2011	\$ (49,930)	\$ 7,113,696
2011-2012	\$ (601,157)	\$ 6,512,539
2012-2013	\$ 535,608	\$ 7,048,167
2013-2014	\$ 650,080	\$ 7,698,247
2014-2015	\$ (620,906)	\$ 7,077,341
2015-2016	\$ (696,478)	\$ 6,380,863

Bertie County, North Carolina Management's Discussion and Analysis

As the reader reviews these financial statements for the fiscal year ended June 30, 2016 and may compare this document with prior year audited financial statements available in the County's Finance Office or on the County's website, it is also important to note that the governing body monitors its cash position throughout the duration of the fiscal year.

Maintaining adequate cash reserves and fund balances allows the County to meet its commitments for debt service payments, appropriations to the school system and general county obligations for monthly operating expenses and payroll.

The Board of Commissioners approves capital projects and major program initiatives, while being mindful of the burden on taxpayers and the need to maintain a stable cash position for the County at all times, and maintaining financial stability from year to year. Below is a record of "cash and cash equivalents" as found in the audited financial statements for the General Fund and Water Fund since the fiscal year 2009-2010:

Fiscal Year	Fund Balance	Cash at June 30	
		General Fund	Water Fund
1999-2000	\$ 4,576,226		
2000-2001	\$ 4,733,731		
2001-2002	\$ 5,109,437		
2002-2003	\$ 5,507,228		
2003-2004	\$ 6,458,666		
2004-2005	\$ 6,745,733		
2005-2006	\$ 6,368,812		
2006-2007	\$ 7,051,038		
2007-2008	\$ 7,029,841		
2008-2009	\$ 6,606,816		
2009-2010	\$ 7,163,626	\$ 6,499,828	\$ 934,331
2010-2011	\$ 7,113,696	\$ 6,194,627	\$ 1,137,693
2011-2012	\$ 6,512,539	\$ 6,033,333	\$ 1,323,120
2012-2013	\$ 7,048,167	\$ 6,671,359	\$ 1,525,075
2013-2014	\$ 7,698,247	\$ 7,281,253	\$ 1,768,678
2014-2015	\$ 7,077,341	\$ 6,788,410	\$ 2,343,554
2015-2016	\$ 6,380,863	\$ 6,114,837	\$ 1,346,457

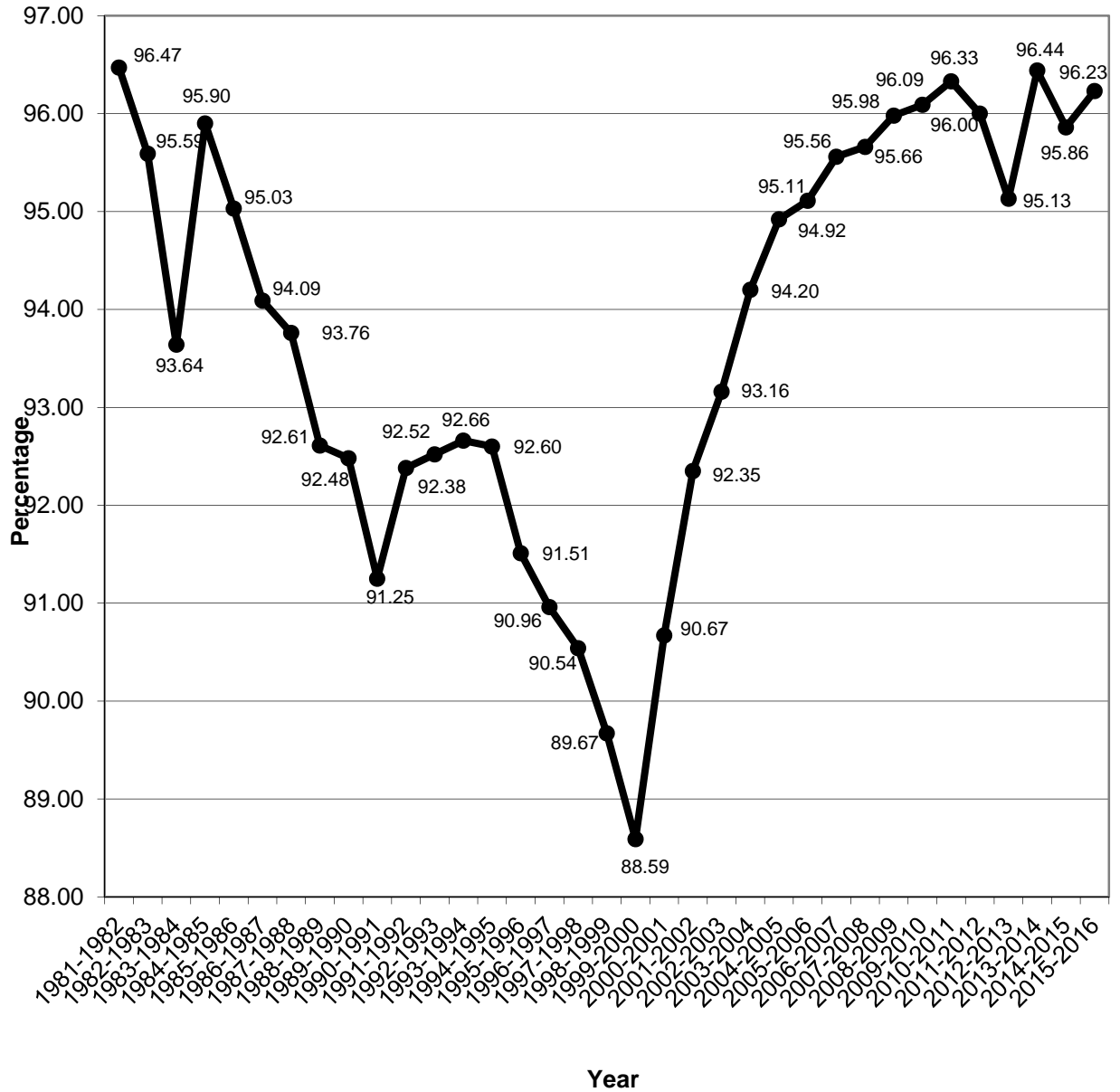
- Bertie County's total debt decreased by \$1,735,875 or (2.91%) during the current fiscal year. The key factor in this decrease was the repayment of debt principal. The reader is encouraged to review the detailed discussion of debt service contained in the Notes to Financial Statements beginning on page 35. These financial notes contain a historical review of borrowing transactions for the General Fund dating to the year 2000 with the financing and construction of the new hospital in Windsor, the various school projects and county facilities.

Bertie County, North Carolina Management's Discussion and Analysis

- Also included is the governing body's strategic decision to refinance the general obligation bonds for the County's water system originally issued in the mid to late 1990s, which occurred in 2013 with the issuance of \$11,770,000 of Limited Obligation Bonds for Water Districts I, II, III, and IV totaling \$12,267,100 in par amount. This effort yielded a "true interest cost" for the Bonds of 3.58% with a final maturity of June 1, 2040.
- Bertie County, through this diligence by the governing body achieved the following debt service savings:
 - Gross Savings: \$ 2,401,046.21
 - Net Present Value Savings: \$ 1,583,349.10
 - Net Present Value % Savings: 12.91%
- In the fiscal year ending June 30, 2016 the governing body continued its examination of unfunded actuarial liability for other post-employment benefits (OPEB) and the impact on the County's cash position stability relative to fund balance reserves for future accounting reporting and adherence to increasing financial impacts. At issue is the cost of health insurance requirements for retired county employees, and the expenditure for this obligation in this year is \$334,442. The budgeted amount for retiree health insurance in FY 2016-2017 is \$350,000 and the Board of Commissioners is continuing to review the impact for taxpayers to meet this long term obligation.
- A full discussion of the County's OPEB obligations can be found beginning on page 61. For the fiscal year ended June 30, 2016 the Net OPEB Obligation for the County is \$4,246,067, an increase of \$397,057 from the prior year. As stated in this report, "as of December 31, 2015, the plan was not funded. The actuarial liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$11,967,702." The governing body has engaged a consultant to receive an update to this actuarial study, and will receive this information in the subsequent fiscal year.
- Tax collection rate was 96.23% for FY 2015-2016. This represents a slight increase from last year.

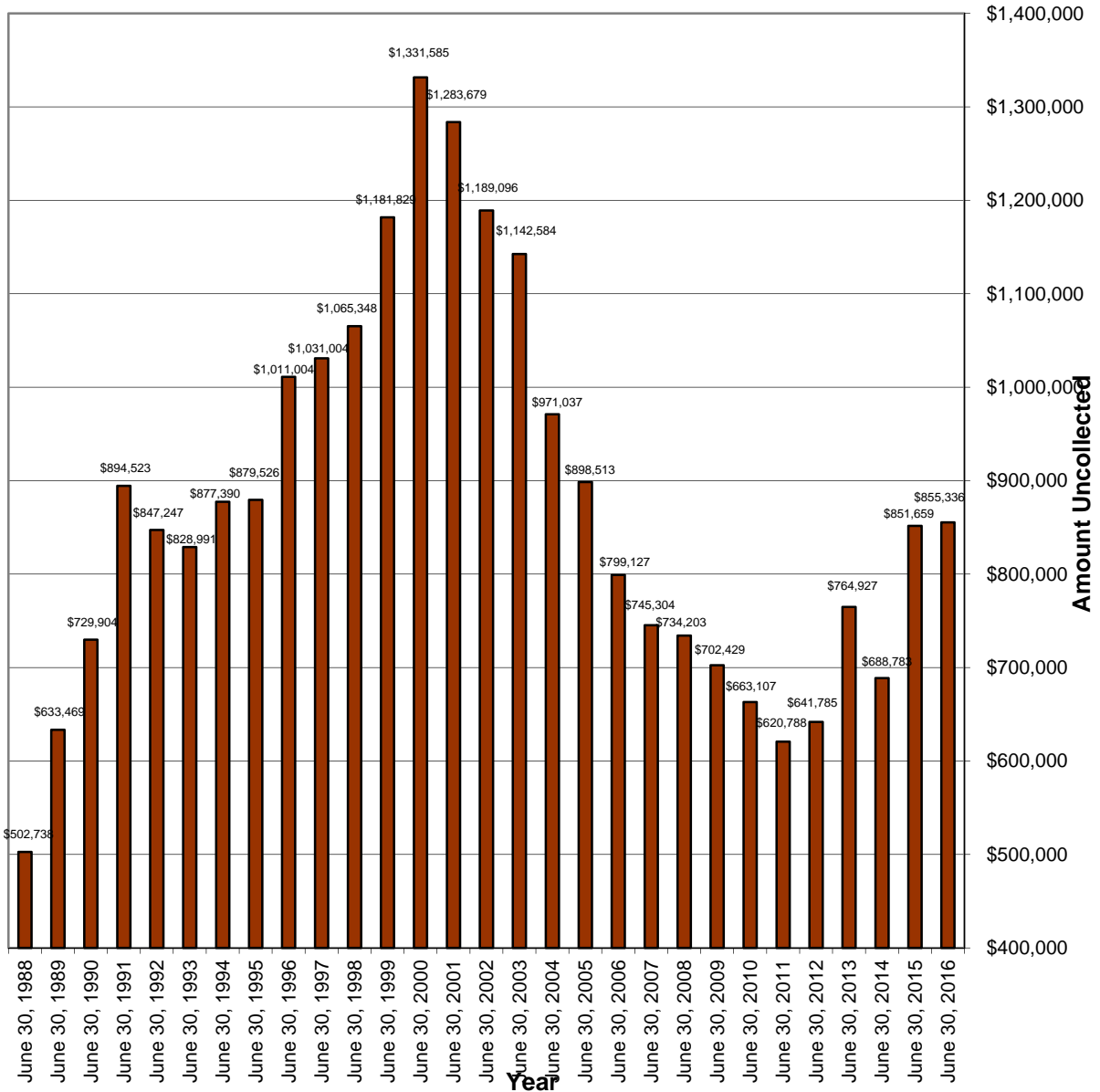
Bertie County, North Carolina Management's Discussion and Analysis

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)



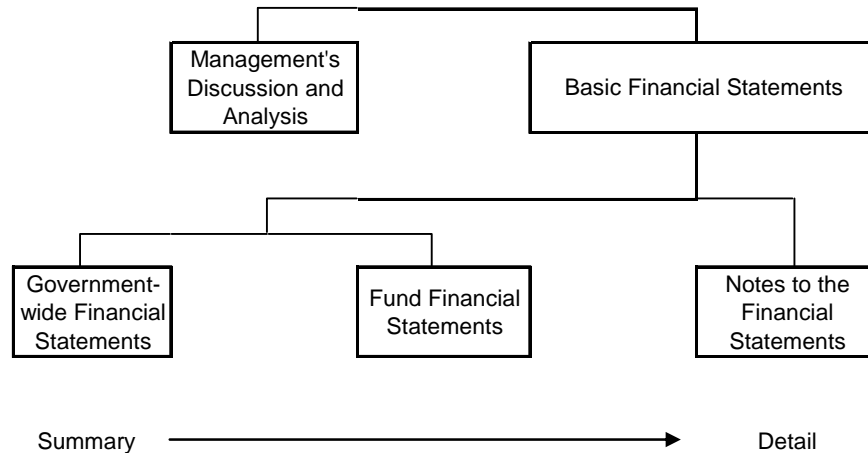
Bertie County, North Carolina Management's Discussion and Analysis

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 35 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 77 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 \$25,107,656 as of June 30, 2016. The County's net position increased by \$238,561 for the fiscal year ended June 30, 2016. One of the largest portions \$24,603,912 (97.99%) 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 \$1,484,183 (5.91%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(980,439) is unrestricted.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 14,096,959	\$ 15,466,443	\$ 1,922,540	\$ 2,531,728	\$ 16,019,499	\$ 17,998,171
Capital assets	30,322,552	29,537,029	27,295,533	27,451,230	57,618,085	56,988,259
Total assets	44,419,511	45,003,472	29,218,073	29,982,958	73,637,584	74,986,430
Total deferred outflows of resources	585,337	409,097	34,984	20,115	620,321	429,212
Current and other liabilities	1,311,053	874,306	293,061	300,954	1,604,114	1,175,260
Long-term liabilities outstanding	35,568,416	36,652,276	11,666,037	11,948,052	47,234,453	48,600,328
Total liabilities	36,879,469	37,526,582	11,959,098	12,249,006	48,838,567	49,775,588
Total deferred inflows of resources	297,840	1,144,677	13,842	51,498	311,682	1,196,175
Net position:						
Net investment in capital assets	8,194,773	6,837,584	16,409,139	16,186,922	24,603,912	23,024,506
Restricted	1,484,183	1,442,729	-	-	1,484,183	1,442,729
Unrestricted	(1,851,417)	(1,054,163)	870,978	1,536,932	(980,439)	482,769
Total net position	\$ 7,827,539	\$ 7,226,150	\$ 17,280,117	\$ 17,723,854	\$ 25,107,656	\$ 24,950,004

Bertie County, North Carolina Management's Discussion and Analysis

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 4,537,669	\$ 4,079,312	\$ 2,636,014	\$ 2,708,133	\$ 7,173,683	\$ 6,787,445
Operating grants and contributions	4,419,080	4,670,014	-	-	4,419,080	4,670,014
Capital grants and contributions	810,000	-	204,647	37,703	1,014,647	37,703
General revenues:						
Property taxes	10,656,578	10,239,803	-	-	10,656,578	10,239,803
Other taxes	2,102,106	2,268,766	-	-	2,102,106	2,268,766
Investment earnings	743,201	737,513	434,993	443,371	1,178,194	1,180,884
Miscellaneous	1,207,905	287,716	4,677	8,391	1,212,582	296,107
Total revenues	24,476,539	22,283,124	3,280,331	3,197,598	27,756,870	25,480,722
Expenses:						
General government	3,845,841	3,819,903	-	-	3,845,841	3,819,903
Public safety	7,389,665	6,558,537	-	-	7,389,665	6,558,537
Environmental protection	473,557	529,175	-	-	473,557	529,175
Economic and physical development	1,644,663	904,800	-	-	1,644,663	904,800
Human services	5,204,363	5,027,384	-	-	5,204,363	5,027,384
Education	3,292,854	3,077,615	-	-	3,292,854	3,077,615
Special appropriations	532,611	464,601	-	-	532,611	464,601
Interest and fees on long-term debt	1,264,835	1,322,666	-	-	1,264,835	1,322,666
Water districts	-	-	3,869,920	2,849,683	3,869,920	2,849,683
Total expenses	23,648,389	21,704,680	3,869,920	2,849,683	27,518,309	24,554,363
Increase (decrease) in net position	828,150	578,444	(589,589)	347,915	238,561	926,359
Net position, beginning	7,226,150	7,239,377	17,723,854	17,404,725	24,950,004	24,644,102
Net position, beginning, restated	6,999,389	6,647,706	17,869,706	17,375,939	24,869,095	24,023,645
Net position, June 30	\$ 7,827,539	\$ 7,226,150	\$ 17,280,117	\$ 17,723,854	\$ 25,107,656	\$ 24,950,004

Bertie County, North Carolina Management's Discussion and Analysis

Governmental activities. Governmental activities increased the County's net position by \$828,150. 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 decreased Bertie County's net position by \$589,589. Key elements of this decrease are as follows:

During the fiscal year ended June 30, 2016 the governing body approved a payment of reimbursable expenses to the General Fund of \$855,000 from the regional water system (business-type activities). Likewise, the active projects in the Capital Improvement Program for the regional water system (business-type activities) included Board approved commitments of local matching funds expended during the fiscal year ended June 30, 2016 of \$44,713 for improvements in Water District II, \$137,413 for improvements in Water District III and \$43,097 for improvements in Water District IV.

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

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 \$3,572,812, while total fund balance reached \$6,848,268. 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 unassigned available fund balance of 13.98% of general fund expenditures, **while total fund balance represents 26.80% of that same amount, of \$25,557,424.**

Bertie County, North Carolina Management's Discussion and Analysis

At June 30, 2016, the governmental funds of Bertie County reported a combined fund balance of \$7,586,420, an 11.04% 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 \$870,978. There was a decrease in net position of \$589,589. 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, 2016, totals \$57,618,085 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

Major capital asset transactions during the year include:

- Acquisition of 137 acres of land on the Albemarle Sound to provide public access to recreational waters including nearly one half mile of beach front to be developed with grant funds for purposes of tourism, environmental education and recreational activities.
- Vehicle for Public Buildings maintenance staff
- Vehicles (4) for Sheriff's Office patrol activities
- Communications and dispatch equipment
- Ambulances (2) for EMS paramedic response (used vehicles)
- Transport Ambulances (2) for non-emergency transport of patients(used vehicles)

Bertie County, North Carolina Management's Discussion and Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,693,469	\$ 690,994	\$ 129,994	\$ 129,994	\$ 1,823,463	\$ 820,988
Building and system improvements	25,848,361	26,414,002	26,553,893	26,897,074	52,402,254	53,311,076
Machinery and equipment	692,947	747,205	-	-	692,947	747,205
Vehicles and motorized equipment	1,049,992	1,192,569	-	-	1,049,992	1,192,569
Construction in progress	516,551	492,259	68,565	56,821	585,116	549,080
	521,232	-	543,081	367,340	1,064,313	367,340
Total	\$ 30,322,552	\$ 29,537,029	\$ 27,295,533	\$ 27,451,229	\$ 57,618,085	\$ 56,988,258

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

Long-term Debt. As of June 30, 2016, Bertie County had total debt outstanding of \$57,934,453.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Due to County	\$ -	\$ -	\$ 10,700,000	\$ 11,070,000	\$ 10,700,000	\$ 11,070,000
Limited obligation bonds	20,630,000	20,915,000	10,700,000	11,070,000	31,330,000	31,985,000
Installment purchases	9,804,071	11,399,766	186,394	194,308	9,990,465	11,594,074
Original issue discount	-	-	(44,086)	(46,253)	(44,086)	(46,253)
Original issue premium	-	-	526,899	552,799	526,899	552,799
Compensated absences	409,764	359,418	29,596	25,939	439,360	385,357
Net pension obligation	303,575	280,341	-	-	303,575	280,341
Net pension liability	415,542	-	26,631	-	442,173	-
Other postemployment benefits	4,005,464	3,697,751	240,603	151,259	4,246,067	3,849,010
Total	\$ 35,568,416	\$ 36,652,276	\$ 22,366,037	\$ 23,018,052	\$ 57,934,453	\$ 59,670,328

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 \$74,454,985.

Additional information regarding Bertie County's long-term debt can be found in Note II.B.6 beginning on page 67 of this audited financial report.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities Sales tax receipts, 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.

Bertie County, North Carolina Management's Discussion and Analysis

- General Fund capital project activity for the fiscal year ended June 30, 2016 included:

\$ 474,288	Courthouse and County Administration Building rehabilitation and repairs
\$ 220,387	Sheriff's Law Enforcement & Communication Center renovations
\$ 147,475	General Fund contribution toward Albemarle Sound land acquisition
<u>\$ 236,295</u>	Vehicle acquisition for Public Safety and related equipment
\$1,078,445	Total expenditures for major capital projects in FY 2105-2016
- \$397,205 for the capital project to upgrade the County's Emergency Telephone System (but not General Fund).
- Likewise, in the prior fiscal year the use of fund balance reserves reflects a decrease of \$620,906 and was primarily attributable to the \$200,000 appropriation for Bertie Martin Regional Jail renovations, \$150,000 for the purchase of the former School Administration Central Office building and \$109,787 for foundation repairs to the Courthouse in FY 2015.
- Acquisition of 137 acres of land on the Albemarle Sound to provide public access to recreational waters including nearly one half mile of beach front to be developed with grant funds for purposes of tourism, environmental education and recreational activities. Total cost for this transaction was \$1,002,475 and the Board of Commissioners has successfully sought and received a grant from the NC Parks and Recreation Trust Fund for \$500,000 to offset this expenditure. The governing body has also engaged a consultant to assist with the future planning for this site as a component of a comprehensive countywide recreation master plan.

FY 2015-2016 was the first fully operational year (12 month each) for both ambulance divisions-- Emergency Medical Paramedic Services and the County's Non-Emergency Transport Service for convalescent patients. Bertie County initiated its EMS Paramedic program in December 2013 and has consistently responded to approximately 4,000 emergency calls and provided 3,600 transports on an annual basis. The Board of Commissioners authorized establishment of the Non-Emergency Transport Service (NETS) for convalescent patients in August 2014.

In a recent report to the Board of Commissioners, performance tracking for NETS patient transports reflected thirty-two (32) transports per month in November 2014 as compared to 328 transports for November 2016.

Month transports for NETS on an annual basis are as follows:

- 53 average transports per month FY 2014-2015 (11 months of operation)
- 152 average transports per month FY 2015-2016 (12 months of operation)
- 300 average transports per month FY 2016-2017 (first 6 months of operation)

Bertie County, North Carolina Management's Discussion and Analysis

In September, NETS achieved 297 transports; in October NETS achieved 316 NETS; in November NETS achieved 328 transports; and in December 2016 NETS achieved 354 transports. Staff reports indicate that call volume is on course to achieve 400 calls per month by the end of next fiscal year. FY 2015-2016 General Fund expenditures for EMS Paramedic responses totaled \$2,343,705 and was partially offset by operating revenue (ambulance fees) of \$763,136. EMS Medicaid reimbursement from the State of North Carolina was received in the amount of \$401,248 and was not a budgeted revenue item. When combined with Non-Emergency Transport expenditures of \$554,562 and patient transport revenue of \$445,655 in the aggregate, Bertie County's ambulance service operations required net tax support from the General Fund for FY 2015-2016 of \$1,287,228 or \$107,228 per month.

FY 2014-2015 General Fund expenditures reflected the first full year of Emergency Medical Paramedic Services which totaled \$2,014,907 and were partially offset by 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 was designed to eventually provide supplemental revenues to significantly support the Paramedic service, and is projected to reach this target in three to five fiscal years, reducing the net tax support requirement to \$700,000 per year.

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

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

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

"Although for the state's purposes, by virtue of the statutory responsibility that all North Carolina Counties provide EMS, Bertie County is classified as an EMS 'system.' In reality, EMS in Bertie County is a function of four (4) independently incorporated, and separate non-profit organizations;

Bertie County, North Carolina Management's Discussion and Analysis

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:

Bertie County's Regional Water System operating revenues for the fiscal year ended June 30, 2016 total \$2,636,014 or \$72,119 less than the prior year which is primarily attributable to the decline in the inmate population at the state prison in Windsor due to staffing shortage.

Expenditures for the Regional Water System are reported as \$3,034,241 on Exhibit 8 and include one-time payments and local match grant commitments for capital project financing totaling \$1,140,581. After adjusting for these one-time expenditures approved by the governing body during the fiscal year, actual system operational expenditures are more accurately presented as \$1,893,660 and are comparable to the prior year operating expenses of \$1,993,424.

The resulting operating income (gain) for FY 2015-2016 is more accurately presented as \$742,354 on Exhibit 8, and is comparable to the financial performance for the Regional Water System in the prior year which was reported as \$714,709.

During the fiscal year ended June 30, 2016 the governing body approved a payment of reimbursable expenses to the General Fund of \$855,000 from the regional water system (business-type activities). Likewise, the active projects in the Capital Improvement Program for the regional water system (business-type activities) included Board approved commitments of local matching funds expended during the fiscal year ended June 30, 2016 of \$44,713 for improvements in Water District II, \$137,413 for improvements in Water District III and \$42,797 for improvements in Water District IV. Collectively, the sum of these one-time payments and project commitments total \$1,140,581 and reflect the governing body's strategic utilization of fund balance reserves to capitalize on grant opportunities, and other projects. For example, the repayment of reimbursable expenses to the General Fund of \$855,000 provided a portion of the local match to secure a \$500,000 grant for land

Bertie County, North Carolina Management's Discussion and Analysis

acquisition in the fiscal year ended June 30, 2016. These remaining multiyear capital projects are ongoing as approved by the governing body, and are structured to secure more than \$2,000,000 in state and federal grants in support of Capital Improvement Program financing of more than \$6.5 million in system improvements for the County's regional water system.

The Board of Commissioners has actively sought to achieve the merger and consolidation of the County's regional water system with the Towns of Roxobel and Lewiston-Woodville and was successful in securing financing through the NC Drinking Water state revolving fund including a \$500,000 grant which reflects principal forgiveness for this loan. Additionally, the Board of Commissioners consolidated Water District III with the South Windsor Association community water system in 2014 and has secured \$3,055,000 in USDA Rural Development financing, of which \$1,074,000 is a federal grant.

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

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

As noted in prior year financial statements, the Board of Commissioners 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 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.



Bertie County, North Carolina Management's Discussion and Analysis

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, 2016
Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bertie County ABC Board
ASSETS				
Cash and cash equivalents	\$ 7,053,074	\$ 1,346,457	\$ 8,399,531	\$ 74,928
Receivables, (net)	2,200,339	388,733	2,589,072	3,653
Notes receivable	4,376,141	-	4,376,141	-
Inventories	-	-	-	91,531
Prepaid items	-	-	-	15,231
Restricted cash and cash equivalents	467,405	187,350	654,755	-
Total current assets	14,096,959	1,922,540	16,019,499	185,343
Capital assets:				
Land, improvements, and construction in progress	2,214,701	673,075	2,887,776	-
Other capital assets, net of depreciation	28,107,851	26,622,458	54,730,309	38,646
Total capital assets	30,322,552	27,295,533	57,618,085	38,646
Total assets	44,419,511	29,218,073	73,637,584	223,989
DEFERRED OUTFLOWS OF RESOURCES	585,337	34,984	620,321	4,794
LIABILITIES				
Accounts payable and accrued expenses	1,311,053	97,111	1,408,164	53,012
Liabilities to be paid from restricted assets	-	195,950	195,950	-
Long-term liabilities				
Net pension liability - LGERS	415,542	26,631	442,173	2,109
Due within one year	2,040,620	422,785	2,463,405	171,476
Due in more than one year	33,112,254	11,216,621	44,328,875	-
Total long-term liabilities	35,568,416	11,666,037	47,234,453	173,585
Total liabilities	36,879,469	11,959,098	48,838,567	226,597
DEFERRED INFLOWS OF RESOURCES	297,840	13,842	311,682	1,096
NET POSITION				
Net investment in capital assets	8,194,773	16,409,139	24,603,912	38,646
Restricted for:				
Drug task force	23,872	-	23,872	-
Stabilization by State Statute	1,460,311	-	1,460,311	-
Working capital	-	-	-	22,302
Unrestricted (deficit)	(1,851,417)	870,978	(980,439)	(59,858)
Total net position	\$ 7,827,539	\$ 17,280,117	\$ 25,107,656	\$ 1,090

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, 2016
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	\$ 3,845,841	\$ 131,687	\$ 2,500	\$ -	\$ (3,711,654)	\$ -	\$ (3,711,654)	\$ -
Public safety	7,389,665	1,710,884	137,429	-	(5,541,352)	-	(5,541,352)	-
Environmental protection	473,557	1,852,900	93,739	-	1,473,082	-	1,473,082	-
Economic and physical development	1,644,663	-	35,522	300,000	(1,309,141)	-	(1,309,141)	-
Human services	5,204,363	842,198	4,149,890	-	(212,275)	-	(212,275)	-
Intergovernmental:								
Education	3,292,854	-	-	510,000	(2,782,854)	-	(2,782,854)	-
Special appropriations	532,611	-	-	-	(532,611)	-	(532,611)	-
Debt service:								
Interest and fees on long-term debt	1,264,835	-	-	-	(1,264,835)	-	(1,264,835)	-
Total governmental activities	23,648,389	4,537,669	4,419,080	810,000	(13,881,640)	-	(13,881,640)	-
Business-type activities:								
Water Districts	3,869,920	2,636,014	-	204,647	-	(1,029,259)	-	-
Total business-type activities	3,869,920	2,636,014	-	204,647	-	(1,029,259)	-	-
Total primary government	\$ 27,518,309	\$ 7,173,683	\$ 4,419,080	\$ 1,014,647	\$ (13,881,640)	\$ (1,029,259)	\$ (13,881,640)	\$ -
Component unit:								
ABC Board	\$ 758,251	\$ 748,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,878)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					10,656,578	-	10,656,578	-
Local option sales tax					1,928,562	-	1,928,562	-
Other taxes and licenses					173,544	-	173,544	-
Investment earnings, unrestricted					743,201	434,993	1,178,194	857
Miscellaneous, unrestricted					1,207,905	4,677	1,212,582	4,251
Total general revenues					14,709,790	439,670	15,149,460	5,108
Change in net position					828,150	(589,589)	238,561	(4,770)
Net position-beginning, previously reported					7,226,150	17,723,854	24,950,004	5,860
Prior period adjustment					(226,761)	145,852	(80,909)	-
Net position - beginning, restated					6,999,389	17,869,706	24,869,095	5,860
Net position-ending					\$ 7,827,539	\$ 17,280,117	\$ 25,107,656	\$ 1,090

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

Bertie County, North Carolina
Balance Sheet – Governmental Fund
June 30, 2016
Exhibit 3

	Major	Non-Major	Total
	General Fund	Other Governmental Funds	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,114,837	\$ 918,553	\$ 7,033,390
Restricted cash	467,405	-	467,405
Receivables, (net):			
Taxes	735,887	-	735,887
Accounts	1,450,078	10,233	1,460,311
Notes - Vidant Medical Center	3,957,858	-	3,957,858
Notes - Landmark Asset Services	288,683	-	288,683
Notes - Bertie Memorial Limited Partnership	129,600	-	129,600
Total assets	13,144,348	928,786	14,073,134
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	1,117,428	190,634	1,308,062
Total liabilities	1,117,428	190,634	1,308,062
DEFERRED INFLOWS OF RESOURCES	5,178,653	-	5,178,653
Fund balances:			
Restricted:			
Drug task force	23,872	-	23,872
Stabilization for State Statute	1,450,078	10,233	1,460,311
Committed:			
Tax Revaluation	97,277	-	97,277
Education	370,128	-	370,128
Assigned:			
Subsequent years' expenditures	1,334,101	727,919	2,062,020
Unassigned	3,572,812	-	3,572,812
Total fund balances	6,848,268	738,152	7,586,420
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,144,349	\$ 928,786	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total Fund Balance, Governmental Funds			7,586,420
Capital assets are used in governmental activities are not financial resources and therefore are not reported in the funds.			30,322,552
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.			585,337
Net pension liability			(415,542)
Pension related deferrals			(231,216)
Deferred inflows of resources for taxes and special assessments			5,112,028
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.			(35,152,874)
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			20,834
Net assets of governmental activities			\$ 7,827,539

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, 2016
Exhibit 4

	Major	Non-Major	
		Other	Total
	General Fund	Governmental Funds	Governmental Funds
REVENUES			
Ad valorem taxes	\$ 11,241,047	\$ -	\$ 11,241,047
Other taxes and licenses	462,292	-	462,292
Intergovernmental revenues	6,359,867	632,800	6,992,667
Licenses and permits	232,491	-	232,491
Sales and services	3,141,231	-	3,141,231
Investment earnings	742,540	661	743,201
Miscellaneous	2,248,079	-	2,248,079
Total revenues	24,427,547	633,461	25,061,008
EXPENDITURES			
Current:			
General government	4,068,346	-	4,068,346
Public safety	7,472,917	397,205	7,870,122
Environmental protection	473,557	-	473,557
Economic and physical development	1,473,150	44,245	1,517,395
Human services	5,098,459	-	5,098,459
Intergovernmental:			
Education	3,292,854	-	3,292,854
Special appropriations	532,611	-	532,611
Debt service:			
Principal	1,880,695	-	1,880,695
Interest and fees	1,264,835	-	1,264,835
Total expenditures	25,557,424	441,450	25,998,874
Excess (deficiency) of revenues over expenditures	(1,129,877)	192,011	(937,866)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	512,252	-	512,252
Transfers to other funds	(4,000)	(512,252)	(516,252)
Total other financing sources and uses	508,252	(512,252)	(4,000)
Net change in fund balance	(621,625)	(320,241)	(941,866)
Fund balances-beginning	7,469,893	1,058,393	8,528,286
Prior period adjustment	-	(226,761)	(226,761)
Fund balances-ending	\$ 6,848,268	\$ 738,152	\$ 7,586,420

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, 2016
Exhibit 5

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

Net changes in fund balances - total governmental funds	\$	(941,866)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.		793,223
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.		(7,700)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		176,240
County's portion of collective pension expense.		(25,381)
Revenues not in the Statement of Activities that do not provide current financial resources and reported as revenues in the funds.		(584,469)
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.		1,880,695
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.		(381,293)
Internal service funds are used by management to charge the costs of a telephone system to individual funds.		(81,299)
Total changes in net position of governmental activities	\$	828,150

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, 2016
Exhibit 6

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 10,794,625	\$ 10,828,225	\$ 11,241,047	\$ 412,822
Other taxes and licenses	404,300	404,300	462,292	57,992
Intergovernmental revenues	5,531,734	5,883,921	6,359,867	475,946
Licenses and permits	231,041	231,041	232,491	1,450
Sales and services	3,190,301	3,432,127	3,141,231	(290,896)
Investment earnings	15,000	15,000	14,979	(21)
Miscellaneous	1,203,751	2,076,044	2,248,079	172,035
Total revenues	21,370,752	22,870,658	23,699,986	829,328
EXPENDITURES				
Current:				
General government	3,714,166	4,348,911	4,068,346	280,565
Public safety	7,242,751	7,641,880	7,472,917	168,963
Environmental protection	472,308	473,558	473,557	1
Economic and physical development	436,844	1,785,009	1,473,150	311,859
Human services	5,795,185	5,682,582	5,098,459	584,123
Intergovernmental:				
Education	3,384,233	3,390,733	3,292,854	97,879
Special appropriations	472,587	546,380	532,611	13,769
Debt service:				
Principal	1,880,697	1,880,697	1,880,695	2
Interest and fees	1,264,838	1,264,838	1,264,835	3
Total expenditures	24,663,609	27,014,588	25,557,424	1,457,164
Revenues over (under) expenditures	(3,292,857)	(4,143,930)	(1,857,438)	2,286,492
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,045,251	2,045,251	1,574,866	(470,385)
Transfers to other funds	(335,000)	(339,000)	(413,906)	(74,906)
Total other financing sources and uses	1,710,251	1,706,251	1,160,960	(545,291)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,582,606)	(2,437,679)	(696,478)	1,741,201
Appropriated fund balance	1,582,606	2,437,679	-	(2,437,679)
Net change in fund balance	\$ -	\$ -	(696,478)	\$ (696,478)
Fund balances-beginning				7,077,341
Fund balances-ending				\$ 6,380,863
The legally budgeted Tax Revaluation Fund and Capital Reserve Fund are consolidated into the General Fund for reporting purposes:				
Investment earnings				\$ 727,561
Transfers in - General Fund				409,906
Transfers out - General Fund				(1,062,614)
Fund balance, beginning				392,552
Fund balance, ending (Exhibit 4)				\$ 6,848,268

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

Bertie County, North Carolina
Statement of Net Position – Proprietary Funds
June 30, 2016
Exhibit 7

	Business-type Activities - Proprietary Funds - Major			Governmental Activities - Internal Service Funds
	Regional Water District	County Water Service Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,346,457	\$ -	\$ 1,346,457	\$ 19,684
Receivables, net	388,733	-	388,733	4,141
Total current assets	1,735,190	-	1,735,190	23,825
Noncurrent assets:				
Restricted assets:				
Restricted cash and cash equivalents	187,350	-	187,350	-
Due from Districts	-	10,700,000	10,700,000	-
Capital assets:				
Land and improvements	129,994	-	129,994	-
Construction in progress	543,081	-	543,081	-
Buildings, improvements, and equipment	36,484,127	-	36,484,127	182,848
Less accumulated depreciation	(9,861,669)	-	(9,861,669)	(182,848)
Total capital assets	27,295,533	-	27,295,533	-
Total noncurrent assets	27,482,883	10,700,000	38,182,883	-
Total assets	29,218,073	10,700,000	39,918,073	23,825
DEFERRED OUTFLOWS OF RESOURCES	34,984	-	34,984	-
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	97,111	-	97,111	2,991
Compensated absences	29,596	-	29,596	-
Installment purchase	11,650	-	11,650	-
Due to County	380,000	-	380,000	-
Limited obligation bonds	-	380,000	380,000	-
Original issue discount/premium	23,736	-	23,736	-
Total current liabilities	542,093	380,000	922,093	2,991
Noncurrent liabilities:				
Liabilities payable from restricted assets:				
Accounts payable	8,600	-	8,600	-
Customer deposits	187,350	-	187,350	-
Installment purchase	174,744	-	174,744	-
Due to County	10,320,000	-	10,320,000	-
Limited obligation bonds	-	10,320,000	10,320,000	-
Original issue discount/premium	459,077	-	459,077	-
Net pension liability	26,631	-	26,631	-
Other postemployment benefits	240,603	-	240,603	-
Total noncurrent liabilities	11,417,005	10,320,000	21,737,005	-
Total liabilities	11,959,098	10,700,000	22,659,098	2,991
DEFERRED INFLOWS OF RESOURCES	13,842	-	13,842	-
NET POSITION				
Net investment in capital assets	16,409,139	-	16,409,139	-
Unrestricted	870,978	-	870,978	20,834
Total net position	\$ 17,280,117	\$ -	\$ 17,280,117	\$ 20,834

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, 2016
Exhibit 8

	Business-type Activities - Proprietary Funds - Major			Governmental Activities - Internal Service Funds
	Regional Water District	County Water Service Fund	Total	
Operating revenue				
User charges	\$ 2,636,014	\$ -	\$ 2,636,014	\$ 70,539
Total operating revenue	2,636,014	-	2,636,014	70,539
Operating expenses				
Administrative expenses	2,288,007	-	2,288,007	155,838
Depreciation expense	746,234	-	746,234	-
Total operating expenses	3,034,241	-	3,034,241	155,838
Operating income (loss)	(398,227)	-	(398,227)	(85,299)
Nonoperating revenues (expenses)				
Investment earnings	5,287	429,706	434,993	-
Miscellaneous income	4,677	-	4,677	-
Interest, fees and amortization	(405,973)	(429,706)	(835,679)	-
Total nonoperating revenues (expenses)	(396,009)	-	(396,009)	-
Income (loss) before contributions and operating transfers	(794,236)	-	(794,236)	(85,299)
Capital contributions	204,647	-	204,647	-
Transfers from (to) other funds	-	-	-	4,000
Total transfers and capital contributions	204,647	-	204,647	4,000
Change in net position	(589,589)	-	(589,589)	(81,299)
Net position, beginning	17,723,854	-	17,723,854	102,133
Restatement	145,852	-	145,852	-
Net position, beginning, restated	17,869,706	-	17,869,706	102,133
Net position, ending	\$ 17,280,117	\$ -	\$ 17,280,117	\$ 20,834

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, 2016
Exhibit 9

	<u>Business-type Activities - Proprietary Funds-Major</u>		Governmental Activities - Internal Service Funds
	Regional Water District		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$	2,473,923	\$ 69,233
Cash paid for goods and services		(1,748,674)	(153,366)
Cash paid to employees for services		(501,379)	-
Customer deposits (net)		33,945	-
Other operating revenues		107,384	-
Net cash provided (used) by operating activities		365,199	(84,133)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating income		4,677	-
Transfers from (to) other funds		-	4,000
Net cash provided (used) from noncapital financing activities		4,677	4,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(581,937)	-
Interest paid on construction debt		(429,706)	-
Principal paid on bond maturities and equipment contracts		(377,914)	-
Capital contributions - Federal grant		204,647	-
Net cash provided (used) for capital and related financing activities		(1,184,910)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment		5,287	-
Net increase (decrease) in cash and cash equivalents		(809,747)	(80,133)
Cash and cash equivalents, beginning		2,343,554	99,817
Cash and cash equivalents, ending	\$	1,533,807	\$ 19,684

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, 2016
Exhibit 9

**Reconciliation of operating income (loss) to net cash
provided (used) by operating revenues**

Operating income (loss)	\$	(398,227)	\$	(85,299)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		746,234		-
Change in assets, liabilities, and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable		(54,707)		(1,306)
(Increase) decrease in net pension asset		21,285		-
(Increase) decrease in deferred outflows of resources for pensions		(14,869)		-
Increase (decrease) in net pension liability		26,631		-
Increase (decrease) in deferred inflows of resources for pensions		(37,656)		-
Increase (decrease) in accounts payable and accrued liabilities		(50,438)		2,472
Increase (decrease) in customer deposits		33,945		-
Increase (decrease) in accrued vacation		3,657		-
Increase (decrease) in OPEB payable		89,344		-
Total adjustments		763,426		1,166
Net cash provided (used) by operating activities	\$	365,199	\$	(84,133)

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

Bertie County, North Carolina
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2016
Exhibit 10

ASSETS	
Cash and cash equivalents	\$ 4,395
<hr/>	
LIABILITIES	
Miscellaneous liabilities	4,395
<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 one water district to provide a water system for the County residents within the Regional Water District. Under State law [G.S. 162A-89], the County's board of commissioners also serve as the governing board for the Regional Water District. Therefore, the Regional Water District is reported as an enterprise fund in the County's financial statements. The Regional Water District does 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.

The County reports the following major enterprise funds:

Bertie County Regional Water Districts Fund - This fund accounts for the County's water operations of all four of the County's water districts.

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 Fund, which is a proprietary fund, is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. Bertie County has one internal service fund. The Bertie Telephone is an internal service fund, which operates for County use only. The Bertie County Telephone Fund is consolidated with the Governmental Funds in the government-wide statements.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains five Agency Funds: the Social Services Fund, which accounts for monies held by the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Bertie County Board of Education and the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Pest Management Fund, which accounts for the moneys received from local farmers for Agriculture Extension services; and the Deed of Trust Fee Fund, which accounts for the 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 and the Lottery Proceeds Fund are reported as nonmajor special revenue funds. The Pilot Extraction Facility Fund, the Golden Leaf Grant Fund, the Maintenance Building Fund, and the Bertie High School Construction 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.

Bertie County, North Carolina Notes to Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Bertie County, North Carolina Notes to Financial Statements

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.

Bertie County, North Carolina Notes to Financial Statements

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 carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Cash Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. 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.

Governmental Activities		
General Fund	Tax Revaluation	\$ 97,277
	Capital Reserves Schools	<u>370,128</u>
Total Governmental Activities		<u>\$ 467,405</u>
Business-type Activities		
Water District Regional	Customer deposits	<u>187,350</u>
Total Business-type Activities		<u>\$ 187,350</u>
<hr style="border-top: 1px solid black;"/>		
Total Restricted Cash		<hr style="border-top: 1px solid black;"/> <u>\$ 654,755</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles 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.

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.

Bertie County, North Carolina
Notes to Financial Statements

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 meet 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.

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, 2016.

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

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

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

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

Bertie County, North Carolina Notes to Financial Statements

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

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

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

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

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

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

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

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

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 (LERS). 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

Bertie County, North Carolina
Notes to Financial Statements

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.

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 \$241,119 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)	\$ 37,742,921
Less accumulated depreciation	<u>(7,420,369)</u>
Net capital assets	30,322,552
Contributions to the pension plan in the current fiscal year	585,337
Pension related deferrals	(231,216)
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	5,112,028
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the funds statements:	
Bonds, leases, and installment financing	(30,434,071)
Pension obligation	(303,575)
Net pension liability	(415,542)
Other postemployment benefit obligation	(4,005,464)
Compensated absences	<u>(409,764)</u>
	(35,568,416)
Internal service funds are used by management to charge the costs of a data information system to individual funds.	20,834
Total adjustment	\$ 241,119

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 \$1,770,016 as follows:

Description	Amount
Capital outlay expenditures recorded in the funds statements but capitalized as assets in the statement of activities.	\$ 1,832,247
Cost of disposed capital assets not recorded in the fund statements.	(7,700)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(1,039,024)
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.	1,880,695
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	176,240
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	(584,469)
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	(50,346)
Other postemployment benefit obligation	(307,713)
Net pension obligation	(23,234)
County's portion of collective pension expense	(25,381)
Internal service funds are used by management to charge the costs of a data information system to individual funds.	(81,299)
Total adjustment	\$ 1,770,016

F. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through February 8, 2017, 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, 2016, the County's deposits had a carrying amount of \$6,469,926. The bank balances with financial institutions and with the State Treasurer were \$5,964,202 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 \$5,711,279 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2016, Bertie County had \$1,225 cash on hand.

At June 30, 2016, the carrying amount of deposits for Bertie County ABC Board was \$73,253 and the bank balance was \$73,936. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2016, the County's investments consisted of \$2,580,212 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.

Bertie County, North Carolina
Notes to Financial Statements

At June 30, 2016, 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
2013	\$ 1,437,402	\$ 470,750	\$ 1,908,152
2014	1,431,443	339,968	1,771,411
2015	1,449,040	213,734	1,662,774
2016	1,434,597	82,489	1,517,086
Total	\$ 5,752,482	\$ 1,106,941	\$ 6,859,423

4. Receivables

Receivables at the government-wide level at June 30, 2016, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Other	Total
Governmental activities:					
General	\$ 813,762	\$ 850,322	\$ 636,316	\$ 4,376,141	\$ 6,676,541
Other Governmental	10,233	-	-	-	10,233
Internal Service Fund	4,141	-	-	-	4,141
Total receivables	828,136	850,322	636,316	4,376,141	6,690,915
Allowance for doubtful accounts	-	(114,435)	-	-	(114,435)
Total governmental activities	\$ 828,136	\$ 735,887	\$ 636,316	\$ 4,376,141	\$ 6,576,480
Business-type activities:					
Regional Water District	\$ 428,590	\$ -	\$ -	\$ -	\$ 428,590
Total receivables	428,590	-	-	-	428,590
Allowance for doubtful accounts	(39,857)	-	-	-	(39,857)
Total business-type activities	\$ 388,733	\$ -	\$ -	\$ -	\$ 388,733

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

Local option sales tax	\$ 526,359
Sales tax receivable	109,957
	\$ 636,316

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

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 690,994	\$ 1,002,475	\$ -	\$ 1,693,469
Construction in progress	-	521,232	-	521,232
Total capital assets not being depreciated	690,994	1,523,707	-	2,214,701
Capital assets being depreciated:				
Buildings	30,203,738	33,000	-	30,236,738
Improvements	1,123,274	-	-	1,123,274
Equipment	2,388,438	59,570	-	2,448,008
Vehicles and motor equipment	1,661,195	215,970	156,968	1,720,197
Total capital assets being depreciated	35,376,645	308,540	156,968	35,528,217
Less accumulated depreciation for:				
Buildings	3,789,736	598,641	-	4,388,377
Improvements	376,069	54,258	-	430,327
Equipment	1,195,869	202,147	-	1,398,016
Vehicles and motor equipment	1,168,936	183,978	149,268	1,203,646
Total accumulated depreciation	6,530,610	1,039,024	149,268	7,420,366
Total capital assets being depreciated, net	28,846,035			28,107,851
Governmental activity capital assets, net	\$ 29,537,029			\$ 30,322,552

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

General government	\$ 556,340
Public safety	249,512
Human services	105,904
Parks and Recreation	127,268
Total depreciation expense	\$ 1,039,024

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	367,340	498,828	323,087	543,081
Total capital assets not being depreciated	497,334	498,828	323,087	673,075
Capital assets being depreciated:				
Plant and distribution systems	35,971,526	385,902	-	36,357,428
Vehicles	118,305	28,895	20,501	126,699
Total capital assets being depreciated	36,089,831	414,797	20,501	36,484,127
Less accumulated depreciation for:				
Plant and distribution systems	9,074,452	729,083	-	9,803,535
Vehicles	61,484	17,151	20,501	58,134
Total accumulated depreciation	9,135,936	746,234	20,501	9,861,669
Total capital assets being depreciated, net	26,953,895			26,622,458
Water Districts capital assets, net	\$ 27,451,229			\$ 27,295,533

Construction commitments

The government has active construction projects as of June 30, 2016. The projects include the water district projects and the Bertie High School construction. At June 30, 2016, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Bertie High School	\$ 21,438,986	\$ 96,014
SRF Funds - Water District II	71,500	1,294,637
2012 CDBG - Water District III	257,500	26,500
Improvements - Water District III	137,413	2,917,587
SRF Funds - Water District IV	76,668	1,635,453
Total	\$ 21,982,067	\$ 5,970,191

Bertie County, North Carolina
Notes to Financial Statements

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2016, 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	132,784	-	-	132,784
Leasehold improvements	19,211	8,582	-	27,793
Vehicles	1,470	-	-	1,470
Total capital assets being depreciated	153,465	8,582	-	162,047
Less accumulated depreciation for:				
Furniture and equipment	101,419	6,402	-	107,821
Leasehold improvements	17,749	150	-	17,899
Vehicles	1,470	-	-	1,470
Total accumulated depreciation	120,638	6,552	-	127,190
ABC capital assets, net	\$ 36,616			\$ 38,646

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors	Total
Governmental Activities:		
General	\$ 1,117,428	\$ 1,117,428
Other Governmental	190,634	190,634
Internal Service Fund	2,991	2,991
Total governmental funds	\$ 1,311,053	\$ 1,311,053
Business-type Activities:		
Regional Water Districts	\$ 97,111	\$ 97,111
Total business-type activities	\$ 97,111	\$ 97,111

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.

Bertie County, North Carolina Notes to Financial Statements

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.

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, 2016, was 7.15% of compensation for law enforcement officers and 6.67% 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

Bertie County, North Carolina Notes to Financial Statements

earned by employees during the year. Contributions to the pension plan from the County were \$445,210 for the year ended June 30, 2016.

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, 2016, the County reported a liability of \$469,977 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County’s proportion was 0.10472%, which was an increase of 0.02362% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$292,348. At June 30, 2016, 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	\$ -	\$ 110,471
Net difference between projected and actual earnings on pension plan investments	-	133,801
Changes in proportion and differences between County contributions and proportionate share of contributions.	172,174	-
County contributions subsequent to the measurement date	445,210	-
Total	\$ 617,384	\$ 244,272

\$445,210 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:	
2017	\$ (110,368)
2018	(110,368)
2019	(110,221)
2020	258,859
2021	-
Thereafter	-
	\$ (72,098)

Actuarial Assumptions. The total pension liability in the December 31, 2014 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, 2014 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 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, 2015 are summarized in the following table:

Bertie County, North Carolina Notes to Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	2.20%
Global Equity	42.00%	5.80%
Real Estate	8.00%	5.20%
Alternatives	8.00%	9.80%
Credit	7.00%	6.80%
Inflation Protection	6.00%	3.40%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.0%. All rates of return and inflation are annualized.

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 or liability 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:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net position liability (asset)	\$ 3,277,215	\$ 469,977	\$ (1,895,059)

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, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	24
Total	25

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies.

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained Revised 7/2016 35-J-80 on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

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 on a pay as you go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$14,476, or 1.38% 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

Bertie County, North Carolina Notes to Financial Statements

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, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.50% to 7.35% 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, 2015 was 15 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	\$ 48,328
Interest on net OPEB obligation	14,017
Adjustment to annual required contribution	<u>(24,635)</u>
Annual OPEB cost (expense)	37,710
Contributions made	<u>14,476</u>
Increase (decrease) in net OPEB obligation	23,234
Net pension obligation, beginning of year	<u>280,341</u>
Net pension obligation, end of year	<u>\$ 303,575</u>

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 25,957	0.00%	\$ 251,565
2015	\$ 33,601	14.36%	\$ 280,341
2016	\$ 37,710	38.39%	\$ 303,575

4. Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$457,728, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$457,728.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,049,983 and the ratio of the UAAL to the covered payroll was 43.59 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 and General Employees

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, 2016 were \$60,832 which consisted of \$52,757 from the County and \$8,075 from the law enforcement officers.

The County also elected to contribute an amount equal to two percent of each general employee's salary. All amounts contributed are vested immediately. Also, the general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$157,931 which consisted of \$109,970 from the County and \$47,961 from the general employees.

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 eligibility is based on at least 10 years of service as a register of deeds with the individual's share

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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 \$973 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$27,804 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 0.11998%, which was a decrease of 0.00287% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of (\$668). At June 30, 2016, 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	\$ 136	\$ 460
Net difference between projected and actual earnings on pension plan investments	1,379	-
Changes in proportion and differences between County contributions and proportionate share of contributions.	449	325
County contributions subsequent to the measurement date	973	-
Total	\$ 2,937	\$ 785

\$973 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Notes to Financial Statements**

Year ended June 30:		
2016	\$	173
2017		299
2018		335
2019		372
2020		-
Thereafter		-
	<u>\$</u>	<u>1,179</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 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, 2014 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, 2015 is 2.2%.

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,

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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)	\$ (25,085)	\$ (27,804)	\$ (30,144)

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 Postemployment Benefit

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System). The County provides these benefits according to the following guidelines: a) The County will pay 50% of the cost of the premiums for an employee who is at least 55 years of age retiring with 15 years of continuous service with Bertie County; b) The County will pay 100% of the cost of the premiums for an employee retiring with 20 years of continuous service with Bertie County; c) The County will pay 100% of the cost of the premiums for an employee retiring with 25 years of non-continuous service with Bertie County; Coverage will continue until the employee becomes eligible for Medicare, at which time the County will convert coverage to a Medicare Supplement policy. The cost for the employee's share of the premiums, if any, will be determined on an annual basis. Service time credit with the County will be calculated based on actual service time and any sick leave time that is on balance with the County at the time of retirement. The health insurance provision of this article shall apply to County

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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, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	EMS
Retirees and dependents receiving benefits	41	3	-
Active plan members	105	22	35
	146	25	35

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 12.54% of annual covered payroll. For the current year, the County contributed \$334,442 or 5.78% 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:

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Annual Required Contribution	\$ 724,619
Interest on net OPEB obligation	153,960
Adjustment to annual required contribution	(147,080)
Annual OPEB cost (expense)	731,499
Contributions made	(334,442)
Increase (decrease) in net OPEB obligation	397,057
Net OPEB obligation, beginning of year	3,849,010
Net OPEB obligation, end of year	\$ 4,246,067

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
2014	\$ 708,811	40.40%	\$ 3,385,713
2015	\$ 709,567	34.71%	\$ 3,849,010
2016	\$ 731,499	45.70%	\$ 4,246,067

Funded Status and Funding Progress. As of December 31, 2015, 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 \$11,967,702. The covered payroll (annual payroll of active employees covered by the plan) was \$5,776,863 and the ratio of the UAAL to the covered payroll was 207.2%.

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 information about the actuarial value of plan assets and the actuarially 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, 2015 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

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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 unit credit on a level percent of payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

f. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	\$ -	\$ 110,471
Register of Deeds	-	460
Pensions - difference between projected and actual investment earnings	-	133,801
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	-	325
Contributions to pension plan in 2015-2016 fiscal year	620,321	-
Prepaid taxes not yet earned (General)	-	66,625
Taxes receivables, net (General)	-	735,887
Special assessments receivable, net (General)	-	4,376,141
	\$ 620,321	\$ 5,423,710

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

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

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

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

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

5. Contingent Liabilities

At June 30, 2016, 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 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.

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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%.

For Bertie County, the future minimum payments of these installment purchases as of June 30, 2016, including \$969,912 of interest, are:

Year ending June 30	Governmental Activities					
	Hospital		Health Department		DSS County Building	
	Principal	Interest	Principal	Interest	Principal	Interest
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	776,562	50,008	-	-	220,000	10,516
2022-2024	473,338	8,874	-	-	220,000	5,258
Principal and interest payment totals	\$ 3,957,858	\$ 657,526	\$ 177,778	\$ 8,733	\$ 1,320,000	\$ 110,418

Year ending June 30	QZAB School	QZAB Bertie	Middle School	
	Project	High	Principal	Interest
	Principal	Principal	Principal	Interest
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	212,181	109,460	200,000	3,380
2022-2024	363,210	577,020	-	-
Principal and interest payment totals	\$ 1,424,115	\$ 1,124,320	\$ 1,800,000	\$ 152,100

Year ending June 30	Business-type		
	Activities	Totals	
	Principal	Principal	Interest
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	11,650	1,529,853	63,904
2022-2026	58,250	1,691,818	14,132
2027-2031	58,250	58,250	-
2032	11,649	11,649	-
Principal and interest payment totals	\$ 186,399	\$ 9,990,470	\$ 928,777

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.

The County's general obligation bonds payable at June 30, 2016 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%.	\$ 2,270,000
\$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%.	3,220,000
\$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%.	2,050,000
\$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%.	3,160,000
	\$ 10,700,000

Bertie County, North Carolina Notes to Financial Statements

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
2017	\$ 380,000	\$ 422,306
2018	385,000	407,106
2019	405,000	395,556
2020	415,000	379,356
2021	435,000	362,756
2022-2026	2,440,000	1,538,780
2027-2031	2,785,000	1,010,151
2032-2036	2,675,000	450,865
2037-2040	780,000	67,400
Principal and interest payment totals	\$ 10,700,000	\$ 5,034,276

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.

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.

Bertie County, North Carolina Notes to Financial Statements

The County's limited obligation bonds payable at June 30, 2016 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%.	2,600,000
	\$ 20,630,000

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%.	\$ 10,700,000
	\$ 10,700,000

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

Year ending June 30	Governmental activities		Business-type activities	
	Totals		Totals	
	Principal	Interest	Principal	Interest
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	755,000	861,710	435,000	362,756
2022-2026	420,000	4,211,763	2,440,000	1,538,780
2027-2031	-	4,207,300	2,785,000	1,010,151
2032-2036	-	4,207,300	2,675,000	450,865
2037-2040	18,030,000	420,730	780,000	67,400
Principal and interest payment totals	\$ 20,630,000	\$ 17,485,618	\$ 10,700,000	\$ 5,034,276

At June 30, 2016, Bertie County had a legal debt margin of \$74,454,985.

Bertie County, North Carolina Notes to Financial Statements

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 11,399,766	\$ -	\$ 1,595,695	\$ 9,804,071	\$ 1,629,945
Limited obligation debt	20,915,000	-	285,000	20,630,000	285,000
Compensated absences	359,418	50,346	-	409,764	102,441
Net pension obligation	280,341	23,234	-	303,575	23,234
Net pension liability	-	415,542	-	415,542	-
Other postemployment benefits	3,697,751	307,713	-	4,005,464	-
Total governmental activities	\$ 36,652,276	\$ 796,835	\$ 1,880,695	\$ 35,568,416	\$ 2,040,620
Business-type activities:					
Installment purchase	\$ 194,308	\$ -	\$ 7,914	\$ 186,394	\$ 11,650
Due to County	11,070,000	-	370,000	10,700,000	380,000
Limited obligation debt	11,070,000	-	370,000	10,700,000	380,000
Original issue discount	(46,253)	-	(2,167)	(44,086)	(2,167)
Original issue premium	552,799	-	25,900	526,899	25,903
Compensated absences	25,939	3,657	-	29,596	7,399
Net pension liability	-	26,631	-	26,631	-
Other postemployment benefits	151,259	89,344	-	240,603	-
Total business-type activities	\$ 23,018,052	\$ 119,632	\$ 771,647	\$ 22,366,037	\$ 802,785
Discretely presented component unit:					
Other postemployment benefits	\$ 151,675	\$ -	\$ -	\$ 151,675	\$ -
Total discretely presented component unit	\$ 151,675	\$ -	\$ -	\$ 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.

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, 2016, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2016 consist of the following:

Due to the County for general obligation bond debt from:	
Regional Water District	\$ 10,700,000

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

Bertie County, North Carolina
Notes to Financial Statements

Transfers to/from other funds at June 30, 2016, consist of the following:

Transfer from the Capital Reserve Schools to the General Fund for debt services.	\$ 702,708
Transfer from the General Fund to the Revaluation Fund to accumulate resources for the revaluation of real property.	(50,000)
Transfer from the General Fund to Bertie Telephone for operating expenses.	4,000
Total	\$ 656,708

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 30,322,552	\$ 27,295,533
Less: long-term debt	30,434,071	10,886,394
Add: debt related to assets not owned by the County	8,306,292	-
Net investment in capital assets	\$ 8,194,773	\$ 16,409,139

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.

Total fund balance - General Fund	\$ 6,848,268
Less:	
Drug	23,872
Stabilization by State Statute	1,450,078
Tax Revaluation	97,277
Education	370,128
Working Capital/Fund Balance Policy	2,597,133
Remaining Fund Balance	2,309,780

Bertie County, North Carolina Notes to Financial Statements

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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$137,752 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at Winton, North Carolina.

The County participates in a joint venture to operate East Carolina Behavioral Health with nine other counties. Each participating government appoints members to the eighteen member board. Bertie County appoints two members to the board. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2016. 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, 2016. In accordance with the governmental agreement between the participating governments, the County appropriated \$921,092 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$10,000 to the

Bertie County, North Carolina Notes to Financial Statements

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, 2016.

V. Benefit Payments Issued by the State

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

	Federal	State
Medicaid	\$ 27,736,540	\$ 15,734,652
Food stamp program	7,241,611	-
Energy assistance	140,200	-
Title IV-E	51,904	13,242
Foster Care	2,731	-
SC/SA Domiciliary Care	-	322,995
Total	\$ 35,172,986	\$ 16,070,889

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, 2016, the County reported these local option

Bertie County, North Carolina Notes to Financial Statements

sales taxes within its General Fund and Capital Projects Fund. The County expended the restricted portion of these taxes for public school capital outlays and retirement of school indebtedness.

VIII. Public School Building Capital Fund

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

Monies in the fund are allocated to Bertie County on the basis of the average daily membership (ADM) for Bertie County Board of Education as determined and certified by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 2016, the balance of the County's ADM allocation account was \$2,955. 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, 2016, the balance of the County's Lottery Fund account was \$420,641. 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, 2016, 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, 2016, the fair market value of the lease was \$3,957,858.

Bertie County, North Carolina Notes to Financial Statements

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

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

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

X. Prior Period Adjustments

During the fiscal year ended June 30, 2016, the County determined the accounts receivable revenue in the Bertie High School Construction Fund was overstated by \$226,761. Therefore, an adjustment to beginning net position has been recorded to account for this item, the net effect of which decreased beginning net position by \$226,761 in the Regional Water District.

During the fiscal year ended June 30, 2016, the County determined the accounts receivable and revenue in the Regional Water District was understated by \$145,852. Therefore, an adjustment to beginning net position has been recorded to account for these items, the net effect of which increased beginning net position by \$145,852 in the Regional Water District.

**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)
12/31/2004	\$ -	\$ 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%
12/31/2015	\$ -	\$ 457,728	\$ 457,728	0.00%	\$ 1,049,983	43.59%

**Bertie County, North Carolina
Other Postemployment Benefits
Required Supplemental Information
Schedule of Funding Progress
Schedule 2**

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%
12/31/2015	\$ -	\$ 11,967,702	\$ 11,967,702	0.00%	\$ 5,776,863	207.17%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	\$ 708,811	40.40%
2015	\$ 709,567	34.71%
2016	\$ 724,619	46.15%

**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 3**

	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.1047%	0.0811%	0.8310%
County's proportionate share of the net pension liability (asset) (\$)	\$ 469,977	\$ (478,284)	\$ 1,001,674
County's covered-employee payroll	\$ 6,638,186	\$ 6,546,107	\$ 5,337,910
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.08%	(7.31)%	18.77%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

**Bertie County, North Carolina
Local Governmental Employees' Retirement System
Required Supplemental Information
Schedule of the County's Contributions
Schedule 4**

	2016	2015	2014
Contractually required contribution	\$ 445,210	\$ 428,252	\$ 354,841
Contributions in relation to the contractually required contribution	445,210	428,252	354,841
Contribution deficiency (excess)	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 6,638,186	\$ 6,546,107	\$ 5,337,910
Contributions as a percentage of covered-employee payroll	6.71%	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 5

	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.11998%	0.12285%	0.11879%
County's proportionate share of the net pension liability (asset) (\$)	\$ (27,804)	\$ (27,841)	\$ (25,374)
County's covered-employee payroll	\$ 122,973	\$ 119,148	\$ 118,870
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-22.61%	-23.37%	-21.35%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

Bertie County, North Carolina
Register of Deeds Supplemental Pension Fund
Required Supplemental Information
Schedule of the County's Contribution
Schedule 6

	2016	2015	2014
Contractually required contribution	\$ 973	\$ 960	\$ 1,003
Contributions in relation to the contractually required contribution	973	960	1,003
Contribution deficiency (excess)	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 122,973	\$ 119,148	\$ 118,870
Contributions as a percentage of covered-employee payroll	0.79%	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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes			
Current year		\$ 10,584,612	
Prior years		442,655	
Penalties and interest		213,780	
Total	\$ 10,828,225	11,241,047	\$ 412,822
Other taxes			
Local 1 percent sales tax-article 39		385,962	
Scrap tire disposal tax		27,343	
NC excise tax		45,275	
White goods disposal tax		3,665	
Lease vehicle tax		47	
Total	404,300	462,292	57,992
Intergovernmental revenues:			
Wine and beer		62,769	
Emergency Management		39,268	
Local 1/2¢ sales tax-article 40		1,045,419	
Local 1/2¢ sales tax-article 42		446,448	
Local 1/2¢ sales tax-article 44		50,733	
State DWI reimbursement		1,333	
Payment in lieu of taxes		51,794	
Veteran services		1,525	
Aging office		235,773	
CAMA		200	
Soil conservation		23,463	
Juvenile Crime Prevention Council		96,232	
Court facility fees		37,568	
Officer fees		48,626	
Restricted drug money		3,695	
Law Enforcement Grant		1,815	
School Resource Officer - Board of Ed		189,581	
Rural General Public Transportation		50,512	
Aging - Senior outreach		3,800	
Social services - general administration		1,844,639	
Day Care		654,350	
Child support		315,856	
Foster care		41,593	
Elderly/Handicapped transportation		55,168	
Shiip Grant		3,364	
Solid Waste Disposal		11,399	
Medicaid EMS Cost Settlement		401,248	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
EFNEP program assistant		22,000	
Equipment Grant		7,500	
Trillium grant		300,000	
Firefighters grant		78,417	
Homeland Security grant		45,000	
Eat Smart Move More		7,500	
4-H Cooking camp		3,000	
Low Income Energy Assistance		140,200	
Mid East		38,079	
Total	5,883,921	6,359,867	475,946
Licenses and permits:			
Recording fees		42,982	
Vital record fees		14,119	
Concealed weapons		10,125	
Recreation fees		4,425	
Peddlers license		50	
Other fees		60,557	
Inspection fees and building permits		93,165	
Cultural resources		2,123	
Floodplain mapping fee		4,672	
Concession profits		273	
Total	231,041	232,491	1,450
Sales and services:			
Rents and concessions		57,694	
Jail fees		6,658	
Ambulance fees		763,136	
Non-Emergency transport		445,655	
Landfill host fees		1,848,228	
Aging Program income		15,216	
Registration fees		280	
Vehicle tax collection fees		4,364	
Total	3,432,127	3,141,231	(290,896)
Investment earnings	15,000	14,979	(21)
Miscellaneous:			
Fuel tax		52,663	
Miscellaneous		81,449	
ABC profits		10,000	
5¢ per bottle tax		2,929	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Sale of assets		53,236	
Sale of land		5,205	
Other department revenue		241,640	
Insurance proceeds		17,655	
Hospital lease revenue		826,650	
5% water gross receipts		18,578	
5% electric gross receipts		40,702	
5% sewer gross receipts		8,155	
Reimbursement Cooperative Extension Program Income		3,599	
Expense reimbursements		855,000	
Donations		2,500	
Implemental functions of NC911		28,118	
Total	2,076,044	2,248,079	172,035
Total revenues	22,870,658	23,699,986	829,328
EXPENDITURES			
<u>General Government</u>			
Governing body:			
Salaries and benefits		85,356	
Travel		53,571	
Telephone and postage		2,932	
Dues and subscriptions		5,512	
Advertising		8,368	
Insurance and bonds		48,831	
Miscellaneous		12,069	
Total	218,625	216,639	1,986
Administration:			
Salaries and benefits		214,834	
Telephone and postage		4,090	
Travel		5,961	
Supplies and materials		9,068	
Dues and subscriptions		1,414	
Insurance and bonds		654	
Employee training		628	
Total	246,987	236,649	10,338
Finance:			
Salaries and benefits		191,653	
Supplies and materials		10,220	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Travel		1,319	
Telephone and postage		4,847	
Contracted services		3,747	
Dues and subscriptions		50	
Maintenance and repairs		2,541	
Insurance and bonds		175	
Employee training		125	
Total	253,175	214,677	38,498
Human Resources and Risk Service:			
Salaries and benefits		63,864	
Telephone and postage		562	
Travel		962	
Supplies and materials		1,401	
Contracted services		25,953	
Dues and subscriptions		10	
Total	109,730	92,752	16,978
Elections:			
Salaries and benefits		100,201	
Telephone and postage		4,772	
Travel		8,757	
Buildings and equipment rents		100	
Advertising		2,447	
Supplies and materials		19,381	
Maintenance and repairs		17,428	
Contracted services		17,392	
Dues and subscriptions		100	
Insurance and bonds		433	
Employee training		1,582	
Total	196,990	172,593	24,397
Tax Collections:			
Salaries and benefits		366,643	
Telephone and postage		14,749	
Travel		3,998	
Insurance and bonds		450	
Advertising		5,981	
Office supplies		7,728	
Contracted services		176,408	
Maintenance and repairs		3,904	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Dues and subscriptions		175	
Miscellaneous		34,921	
Total	635,277	614,957	20,320
Legal:			
Contracted services		106,372	
Tax foreclosures		86,921	
Total	193,294	193,293	1
Register of Deeds:			
Salaries and benefits		173,201	
Telephone and postage		3,191	
Travel		2,804	
Supplies and materials		3,564	
Fees		1,699	
Contracted services		13,857	
Dues and subscriptions		350	
Insurance and bonds		1,449	
Maintenance and repairs		42,339	
Conveyance tax		22,183	
Domestic violence		2,590	
Floodplain mapping plan		4,672	
Employee training		80	
Total	307,963	271,979	35,984
Data Center:			
Salaries and benefits		165,111	
Telephone and postage		15,097	
Travel		521	
Supplies and materials		7,484	
Maintenance and repairs		30,246	
Total	230,845	218,459	12,386
Public Buildings:			
Salaries and benefits		311,705	
Telephone and postage		1,654	
Utilities		68,208	
Maintenance and repairs - buildings		354,326	
Maintenance and repairs - vehicles and equipment		8,433	
Automotive supplies		5,693	
Supplies and materials		15,410	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Contracted services		14,062	
Insurance and bonds		34,669	
Uniforms		1,622	
Capital outlay		190,266	
	1,050,995	1,006,048	44,947
Allocated to court facilities	(46,000)	(46,000)	-
Total	1,004,995	960,048	44,947
Court Facilities:			
Utilities and telephone		21,537	
Buildings and equipment rents		372	
Miscellaneous		7,338	
	34,872	29,247	5,625
Allocated from public buildings	46,000	46,000	-
Total	80,872	75,247	5,625
Parks and Recreation:			
Salaries and benefits		146,417	
Supplies and materials		38,766	
Travel		106	
Telephone and postage		1,847	
Maintenance and repairs		8,975	
Insurance and bonds		3,592	
Supplemental grants		9,621	
Contracted services		5,477	
Dues and subscriptions		130	
Utilities		10,763	
Trillium grant		300,000	
Capital outlay		5,379	
Total	580,458	531,073	49,385
Appropriations:			
Retiree health insurance		269,980	
Total	289,700	269,980	19,720
<u>Total General Government</u>	4,348,911	4,068,346	280,565
<u>Public Safety</u>			
Sheriff:			
Salaries and benefits		1,652,915	
Employee training		4,043	
Telephone and postage		13,996	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Travel		1,334	
Maintenance and repairs - equipment		14,538	
Maintenance and repairs - vehicles		44,300	
Maintenance and repairs - building		21,502	
Automotive supplies		108,355	
Supplies and materials		86,737	
Dues and subscriptions		466	
Insurance and bonds		33,863	
Uniforms		17,760	
Utilities		20,641	
Restricted drug money		2,186	
Employee physical		175	
Equipment grant		7,379	
Sheriff's office move		101,120	
Capital outlay - equipment		119,267	
Capital outlay - vehicles		104,632	
Total	2,468,834	2,355,209	113,625
Emergency Management:			
Salaries and benefits		75,459	
Telephone and postage		1,569	
Travel		2,158	
Insurance and bonds		2,304	
Supplies and materials		13,846	
Maintenance and repairs		25,638	
Contracted services		382	
Fire department		240,000	
Uniforms		246	
Rescue squad		16,000	
Supplemental grant		1,258	
Capital outlay - equipment		7,667	
Homeland Security grant		45,000	
Total	441,742	431,527	10,215
Emergency Services:			
Salaries and benefits		1,843,964	
Telephone and postage		3,549	
Travel		167	
Supplies and materials		197,763	
Maintenance and repairs		53,909	
Training		3,093	
Insurance and bonds		13,372	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Capital outlay		44,487	
Utilities		28,923	
Firefighter's grant		84,094	
Contracted services		63,112	
Total	2,352,446	2,336,433	16,013
Non-Emergency Services:			
Salaries and benefits		426,403	
Telephone and postage		2,326	
Travel		2,684	
Supplies and materials		45,405	
Maintenance and repairs		30,888	
Advertising		10,661	
Capital outlay - equipment		11,995	
Capital outlay - vehicles		13,500	
Contracted services		9,712	
Total	554,680	553,574	1,106
Planning and inspection:			
Salaries and benefits		279,861	
Telephone and postage		3,303	
Travel		3,354	
Maintenance and repairs		1,897	
Automotive supplies		7,901	
Supplies and materials		2,199	
Dues and subscriptions		575	
Insurance and bonds		1,962	
Advertising		140	
Land Use plan update		4,368	
Miscellaneous		326	
Total	308,956	305,886	3,070
Animal Control:			
Salaries and benefits		82,885	
Utilities		2,225	
Maintenance and repairs		2,900	
Telephone and postage		1,535	
Automotive supplies		9,238	
Supplies and materials		6,733	
Insurance and bonds		1,593	
Contracted services		1,678	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Uniforms		840	
Special shelter needs		8,725	
Total	124,401	118,352	6,049
Medical Examiner:			
Professional services	13,400	13,400	-
Communications:			
Salaries and benefits		375,108	
Telephone and postage		6,134	
Utilities		5,922	
Travel		438	
Supplies and materials		4,781	
Insurance and bonds		777	
Maintenance contracts		10,630	
Capital outlay		33,654	
Total	456,329	437,444	18,885
Appropriations:			
Bertie-Martin Regional Jail		921,092	
Total	921,092	921,092	-
Total Public Safety	7,641,880	7,472,917	168,963
Environmental Protection:			
Sanitation:			
Tire disposal		24,977	
Convenience centers		442,308	
Contracted services		6,272	
Total	473,558	473,557	1
Total Environmental Protection	473,558	473,557	1
Economic and Physical Development:			
Agricultural Extension:			
Salaries and benefits		177,946	
Maintenance and repairs - equipment		1,418	
Telephone and postage		6,068	
Programs		7,894	
Eat Smart Move More		8,798	
4-H Cooking Camp		3,288	
Travel		5,123	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Supplies and materials		14,785	
Dues and subscriptions		635	
Contracted services		400	
Total	229,756	226,355	3,401
Economic Development:			
Salaries and benefits		73,788	
Telephone and postage		807	
Travel		6,266	
Advertising		79	
Supplies and materials		99	
Contracted services		83,969	
Peanut Belt Rural Planning		5,782	
Employee training		238	
Capital outlay		1,002,475	
Total	1,470,063	1,173,503	296,560
Soil Conservation:			
Salaries and benefits		67,874	
Dues and subscriptions		546	
Transportation		1,600	
Aquatic weed control		3,272	
Total	85,190	73,292	11,898
<u>Total Economic & Physical Development</u>	1,785,009	1,473,150	311,859
<u>Human Services:</u>			
Health:			
Administration:			
Insurance and bonds		1,907	
Management fee yearly appropriation		96,000	
Total	97,908	97,907	1
Total Health	97,908	97,907	1
Social Services:			
Administration:			
Salaries and benefits		2,120,020	
Telephone and postage		38,131	
Utilities		23,963	
Travel		11,531	
Maintenance and repairs		17,219	

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Food stamp - EBT		8,263	
Maintenance contracts		3,485	
Buildings and equipment rents		208	
Vehicle supplies		2,815	
Supplies and materials		32,292	
Contracted services		17,201	
Dues and subscriptions		988	
Insurance		8,570	
Vidant Bertie Hospital - Indigent Care		120,000	
Miscellaneous expense		1,199	
Capital outlay		24,752	
Total	2,819,621	2,430,637	388,984

General Assistance:

Public assistance		480	
SAA		327,182	
State Foster care		3,893	
Day Care		654,350	
Medicaid		208	
Legal services		26,809	
Chore services		47,414	
Adoption assistance		18,597	
Foster Child Adoption Incentive		1,985	
Transport of patients and other		115,031	
Work First		22,278	
AFDC - Foster Care		51,078	
Crisis Intervention		141,979	
Jobs programs		4,000	
Aid to blind		1,524	
Low Income Home Energy		140,200	
DNA testing		1,610	
Child support		418,864	
Total	2,164,286	1,977,482	186,804

Aid to Aged and Disabled:

Salaries and benefits	202,896
Advertising	443
Vehicles supplies	119
Telephone and postage	3,053
Travel	5,427
Maintenance and repairs	55,731
Building and equipment rent	7,800

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
Respite		52,629	
Transportation of patients		42,593	
Utilities		11,617	
Home delivered meals		43,229	
Food and provisions		56,239	
Insurance and bonds		3,063	
Janitor		171	
Senior Center		5,060	
Classes		3,318	
SHIIP Grant		4,011	
Supplies and materials		7,753	
Dues and subscriptions		190	
Employee training		826	
Total	514,256	506,168	8,088
Total Social Services	5,498,163	4,914,287	583,876
Veterans Service Office:			
Salaries and benefits		23,460	
Telephone and postage		487	
Travel		1,443	
Supplies and materials		1,400	
Dues and subscriptions		85	
Total	27,121	26,875	246
Appropriations:			
Mental health		44,590	
Mental health - ABC 5¢		4,800	
Choanoke Public Transit Authority		10,000	
Total	59,390	59,390	-
<u>Total Human Services</u>	5,682,582	5,098,459	584,123
<u>Education:</u>			
Public schools current expense			
Public schools current expense		3,009,500	
Public Schools capital outlay		167,121	
Martin Community College		50,000	
Martin Community College Bertie Campus		11,233	
Roanoke Chowan Community College		55,000	
Total	3,390,733	3,292,854	97,879
<u>Total Education</u>	3,390,733	3,292,854	97,879

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
<u>Special Appropriations:</u>			
Other Agencies:			
Arts Council		3,000	
Airport		23,000	
Mideast Commission		6,119	
Roanoke River Partners		1,500	
Forest service		100,974	
Historical group		15,000	
Bertie County YMCA		10,000	
Library		137,752	
Juvenile detention		10,004	
CADA		4,800	
CBA task force		6,052	
Roanoke River Basin		1,500	
Windsor Area Chamber		4,000	
Food Bank of Albemarle		1,000	
Partnership for the Sounds		7,000	
Roanoke-Chowan Safe		2,000	
Rural general public transpiration		50,512	
Highway 17 Association		4,000	
Three Rivers Healthy Carolina		1,000	
Family Resource Center		25,000	
Children Matters		32,898	
Humane Society		2,000	
Vocation Jobs/Education		38,500	
Visions for View		10,000	
Esquires for education		7,500	
Second Chance Counts		27,500	
Total	546,380	532,611	13,769
<u>Total Special Appropriations</u>	546,380	532,611	13,769

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, 2016
Schedule 7

	Final Budget	Actual	Variance Positive (Negative)
<u>Debt Service:</u>			
Principal retirement	1,880,697	1,880,695	
Interest and fees	1,264,838	1,264,835	
Total	3,145,535	3,145,530	5
<hr/>			
<u>Total Debt Service</u>	3,145,535	3,145,530	5
<hr/>			
Total expenditures	27,014,588	25,557,424	1,457,164
<hr/>			
Revenues over (under) expenditures	(4,143,930)	(1,857,438)	(2,286,492)
<u>Other financing sources (uses):</u>			
<u>Transfers from other funds:</u>			
Capital Reserve Schools Fund	2,045,251	1,062,614	(982,637)
Lottery Fund	-	510,000	510,000
Maintenance Building Fund	-	43	43
Pilot Extraction Fund	-	471	471
Golden Leaf Fund	-	1,738	1,738
<u>Transfers to other funds:</u>			
Tax Revaluation Fund	(50,000)	(50,000)	-
Capital Reserve Schools Fund	(285,000)	(359,906)	(74,906)
Bertie Telephone	(4,000)	(4,000)	-
Total other financing sources and (uses)	1,706,251	1,160,960	(545,291)
<hr/>			
Revenues and other sources over (under) expenditures and other uses	(2,437,679)	(696,478)	1,741,201
<hr/>			
Appropriated fund balance	2,437,679	-	(2,437,679)
<hr/>			
Net change in fund balance	\$ -	(696,478)	\$ (696,478)
<hr/>			
Fund balance-beginning		7,077,341	
Fund balance-ending		\$ 6,380,863	

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, 2016
Schedule 8

	2016		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		47,277	
Fund balance, ending		\$ 97,277	

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, 2016
Schedule 9

	2016		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Investment earnings	\$ 100	\$ 1,630	\$ 1,530
QSCB interest	-	725,931	725,931
Total revenue	100	727,561	727,461
OTHER FINANCING SOURCES (USES)			
Transfers in - General Fund	285,000	359,906	74,906
Transfers out - General Fund	(2,045,251)	(1,062,614)	982,637
Total transfers	(1,760,251)	(702,708)	1,057,543
Revenues and other sources over (under) expenditures	(1,760,151)	24,853	1,785,004
Appropriated fund balance	1,760,151	-	(1,760,151)
Revenues, other uses, and appropriated fund balance over (under) expenditures	\$ -	24,853	\$ 24,853
Fund balances, beginning		345,275	
Fund balances, ending		\$ 370,128	

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Balance Sheet
June 30, 2016
Schedule 10

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Emergency Telephone System	Total Nonmajor Special Revenue Funds	Bertie High School	Total Nonmajor Capital Projects Funds	
ASSETS					
Cash and investments	\$ 258,503	\$ 258,503	\$ 660,050	\$ 660,050	\$ 918,553
Accounts receivable (net)	10,233	10,233	-	-	10,233
Total assets	\$ 268,736	\$ 268,736	\$ 660,050	\$ 660,050	\$ 928,786
LIABILITIES					
Accounts payable	\$ 190,634	\$ 190,634	-	-	\$ 190,634
Total liabilities	190,634	190,634	-	-	190,634
FUND BALANCES					
Restricted:					
Stabilization by State Statute	10,233	10,233	-	-	10,233
Unassigned	67,869	67,869	660,050	660,050	727,919
Total fund balances	78,102	78,102	660,050	660,050	738,152
Total liabilities and fund balances	\$ 268,736	\$ 268,736	\$ 660,050	\$ 660,050	\$ 928,786

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2016
Schedule 11

	Special Revenue Funds			Capital Project Funds				Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System	Lottery Proceeds	Total Nonmajor Special Revenue Funds	Pilot Extraction Fund	Golden Leaf Grant	Maintenance Building	Bertie High School		
REVENUES									
Investment earnings	\$ 661	\$ -	\$ 661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661
Intergovernmental revenues	122,800	510,000	632,800	-	-	-	-	-	632,800
Total revenues	123,461	510,000	633,461	-	-	-	-	-	633,461
EXPENDITURES									
Current:									
Public safety	397,205	-	397,205	-	-	-	-	-	397,205
Economic and physical development	-	-	-	-	-	-	44,245	44,245	44,245
Total expenditures	397,205	-	397,205	-	-	-	44,245	44,245	441,450
Excess (deficiency) of revenues over (under) expenditures	(273,744)	510,000	236,256	-	-	-	(44,245)	(44,245)	192,011
OTHER FINANCING SOURCES (USES)									
Transfers out	-	(510,000)	(510,000)	(471)	(1,738)	(43)	-	(2,252)	(512,252)
Total other financing sources (uses)	-	(510,000)	(510,000)	(471)	(1,738)	(43)	-	(2,252)	(512,252)
Net change in fund balance	(273,744)	-	(273,744)	(471)	(1,738)	(43)	(44,245)	(46,497)	(320,241)
Fund balance, beginning	351,846	-	351,846	471	1,738	43	704,295	706,547	1,058,393
Fund balance, ending	\$ 78,102	\$ -	\$ 78,102	\$ -	\$ -	\$ -	\$ 660,050	\$ 660,050	\$ 738,152

**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, 2016
Schedule 12**

	2016		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Restricted intergovernmental	\$ 122,800	\$ 122,800	\$ -
Investment earnings	500	661	161
Miscellaneous	-	-	-
Total	123,300	123,461	161
EXPENDITURES			
Implemental functions	30,000	28,118	1,882
Telephone	35,300	34,002	1,298
Software maintenance	6,000	505	5,495
Hardware maintenance	34,000	28,675	5,325
Training	2,000	199	1,801
Capital outlay - equipment	367,447	305,706	61,741
Total expenditures	474,747	397,205	77,542
Revenues and other sources over (under) expenditures	(351,447)	(273,744)	77,703
Appropriated fund balance	351,447	-	(351,447)
Revenues, other uses, and appropriated fund balance over (under) expenditures	-	(273,744)	\$ (273,744)
Fund balances, beginning		351,846	
Fund balances, ending		\$ 78,102	

Bertie County, North Carolina
Lottery Proceeds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For The Fiscal Year Ended June 30, 2016
Schedule 13

	2016		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Restricted intergovernmental	\$ 510,000	\$ 510,000	\$ -
Total	510,000	510,000	-
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(510,000)	(510,000)	-
Total other financing sources (uses)	(510,000)	(510,000)	-
Revenues over (under) expenditures and other financing uses	-	-	\$ -
Fund balances, beginning			-
Fund balances, 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, 2016
Schedule 14

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	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	14,469	-	14,469	531
Legal	-	60	-	60	(60)
Total expenditures	15,000	14,529	-	14,529	471
Revenues over (under) expenditures	-	471	-	471	(471)
OTHER FINANCING SOURCES (USES)					
Transfer to General Fund	-	-	(471)	(471)	471
Total other financing sources (uses)	-	-	(471)	(471)	471
Net change in fund balance	\$ -	\$ 471	(471)	\$ -	\$ -
Fund balance, beginning			471		
Fund balance, ending			\$ -		

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, 2016
Schedule 15

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			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
Revenues over (under) expenditures	-	1,738	-	1,738	1,738
OTHER FINANCING SOURCES (USES)					
Transfer to General Fund	-	-	(1,738)	(1,738)	1,738
Total other financing sources (uses)	-	-	(1,738)	(1,738)	1,738
Net change in fund balance	\$ -	\$ 1,738	(1,738)	\$ -	\$ -
Fund balance, beginning			1,738		
Fund balance, ending			\$ -		

Bertie County, North Carolina
Maintenance Building Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2016
Schedule 16

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
OTHER FINANCING SOURCES (USES)					
Transfer to General Fund	\$ -	\$ -	\$ (43)	\$ (43)	\$ 43
Total other financing sources (uses)	-	-	(43)	(43)	43
Net change in fund balance	\$ -	\$ -	(43)	\$ (43)	\$ (43)
Fund balance, beginning			43		
Fund balance, ending			\$ -		

Bertie County, North Carolina
Bertie High School Construction Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2016
Schedule 17

	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	-	693,561	-	693,561	693,561
Total revenue	-	748,835	-	748,835	748,835
EXPENDITURES:					
Construction	19,837,611	19,804,082	-	19,804,082	33,529
Engineer and architectural fees	910,121	862,095	37,064	899,159	10,962
Furniture, fixtures and equipment	350,000	349,541	-	349,541	459
Legal fees	367,795	337,545	7,181	344,726	23,069
Bond insurance and issuance costs	69,473	41,478	-	41,478	27,995
Total expenditures	21,535,000	21,394,741	44,245	21,438,986	96,014
Revenues over (under) expenditures	(21,535,000)	(20,645,906)	(44,245)	(20,690,151)	844,849
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	\$ -	\$ 931,056	(44,245)	\$ 886,811	\$ 886,811
Fund balance, beginning, as previously reported			931,056		
Prior period adjustment			(226,761)		
Fund balance, beginning, as restated			704,295		
Fund balance, ending			\$ 660,050		

**Bertie County, North Carolina
Regional Water District Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2016
Schedule 18**

	2016		Variance Positive (Negative)
	Final Budget	Actual	
Operating revenues:			
Charges for services		\$ 2,465,693	
Water taps		62,937	
Other operating revenue		107,384	
Total operating revenues	\$ 2,700,500	2,636,014	\$ (64,486)
Nonoperating revenues:			
Investment earnings		5,287	
Miscellaneous revenue		4,677	
Total nonoperating revenues	11,100	9,964	(1,136)
Total revenues	2,711,600	2,645,978	(65,622)
Expenditures:			
Water administration:			
Salaries and benefits		501,379	
Telephone and postage		82,122	
Travel		1,410	
Repairs and maintenance		44,296	
Advertising		138	
Supplies		88,067	
Uniforms		3,126	
Contracted services		188,768	
Professional fees		26,000	
Dues and subscriptions		3,604	
Chemicals		9,698	
Employee training		255	
Insurance		27,433	
Utilities		107,530	
Water testing		19,149	
Reimbursable expenses		855,000	
Other expenses		241,640	
Total	2,766,892	2,199,615	567,277

Bertie County, North Carolina
Regional Water District Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2016
Schedule 18

	2016		Variance Positive (Negative)
	Final Budget	Actual	
Debt service:			
Principal		377,914	
Interest, fees and amortization		429,706	
Total	799,708	807,620	(7,912)
Total expenditures	3,566,600	3,007,235	559,365
Revenues over (under) expenditures	(855,000)	(361,257)	493,743
Appropriated net assets	1,179,358	-	(1,179,358)
Revenues and appropriated net assets over (under) expenditures	\$ -	(361,257)	\$ (361,257)

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

Revenues over (under) expenditures	(361,257)
Reconciling items:	
Depreciation	(746,234)
Amortization	23,733
Debt principal	377,914
Capital contributions	204,647
Increase (decrease) in net pension asset	(21,285)
Increase (decrease) in deferred outflows of resources - pensions	14,869
(Increase) decrease in net pension liability	(26,631)
(Increase) decrease in deferred inflows of resources - pensions	37,656
(Increase) decrease in accrued vacation payable	(3,657)
(Increase) decrease in other postemployment benefits	(89,344)
Change in net position	\$ (589,589)

Bertie County, North Carolina
Drinking Water State Revolving Loan Fund - SCADA
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2016
Schedule 19

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
EXPENDITURES:					
Construction	\$ 859,000	\$ -	\$ -	\$ -	\$ 859,000
Engineering	379,500	-	71,500	71,500	308,000
Acquisition	5,000	-	-	-	5,000
Administration	1,500	-	-	-	1,500
Legal	6,100	-	-	-	6,100
Miscellaneous	29,287	-	-	-	29,287
Contingency	85,750	-	-	-	85,750
Total expenditures	1,366,137	-	71,500	71,500	1,294,637
Revenues over (under) expenditures	(1,366,137)	-	(71,500)	(71,500)	1,294,637
OTHER FINANCING SOURCES (USES)					
NC DWSRR Loan	1,339,350	-	-	-	1,339,350
Transfer from Water	26,787	-	26,787	26,787	-
Total other financing sources (uses)	1,366,137	-	26,787	26,787	1,339,350
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ (44,713)	\$ (44,713)	\$ (44,713)

Bertie County, North Carolina
2012 Community Development Block Grant Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2016
Schedule 20

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES:					
Restricted intergovernmental:					
Federal grants	\$ 284,000	\$ 44,253	\$ 204,647	\$ 248,900	\$ (35,100)
Total revenues	284,000	44,253	204,647	248,900	(35,100)
EXPENDITURES:					
C-1 Water improvement	256,200	28,038	209,827	237,865	18,335
C-1 Administration	27,800	16,215	3,420	19,635	8,165
Total expenditures	284,000	44,253	213,247	257,500	26,500
Revenues over (under) expenditures	\$ -	\$ -	\$ (8,600)	\$ (8,600)	\$ (8,600)

**Bertie County, North Carolina
 USDA Rural Development Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2016
 Schedule 21**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES:					
Restricted intergovernmental:					
State grants	\$ 1,074,000	\$ -	\$ -	\$ -	\$ (1,074,000)
Total revenues	1,074,000	-	-	-	(1,074,000)
EXPENDITURES:					
Construction	\$ 2,351,755	\$ -	\$ -	\$ -	\$ 2,351,755
Engineering	371,400	-	136,050	136,050	235,350
Acquisition	5,000	-	-	-	5,000
Administration	11,500	-	1,363	1,363	10,137
Legal	10,000	-	-	-	10,000
Miscellaneous	20,000	-	-	-	20,000
Contingency	235,176	-	-	-	235,176
Interest	50,169	-	-	-	50,169
Total expenditures	3,055,000	-	137,413	137,413	2,917,587
Revenues over (under) expenditures	(1,981,000)	-	(137,413)	(137,413)	1,843,587
OTHER FINANCING SOURCES (USES)					
NC DWSRR Loan	1,717,000	-	-	-	1,717,000
Transfer from Water	264,000	-	264,000	264,000	-
Total other financing sources (uses)	1,981,000	-	264,000	264,000	1,717,000
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ 126,587	\$ 126,587	\$ 126,587

Bertie County, North Carolina
Drinking Water State Revolving Loan Fund – Roxobel Merger
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2016
Schedule 22

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State grants	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
EXPENDITURES:					
Construction	\$ 1,168,200	\$ -	\$ -	\$ -	\$ 1,168,200
Engineering	388,500	-	73,000	73,000	315,500
Acquisition	15,000	-	850	850	14,150
Legal	3,000	-	2,818	2,818	182
Miscellaneous	35,601	-	-	-	35,601
Contingency	101,820	-	-	-	101,820
Total expenditures	1,712,121	-	76,668	76,668	1,635,453
Revenues over (under) expenditures	(1,212,121)	-	(76,668)	(76,668)	1,135,453
OTHER FINANCING SOURCES (USES)					
NC DWSRR Loan	1,178,550	-	-	-	1,178,550
Transfer from Water	33,571	-	33,571	33,571	-
Total other financing sources (uses)	1,212,121	-	33,571	33,571	1,178,550
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ (43,097)	\$ (43,097)	\$ (43,097)

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Statement of Net Position
June 30, 2016
Schedule 23

	2016
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 19,684
Accounts receivable (net):	4,141
Total assets	23,825
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	2,991
Total liabilities	2,991
 NET ASSETS	
Unrestricted	20,834
Total net position	\$ 20,834

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2016
Schedule 24

	2016		Variance Positive (Negative)
	Final Budget	Actual	
Revenues:			
Operating revenues:			
User charges	\$ 70,000	\$ 70,539	\$ 539
Total revenues	70,000	70,539	539
Expenditures:			
Operating:			
Telephone	45,500	42,591	2,909
Maintenance contracts	63,070	63,012	58
Capital outlay	50,800	50,235	565
Total expenditures	159,370	155,838	3,532
Other financing sources (uses):			
Transfer in - General Fund	4,000	4,000	-
Appropriated fund balance	85,370	-	(85,370)
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ (81,299)	\$ (81,299)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Change in net position		\$ (81,299)	

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016
Schedule 25

	2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 69,233
Cash paid for goods and services	(153,366)
<hr/>	
Net cash provided (used) by operating activities	(84,133)
<hr/>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	4,000
<hr/>	
Net cash provided (used) by noncapital financing activities	4,000
<hr/>	
Net increase (decrease) in cash and cash equivalents	(80,133)
<hr/>	
Cash and cash equivalents, beginning of year	99,817
<hr/>	
Cash and cash equivalents, end of year	\$ 19,684
<hr/>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (85,299)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,306)
Increase (decrease) I accounts payable and accrued liabilities	2,472
<hr/>	
Total adjustments	1,166
<hr/>	
Net cash provided (used) by operating activities	\$ (84,133)
<hr/>	

Bertie County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016
Schedule 26

	Balance July 01, 2015	Additions	Deductions	Balance June 30, 2016
Social Services				
Assets:				
Cash and cash equivalents	\$ 416	\$ -	\$ -	\$ 416
Liabilities:				
Miscellaneous liabilities	\$ 416	\$ -	\$ -	\$ 416
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ 1	\$ 795,142	\$ 795,051	\$ 92
Liabilities:				
Intergovernmental payable	\$ 1	\$ 795,142	\$ 795,051	\$ 92
Pest Management				
Assets:				
Cash and cash equivalents	\$ 3,727	\$ 9,445	\$ 9,285	\$ 3,887
Liabilities:				
Miscellaneous liabilities	\$ 3,727	\$ 9,445	\$ 9,285	\$ 3,887
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 4,144	\$ 804,587	\$ 804,336	\$ 4,395
Liabilities:				
Miscellaneous liabilities	\$ 4,144	\$ 804,587	\$ 804,336	\$ 4,395

Bertie County, North Carolina
General Fund Schedule of Ad Valorem Taxes Receivable
June 30, 2016
Schedule 27

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015 - 2016	\$ -	\$ 11,013,351	\$ 10,598,564	\$ 414,787
2014 - 2015	443,029	84,019	372,008	155,040
2013 - 2014	134,056	-	42,874	91,182
2012 - 2013	71,445	-	19,928	51,517
2011 - 2012	42,401	-	6,602	35,799
2010 - 2011	29,783	-	4,024	25,759
2009 - 2010	22,890	-	2,151	20,739
2008 - 2009	23,489	-	1,108	22,381
2007 - 2008	20,073	-	843	19,230
2006 - 2007	14,306	-	418	13,888
2005 - 2006	14,248	-	14,248	-
	<u>\$ 815,720</u>	<u>\$ 11,097,370</u>	<u>\$ 11,062,768</u>	<u>850,322</u>
Less: Allowance for uncollectible accounts:				
General Fund				114,435
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 735,887</u>
<u>Reconciliation with revenues</u>				
Ad valorem taxes - General Fund				\$ 11,241,047
Reconciling items:				
Interest collected				(213,780)
Taxes written off				27,456
Discoveries and adjustments				8,045
<u>Total collections and credits</u>				<u>\$ 11,062,768</u>

Bertie County, North Carolina
County-Wide Levy Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2016
Schedule 28

	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	\$ 1,282,915,835	0.0084	\$ 10,776,493	\$ 9,489,974	\$ 1,286,519
Total	1,282,915,835		10,776,493	9,489,974	1,286,519
Discoveries:					
Current year taxes	33,682,850	0.0084	282,936	282,431	505
Abatements	(5,485,486)	0.0084	(46,078)	(30,350)	(15,728)
Total property valuation	\$ 1,311,113,199				
Net Levy			11,013,351	9,742,055	1,271,296
Current year's taxes collected			10,598,564	9,327,716	1,270,848
Uncollected taxes at June 30, 2016			\$ 414,787	\$ 414,339	\$ 448
Current levy collection percentage			96.23%	95.75%	99.96%



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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, 2016, and the related notes to the financial statements, which collectively comprises Bertie County's basic financial statements, and have issued our report thereon dated February 8, 2017. 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.

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 16-01 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 16-02 and 16-03 to be significant deficiencies.

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.

Carly Riggs & Ingram, L.L.C.

Belhaven, North Carolina
February 8, 2017



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**Report On Compliance For Each Major Federal Program; Report on Internal Control
Over Compliance; With OMB Uniform Guidance 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 *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, 2016. 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; and the audit requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cary Riggs & Ingram, L.L.C.

Belhaven, North Carolina
February 8, 2017



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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with OMB Uniform Guidance; 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, 2016. 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 Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cary Riggs & Ingram, L.L.C.

Belhaven, North Carolina
February 8, 2017

Bertie County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant Deficiency(s) identified? X Yes None Reported

Noncompliance material to financial statements noted Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant Deficiency(s) identified? 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 2 CFR 200.516(a)? Yes X No

Identification of major federal programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Title XIX - Medicaid

Dollar threshold used to distinguish between Type A and Type B programs: \$ 957,197

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, 2016

Section II - Financial Statement Findings

Material Weakness

16-01 Prior Period Adjustment - Bertie High School Construction Fund

Criteria: The County should review their accounting records to ensure that all revenues and receivables are accurately recorded.

Condition: Sales tax receivable and revenue were not properly adjusted.

Effect: Fund balance in the Bertie High School Construction Fund was overstated by \$226,761.

Cause: The County did not thoroughly review their accounting records at year end to determine if they were accurate.

Recommendation: The County should thoroughly review all accounting records at year end for all funds to determine if they are accurate.

Views of responsible officials and planned corrective action: The County agrees with this finding. The County will put procedures in place to ensure that revenues and receivables are more thoroughly examined at year end.

Significant Deficiency

16-02 Travel Expenditures

Criteria: The County should pay for travel expenditures in accordance with its written travel policy.

Condition: The County is paying for travel expenditures that exceed the policy's stated dollar thresholds and paying for expenditures not allowed by the travel policy.

Effect: The County is paying for unallowed expenditures.

Cause: The County is not reviewing and approving commissioner travel expenditures to verify if it is in accordance with the travel policy.

Recommendation: The County should carefully review all invoices and supporting documentation to determine the travel policy is strictly followed.

Views of responsible officials and planned corrective action: The County agrees with this finding. The County will put procedures in place to ensure the travel policy is strictly enforced.

Bertie County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

16-03 Payroll Liabilities

Criteria: The County should review their accounting records to ensure that all liabilities are accurately adjusted.

Condition: Payroll liabilities were not fully adjusted at year end.

Effect: Payroll liabilities and payroll expenses were overstated.

Cause: The County did not thoroughly review their accounting records at year end to determine if they were accurate.

Recommendation: The County should thoroughly review all accounting records at year end for all funds to determine if they are accurate.

Views of responsible officials and planned corrective action: The County agrees with this finding. The County will put procedures in place to ensure that payroll liabilities are more thoroughly examined at year end.

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, 2016**

Section II - Financial Statement Findings

16-01 Prior Period Adjustment - Bertie High School Construction Fund

Name of Contact Person: Scott Sauer, County Manager

Corrective Action: The County will put procedures in place to ensure that all revenues and receivables are accurately adjusted at year end.

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

16-02 Travel Expenditures

Name of Contact Person: Scott Sauer, County Manager

Corrective Action: The County will put procedures in place to ensure that all travel expenditures are reviewed and approved by a management-level individual.

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

16-03 Payroll Liabilities

Name of Contact Person: Scott Sauer, County Manager

Corrective Action: The County will put procedures in place to ensure that payroll liabilities and expenses are accurately adjusted at year end.

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



**Bertie County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2016**

Findings:

15-01 Approval of Journal Entries

Status: Corrected

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016

Grantor/Pass-through <u>Grantor/Program Title</u>	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					
<u>Supplemental Nutrition Assistance Program</u>	10.561	XXXX	\$ 294,445	\$ -	\$ 294,445
Total SNAP			294,445	-	294,445
Total U.S. Dept. of Agriculture			294,445	-	294,445
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Dept of Commerce:					
2012 Community Development Block Grant	14.228	XXXX	204,647	-	-
Total U.S. Dept. Housing and Urban Development			204,647	-	-
<u>U.S. Dept. of Health and Human Services</u>					
<u>Administration on Aging and Adult Services</u>					
Passed-through Mid-East Commission:					
Council of Government					
Aging Cluster:					
Access Title III-B	93.044	XXXX	71,094	4,182	8,364
Congregate Nutrition:					
Title III-C1	93.045	XXXX	49,132	2,890	5,780
Home Delivered Meals					
Title III-C2	93.045	XXXX	16,970	998	1,996
Total Aging Cluster			137,196	8,070	16,140
Social Services Block Grant	93.667	XXXX	29,538	844	3,376
NSIP Supplement	93.053	XXXX	14,339	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care	93.658	XXXX	26,772	6,847	6,847
Title IV-E Foster Care Trn	93.658	XXXX	2,731	-	910
Title IV-E Foster Care/Off Trn	93.658	XXXX	27,972	-	27,972
Title IV-E Max Level III	93.658	XXXX	5,381	-	2,749
Title IV-E Adopt Subsidy and Vendor	93.659	XXXX	51,904	13,242	14,667
Title IV-E Adoption Training	93.659	XXXX	2,148	-	716
Title IV-E Adoption/Off Trn	93.659	XXXX	153	-	153
Title IV-E Optional Adoption/Off Trn	93.659	XXXX	49	-	49
Total Foster Care and Adoption Cluster			117,110	20,089	54,063

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016

Grantor/Pass-through <u>Grantor/Program Title</u>	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	80,289	-	-
Division of Child Development					
Child Care and Development Fund – Discretionary	93.575	XXXX	356,997	-	-
Child Care and Development Fund – Mandatory	93.596	XXXX	115,519	-	-
Child Care and Development Fund – Match	93.596	XXXX	37,994	-	-
Total Child Care Fund Cluster			590,799	-	-
Temporary Assistance for Needy Families	93.558	XXXX	97,616	-	-
Foster Care Title IV-E	93.658	XXXX	6,952	3,567	-
State Appropriations		XXXX	-	890	-
TANF-MOE		XXXX	-	34,816	-
Total Subsidized Child Care Cluster			695,367	39,273	-
Division of Social Services:					
TANF - Work First Services	93.558	XXXX	161,915	-	134,117
TANF - Work First Administration	93.558	XXXX	40,404	-	43,952
TANF - Payments & Penalties	93.558	XXXX	132,840	-	-
Low-Income Home Energy Assistance Block Grant:					
Low-Income Home Energy Assistance (LIHEAP)	93.568	XXXX	140,200	-	-
Administration	93.568	XXXX	22,638	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	XXXX	141,199	-	-
Child Welfare Services - Permanency Planning - Spec	93.645	XXXX	1,109	-	370
SSBG – Other Service and Training	93.667	XXXX	140,210	16,627	52,278
SSBG – In Home Service Fund	93.667	XXXX	4,588	-	655
SSBG – Adult Protective Services	93.667	XXXX	11,558	-	3,853
SSBG – Adult Day Care Over 60	93.667	XXXX	2,141	-	305
Child Support Enforcement - IV-D Administration	93.563	XXXX	164,549	-	84,767
Child Support Enforcement - IV-D Offset Fees	93.563	XXXX	1,313	-	677
			964,664	16,627	320,974
<u>Health Care Financing Administration</u>					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	27,736,540	15,734,652	-
			27,736,540	15,734,652	-
<u>Division of Medical Assistance</u>					
Direct Benefit Payments:					
Health Choice	93.767	XXXX	301,114	15,436	-
<u>Division of Facility Services</u>					
Office of Emergency Medical Services					
Division of Social Services:					
Administration:					
Health Choice	93.767	XXXX	33,102	685	179
Medical Assistance Program	93.778	XXXX	928,964	8,636	347,881
Medical Assistance Program	93.778	XXXX	401,248	-	-
			1,363,314	9,321	348,060
Total U.S. Dept. of Health and Human Services			31,359,182	15,844,312	742,613

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016

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	1,815	-	-
			1,815	-	-
<u>U.S. Department of Homeland Security</u>					
Federal Emergency Management Assistance	97.036	XXXX	38,542	-	-
Total Dept of Homeland Security			38,542	-	-
Total Federal Awards			31,898,631	15,844,312	1,037,058
State Awards:					
<u>N.C. Dept. of Environment and Natural Resources</u>					
Soil and Water Conservation – S&W Conservation		XXXX	-	23,463	-
Minor Permit County Aid	11.419	XXXX	-	200	-
Total Dept. of Environment and Natural Resources			-	23,663	-
<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	-	322,995	322,995
CWS Adopt Subsidy & Vendor		XXXX	-	20,006	4,133
AFDC/TANF Incent/Program Integrity		XXXX	-	130	-
Division of Aging and Adult Services: Passed through Mid-East Commission Council of Government					
In-Home Services - State Funds		XXXX	-	57,780	6,420
Caregiver Match		XXXX	-	7,524	836
Home Delivered Meals - State Funds		XXXX	-	22,435	2,493
Total Division of Aging and Adult Services			-	87,739	9,749
Total Dept. of Health and Human Services			-	430,870	336,877
<u>N.C. Dept. of Administration</u>					
Veterans Service		XXXX	-	1,525	-
State Awards:					
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>					
Juvenile Crime Prevention Program		XXXX	-	96,232	-
<u>N.C. Dept. of Transportation</u>					
Elderly and Disabled Transportation Assistance (DOT-16CL)		XXXX	-	47,579	-
Work First/Transitional Employment (DOT-16CL)		XXXX	-	7,588	-
Rural General Public Transportation(DOT-16CL)		XXXX	-	50,512	-
GDB&P School Bus Drive (DOT-18)		XXXX	-	-	-
Total N.C. Dept. of Transportation			-	105,679	-

Bertie County, North Carolina Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2016

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>N.C. Dept. of Public Instruction</u>					
Passed-through from N.C. Dept. of Public Instruction:					
Public School Building Bond Act of 1996		XXXX	-	510,000	-
<u>NC Dept. of Commerce</u>					
Passed-through from Mid East Commission:					
Senior Health Insurance Information Program		XXXX	-	3,364	-
Total State Awards			-	1,171,333	336,877
Total Federal and State Awards			\$ 31,898,631	\$ 17,015,645	\$ 1,373,935

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 (SEFSA) includes the federal and State grant activity of Bertie County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Bertie County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Bertie County.

2 Summary of Significant Accounting Policies

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

3 Cluster of Programs

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

Program Title	CFDA Number	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Subsidized Child Care and Foster Care and Adoption	XXXX	XXXX	\$ 695,367	\$ 39,273



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February 8, 2017

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 2016 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 2016 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 jb主@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, 2016.
- 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 Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act and issue a report on the County's compliance with the types of compliance requirements described in the OMB Uniform Guidance 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, 2016;
- 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, 2016, and have issued our report thereon dated February 8, 2017. 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 July 11, 2016, 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 with the OMB Uniform Guidance 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.</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

Governmental Activities

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Ref.	Financial Statement 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.	
Overaccrued Payroll Liabilities	F	Has not been adjusted in prior fiscal years.	[5204]	0	25,932	-25,932	-25,932	0	25,932	-25,932
Retirement Expense	F	Reported amounts did not agree to the GL.	[5204]	0	8,060	-8,060	-8,060	0	8,060	-8,060
Total				0	33,992	-33,992	-33,992	0	33,992	-33,992
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				0	33,992	-33,992	-33,992	0	33,992	-33,992
Effect of unadjusted AD—prior years										
Combined current year and prior year AD (rollover method)				0	33,992	-33,992	-33,992	0	33,992	-33,992
Financial statement caption totals				45,004,848	37,177,309	12,785,906	7,827,539	24,476,539	23,672,755	803,784
Current year AD as % of F/S captions (iron curtain method)				0.00%	0.09%	-0.27%	-0.43%	0.00%	0.14%	-4.23%
Current and prior year AD as % of F/S captions (rollover method)				0.00%	0.09%	-0.27%	-0.43%	0.00%	0.14%	-4.23%

General Fund

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Ref.	Financial Statement 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.	
Overaccrued Payroll Liabilities	F	Has not been adjusted in prior fiscal years.	[5204]	0	25,932	-25,932	-25,932	0	25,932	-25,932
Retirement Expense	F	Reported amounts did not agree to the GL.	[5204]	0	8,060	-8,060	-8,060	0	8,060	-8,060
Total				0	33,992	-33,992	-33,992	0	33,992	-33,992
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				0	33,992	-33,992	-33,992	0	33,992	-33,992
Effect of unadjusted AD—prior years										
Combined current year and prior year AD (rollover method)				0	33,992	-33,992	-33,992	0	33,992	-33,992
Financial statement caption totals				13,144,348	6,296,081	2,472,126	6,848,268	24,427,547	25,557,424	-621,625
Current year AD as % of F/S captions (iron curtain method)				0.00%	0.54%	-1.38%	-0.50%	0.00%	0.13%	5.47%
Current and prior year AD as % of F/S captions (rollover method)				0.00%	0.54%	-1.38%	-0.50%	0.00%	0.13%	5.47%



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

February 8, 2017

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, 2016, 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 February 8, 2017 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 July 11, 2016, 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 County 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, the GASB 68 entries, and the 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.

Management Representation Letter

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.
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 Title 2 US Code of Federal Regulations, (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the Uniform Guidance, and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance. 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 the Uniform Guidance compliance audit, 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

Management Representation Letter


the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and State programs that provides reasonable assurance that we are managing our federal and State awards in compliance with laws, regulations, and the provisions of the contracts and grant agreements that could have a material effect on our federal and State programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and State agencies or pass-through entities relevant to federal and State programs and related activities.
- h. We have received no request from a federal or State agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB 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's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, Cost Principals for State, Local, and Tribal 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.

Management Representation Letter

- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- 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 the Uniform Guidance 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 ensured the reporting package does not contain protected personally identifiable information.
- w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signed: 
Scott Sauer, County Manager

Signed: 
William Roberson, Finance Director

Date: 2-8-17

Date: 2-8-17



Internal Control Findings

Carr, Riggs & Ingram, LLC
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February 8, 2017

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, 2016, 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. A separate report dated February 8, 2017 contains our communication on material weaknesses and significant deficiencies in the County's internal control. This letter does not affect our report dated February 8, 2017, 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
February 8, 2017

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
16-4	IP	Daysheet Testing	Item Noted: During testing of daysheets, we discovered that one employee failed to document a portion of their time (20 minutes).	We recommend that the County encourage employees to document all work being done for clients.	<p>We have reviewed the results of the finding noted and concur with the assessment of the issues identified.</p> <p>We will work to ensure that employees document all of their time for which they are performing work for clients.</p>
16-5	IP	Bank Reconciliation – PSBCF	The PSBCF should be reconciled on a monthly basis. There were three instances where the bank statement was not reconciled to the general ledger in a timely manner. Also, for several months, the reconciled balance did not agree to the GL. The draw down was deposited in October 2015 but was not recorded in the GL until June 2016.	We recommend that the County put procedures in place to ensure that bank reconciliations are prepared accurately and in a timely manner each month.	<p>We have reviewed the results of the finding noted and concur with the assessment of the issues identified.</p> <p>We will take steps to ensure that bank reconciliations are performed accurately and in a timely manner.</p>

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
16-6	IP	Three Day Rule	There was an instance in which the County received Public School Building Capital Fund funds and the funds were not expended within three banking days.	The County should request the funds directly after the disbursement is made in order to avoid the three day rule violation.	The County agrees with this finding and management will put procedures in place to ensure that Public School Building Capital Fund funds are disbursed within three banking days of receipt or prior to requesting funds.
16-7	IP	Public School Funding Final Report	The Public School Building Fund Final report is required to be submitted within 60 days from the project's completion. The final debt payment that the funds were used to pay was paid in March 2016, but the final report was not filed until August 2016.	We recommend the County more closely monitor the requirements for its projects to ensure that all reports are filed in a timely manner.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will more closely monitor report filing deadlines.

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
16-8	IP	ITGC – Access Controls	<p>During our audit, CRI noted the following items for improvement related to IT access controls:</p> <ul style="list-style-type: none"> • The County does not require the use of complex passwords for access to work stations or Munis. • The County does not perform a periodic review of user access rights. 	<p>We recommend management take the following actions:</p> <ul style="list-style-type: none"> • Modify password policies to more closely follow standard practices. • Implement a periodic review of access to ensure users have the appropriate levels of access (recommended annually) and remove disabled users from applications 	<p>The County's IT Director is able to modify the password policy for its users to conform with standard practices. The IT Director performs a periodic review of Active Directory users. Following a conversation with the Finance Officer regarding the responsibility and process the County could implement a periodic review process for its applications.</p>

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
16-9	IP	ITGC – Governance	During our audit, CRI noted that the County was not performing an IT risk assessment.	We recommend that the County perform an IT risk assessment (recommended annually).	The IT Director will research standard IT risk assessment procedures prior to implementing any processes. The County understands the benefit of performing an IT risk assessment to identify foreseeable threats, evaluate current controls and assess their level of effectiveness.

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
16-10	IP	ITGC – Disaster Recovery	During our audit, CRI noted testing was not performed to ensure data and system back-ups were operating according to expectations and are recoverable.	We recommend that the County perform a periodic back-up recovery test to ensure that data is backed up properly and that data has not been corrupted.	The County performed a successful recovery of the Computer Aided Dispatch (CAD) servers for the Sherriff's department. The County understands the importance of ensuring that its data is properly stored and recoverable. The County will investigate a process for performing recovery testing on data backups.