

Bertie County, North Carolina
Financial Statements
June 30, 2017



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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, 2017, 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, 2017, 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 on pages 4 through 20, the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions on page 76, the Local Government Employees' Retirement System schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 77 and 78, and the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 79 and 80, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, pages 81 and 82, 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 January 30, 2018 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.



Belhaven, North Carolina
January 30, 2018

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, 2017. 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 \$25,338,625 (*net position*), as reported in Exhibit 1.
- The government's total net position increased by \$337,533, primarily due to the governmental funds. The figure reflects the sum of governmental funds which increased \$459,927 and business activities (regional water system) which reflects a decrease of \$122,394 as indicated in Figure 2. This decrease of \$122,394 in net position for the Regional Water District Fund (business activities) is primarily attributable to capital project expenditures of \$129,898 during the fiscal year ended June 30, 2017 approved by the Board of Commissioners local match requirements to secure grant funds for various system improvements. For example, the local match requirement for the Kelford project was \$125,458.
- Currently there are six (6) 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 \$8,019,444, an increase of \$433,024 in comparison with the prior year. Approximately 38.58% of this total amount or \$3,093,537 is restricted or non-spendable by statute for stabilization purposes as reflected in Exhibit 3.
- It is important to note that the combined ending fund balances of \$8,019,444 and the reported increase of \$433,024 is primarily attributable to the General Fund's increase of \$440,140.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,273,153, or 8.99% of total general fund expenditures of \$25,283,790 for the fiscal year, while total fund balance for Governmental Funds represents 28.83% of that same amount.
- During the fiscal year ended June 30, 2017 Bertie County experienced two (2) five hundred year flood events with Tropical Storm Julia on September 21, 2016 and Hurricane Matthew on October 8, 2016. Expenditures incurred during the emergency response and recovery periods totaled \$428,712; \$236,762 for Julia and \$191,950 for Matthew.
- Efforts to recoup these funds included insurance proceeds from Julia of \$182,950 and \$11,859 for Hurricane Matthew. FEMA reimbursements for emergency response and recovery costs were received in the amount of \$123,888 for a total of \$318,697 in net funds recovered. The net result for the General Fund was a loss of \$110,015.
- It should be noted that beginning with the audit for the fiscal year ended June 30, 2016, the presentation of unassigned fund balance for the General Fund in Exhibit 3, includes separate delineation of "Subsequent year expenditures" in the amount of \$1,627,304 and represents the amount of appropriated fund balance in the adopted budget for the General Fund in FY 2017-2018.
- This change described above for 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 had been incorrectly reported for more than a decade.
- By contrast, the final revised budget for the fiscal year ended June 30, 2017 included \$1,857,025 in appropriated fund balance for the General Fund budget, and the net change in fund balance is reflected as an increase of \$347,053 in Exhibit 6.
- The FY 2017-2018 Adopted Budget Ordinance approved by the Board of Commissioners for its subsequent year budget totals \$23,912,844 or \$1,370,946 less than the \$25,283,790 in General Fund expenditures for the prior year—the fiscal year ended June 30, 2017.

Bertie County, North Carolina Management's Discussion and Analysis

- 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.
- General Fund capital project activity for the fiscal year ended June 30, 2017 included:

\$	103,426	Courthouse renovations and rehabilitation
\$	28,777	Blue Jay Recreation Park improvements-phase one
\$	146,769	Capital outlay for equipment
\$	90,568	Capital outlay for building improvements
\$	46,739	Vehicle acquisition for General purposes
\$	174,243	Vehicle acquisition for public safety and law enforcement
\$	590,522	Total expenditures for major projects and equipment
- 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 critical capital projects on a "pay as you go" funding basis rather than increasing the indebtedness for the General Fund.

Bertie County, North Carolina Management's Discussion and Analysis

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
2016-2017	\$ 347,053	\$ 6,727,916

- The fiscal year ended June 30, 2017 reflects a total fund balance for the General Fund of \$6,727,916 as noted in Exhibit 6 on the Statement of Revenues, Expenditures, and Changes in Fund Balance which is an increase \$347,053 from the beginning balance on July 1, 2016.
- 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.
- Bertie County's total debt outstanding as of June 30, 2017 is \$48,617,634 and for the reader who may compare the County's financial statements from the fiscal year ended June 30, 2016 this figure may appear to have changed significantly. Long-term debt outstanding for Bertie County for the fiscal year ended June 30, 2016 was reported as \$57,934,453. The NC Local Government Commission has provided revised reporting guidelines for this information based on recent interpretations for GASB accounting standards, clarifying the presentation of limited obligation bonds related to the County's water system.

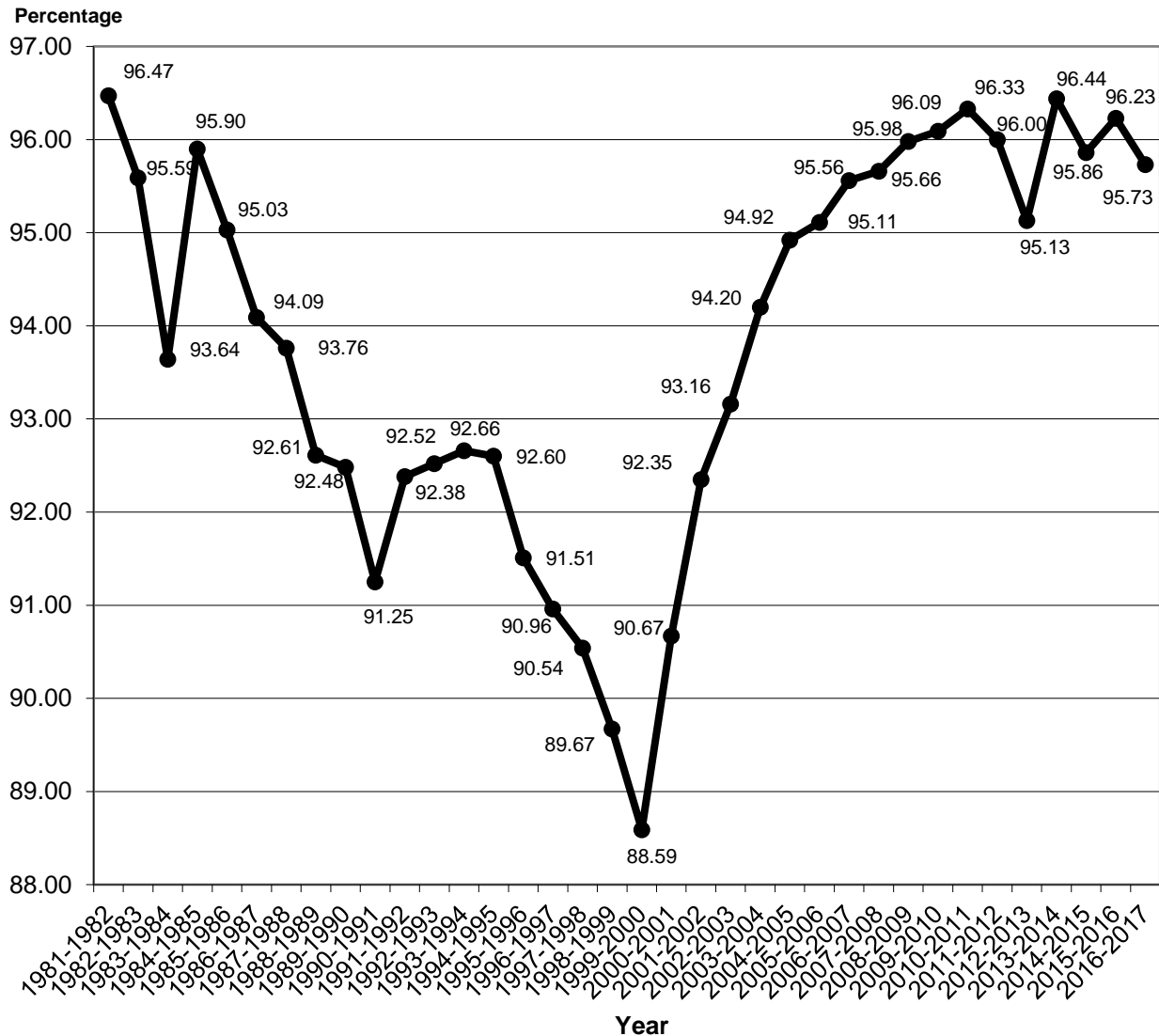
Bertie County, North Carolina Management's Discussion and Analysis

- 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, 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, 2017, 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 \$383,980. The budgeted amount for retiree health insurance in FY 2017-2018 is \$437,500 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 60. For the fiscal year ended June 30, 2017 the Net OPEB Obligation for the County is \$5,051,940, an increase of \$805,873 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."
- Employees hired after July 1, 2016 will not be eligible for retiree health insurance.
- For the fiscal year ended June 30, 2017 the governing body established an annual funding requirement in the adopted budget ordinance for an irrevocable trust OPEB reserve appropriation to meet future retiree health insurance obligations.
- Tax collection rate was 95.73 for FY 2016-2017. This represents a slight decrease from last year.
- Historical perspective—Please note as previously stated, the fiscal year ended June 30, 2017 included two (2) five-hundred year flooding events with Tropical Storm Julia and Hurricane Matthew in the fall of 2016.
- Currently, there are forty-nine (49) accounts in bankruptcy, eighty (80) accounts in foreclosure, fifty-six (56) accounts under wage garnishment, and 135 accounts with payment plans established by the tax administrator.

Bertie County, North Carolina Management's Discussion and Analysis

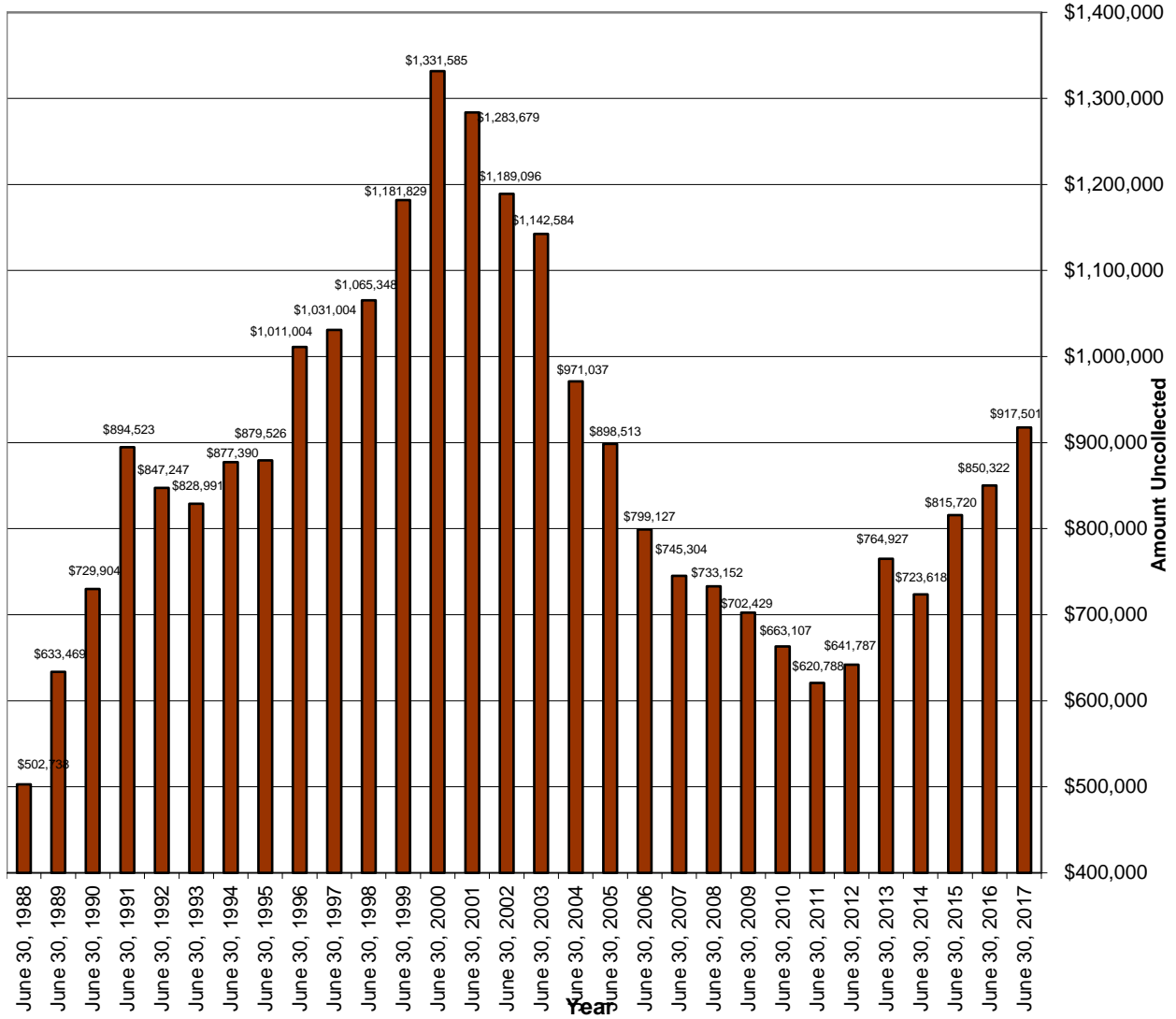
- As a result of the flooding, thirty-two (32) business and residential were late in paying their 2016 property taxes. The Tax Office has been flexible and accommodating to work with these accounts which are typically paid in timely fashion.
- In addition, the County continues to review and audit business personal property accounts, the discoveries for which, generated forty-two (42) delinquent accounts as of June 30, 2017 and are now paid in full in the amount of \$100,845.

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)



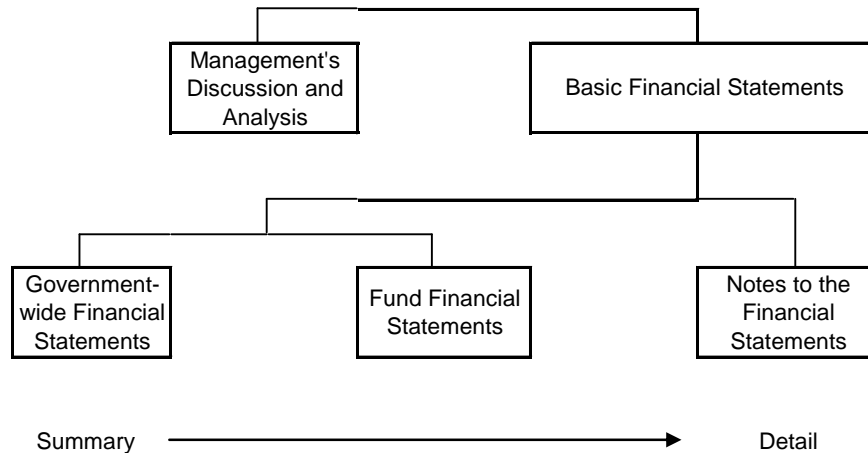
Bertie County, North Carolina Management's Discussion and Analysis

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 32 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 76 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 \$25,338,625 as of June 30, 2017. The County's net position increased by \$337,533 for the fiscal year ended June 30, 2017. One of the largest portions \$26,649,652 (105.17%) 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 \$3,093,537 (12.21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(4,404,564) is unrestricted.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 13,291,739	\$ 14,096,959	\$ 1,865,588	\$ 1,922,540	\$ 15,157,327	\$ 16,019,499
Capital assets	30,837,861	30,370,141	28,650,647	27,295,533	59,488,508	57,665,674
Total assets	44,129,600	44,467,100	30,516,235	29,218,073	74,645,835	73,685,173
Total deferred outflows of resources	2,120,820	585,337	123,083	34,984	2,243,903	620,321
Current and other liabilities	706,857	1,311,053	557,801	293,061	1,264,658	1,604,114
Long-term liabilities outstanding	37,224,561	35,722,569	12,919,111	11,666,037	50,143,672	47,388,606
Total liabilities	37,931,418	37,033,622	13,476,912	11,959,098	51,408,330	48,992,720
Total deferred inflows of resources	138,100	297,840	4,683	13,842	142,783	311,682
Net position:						
Net investment in capital assets	8,493,749	8,194,773	18,155,903	16,409,139	26,649,652	24,603,912
Restricted	3,093,537	1,484,183	-	-	3,093,537	1,484,183
Unrestricted	(3,406,384)	(1,957,981)	(998,180)	870,978	(4,404,564)	(1,087,003)
Total net position	\$ 8,180,902	\$ 7,720,975	\$ 17,157,723	\$ 17,280,117	\$ 25,338,625	\$ 25,001,092

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.

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- 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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 5,091,169	\$ 4,537,669	\$ 2,457,619	\$ 2,636,014	\$ 7,548,788	\$ 7,173,683
Operating grants and contributions	5,420,257	4,419,080	-	-	5,420,257	4,419,080
Capital grants and contributions	495,000	810,000	110,421	204,647	605,421	1,014,647
General revenues:						
Property taxes	10,614,702	10,656,578	-	-	10,614,702	10,656,578
Other taxes	2,586,366	2,102,106	-	-	2,586,366	2,102,106
Investment earnings	744,507	743,201	4,243	434,993	748,750	1,178,194
Miscellaneous	372,701	1,207,905	1,620	4,677	374,321	1,212,582
Total revenues	25,324,702	24,476,539	2,573,903	3,280,331	27,898,605	27,756,870
Expenses:						
General government	4,777,597	3,798,252	-	-	4,777,597	3,798,252
Public safety	8,427,519	7,543,818	-	-	8,427,519	7,543,818
Environmental protection	470,273	473,557	-	-	470,273	473,557
Economic and physical development	633,106	1,644,663	-	-	633,106	1,644,663
Human services	5,328,989	5,204,363	-	-	5,328,989	5,204,363
Education	3,473,437	3,292,854	-	-	3,473,437	3,292,854
Special appropriations	550,332	532,611	-	-	550,332	532,611
Interest and fees on long-term debt	1,203,522	1,264,835	-	-	1,203,522	1,264,835
Water districts	-	-	2,696,297	3,869,920	2,696,297	3,869,920
Total expenses	24,864,775	23,754,953	2,696,297	3,869,920	27,561,072	27,624,872
Increase (decrease) in net position	459,927	721,586	(122,394)	(589,589)	337,533	131,998
Net position, beginning	7,827,539	7,226,150	17,280,117	17,723,854	25,107,656	24,950,004
Net position, beginning, restated	7,720,975	6,999,389	17,280,117	17,869,706	25,001,092	24,869,095
Net position, June 30	\$ 8,180,902	\$ 7,720,975	\$ 17,157,723	\$ 17,280,117	\$ 25,338,625	\$ 25,001,093

Governmental activities. Governmental activities increased the County's net position by \$459,927. 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 \$122,394. Key elements of this decrease are as follows:

- During the fiscal year ended June 30, 2017 the governing body approved projects in the Capital Improvement Program for the regional water system (business-type activities) including commitments of local matching funds expended during the fiscal year ended June 30, 2017 as previously discussed in this narrative.

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- Increased water sales revenue resulting from water rate adjustments effective July 1, 2014 continue to contribute to the overall 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 unassigned fund balance in the General Fund was \$2,273,153, while total fund balance reached \$7,288,416. 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 8.99% of general fund expenditures, while total fund balance represents 28.83% of that same amount, of \$25,283,790.

At June 30, 2017, the governmental funds of Bertie County reported a combined fund balance of \$8,019,444, an 5.71% increase over last year.

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

Proprietary Funds. Bertie County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water districts equaled (\$998,180). There was a decrease in net position of \$122,394. 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, 2017, totals \$59,488,508 (net of accumulated depreciation). These assets include buildings, land, equipment, and vehicles.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 1,693,469	\$ 1,693,469	\$ 129,994	\$ 129,994	\$ 1,823,463	\$ 1,823,463
Building and system	25,248,751	25,848,361	26,189,144	26,553,894	51,437,895	52,402,255
Improvements	699,733	692,947	-	-	699,733	692,947
Machinery and equipment	1,585,345	1,049,992	-	-	1,585,345	1,049,992
Vehicles and motorized equipment	1,089,331	516,551	39,074	68,565	1,128,405	585,116
Construction in progress	521,232	521,232	2,292,435	543,081	2,813,667	1,064,313
Total	\$ 30,837,861	\$ 30,322,552	\$ 28,650,647	\$ 27,295,534	\$ 59,488,508	\$ 57,618,086

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

Long-term Debt. As of June 30, 2017, Bertie County had total debt outstanding of \$50,143,672.

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Limited obligation bonds	20,345,000	20,630,000	10,320,000	10,700,000	30,665,000	31,330,000
Installment purchases	8,962,126	9,804,071	174,744	186,394	9,136,870	9,990,465
Bond anticipation note	-	-	1,526,038	-	1,526,038	-
Original issue discount	-	-	(41,919)	(44,086)	(41,919)	(44,086)
Original issue premium	-	-	500,996	526,899	500,996	526,899
Compensated absences	404,866	409,764	26,682	29,596	431,548	439,360
Net pension obligation	475,161	457,728	-	-	475,161	457,728
Net pension liability	2,264,404	415,542	133,634	26,631	2,398,038	442,173
Other postemployment benefits	4,773,004	4,005,464	278,936	240,603	5,051,940	4,246,067
Total	\$ 37,224,561	\$ 35,722,569	\$ 12,919,111	\$ 11,666,037	\$ 50,143,672	\$ 47,388,606

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 \$77,905,859.

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, 2017

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.

FY 2016-2017 represents the second complete fiscal year of operations with EMS Paramedic program working in tandem with the Non-Emergency Transport Service. EMS Paramedic services expenditures for the fiscal year ended June 30, 2017 were \$2,365,160 and were partially offset by operating revenue of \$982,931. Likewise, Non-Emergency Transport Service expenditures for the same period were \$779,117 and operating revenues of \$878,892 yielded a net gain for the General

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Fund of \$99,775. Examined collectively, the EMS Paramedic program and Non-Emergency Transport Service, when aggregated for total service costs, including the Medicaid cost settlement receipts of \$205,074 required a net tax support appropriation of \$1,077,380 for the fiscal year ended June 30, 2017.

In terms of monthly operational support, \$89,782 per month was required for FY 2017; \$107,269 per month was required for FY 2016; and \$112,809 per month was required for FY 2015. The Board has set a goal of \$700,000 by the fifth year of operations, or \$58,333 per month by FY 2019.

Achieving this target is predicated on continued growth in the Non-Emergency Transport Service. For the fiscal year ended June 30, 2017 non-emergency transports averaged 324 per month. FY 2016 non-emergency transports averaged 148 per month; and FY 2015 non-emergency transports averaged 42 per month. Six months of operations in FY 2017-2018 reflect an average of 362 non-emergency transports per month, or a gain of 11.73 percent over the fiscal year ended June 30, 2017.

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

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

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

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

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In FY 2013-2014, the Board established a separate County EMS department operating at the highest pre-hospital level of care, paramedic, providing coverage countywide on a 24-hour basis with permanent squads stationed at three municipal locations in the County. Nine months of operations for the fiscal year ended June 20, 2014 resulted in actual expenditures of \$1,087,239 for the EMS Paramedic program and actual revenues of \$397,284 for a net tax support requirement of \$690,000 from General Fund. Prior to FY 2013-2014, the County allocated \$135,000 in local funds to the four independent ambulance providers. After adjusting for the original funding support of \$135,000 the County's increased net tax support requirement was \$555,000 for the fiscal year ended June 30, 2014.

In the subsequent fiscal years, the governing body initiated more aggressive EMS billing and collection activities with a new vendor, which has greatly improved revenue performance. Additionally, the County initiated non-emergency transport services which are improving revenues and significantly reducing 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, 2017 total \$2,457,619 or \$178,395 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 \$2,295,718 on Exhibit 8 and include local match grant commitments for capital project financing totaling \$129,898 and is consistent with the change in net position. The operating income gain of \$161,901 for the fiscal year ended June 30, 2017 represents a significant adjustment as compared with the operating loss of \$398,227 for the fiscal year ended June 30, 2016.

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



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consumer rate adjustments approved by the Board for the subsequent fiscal year in all four water districts.

Additionally, the system evaluation noted during 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.

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, 2017
Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bertie County ABC Board
ASSETS				
Cash and cash equivalents	\$ 5,616,753	\$ 1,137,030	\$ 6,753,783	\$ 33,109
Receivables, (net)	3,359,982	258,166	3,618,148	-
Grants receivable	-	260,302	260,302	-
Notes receivable	3,754,504	-	3,754,504	-
Inventories	-	-	-	94,240
Restricted cash and cash equivalents	560,500	210,090	770,590	-
Total current assets	13,291,739	1,865,588	15,157,327	127,349
Capital assets:				
Land, improvements, and construction in progress	2,214,701	2,396,315	4,611,016	23,000
Other capital assets, net of depreciation	28,623,160	26,254,332	54,877,492	7,413
Total capital assets	30,837,861	28,650,647	59,488,508	30,413
Total assets	44,129,600	30,516,235	74,645,835	157,762
DEFERRED OUTFLOWS OF RESOURCES	2,120,820	123,083	2,243,903	13,237
LIABILITIES				
Accounts payable and accrued expenses	706,857	84,630	791,487	21,236
Liabilities to be paid from restricted assets	-	473,171	473,171	-
Long-term liabilities				
Net pension liability - LGERS	2,264,404	133,634	2,398,038	12,732
Total pension liability - LEOSSA	475,161	-	475,161	-
Due within one year	2,094,875	1,953,094	4,047,969	-
Due in more than one year	32,390,121	10,832,383	43,222,504	159,665
Total long-term liabilities	37,224,561	12,919,111	50,143,672	172,397
Total liabilities	37,931,418	13,476,912	51,408,330	193,633
DEFERRED INFLOWS OF RESOURCES	138,100	4,683	142,783	446
NET POSITION				
Net investment in capital assets	8,493,749	18,155,903	26,649,652	30,413
Restricted for:				
Drug task force	1,191	-	1,191	-
Stabilization by State Statute	3,092,346	-	3,092,346	-
Working capital	-	-	-	23,413
Unrestricted (deficit)	(3,406,384)	(998,180)	(4,404,564)	(76,906)
Total net position	\$ 8,180,902	\$ 17,157,723	\$ 25,338,625	\$ (23,080)

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, 2017
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	\$ 4,777,597	\$ 116,355	\$ 500,000	\$ -	\$ (4,161,242)	\$ -	\$ (4,161,242)	\$ -
Public safety	8,427,519	2,287,207	13,796	-	(6,126,516)	-	(6,126,516)	-
Environmental protection	470,273	1,844,833	408,778	-	1,783,338	-	1,783,338	-
Economic and physical development	633,106	-	89,645	-	(543,461)	-	(543,461)	-
Human services	5,328,989	842,774	4,408,038	-	(78,177)	-	(78,177)	-
Intergovernmental:								
Education	3,473,437	-	-	495,000	(2,978,437)	-	(2,978,437)	-
Special appropriations	550,332	-	-	-	(550,332)	-	(550,332)	-
Debt service:								
Interest and fees on long-term debt	1,203,522	-	-	-	(1,203,522)	-	(1,203,522)	-
Total governmental activities	24,864,775	5,091,169	5,420,257	495,000	(13,858,349)	-	(13,858,349)	-
Business-type activities:								
Water Districts	2,696,297	2,457,619	-	110,421	-	(128,257)	-	-
Total business-type activities	2,696,297	2,457,619	-	110,421	-	(128,257)	-	-
Total primary government	\$ 27,561,072	\$ 7,548,788	\$ 5,420,257	\$ 605,421	\$ (13,858,349)	\$ (128,257)	\$ (13,858,349)	\$ -
Component unit:								
ABC Board	\$ 802,210	\$ 785,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,421)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					10,614,702	-	10,614,702	-
Local option sales tax					2,397,874	-	2,397,874	-
Other taxes and licenses					188,492	-	188,492	-
Investment earnings, unrestricted					744,507	4,243	748,750	83
Miscellaneous, unrestricted					372,701	1,620	374,321	1,003
Profit distribution					-	-	-	(8,835)
Total general revenues					14,318,276	5,863	14,324,139	(7,749)
Change in net position					459,927	(122,394)	337,533	(24,170)
Net position-beginning, previously reported					7,827,539	17,280,117	25,107,656	1,090
Prior period adjustment					47,589	-	47,589	-
Restatement					(154,153)	-	(154,153)	-
Net position - beginning, restated					7,720,975	17,280,117	25,001,092	1,090
Net position-ending					\$ 8,180,902	\$ 17,157,723	\$ 25,338,625	\$ (23,080)

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

Bertie County, North Carolina
Balance Sheet – Governmental Fund
June 30, 2017
Exhibit 3

	Major	Non-Major	Total
	General Fund	Other Governmental Funds	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,878,325	\$ 738,428	\$ 5,616,753
Restricted cash	560,500	-	560,500
Receivables, (net):			
Taxes	796,325	-	796,325
Accounts	2,051,647	508,478	2,560,125
Due from other funds	532,221	-	532,221
Notes - Vidant Medical Center	3,336,221	-	3,336,221
Notes - Landmark Asset Services	288,683	-	288,683
Notes - Bertie Memorial Limited Partnership	129,600	-	129,600
Total assets	12,573,522	1,246,906	13,820,428
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	685,649	20,878	706,527
Due to other funds	-	495,000	495,000
Total liabilities	685,649	515,878	1,201,527
DEFERRED INFLOWS OF RESOURCES	4,599,457	-	4,599,457
Fund balances:			
Restricted:			
Drug task force	1,191	-	1,191
Stabilization for State Statute	2,583,868	508,478	3,092,346
Committed:			
Tax Revaluation	157,277	-	157,277
Education (Capital Reserve-Schools Fund)	403,223	-	403,223
OPEB Trust	242,400	-	242,400
Assigned:			
Subsequent years' expenditures	1,627,304	222,550	1,849,854
Unassigned	2,273,153	-	2,273,153
Total fund balances	7,288,416	731,028	8,019,444
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,573,522	\$ 1,246,906	

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

Bertie County, North Carolina
Balance Sheet – Governmental Fund
June 30, 2017
Exhibit 3

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

Total Fund Balance, Governmental Funds	8,019,444
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,724,643
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	2,113,582
Net pension liability	(2,264,404)
Total pension liabilities	(475,161)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement on Net Position.	7,238
Pension related deferrals	(89,472)
Deferred inflows of resources for taxes and special assessments	4,550,829
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.	(34,484,996)
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	79,199
Net assets of governmental activities	\$ 8,180,902

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, 2017
Exhibit 4

	Major	Non-Major	Total
	General Fund	Other Governmental Funds	Governmental Funds
REVENUES			
Ad valorem taxes	\$ 11,175,900	\$ -	\$ 11,175,900
Other taxes and licenses	378,358	-	378,358
Intergovernmental revenues	7,159,173	656,739	7,815,912
Licenses and permits	212,079	-	212,079
Sales and services	3,771,621	-	3,771,621
Investment earnings	744,284	223	744,507
Miscellaneous	1,787,523	-	1,787,523
Total revenues	25,228,938	656,962	25,885,900
EXPENDITURES			
Current:			
General government	3,719,867	-	3,719,867
Public safety	8,231,062	167,310	8,398,372
Environmental protection	470,273	-	470,273
Economic and physical development	474,671	1,776	476,447
Human services	5,245,681	-	5,245,681
Intergovernmental:			
Education	3,473,437	-	3,473,437
Special appropriations	550,332	-	550,332
Debt service:			
Principal	1,914,945	-	1,914,945
Interest and fees	1,203,522	-	1,203,522
Total expenditures	25,283,790	169,086	25,452,876
Excess (deficiency) of revenues over expenditures	(54,852)	487,876	433,024
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	495,000	-	495,000
Transfers to other funds	-	(495,000)	(495,000)
Total other financing sources and uses	495,000	(495,000)	-
Net change in fund balance	440,148	(7,124)	433,024
Fund balances-beginning	6,848,268	738,152	7,586,420
Fund balances-ending	\$ 7,288,416	\$ 731,028	\$ 8,019,444

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, 2017
Exhibit 5

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

Net changes in fund balances - total governmental funds	\$	433,024
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.		402,091
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		1,528,245
County's portion of collective pension expense.		(1,707,119)
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement on Net Position.		7,238
Revenues not in the Statement of Activities that do not provide current financial resources and reported as revenues in the funds.		(561,198)
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.		1,126,945
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.		(780,075)
Internal service funds are used by management to charge the costs of a telephone system to individual funds.		10,776
Total changes in net position of governmental activities	\$	459,927

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, 2017
Exhibit 6

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 10,886,601	\$ 10,956,601	\$ 11,175,900	\$ 219,299
Other taxes and licenses	404,200	404,200	378,358	(25,842)
Intergovernmental revenues	5,865,414	5,985,557	7,159,173	1,173,616
Licenses and permits	224,050	224,050	212,079	(11,971)
Sales and services	3,750,782	3,750,782	3,771,621	20,839
Investment earnings	20,000	20,000	16,301	(3,699)
Miscellaneous	1,266,591	1,455,594	1,787,523	331,929
Total revenues	22,417,638	22,796,784	24,500,955	1,704,171
EXPENDITURES				
Current:				
General government	4,078,470	4,264,591	3,719,867	544,724
Public safety	7,937,187	8,549,165	8,231,062	318,103
Environmental protection	472,308	472,308	470,273	2,035
Economic and physical development	521,192	509,407	474,671	34,736
Human services	5,589,070	5,607,639	5,245,681	361,958
Intergovernmental:				
Education	3,515,520	3,613,389	3,473,437	139,952
Special appropriations	530,012	592,184	550,332	41,852
Debt service:				
Principal	1,914,946	1,914,946	1,914,945	1
Interest and fees	1,203,526	1,203,526	1,203,522	4
Total expenditures	25,762,231	26,727,155	25,283,790	1,443,365
Revenues over (under) expenditures	(3,344,593)	(3,930,371)	(782,835)	3,147,536
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,343,346	2,343,346	1,580,584	(762,762)
Transfers to other funds	(270,000)	(270,000)	(450,696)	(180,696)
Total other financing sources and uses	2,073,346	2,073,346	1,129,888	(943,458)
Revenues and other financing sources over (under) expenditures and other financing uses	(1,271,247)	(1,857,025)	347,053	2,204,078
Appropriated fund balance	1,271,247	1,857,025	-	(1,857,025)
Net change in fund balance	\$ -	\$ -	347,053	\$ 347,053
Fund balances-beginning			6,380,863	
Fund balances-ending			\$ 6,727,916	
The legally budgeted Tax Revaluation Fund and Capital Reserve Fund are consolidated into the General Fund for reporting purposes:				
Investment earnings			\$ 727,983	
Transfers in - General Fund			450,696	
Transfers out - General Fund			(1,085,584)	
Fund balance, beginning			467,405	
Fund balance, ending (Exhibit 4)			\$ 7,288,416	

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

Bertie County, North Carolina
Statement of Net Position – Proprietary Funds
June 30, 2017
Exhibit 7

	Business-type Activities - Proprietary Funds - Major	Governmental Activities - Internal Service
	Regional Water District	Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,137,030	\$ -
Receivables, net	258,166	3,532
Grants receivable	260,302	-
Due (to) from other funds	-	(37,221)
Total current assets	1,655,498	(33,689)
Noncurrent assets:		
Restricted assets:		
Restricted cash and cash equivalents	210,090	-
Capital assets:		
Land and improvements	129,994	-
Construction in progress	2,266,321	-
Buildings, improvements, and equipment	36,898,537	305,185
Less accumulated depreciation	(10,644,205)	(191,967)
Total capital assets	28,650,647	113,218
Total noncurrent assets	28,860,737	113,218
Total assets	30,516,235	79,529
DEFERRED OUTFLOWS OF RESOURCES	123,083	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	84,630	330
Compensated absences	26,682	-
Installment purchase	11,650	-
Limited obligation bonds	385,000	-
Bond anticipation notes	1,526,038	-
Original issue discount/premium	23,736	-
Total current liabilities	2,057,736	330
Noncurrent liabilities:		
Liabilities payable from restricted assets:		
Accounts payable	208,912	-
Retainage payable	54,169	-
Customer deposits	210,090	-
Installment purchase	163,094	-
Limited obligation bonds	9,935,000	-
Original issue discount/premium	435,341	-
Net pension liability	133,634	-
Other postemployment benefits	278,936	-
Total noncurrent liabilities	11,419,176	-
Total liabilities	13,476,912	330
DEFERRED INFLOWS OF RESOURCES	4,683	-
NET POSITION		
Net investment in capital assets	18,155,903	113,218
Unrestricted	(998,180)	(34,019)
Total net position	\$ 17,157,723	\$ 79,199

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, 2017
Exhibit 8

	Business-type Activities - Proprietary Funds - Major Regional Water District	Governmental Activities - Internal Service Funds
Operating revenue		
User charges	\$ 2,457,619	\$ 61,308
Total operating revenue	2,457,619	61,308
Operating expenses		
Administrative expenses	1,536,710	41,413
Depreciation expense	759,008	9,119
Total operating expenses	2,295,718	50,532
Operating income (loss)	161,901	10,776
Nonoperating revenues (expenses)		
Investment earnings	4,243	-
Miscellaneous income	1,620	-
Interest, fees and amortization	(400,579)	-
Total nonoperating revenues (expenses)	(394,716)	-
Income (loss) before contributions and operating transfers	(232,815)	10,776
Capital contributions	110,421	-
Total transfers and capital contributions	110,421	-
Change in net position	(122,394)	10,776
Net position, beginning	17,280,117	20,834
Prior period adjustment	-	47,589
Net position, beginning, restated	17,280,117	68,423
Net position, ending	\$ 17,157,723	\$ 79,199

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, 2017
Exhibit 9

	Business-type Activities - Proprietary Funds-Major	Governmental Activities -
	Regional Water District	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,240,354	\$ 61,917
Cash paid for goods and services	(952,388)	(44,074)
Cash paid to employees for services	(551,639)	-
Customer deposits (net)	22,740	-
Other operating revenues	87,530	-
Net cash provided (used) by operating activities	846,597	17,843
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating income	1,620	-
Due to (from) other funds	-	37,221
Net cash provided (used) from noncapital financing activities	1,620	37,221
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,859,640)	(74,748)
Interest paid on construction debt	(424,316)	-
Principal paid on bond maturities and equipment contracts	(391,650)	-
Capital contributions - Federal grant	110,421	-
Proceeds from long-term borrowing	1,526,038	-
Net cash provided (used) for capital and related financing activities	(1,039,147)	(74,748)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investment	4,243	-
Net cash provided (used) for investing activities	4,243	-
Net increase (decrease) in cash and cash equivalents	(186,687)	(19,684)
Cash and cash equivalents, beginning	1,533,807	19,684
Cash and cash equivalents, ending	\$ 1,347,120	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating revenues		
Operating income (loss)	\$ 161,901	\$ 10,776
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	759,008	9,119
Change in assets, liabilities, and deferred outflows and inflows of resources:		
(Increase) decrease in accounts receivable	(129,735)	609
(Increase) decrease in deferred outflows of resources for pensions	(88,099)	-
Increase (decrease) in net pension liability	107,003	-
Increase (decrease) in deferred inflows of resources for pensions	(9,159)	-
Increase (decrease) in accounts payable and accrued liabilities	(12,481)	(2,661)
Increase (decrease) in customer deposits	22,740	-
Increase (decrease) in accrued vacation	(2,914)	-
Increase (decrease) in OPEB payable	38,333	-
Total adjustments	684,696	7,067
Net cash provided (used) by operating activities	\$ 846,597	\$ 17,843

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

Bertie County, North Carolina
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2017
Exhibit 10

ASSETS	
Cash and cash equivalents	\$ 3,999
<hr/>	
LIABILITIES	
Miscellaneous liabilities	3,999
<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

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.

Bertie County, North Carolina Notes to Financial Statements

Complete financial statements of the component unit may be obtained at the administrative office of the entity.

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

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.

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 three legally budgeted funds. The Emergency Telephone System Fund and the Lottery Proceeds Fund are reported as nonmajor special revenue funds. The Bertie High School Construction Fund is reported as a nonmajor capital project fund.

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

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

Bertie County, North Carolina Notes to Financial Statements

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 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.

Bertie County, North Carolina Notes to Financial Statements

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Special Revenue Funds, (excluding the Community Development Block Grant Funds), the Enterprise Funds, the Internal Service Funds and the Capital Project Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Block Grant Funds which is a Special Revenue fund type, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality

Bertie County, North Carolina Notes to Financial Statements

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	\$ 157,277
	Capital Reserves Schools	403,223
Total Governmental Activities		\$ 560,500
Business-type Activities		
Water District Regional	Customer deposits	210,090
Total Business-type Activities		\$ 210,090
Total Restricted Cash		\$ 770,590

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, 2016. 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, 2017.

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

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

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

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

Bertie County, North Carolina Notes to Financial Statements

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.

Committed for OPEB Trust – portion of fund balance that can only be used for Other Postemployment Benefit Trust.

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 (LGERS). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plan and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and

Bertie County, North Carolina Notes to Financial Statements

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 total fund balance for the governmental funds and net position for the governmental activities as reported in the government-wide statement of net position. The net adjustment of \$161,458 consists of the following:

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)	\$ 39,404,559
<u>Less accumulated depreciation</u>	<u>(8,679,916)</u>
Net capital assets	30,724,643
Contributions to the pension plan in the current fiscal year	2,113,582
Total pension liabilities	(475,161)
Benefit payments and pension administration costs for LEOSSA	7,238
Pension related deferrals	(89,472)
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	4,550,829
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	(29,307,126)
Net pension liability	(2,264,404)
Other postemployment benefit obligation	(4,773,004)
<u>Compensated absences</u>	<u>(404,866)</u>
	(36,749,400)
Internal service funds are used by management to charge the costs of a data information system to individual funds.	79,199
Total adjustment	\$ 161,458

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 for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$26,903 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the funds statements but capitalized as assets in the statement of activities.	\$ 1,536,488
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.	(1,134,397)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(788,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	1,914,945
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,528,245
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	7,238
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	(561,198)
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	4,898
Other postemployment benefit obligation	(767,540)
Net pension obligation	(17,433)
County's portion of collective pension expense	(1,707,119)
Internal service funds are used by management to charge the costs of a data information system to individual funds.	10,776
Total adjustment	\$ 26,903

F. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through January 30, 2018, 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, 2017, the County's deposits had a carrying amount of \$4,932,658. The bank balances with financial institutions and with the State Treasurer were \$5,118,803 and \$2,923, respectively. Of these bank balances, \$500,000 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 \$4,365,146 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2017, Bertie County had \$1,225 cash on hand.

At June 30, 2017, the carrying amount of deposits for Bertie County ABC Board was \$31,434 and the bank balance was \$49,735. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2017, the County's investments consisted of \$2,594,489 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, 2017, 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
2014	\$ 1,431,443	\$ 468,783	\$ 1,900,226
2015	1,449,040	344,132	1,793,172
2016	1,436,068	211,805	1,647,873
2017	1,426,603	82,020	1,508,623
Total	\$ 5,743,154	\$ 1,106,740	\$ 6,849,894

4. Receivables

Receivables at the government-wide level at June 30, 2017, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Other	Total
Governmental activities:					
General	\$ 1,265,467	\$ 917,501	\$ 786,180	\$ 3,754,504	\$ 6,723,652
Other Governmental	508,478	-	-	-	508,478
Internal Service Fund	3,532	-	-	-	3,532
Total receivables	1,777,477	917,501	786,180	3,754,504	7,235,662
Allowance for doubtful accounts	-	(121,176)	-	-	(121,176)
Total governmental activities	\$ 1,777,477	\$ 796,325	\$ 786,180	\$ 3,754,504	\$ 7,114,486
Business-type activities:					
Regional Water District	\$ 298,241	\$ -	\$ 260,302	\$ -	\$ 558,543
Total receivables	298,241	-	260,302	-	558,543
Allowance for doubtful accounts	(40,075)	-	-	-	(40,075)
Total business-type activities	\$ 258,166	\$ -	\$ 260,302	\$ -	\$ 518,468

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

Local option sales tax	\$ 617,028
Sales tax receivable	169,152
	\$ 786,180

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

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2017, was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,693,469	\$ -	\$ -	\$ 1,693,469
Construction in progress	521,232	-	-	521,232
Total capital assets not being depreciated	2,214,701	-	-	2,214,701
Capital assets being depreciated:				
Buildings	30,236,738	-	-	30,236,738
Improvements	1,123,274	62,466	-	1,185,740
Equipment	2,630,856	791,221	11,993	3,410,084
Vehicles and motor equipment	1,720,197	805,138	45,704	2,479,631
Total capital assets being depreciated	35,711,065	1,658,825	57,697	37,312,193
Less accumulated depreciation for:				
Buildings	4,388,377	599,610	-	4,987,987
Improvements	430,327	55,680	-	486,007
Equipment	1,580,864	255,868	11,993	1,824,739
Vehicles and motor equipment	1,203,646	232,358	45,704	1,390,300
Total accumulated depreciation	7,603,214	1,143,516	57,697	8,689,033
Total capital assets being depreciated, net	28,107,851			28,623,160
Governmental activity capital assets, net	\$ 30,322,552			\$ 30,837,861

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

General government	\$ 573,072
Public safety	305,939
Human services	107,846
Parks and Recreation	156,659
Total depreciation expense	\$ 1,143,516

Bertie County, North Carolina Notes to Financial Statements

Business-type Activities:				Ending
Water Districts	Beginning			Balances
	Balances	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 129,994	\$ -	\$ -	\$ 129,994
Construction in progress	543,081	2,032,968	283,614	2,292,435
Total capital assets not being depreciated	673,075	2,032,968	283,614	2,422,429
Capital assets being depreciated:				
Plant and distribution systems	36,357,428	342,170	-	36,699,598
Vehicles	150,228	22,597	-	172,825
Total capital assets being depreciated	36,507,656	364,767	-	36,872,423
Less accumulated depreciation for:				
Plant and distribution systems	9,803,534	706,920	-	10,510,454
Vehicles	81,663	52,088	-	133,751
Total accumulated depreciation	9,885,197	759,008	-	10,644,205
Total capital assets being depreciated, net	26,622,459			26,228,218
Water Districts capital assets, net	\$ 27,295,534			\$ 28,650,647

Construction commitments

The government has active construction projects as of June 30, 2017. The projects include the water district projects and the Bertie High School construction. At June 30, 2017, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Bertie High School	\$ 21,440,762	\$ 94,238
Drinking Water State Revolving Loan Fund - SCADA	190,047	1,176,090
USDA Rural Development Fund	1,810,660	1,244,340
USDA Rural Development Fund - Kelford	53,744	143,976
Drinking Water State Revolving Loan Fund - Roxobel Merger	237,984	1,474,137
Total	\$ 23,733,197	\$ 4,132,781

Bertie County, North Carolina Notes to Financial Statements

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2017, 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:				
Land improvements	19,211	-	-	19,211
Leasehold improvements	25,582	-	-	25,582
Furniture and equipment	115,784	-	-	115,784
Vehicles	1,470	-	-	1,470
Total capital assets being depreciated	162,047	-	-	162,047
Less accumulated depreciation for:				
Land improvements	17,899	1,312	-	19,211
Furniture and equipment	3,062	3,358	-	6,420
Leasehold improvements	104,759	3,563	-	108,322
Vehicles	1,470	-	-	1,470
Total accumulated depreciation	127,190	8,233	-	135,423
ABC capital assets, net	\$ 38,646			\$ 30,413

6. Cost-sharing commitments

Bertie County and the Town of Windsor and Bertie County Water District II entered into an agreement on June 10, 2002 to purchase land jointly. The land was purchased in August 2003 and the North Carolina Department of Corrections completed constructing a 1,000 bed detention center on the land in July 2006. The Bertie County Water District II is the exclusive provider of water services to the detention center and the Town provides electric and sewer utility services. Once the prison was completed, the County and Town began deducting monthly 10% of the gross revenue for each utility and equally dividing between the County and the Town. These payments will continue until the purchase price and costs of establishing each utility service is paid in full. For the fiscal year ending June 30, 2017, Bertie County paid the Town of Windsor \$19,501 from the water fund. For the fiscal year ending June 30, 2017, the Town paid Bertie County \$40,044 and \$7,972 from the electric fund and water and sewer fund, respectively for the required payments.

After the net purchase price and the net costs as defined have been paid in full, the obligation of the County and the Town to monthly deduct 10% of gross revenue for each utility shall cease. The County and the Town will then monthly deduct 1% of the gross revenue for each utility, which monies will be applied towards an economic development fund to be administered by a joint County and Town board for the benefit of the citizens of the County and Town.

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

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	Vendors	Total
Governmental Activities:		
General	\$ 685,649	\$ 685,649
Other Governmental	20,878	20,878
Internal Service Fund	330	330
Total governmental funds	\$ 706,857	\$ 706,857
Business-type Activities:		
Regional Water Districts	\$ 84,630	\$ 84,630
Total business-type activities	\$ 84,630	\$ 84,630

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of

Bertie County, North Carolina Notes to Financial Statements

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, 2017, was 7.28% of compensation for law enforcement officers and 7.07% for general employees, firefighters, and the register of deeds, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$523,363 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$2,420,311 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the

Bertie County, North Carolina Notes to Financial Statements

County's proportion was .11404%, which was an increase of .00932% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$702,405. At June 30, 2017, 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	\$ 45,473	\$ 84,810
Changes in assumptions	165,770	-
Net difference between projected and actual earnings on pension plan investments	1,338,127	-
Changes in proportion and differences between County contributions and proportionate share of contributions	156,481	-
County contributions subsequent to the measurement date	523,363	-
Total	\$ 2,229,214	\$ 84,810

\$523,363 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 liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 275,602
2019	275,765
2020	678,575
2021	391,099
2022	-
Thereafter	-
	\$ 1,621,041

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Bertie County, North Carolina Notes to Financial Statements

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.00%	1.40%
Global Equity	42.00%	5.30%
Real Estate	8.00%	4.30%
Alternatives	8.00%	8.90%
Credit	7.00%	6.00%
Inflation Protection	6.00%	4.00%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2015 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.

Bertie County, North Carolina Notes to Financial Statements

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)	\$ 5,744,527	\$ 2,420,311	\$ (356,321)

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance.

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

At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Active plan members	24
Total	25

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20 year Municipal Bond Index as of December 31, 2016.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements.

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. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$14,476 as benefits came due for the reporting period.

Bertie County, North Carolina
Notes to Financial Statements

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

At June 30, 2017, the County reported a total pension liability of \$475,161. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$41,300.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	9,003
County benefit payments and plan administrative expense made subsequent to the measurement date	7,238	-
Total	\$ 7,238	\$ 9,003

\$7,238 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 1,591
2019	1,591
2020	1,591
2021	1,591
2022	1,591
Thereafter	1,048
Total	\$ 9,003

\$7,238 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

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

	1 % Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 512,939	\$ 475,161	\$ 440,812

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

Beginning balance	457,728
Service cost	26,421
Interest on the total pension liability	16,082
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(10,594)
Benefit payments	(14,476)
Other changes	-
Ending balance of the total pension liability	475,161

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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.

Bertie County, North Carolina Notes to Financial Statements

Contributions for the year ended June 30, 2017 were \$62,061 which consisted of \$53,991 from the County and \$8,070 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, 2017 were \$219,141 which consisted of \$148,672 from the County and \$70,469 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 increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,068 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$22,273 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December

Bertie County, North Carolina Notes to Financial Statements

31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was 0.11913%, which was a decrease of 0.00085% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,642. At June 30, 2017, 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	\$ 24	\$ 288
Net difference between projected and actual earnings on pension plan investments	38	-
Changes in proportion and differences between County contributions and proportionate share of contributions	387	54
Change in assumptions	5,934	
County contributions subsequent to the measurement date	1,068	-
Total	\$ 7,451	\$ 342

\$1,068 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:

Year ended June 30:	
2016	\$ 2,597
2017	2,631
2018	1,063
2019	(250)
2020	-
Thereafter	-
	\$ 6,041

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Bertie County, North Carolina Notes to Financial Statements

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net

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

pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net position liability (asset)	\$ (17,959)	\$ (22,273)	\$ (25,896)

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 Commissioners. The County pays the full cost of coverage for these benefits through private insurers. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Employees hired after July 1, 2016, are not eligible for retiree health insurance benefits upon retirement.

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Bertie County, North Carolina Notes to Financial Statements

	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 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:

Annual Required Contribution	\$ 1,251,565
Interest on net OPEB obligation	169,843
Adjustment to annual required contribution	(236,106)
Annual OPEB cost (expense)	1,185,302
Contributions made	(379,429)
Increase (decrease) in net OPEB obligation	805,873
Net OPEB obligation, beginning of year	4,246,067
Net OPEB obligation, end of year	\$ 5,051,940

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

Bertie County, North Carolina
Notes to Financial Statements

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 709,567	34.71%	\$ 3,849,010
2016	\$ 731,499	45.70%	\$ 4,246,067
2017	\$ 1,185,302	32.00%	\$ 5,051,940

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 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

Bertie County, North Carolina Notes to Financial Statements

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	\$ 45,473	\$ 84,810
Register of Deeds	24	288
Pensions - difference between projected and actual investment earnings		
LGERS	1,338,127	-
Register of Deeds	38	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	156,481	-
Register of Deeds	387	54
Changes in assumptions		
LGERS	165,770	-
Register of Deeds	5,934	-
LEOSSA	-	9,003
Contributions to pension plan in 2016-2017 fiscal year		
LGERS	523,363	-
Register of Deeds	1,068	-
Benefit payments/administration costs paid subsequent to the measurement date - LEOSSA	7,238	-
Prepaid taxes not yet earned (General)	-	48,628
Taxes receivables, net (General)	-	796,325
Special assessments receivable, net (General)	-	3,754,504
	\$ 2,243,903	\$ 4,693,612

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory

Bertie County, North Carolina Notes to Financial Statements

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 Guardian.

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, 2017, 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.



Bertie County, North Carolina Notes to Financial Statements

In October 2006, the County entered into an installment purchase contract for \$3,300,000 to finance the construction of the new Department of Social Services Building. The financing contract requires 15 annual fixed principal payments of \$220,000 with an interest rate of 3.93% beginning October 2007. In October 2012, the County modified their agreement with the lender for a lower interest rate of 2.93%. The payment schedule continues without interruption and will be paid out October 2021.

In April 2017, the County entered into an installment purchase contract for \$788,000 to finance the purchase of emergency equipment. The financing contract requires 15 annual payments, including interest, of \$64,821 with an interest rate of 2.75% beginning April 2018 and ending April 2032.

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%.

Bertie County, North Carolina Notes to Financial Statements

For Bertie County, the future minimum payments of these installment purchases as of June 30, 2017, including \$813,812 of interest, are:

Year ending June 30	Governmental Activities					
	Hospital		Health Department		DSS County Building	
	Principal	Interest	Principal	Interest	Principal	Interest
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	473,338	8,874	-	-	220,000	5,258
2023-2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
Principal and interest payment totals	\$ 3,336,221	\$ 452,512	\$ 111,111	\$ 3,475	\$ 1,100,000	\$ 78,870

Year ending June 30	QZAB School	QZAB Bertie				
	Project	High	Middle School		Medical Equipment	
	Principal	Principal	Principal	Interest	Principal	Interest
2018	\$ 212,181	\$ 109,460	\$ 400,000	\$ 43,940	\$ 43,150	\$ 21,671
2019	212,181	109,460	400,000	30,420	44,336	20,485
2020	212,181	109,460	400,000	16,900	45,556	19,265
2021	212,181	109,460	200,000	3,380	46,809	18,012
2022	212,181	109,460	-	-	48,096	16,725
2023-2027	151,029	467,560	-	-	261,063	63,042
2028-2032	-	-	-	-	298,990	25,115
Principal and interest payment totals	\$ 1,211,934	\$ 1,014,860	\$ 1,400,000	\$ 94,640	\$ 788,000	\$ 184,315

Year ending June 30	Business-type		Totals
	Activities		
	Principal	Principal	
2018	\$ 11,650	\$ 1,720,309	\$ 264,228
2019	11,650	1,736,872	204,384
2020	11,650	1,733,166	144,270
2021	11,650	1,576,662	81,916
2022	11,650	1,074,725	30,857
2023-2027	58,250	937,902	63,042
2028-2032	58,250	357,240	25,115
Principal and interest payment totals	\$ 174,750	\$ 9,136,876	\$ 813,812

b. 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.

Bertie County, North Carolina Notes to Financial Statements

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

The 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.

The County's limited obligation bonds payable at June 30, 2017 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%.	2,315,000
	<hr/> <hr/>
	\$ 20,345,000

Bertie County, North Carolina Notes to Financial Statements

Limited obligation bonds serviced by the Regional Water District Fund:

\$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%.	\$ 2,180,000
\$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%.	3,110,000
\$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%.	1,960,000
\$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%.	3,070,000
	\$ 10,320,000

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 Totals		Business-type activities Totals	
	Principal	Interest	Principal	Interest
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	420,000	841,460	455,000	345,356
2023-2027	-	4,207,300	2,525,000	1,440,531
2028-2032	-	4,207,300	2,810,000	897,381
2033-2037	-	4,207,300	2,435,000	347,725
2038-2040	18,030,000	420,730	455,000	36,200
Principal and interest payment totals	\$ 20,345,000	\$ 17,418,380	\$ 10,320,000	\$ 4,611,967

Bertie County, North Carolina Notes to Financial Statements

c. Bond Anticipation Notes

The Regional Water District within Bertie County has issued a bond anticipation note, in order to finance water projects

\$1,717,000 Water Note issued on September 29, 2016; interest at 1.23%. The note will be repaid from a bond issue expected to be sold in the next fiscal year. At June 30, 2017 only \$1,526,038 had been received by the County.

\$ 1,526,038

At June 30, 2017, Bertie County had a legal debt margin of \$77,905,859.

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 9,804,071	\$ 788,000	\$ 1,629,945	\$ 8,962,126	\$ 1,708,659
Limited obligation debt	20,630,000	-	285,000	20,345,000	285,000
Compensated absences	409,764	-	4,898	404,866	101,216
Total pension liability (LEOSSA)	457,728	17,433	-	475,161	-
Net pension liability (LGRS)	415,542	1,848,862	-	2,264,404	-
Other postemployment benefits	4,005,464	767,540	-	4,773,004	-
Total governmental activities	\$ 35,722,569	\$ 3,421,835	\$ 1,919,843	\$ 37,224,561	\$ 2,094,875
Business-type activities:					
Installment purchase	\$ 186,394	\$ -	\$ 11,650	\$ 174,744	\$ 11,650
Limited obligation debt	10,700,000	-	380,000	10,320,000	385,000
Bond Anticipation Note	-	1,526,038	-	1,526,038	1,526,038
Original issue discount	(44,086)	-	(2,167)	(41,919)	(2,167)
Original issue premium	526,899	-	25,903	500,996	25,903
Compensated absences	29,596	-	2,914	26,682	6,670
Net pension liability (LGRS)	26,631	107,003	-	133,634	-
Other postemployment benefits	240,603	38,333	-	278,936	-
Total business-type activities	\$ 11,666,037	\$ 1,671,374	\$ 418,300	\$ 12,919,111	\$ 1,953,094
Discretely presented component unit:					
Other postemployment benefits	\$ 151,675	\$ 7,990	\$ -	\$ 159,665	\$ -
Total discretely presented component unit	\$ 151,675	\$ 7,990	\$ -	\$ 159,665	\$ -

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, 2017, there were no industrial revenue bonds outstanding.

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2017, consist of the following:

Transfer from the Capital Reserve Schools to the General Fund for debt services.	\$ 694,888
Transfer from the General Fund to the Revaluation Fund to accumulate resources for the revaluation of real property.	(60,000)
Transfer from the Lottery Fund to the General Fund for debt services.	495,000
Total	\$ 1,129,888

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 30,837,861	\$ 28,650,647
Less: long-term debt	29,307,128	10,494,744
Add: debt related to assets not owned by the County	6,963,016	-
Net investment in capital assets	\$ 8,493,749	\$ 18,155,903

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	\$ 7,288,416
Less:	
Drug	1,191
Stabilization by State Statute	2,583,868
Tax Revaluation	157,277
Education	403,223
Fund Balance Policy	2,391,284
Remaining Fund Balance	1,751,573

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, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$140,973 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, 2017. 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, 2017. In accordance with the governmental agreement between the participating governments, the County appropriated \$1,006,276 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, 2017. 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 \$6,863 to the Council during the fiscal year ended June 30, 2017.

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	\$ 27,366,854	\$ 15,346,725
Food stamp program	7,435,618	-
Energy assistance	131,300	-
Title IV-E	58,852	14,655
Foster Care	2,772	-
SC/SA Domiciliary Care	-	322,431
Total	\$ 34,995,396	\$ 15,683,811

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, 2017, 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, 2017, the balance of the County's ADM allocation account was \$3,002. 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, 2017, the balance of the County's Lottery Fund account was \$601,685. 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, 2017, 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, 2017, the fair market value of the lease was \$3,336,221.

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, 2017, the County determined the capital assets in the Bertie Telephone Fund were understated by \$47,589. Therefore, an adjustment to beginning net position has been recorded to account for this item, the net effect of which increased beginning net position by \$47,589 in the Bertie Telephone Fund.

XI. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$154,153. The County also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

**Bertie County, North Carolina
Other Postemployment Benefits
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)
12/31/2008	\$ -	\$ 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 2**

	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.1140%	0.1047%	0.0811%	0.8310%
County's proportionate share of the net pension liability (asset) (\$)	\$ 2,420,311	\$ 469,977	\$ (478,284)	\$ 1,001,674
County's covered-employee payroll	\$ 7,198,427	\$ 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	33.62%	7.08%	(7.31)%	18.77%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	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 3**

	2017	2016	2015	2014
Contractually required contribution	\$ 523,363	\$ 445,210	\$ 428,252	\$ 354,841
Contributions in relation to the contractually required contribution	523,363	445,210	428,252	354,841
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 7,198,427	\$ 6,638,186	\$ 6,546,107	\$ 5,337,910
Contributions as a percentage of covered-employee payroll	7.27%	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 4

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.11913%	0.11998%	0.12285%	0.11879%
County's proportionate share of the net pension liability (asset) (\$)	\$ (22,273)	\$ (27,804)	\$ (27,841)	\$ (25,374)
County's covered-employee payroll	\$ 133,877	\$ 122,973	\$ 119,148	\$ 118,870
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-16.64%	-22.61%	-23.37%	-21.35%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	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 5

	2017	2016	2015	2014
Contractually required contribution	\$ 1,068	\$ 973	\$ 960	\$ 1,003
Contributions in relation to the contractually required contribution	1,068	973	960	1,003
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 133,877	\$ 122,973	\$ 119,148	\$ 118,870
Contributions as a percentage of covered-employee payroll	0.80%	0.79%	0.81%	0.84%

Bertie County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplemental Information
Schedule of Changes in Total Pension Liability
Schedule 6

	<u>2017</u>
Beginning balance	\$ 457,728
Service Cost	26,421
Interest on the total pension liability	16,082
Changes of assumptions or other inputs	(10,594)
Benefit payments	(14,476)
<u>Ending balance of the total pension liability</u>	<u>\$ 475,161</u>

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

Bertie County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Schedule 7

	<u>2017</u>
Total pension liability	\$ 475,161
Covered payroll	1,049,983
Total pension liability as a percentage of covered payroll	45.25%

Notes to the schedules:

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

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes			
Current year		\$ 10,632,699	
Prior years		384,698	
Penalties and interest		158,503	
Total	\$ 10,956,601	11,175,900	\$ 219,299
Other taxes			
Local 1 percent sales tax-article 39		298,876	
Scrap tire disposal tax		27,491	
NC excise tax		51,938	
Lease vehicle tax		53	
Total	404,200	378,358	(25,842)
Intergovernmental revenues:			
Wine and beer		64,154	
Emergency Management		39,292	
Local 1/2¢ sales tax-article 40		1,069,972	
Local 1/2¢ sales tax-article 42		418,811	
Local 1/2¢ sales tax-article 44		610,215	
State DWI reimbursement		849	
Payment in lieu of taxes		58,734	
Veteran services		2,000	
Aging office		227,725	
CAMA		250	
Soil conservation		23,298	
Juvenile Crime Prevention Council		98,067	
Court facility fees		40,113	
Officer fees		45,693	
Restricted drug money		501	
Law Enforcement Grant		3,697	
School Resource Officer - Board of Ed		67,413	
Rural General Public Transportation		56,853	
Aging - Senior outreach		3,020	
Social services - general administration		2,300,444	
Day Care		612,205	
Child support		341,002	
Foster care		24,369	
Elderly/Handicapped transportation		62,327	
Shiip Grant		1,750	
Foster Child Adoption Incentive		36,000	
Solid Waste Disposal		11,814	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Medicaid EMS Cost Settlement		205,074	
EFNEP program assistant		24,000	
Equipment Grant		32,000	
PARTF Grant		500,000	
MIPPA Grant		1,283	
Eat Smart Move More		7,500	
4-H Cooking camp		3,500	
Low Income Energy Assistance		131,300	
Mid East		33,948	
Total	5,985,557	7,159,173	1,173,616
Licenses and permits:			
Recording fees		48,887	
Vital record fees		14,316	
Concealed weapons		10,070	
Recreation fees		5,002	
Peddlers license		50	
Other fees		44,166	
Inspection fees and building permits		81,814	
Cultural resources		2,381	
Floodplain mapping fee		5,238	
Concession profits		155	
Total	224,050	212,079	(11,971)
Sales and services:			
Rents and concessions		48,768	
Jail fees		3,611	
Ambulance fees		982,931	
Non-Emergency transport		878,892	
Landfill host fees		1,839,595	
Aging Program income		13,237	
Registration fees		105	
Vehicle tax collection fees		4,482	
Total	3,750,782	3,771,621	20,839
Investment earnings	20,000	16,301	(3,699)
Miscellaneous:			
Fuel tax		67,032	
Miscellaneous		124,051	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
ABC profits		10,000	
5¢ per bottle tax		2,951	
Sale of assets		8,657	
Sale of land		13,600	
Indirect cost		244,778	
Insurance proceeds		20,435	
Insurance proceeds - Hurricane Matthew		11,859	
Insurance proceeds Tropical Storm Julia		182,950	
Hurricane Reimbursement - FEMA		123,888	
Hospital lease revenue		826,650	
5% water gross receipts		19,501	
5% electric gross receipts		40,044	
5% sewer gross receipts		7,973	
Reimbursement Cooperative Extension Program Income		3,586	
KB Reynolds Grant		51,450	
Implemental functions of NC911		28,118	
Total	1,455,594	1,787,523	331,929
Total revenues	22,796,784	24,500,955	1,704,171
EXPENDITURES			
<u>General Government</u>			
Governing body:			
Salaries and benefits		70,288	
Travel		54,469	
Telephone and postage		900	
Dues and subscriptions		5,668	
Advertising		1,825	
Insurance and bonds		52,421	
Contracted Services		2,995	
Miscellaneous		12,688	
Total	210,958	201,254	9,704
Administration:			
Salaries and benefits		218,692	
Telephone and postage		4,053	
Advertising		1,711	
Travel		7,372	
Supplies and materials		12,878	
Dues and subscriptions		1,502	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Insurance and bonds		619	
Employee training		1,945	
Total	250,430	248,772	1,658
Finance:			
Salaries and benefits		195,445	
Supplies and materials		7,167	
Travel		1,555	
Telephone and postage		6,439	
Contracted services		25,965	
Dues and subscriptions		50	
Maintenance and repairs		2,541	
Insurance and bonds		175	
Employee training		575	
Total	261,950	239,912	22,038
Human Resources and Risk Service:			
Salaries and benefits		63,426	
Telephone and postage		619	
Travel		1,067	
Supplies and materials		969	
Contracted services		20,436	
Dues and subscriptions		35	
Employee training		435	
Total	95,037	86,987	8,050
Elections:			
Salaries and benefits		97,138	
Telephone and postage		5,206	
Travel		8,968	
Buildings and equipment rents		375	
Advertising		750	
Supplies and materials		7,530	
Maintenance and repairs		17,428	
Contracted services		7,648	
Dues and subscriptions		10	
Insurance and bonds		366	
Employee training		3,184	
Total	154,156	148,603	5,553

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Tax Collections:			
Salaries and benefits		366,895	
Telephone and postage		16,058	
Travel		1,255	
Insurance and bonds		450	
Advertising		12,433	
Office supplies		4,727	
Contracted services		193,653	
Maintenance and repairs		1,839	
Dues and subscriptions		290	
Miscellaneous		35,598	
Total	661,155	633,198	27,957
Legal:			
Contracted services		93,928	
Tax foreclosures		87,768	
Total	182,769	181,696	1,073
Register of Deeds:			
Salaries and benefits		183,828	
Telephone and postage		2,854	
Travel		2,739	
Supplies and materials		5,029	
Fees		1,905	
Contracted services		22,381	
Dues and subscriptions		375	
Insurance and bonds		1,258	
Maintenance and repairs		41,683	
Conveyance tax		25,450	
Domestic violence		2,450	
Floodplain mapping plan		5,238	
Employee training		750	
Total	305,971	295,940	10,031
Data Center:			
Salaries and benefits		163,469	
Telephone and postage		18,276	
Travel		644	
Supplies and materials		9,707	
Maintenance and repairs		31,593	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Employee training		150	
Capital outlay		6,000	
Total	236,177	229,839	6,338
Public Buildings:			
Salaries and benefits		321,890	
Telephone and postage		1,693	
Utilities		63,586	
Maintenance and repairs - buildings		151,168	
Maintenance and repairs - vehicles and equipment		4,130	
Automotive supplies		7,963	
Supplies and materials		15,849	
Contracted services		13,311	
Insurance and bonds		32,562	
Uniforms		1,559	
Travel		137	
Blue Jay Park		28,778	
Capital outlay		183,055	
Miscellaneous		430	
	948,013	826,111	121,902
Allocated to court facilities	(46,000)	(46,000)	-
Total	902,013	780,111	121,902
Court Facilities:			
Utilities and telephone		27,977	
Buildings and equipment rents		372	
Miscellaneous		4,691	
	43,872	33,040	10,832
Allocated from public buildings	46,000	46,000	-
Total	89,872	79,040	10,832
Parks and Recreation:			
Salaries and benefits		146,384	
Supplies and materials		25,331	
Travel		56	
Telephone and postage		1,828	
Maintenance and repairs		5,921	
Advertising		60	
Insurance and bonds		3,391	
Supplemental grants		9,750	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Contracted services		6,106	
Utilities		11,708	
Total	287,722	210,535	77,187
Appropriations:			
Retiree health insurance		383,980	
Total	626,381	383,980	242,401
<u>Total General Government</u>	4,264,591	3,719,867	544,724
<u>Public Safety</u>			
Sheriff:			
Salaries and benefits		1,699,925	
Employee training		2,442	
Telephone and postage		15,651	
Travel		1,404	
Maintenance and repairs - equipment		7,615	
Maintenance and repairs - vehicles		64,267	
Maintenance and repairs - building		7,699	
Automotive supplies		130,883	
Supplies and materials		72,749	
Dues and subscriptions		421	
Insurance and bonds		31,585	
Uniforms		18,177	
Utilities		27,954	
Restricted drug money		23,425	
Employee physical		210	
Miscellaneous		4,448	
Equipment grant		7,500	
Sheriff's office move		1,161	
Contracted services		2,450	
Capital outlay - equipment		29,009	
Capital outlay - vehicles		111,611	
Total	2,404,762	2,260,586	144,176
Emergency Management:			
Salaries and benefits		77,134	
Telephone and postage		1,608	
Travel		1,647	
Insurance and bonds		2,171	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Supplies and materials		22,069	
Maintenance and repairs		9,354	
Contracted services		5,684	
Fire department		360,000	
Uniforms		213	
Rescue squad		16,000	
Supplemental grant		1,475	
Capital outlay - equipment		12,152	
Total	517,622	509,507	8,115
Emergency Services:			
Salaries and benefits		1,953,690	
Telephone and postage		3,794	
Supplies and materials		197,312	
Maintenance and repairs		37,105	
Training		3,662	
Insurance and bonds		19,430	
Capital outlay		70,752	
Utilities		21,024	
Contracted services		58,391	
Total	2,437,525	2,365,160	72,365
Non-Emergency Services:			
Salaries and benefits		670,679	
Telephone and postage		3,079	
Supplies and materials		51,934	
Maintenance and repairs		36,822	
Advertising		8,483	
Capital outlay - equipment		8,120	
Total	781,314	779,117	2,197
Planning and inspection:			
Salaries and benefits		269,723	
Telephone and postage		3,492	
Travel		6,363	
Maintenance and repairs		459	
Automotive supplies		7,585	
Supplies and materials		2,366	
Dues and subscriptions		685	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Insurance and bonds		1,856	
Contracted services		15,055	
Miscellaneous		1,425	
Total	324,022	309,009	15,013
Animal Control:			
Salaries and benefits		81,682	
Utilities		2,048	
Maintenance and repairs		2,250	
Telephone and postage		1,527	
Automotive supplies		9,207	
Supplies and materials		5,360	
Insurance and bonds		1,496	
Contracted services		12,662	
Uniforms		808	
Total	174,725	117,040	57,685
Medical Examiner:			
Professional services	33,200	33,200	-
Communications:			
Salaries and benefits		370,060	
Telephone and postage		5,852	
Utilities		6,822	
Travel		16	
Supplies and materials		1,569	
Insurance and bonds		657	
Maintenance contracts		37,479	
Total	432,268	422,455	9,813
Tropical Storm Julia:			
Travel		1,201	
Maintenance and repair		196,939	
EOC expenses		1,404	
Debris removal		4,108	
Micellaneous expense		33,110	
Total	236,768	236,762	6
Hurricane Matthew:			
Salaries and wages		25,195	
Travel		2,694	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Utilities		6,805	
Maintenace and repair		41,552	
EOC expenses		393	
Debris removal		42,955	
Building and equipment		49,500	
Miscellaneous expense		22,856	
Total	200,683	191,950	8,733
Appropriations:			
Bertie-Martin Regional Jail		1,006,276	
Total	1,006,276	1,006,276	-
<u>Total Public Safety</u>	8,549,165	8,231,062	309,364
<u>Environmental Protection:</u>			
Sanitation:			
Tire disposal		22,355	
Convenience centers		442,308	
Contracted services		5,610	
Total	472,308	470,273	2,035
<u>Total Environmental Protection</u>	472,308	470,273	2,035
<u>Economic and Physical Development:</u>			
Agricultural Extension:			
Salaries and benefits		203,178	
Maintenance and repairs - equipment		1,162	
Telephone and postage		6,284	
Programs		8,461	
Eat Smart Move More		7,517	
4-H Cooking Camp		3,484	
Travel		6,386	
Supplies and materials		17,102	
Dues and subscriptions		699	
Contracted services		400	
Total	261,452	254,673	6,779
Economic Development:			
Salaries and benefits		73,775	
Telephone and postage		801	
Travel		5,704	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Supplies and materials		148	
Contracted services		59,008	
Peanut Belt Rural Planning		5,782	
Employee training		267	
Total	166,860	145,485	21,375
Soil Conservation:			
Salaries and benefits		67,402	
Dues and subscriptions		546	
Transportation		1,600	
Aquatic weed control		4,965	
Total	81,095	74,513	6,582
<u>Total Economic & Physical Development</u>	509,407	474,671	34,736
Human Services:			
Health:			
Administration:			
Insurance and bonds		1,611	
Management fee yearly appropriation		96,000	
Total	98,000	97,611	389
Total Health	98,000	97,611	389
Social Services:			
Administration:			
Salaries and benefits		2,294,121	
Telephone and postage		39,261	
Utilities		32,253	
Travel		13,018	
Maintenance and repairs		12,053	
Food stamp - EBT		10,055	
Maintenance contracts		3,485	
Vehicle supplies		4,158	
Supplies and materials		28,017	
Contracted services		17,400	
Dues and subscriptions		988	
Insurance		7,505	
Vidant Bertie Hospital - Indigent Care		120,000	

Bertie County, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous expense		2,081	
Capital outlay		24,538	
Total	2,803,774	2,608,933	194,841
General Assistance:			
Public assistance		831	
SAA		333,971	
State Foster care		3,653	
Day Care		612,205	
Medicaid		49	
Legal services		34,470	
Chore services		42,511	
Adoption assistance		17,938	
Foster Child Adoption Incentive		22,379	
Transport of patients and other		110,223	
Work First		20,687	
AFDC - Foster Care		28,291	
Crisis Intervention		130,323	
Jobs programs		7,000	
Aid to blind		1,525	
Low Income Home Energy		131,300	
DNA testing		1,260	
Child support		426,194	
Total	2,077,256	1,924,810	152,446
Aid to Aged and Disabled:			
Salaries and benefits		198,860	
Advertising		628	
Vehicles supplies		70	
Telephone and postage		4,103	
Travel		8,878	
Maintenance and repairs		54,558	
Building and equipment rent		7,800	
Respite		70,791	
Transportation of patients		45,979	
Utilities		13,675	
Home delivered meals		41,707	
Food and provisions		51,716	
Insurance and bonds		2,588	
Janitor		1,798	
Senior Center		4,938	

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Classes		3,321	
SHIP Grant		2,237	
2 Hot 2 Trot grant		110	
Supplies and materials		4,000	
Dues and subscriptions		207	
Employee training		489	
Total	522,214	518,453	3,761
Total Social Services	5,403,244	5,052,196	351,048
Veterans Service Office:			
Salaries and benefits		33,740	
Telephone and postage		502	
Travel		1,393	
Employee training		60	
Supplies and materials		714	
Dues and subscriptions		75	
Total	47,005	36,484	10,521
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>	5,607,639	5,245,681	361,958
<u>Education:</u>			
Public schools current expense			
Public schools current expense		3,103,000	
Public Schools capital outlay		232,917	
Martin Community College		70,138	
Martin Community College Bertie Campus		12,382	
Roanoke Chowan Community College		55,000	
Total	3,613,389	3,473,437	139,952
<u>Total Education</u>	3,613,389	3,473,437	139,952
<u>Special Appropriations:</u>			
Other Agencies:			
Arts Council		3,000	
Airport		20,000	

Bertie County, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Mideast Commission		6,863	
Better Beginnings		52,540	
Roanoke River Partners		2,062	
Forest service		104,250	
Historical group		15,000	
Bertie County YMCA		20,000	
Library		140,973	
CADA		4,800	
CBA task force		6,052	
Roanoke River Basin		2,000	
Windsor Area Chamber		4,000	
Food Bank of Albemarle		1,000	
Partnership for the Sounds		8,000	
Roanoke-Chowan Safe		2,000	
Rural general public transpiration		40,559	
Highway 17 Association		4,000	
Three Rivers Healthy Carolina		500	
Children Matters		34,733	
Humane Society		2,000	
Vocation Jobs/Education		38,500	
Visions for View		10,000	
Second Chance Counts		27,500	
Total	592,184	550,332	41,852
<u>Total Special Appropriations</u>	592,184	550,332	41,852
<u>Debt Service:</u>			
Principal retirement	1,914,946	1,914,945	
Interest and fees	1,203,526	1,203,522	
Total	3,118,472	3,118,467	5
<u>Total Debt Service</u>	3,118,472	3,118,467	5
Total expenditures	26,727,155	25,283,790	1,434,626
Revenues over (under) expenditures	(3,930,371)	(782,835)	(3,147,536)

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, 2017
Schedule 8

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Transfers from other funds:			
Capital Reserve Schools Fund	2,343,346	1,085,584	(1,257,762)
Lottery Fund	-	495,000	495,000
Transfers to other funds:			
Tax Revaluation Fund	(60,000)	(60,000)	-
Capital Reserve Schools Fund	(210,000)	(390,696)	(180,696)
Total other financing sources and (uses)	2,073,346	1,129,888	(943,458)
Revenues and other sources over (under) expenditures and other uses	(1,857,025)	347,053	2,204,078
Appropriated fund balance	1,857,025	-	(1,857,025)
Net change in fund balance	\$ -	347,053	\$ 347,053
Fund balance-beginning		6,380,863	
Fund balance-ending		\$ 6,727,916	

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, 2017
Schedule 9

	2017		Variance Positive (Negative)
	Final Budget	Actual	
EXPENDITURES			
Current:			
Revaluation	\$ 60,000	\$ -	\$ 60,000
Total expenditures	60,000	-	60,000
Revenues over (under) expenditures	60,000	-	60,000
OTHER FINANCING SOURCES			
Transfers in - General Fund	60,000	60,000	-
Revenues and other sources over (under) expenditures	-	60,000	60,000
Fund balance, beginning		97,277	
Fund balance, ending		\$ 157,277	

**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, 2017
Schedule 10**

	2017		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Investment earnings	\$ 100	\$ 2,831	\$ 2,731
QSCB interest	-	725,152	725,152
Total revenue	100	727,983	727,883
OTHER FINANCING SOURCES (USES)			
Transfers in - General Fund	210,000	390,696	180,696
Transfers in - Lottery	355,000	-	(355,000)
Transfers out - General Fund	(2,343,346)	(1,085,584)	1,257,762
Total transfers	(1,778,346)	(694,888)	1,083,458
Revenues and other sources over (under) expenditures	(1,778,246)	33,095	1,811,341
Appropriated fund balance	1,778,246	-	(1,778,246)
Revenues, other uses, and appropriated fund balance over (under) expenditures	\$ -	33,095	\$ 33,095
Fund balances, beginning		370,128	
Fund balances, ending		\$ 403,223	

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Balance Sheet
June 30, 2017
Schedule 11

	Special Revenue Funds			Capital Project Funds		
	Emergency Telephone System	Lottery Fund	Total Nonmajor Special Revenue Funds	Bertie High School	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 80,154	\$ -	\$ 80,154	\$ 658,274	\$ 658,274	\$ 738,428
Accounts receivable (net)	13,478	495,000	508,478	-	-	508,478
Total assets	\$ 93,632	\$ 495,000	\$ 588,632	\$ 658,274	\$ 658,274	\$ 1,246,906
LIABILITIES						
Accounts payable	\$ 20,878	\$ -	\$ 20,878	\$ -	\$ -	\$ 20,878
Due to other funds	-	495,000	495,000	-	-	495,000
Total liabilities	20,878	495,000	515,878	-	-	515,878
FUND BALANCES						
Restricted:						
Stabilization by State Statute	13,478	495,000	508,478	-	-	508,478
Unassigned	59,276	(495,000)	(435,724)	658,274	658,274	222,550
Total fund balances	72,754	-	72,754	658,274	658,274	731,028
Total liabilities and fund balances	\$ 93,632	\$ 495,000	\$ 588,632	\$ 658,274	\$ 658,274	\$ 1,246,906

Bertie County, North Carolina
Nonmajor Governmental Funds Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For The Fiscal Year Ended June 30, 2017
Schedule 12

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Emergency Telephone System	Lottery Proceeds	Total Nonmajor Special Revenue Funds	Bertie High School	Total Nonmajor Capital Projects Funds	
REVENUES						
Investment earnings	\$ 223	\$ -	\$ 223	\$ -	\$ -	\$ 223
Intergovernmental revenues	161,739	495,000	656,739	-	-	656,739
Total revenues	161,962	495,000	656,962	-	-	656,962
EXPENDITURES						
Current:						
Public safety	167,310	-	167,310	-	-	167,310
Economic and physical development	-	-	-	1,776	1,776	1,776
Total expenditures	167,310	-	167,310	1,776	1,776	169,086
Excess (deficiency) of revenues over (under) expenditures	(5,348)	495,000	489,652	(1,776)	(1,776)	487,876
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(495,000)	(495,000)	-	-	(495,000)
Total other financing sources (uses)	-	(495,000)	(495,000)	-	-	(495,000)
Net change in fund balance	(5,348)	-	(5,348)	(1,776)	(1,776)	(7,124)
Fund balance, beginning	78,102	-	78,102	660,050	660,050	738,152
Fund balance, ending	\$ 72,754	\$ -	\$ 72,754	\$ 658,274	\$ 658,274	\$ 731,028

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, 2017
Schedule 13

	2017		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Restricted intergovernmental	\$ 161,740	\$ 161,739	\$ (1)
Investment earnings	500	223	(277)
Miscellaneous	-	-	-
Total	162,240	161,962	(278)
EXPENDITURES			
Implemental functions	29,540	28,118	1,422
Telephone	68,979	51,170	17,809
Furniture	4,066	3,940	126
Software maintenance	8,223	8,223	-
Hardware maintenance	43,608	25,276	18,332
Training	655	319	336
Capital outlay - equipment	50,309	50,264	45
Total expenditures	205,380	167,310	38,070
Revenues and other sources over (under) expenditures	(43,140)	(5,348)	37,792
Appropriated fund balance	43,140	-	(43,140)
Revenues, other uses, and appropriated fund balance over (under) expenditures	-	(5,348)	\$ (5,348)
Fund balances, beginning		78,102	
Fund balances, ending		\$ 72,754	

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, 2017
Schedule 14

	2017		Variance Positive (Negative)
	Final Budget	Actual	
REVENUES			
Restricted intergovernmental	\$ 495,000	\$ 495,000	\$ -
Total	495,000	495,000	-
OTHER FINANCING SOURCES (USES)			
Transfer to General Fund	(495,000)	(495,000)	-
Total other financing sources (uses)	(495,000)	(495,000)	-
Revenues over (under) expenditures and other financing uses	-	-	\$ -
Fund balances, beginning			-
Fund balances, 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, 2017
Schedule 15

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			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	899,159	-	899,159	10,962
Furniture, fixtures and equipment	350,000	349,541	-	349,541	459
Legal fees	367,795	344,726	1,776	346,502	21,293
Bond insurance and issuance costs	69,473	41,478	-	41,478	27,995
Total expenditures	21,535,000	21,438,986	1,776	21,440,762	94,238
Revenues over (under) expenditures	(21,535,000)	(20,690,151)	(1,776)	(20,691,927)	843,073
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	\$ -	\$ 886,811	(1,776)	\$ 885,035	\$ 885,035
Fund balance, beginning			660,050		
Fund balance, ending			\$ 658,274		

**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, 2017
Schedule 16**

	2017		Variance Positive (Negative)
	Final Budget	Actual	
Operating revenues:			
Charges for services		\$ 2,324,680	
Water taps		45,409	
Other operating revenue		87,530	
Total operating revenues	\$ 2,806,400	2,457,619	\$ (348,781)
Nonoperating revenues:			
Investment earnings		4,243	
Miscellaneous revenue		1,620	
Total nonoperating revenues	15,000	5,863	(9,137)
Total revenues	2,821,400	2,463,482	(357,918)
Expenditures:			
Water administration:			
Salaries and benefits		551,639	
Telephone and postage		78,848	
Repairs and maintenance		34,044	
Maintenance contracts		3,115	
Supplies		143,167	
Uniforms		2,555	
Contracted services		173,834	
Professional fees		28,600	
Dues and subscriptions		3,570	
Chemicals		8,812	
Employee training		1,008	
Insurance		24,396	
Utilities		115,746	
Water testing		19,044	
Other expenses		303,168	
Total	2,018,599	1,491,546	527,053

**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, 2017
Schedule 16**

	2017		Variance Positive (Negative)
	Final Budget	Actual	
Debt service:			
Principal		391,650	
Interest, fees and amortization		424,315	
Total	802,308	815,965	(13,657)
Total expenditures	2,820,907	2,307,511	513,396
Revenues over (under) expenditures	493	155,971	155,478
Other financing sources (uses):			
Transfer out-Kelford	(125,458)	-	
Transfer out-Asset Inventory	(4,440)	-	
Appropriated net assets	129,405	-	
Total other financing sources (uses)	(493)	-	493
Revenues and other financing sources over (under) expenditures	\$ -	155,971	\$ 155,971
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over (under) expenditures		155,971	
Reconciling items:			
Depreciation		(759,008)	
Amortization		23,736	
Debt principal		391,650	
Capital contributions		110,421	
Increase (decrease) in deferred outflows of resources - pensions		88,099	
(Increase) decrease in net pension liability		(107,003)	
(Increase) decrease in deferred inflows of resources - pensions		9,159	
(Increase) decrease in accrued vacation payable		2,914	
(Increase) decrease in other postemployment benefits		(38,333)	
Change in net position		\$ (122,394)	

**Bertie County, North Carolina
Asset Inventory – Phase IV Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017
Schedule 17**

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State grants	\$ 88,800	\$ -	\$ 53,950	\$ 53,950	\$ (34,850)
Total revenues	88,800	-	53,950	53,950	(34,850)
EXPENDITURES:					
Engineering	\$ 91,908	\$ -	\$ 57,058	\$ 57,058	\$ 34,850
Administration	1,332	-	1,332	1,332	-
Total expenditures	93,240	-	58,390	58,390	34,850
Revenues over (under) expenditures	(4,440)	-	(4,440)	(4,440)	-
OTHER FINANCING SOURCES (USES)					
Transfer from Water	4,440	-	4,440	4,440	-
Total other financing sources (uses)	4,440	-	4,440	4,440	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017
Schedule 18

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
EXPENDITURES:					
Construction	\$ 859,000	\$ -	\$ -	\$ -	\$ 859,000
Engineering	379,500	71,500	118,294	189,794	189,706
Acquisition	5,000	-	-	-	5,000
Administration	1,500	-	-	-	1,500
Legal	6,100	-	-	-	6,100
Miscellaneous	29,287	-	253	253	29,034
Contingency	85,750	-	-	-	85,750
Total expenditures	1,366,137	71,500	118,547	190,047	1,176,090
Revenues over (under) expenditures	(1,366,137)	(71,500)	(118,547)	(190,047)	1,176,090
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)	\$ (118,547)	\$ (163,260)	\$ (163,260)

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, 2017
Schedule 19

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
Federal grants	\$ 284,000	\$ 248,900	\$ 34,714	\$ 283,614	\$ (386)
Total revenues	284,000	248,900	34,714	283,614	(386)
EXPENDITURES:					
C-1 Water improvement	256,200	237,865	17,960	255,825	375
C-1 Administration	27,800	19,635	8,154	27,789	11
Total expenditures	284,000	257,500	26,114	283,614	386
Revenues over (under) expenditures	\$ -	\$ (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, 2017
 Schedule 20**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State grants	\$ 1,074,000	\$ -	\$ -	\$ -	\$ (1,074,000)
Total revenues	1,074,000	-	-	-	(1,074,000)
EXPENDITURES:					
Construction	\$ 2,351,755	\$ -	\$ 1,455,368	\$ 1,455,368	\$ 896,387
Engineering	371,400	136,050	199,162	335,212	36,188
Acquisition	5,000	-	-	-	5,000
Administration	11,500	1,363	1,630	2,993	8,507
Legal	10,000	-	2,037	2,037	7,963
Miscellaneous	20,000	-	15,050	15,050	4,950
Contingency	235,176	-	-	-	235,176
Interest	50,169	-	-	-	50,169
Total expenditures	3,055,000	137,413	1,673,247	1,810,660	1,244,340
Revenues over (under) expenditures	(1,981,000)	(137,413)	(1,673,247)	(1,810,660)	170,340
OTHER FINANCING SOURCES (USES)					
NC DWSRR Loan	1,717,000	-	1,526,038	1,526,038	190,962
Transfer from Water	264,000	264,000	-	264,000	-
Total other financing sources (uses)	1,981,000	264,000	1,526,038	1,790,038	190,962
Revenues and other sources over (under) expenditures	\$ -	\$ 126,587	\$ (147,209)	\$ (20,622)	\$ (20,622)

Bertie County, North Carolina
Department of Commerce Rural Center Fund - Kelford
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2017
Schedule 21

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
REVENUES:					
Restricted intergovernmental:					
State grants	\$ 72,262	\$ -	\$ 21,757	\$ 21,757	\$ (50,505)
Total revenues	72,262	-	21,757	21,757	(50,505)
EXPENDITURES:					
Construction	168,320	-	31,987	\$ 31,987	\$ 136,333
Engineering	29,400	-	21,757	21,757	7,643
Total expenditures	197,720	-	53,744	53,744	143,976
Revenues over (under) expenditures	(125,458)	-	(31,987)	(31,987)	93,471
OTHER FINANCING SOURCES (USES)					
Transfer from Water	125,458	-	125,458	125,458	-
Total other financing sources (uses)	125,458	-	125,458	125,458	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ 93,471	\$ 93,471	\$ 93,471

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, 2017
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	\$ -	\$ 23,162	\$ 23,162	\$ 1,145,038
Engineering	388,500	73,000	119,704	192,704	195,796
Acquisition	15,000	850	14,502	15,352	(352)
Legal	3,000	2,818	2,805	5,623	(2,623)
Miscellaneous	35,601	-	1,143	1,143	34,458
Contingency	101,820	-	-	-	101,820
Total expenditures	1,712,121	76,668	161,316	237,984	1,474,137
Revenues over (under) expenditures	(1,212,121)	(76,668)	(161,316)	(237,984)	974,137
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)	\$ (161,316)	\$ (204,413)	\$ (204,413)

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Statement of Net Position
June 30, 2017
Schedule 23

		2017
ASSETS		
Current assets:		
Accounts receivable (net):	\$	3,532
Total		3,532
Fixed assets (net)		113,218
Total assets		116,750
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities		330
Due to other funds		37,221
Total liabilities		37,551
NET ASSETS		
Unrestricted		79,199
Total net position	\$	79,199

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Schedule of Revenues and Expenditures –
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2017
Schedule 24

	2017		Variance Positive (Negative)
	Final Budget	Actual	
Revenues:			
Operating revenues:			
User charges	\$ 70,000	\$ 61,308	\$ (8,692)
Total revenues	70,000	61,308	(8,692)
Expenditures:			
Operating:			
Telephone	47,410	40,175	7,235
Maintenance contracts	1,290	1,238	52
Capital outlay	74,800	-	74,800
Total expenditures	123,500	41,413	82,087
Appropriated fund balance	53,500	-	(53,500)
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 19,895	\$ 19,895
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Depreciation		(9,119)	
Change in net position		\$ 10,776	

Bertie County, North Carolina
Bertie Telephone Internal Service Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017
Schedule 25

	2017
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 61,917
Cash paid for goods and services	(44,074)
<hr/>	
Net cash provided (used) by operating activities	17,843
<hr/>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to (from) other funds	37,221
<hr/>	
Net cash provided (used) by noncapital financing activities	37,221
<hr/>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(74,748)
<hr/>	
Net cash provided (used) by capital and related financing activities	(74,748)
<hr/>	
Net increase (decrease) in cash and cash equivalents	(19,684)
Cash and cash equivalents, beginning of year	19,684
<hr/>	
Cash and cash equivalents, end of year	\$ -
<hr/>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 10,776
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	9,119
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	609
Increase (decrease) I accounts payable and accrued liabilities	(2,661)
<hr/>	
Total adjustments	7,067
<hr/>	
Net cash provided (used) by operating activities	\$ 17,843
<hr/>	

Bertie County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2017
Schedule 26

	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017
Social Services				
Assets:				
Cash and cash equivalents	\$ 416	\$ -	\$ -	\$ 416
Liabilities:				
Miscellaneous liabilities	\$ 416	\$ -	\$ -	\$ 416
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ 102	\$ 659,133	\$ 659,044	\$ 191
Liabilities:				
Intergovernmental payable	\$ 102	\$ 659,133	\$ 659,044	\$ 191
Pest Management				
Assets:				
Cash and cash equivalents	\$ 3,887	\$ 10,340	\$ 10,835	\$ 3,392
Liabilities:				
Miscellaneous liabilities	\$ 3,887	\$ 10,340	\$ 10,835	\$ 3,392
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 4,405	\$ 669,473	\$ 669,879	\$ 3,999
Liabilities:				
Miscellaneous liabilities	\$ 4,405	\$ 669,473	\$ 669,879	\$ 3,999

Bertie County, North Carolina
General Fund Schedule of Ad Valorem Taxes Receivable
June 30, 2017
Schedule 27

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016 - 2017	\$ -	\$ 11,123,214	10,647,937	\$ 475,277
2015 - 2016	414,787	-	239,637	175,150
2014 - 2015	155,040	-	91,042	63,998
2013 - 2014	91,182	-	34,607	56,575
2012 - 2013	51,517	-	10,072	41,445
2011 - 2012	35,799	-	7,538	28,261
2010 - 2011	25,759	-	5,904	19,855
2009 - 2010	20,739	-	2,569	18,170
2008 - 2009	22,381	-	1,995	20,386
2007 - 2008	19,230	-	846	18,384
2006 - 2007	13,888	-	13,888	-
	<u>\$ 850,322</u>	<u>\$ 11,123,214</u>	<u>\$ 11,056,035</u>	<u>917,501</u>
Less: Allowance for uncollectible accounts:				
General Fund				121,176
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 796,325</u>
<u>Reconciliation with revenues</u>				
Ad valorem taxes - General Fund				\$ 11,175,900
Reconciling items:				
Interest collected				(158,503)
Taxes written off				25,286
Discoveries and adjustments				13,352
<u>Total collections and credits</u>				<u>\$ 11,056,035</u>

Bertie County, North Carolina
County-Wide Levy Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2017
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	\$ 1,311,238,554	0.0083	\$ 10,883,280	\$ 9,544,552	\$ 1,338,728
Total	1,311,238,554		10,883,280	9,544,552	1,338,728
Discoveries:					
Current year taxes	31,119,880	0.0083	258,295	258,295	-
Abatements taxed at current year's rate	(864,699)	0.0083	(7,177)	(6,784)	(393)
Abatements taxed at prior year's rate	(1,331,429)	0.0084	(11,184)	-	(11,184)
Total property valuation	\$ 1,340,162,306				
Net Levy			11,123,214	9,796,063	1,327,151
Current year's taxes collected			10,647,937	9,320,941	1,326,996
Uncollected taxes at June 30, 2017			\$ 475,277	\$ 475,122	\$ 155
Current levy collection percentage			95.73%	95.15%	99.99%

**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, 2017, and the related notes to the financial statements, which collectively comprises Bertie County's basic financial statements, and have issued our report thereon dated January 30, 2018. 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 a weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 17-01 to be a material weakness.

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 did not identify any deficiencies in internal control that we consider to be a significant deficiency. However, significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bertie County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bertie County's Response to Findings

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

Purpose of this Report

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



Belhaven, North Carolina
January 30, 2018

**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, 2017. 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, 2017.

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.



Belhaven, North Carolina
January 30, 2018

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, 2017. 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, 2017.

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.



Belhaven, North Carolina
January 30, 2018

Bertie County, North Carolina Schedule of Findings and Questioned Costs For the Year Ended June 30, 2017

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?	<u> X </u>	Yes	<u> </u>	No
Significant Deficiency(s) identified?	<u> </u>	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant Deficiency(s) identified?	<u> </u>	Yes	<u> X </u>	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)?	<u> </u>	Yes	<u> X </u>	No
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Identification of major federal programs

CFDA Number	Name of Federal Program or Cluster
93.778	Title XIX - Medicaid
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs: \$ 992,954

Auditee qualified as low-risk Auditee?	<u> </u>	Yes	<u> X </u>	No
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**Bertie County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section II - Financial Statement Findings

Material Weakness

17-01 Prior Period Adjustment - Bertie Telephone Fund

Criteria: The County should review their accounting records to ensure that all capital assets are properly recorded.

Condition: Capital assets were not properly recorded.

Effect: The assets of the Bertie Telephone Fund were understated by \$47,589.

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 the assets are reported.

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

**Bertie County, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2017**

Section II - Financial Statement Findings

17-01 Prior Period Adjustment - Bertie Telephone Fund

Name of Contact Person: Scott Sauer, County Manager

Corrective Action: The County will put procedures in place to ensure that all assets are accurately reported.

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

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported



**Bertie County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017**

Findings:

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

Status: Corrected

16-02 Travel Expenditures

Status: Corrected

16-03 Payroll Liabilities

Status: Corrected

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>SNAP Cluster:</u>					
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 401,305	\$ -	\$ 401,305
Fraud Administration	10.561	XXXX	1,763	-	1,763
Total SNAP			403,068	-	403,068
Total U.S. Dept. of Agriculture			403,068	-	403,068
<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	34,714	-	-
Total U.S. Dept. Housing and Urban Development			34,714	-	-
<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					
Special Programs for the Aging					
Aging Cluster:					
Access Title III-B	93.044	XXXX	51,470	3,028	6,055
Congregate Nutrition:					
Title III-C1	93.045	XXXX	46,074	2,710	5,421
Home Delivered Meals					
Title III-C2	93.045	XXXX	28,844	1,697	3,393
Nutrition Services Incentive Program Supplement	93.053	XXXX	14,963	-	-
Total Aging Cluster			141,351	7,435	14,869
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	4,532	3,958	1,262
Title IV-E Foster Care Trn	93.658	XXXX	2,772	-	1,971
Title IV-E Foster Care/Off Trn	93.658	XXXX	25,638	-	25,638
Title IV-E Foster Care and Extended	93.658	XXXX	18,106	4,520	4,520
Title IV-E Max Level III	93.658	XXXX	60	-	30
Title IV-E Family Foster Max	93.658	XXXX	19	-	10
Title IV-E Adopt Subsidy and Vendor	93.659	XXXX	58,852	14,655	14,655
Title IV-E Adoption Training	93.659	XXXX	4,031	-	1,344
Title IV-E Adoption/Off Trn	93.659	XXXX	3,849	-	3,849
Title IV-E Optional Adoption/Off Trn	93.659	XXXX	1,892	-	1,891
Total Foster Care and Adoption Cluster			119,751	23,133	55,170

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

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	85,005	-	-
Division of Child Development					
Child Care and Development Fund – Discretionary	93.575	XXXX	298,079	-	-
Child Care and Development Fund – Mandatory	93.596	XXXX	112,824	-	-
Child Care and Development Fund – Match	93.596	XXXX	36,512	-	-
Total Child Care Fund Cluster			532,420	-	-
Temporary Assistance for Needy Families	93.558	XXXX	94,250	-	-
Foster Care Title IV-E	93.658	XXXX	9,458	4,719	-
State Appropriations		XXXX	-	1,278	-
TANF-MOE		XXXX	-	55,085	-
Total Subsidized Child Care Cluster			636,128	61,082	-
Division of Social Services:					
Temporary Assistance for Needy Families - Work First Services	93.558	XXXX	156,423	-	139,133
Temporary Assistance for Needy Families - Work First	93.558	XXXX	26,229	-	38,749
Temporary Assistance for Needy Families - Payments & Penalties	93.558	XXXX	114,882	-	-
Temporary Assistance for Needy Families - Special Children Adoption	93.558	XXXX	-	36,000	-
Low-Income Home Energy Assistance Block Grant:					
Low-Income Home Energy Assistance (LIHEAP)	93.568	XXXX	130,323	-	-
Administration	93.568	XXXX	22,648	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	XXXX	131,300	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	XXXX	1,127	-	376
Social Services Block Grant – Other Service and Training	93.667	XXXX	154,518	15,870	56,796
Social Services Block Grant – In Home Service Fund	93.667	XXXX	5,191	-	741
Social Services Block Grant – Adult Protective Services	93.667	XXXX	13,031	-	4,343
Social Services Block Grant – Adult Day Care Over 60	93.667	XXXX	2,175	-	311
Child Support Enforcement - IV-D Administration	93.563	XXXX	397,268	-	204,653
Child Support Enforcement - IV-D Offset Fees ESC	93.563	XXXX	63	5	28
Child Support Enforcement - IV-D Offset Fees	93.563	XXXX	1,004	(10)	526
			1,156,182	51,865	445,656
<u>Health Care Financing Administration</u>					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	27,366,854	15,346,725	-
			27,366,854	15,346,725	-
<u>Division of Medical Assistance</u>					
Direct Benefit Payments:					
Children's Health Insurance Program	93.767	XXXX	413,894	1,002	-
<u>Division of Facility Services</u>					
Office of Emergency Medical Services					
Division of Social Services:					
Administration:					
Children's Health Insurance Program	93.767	XXXX	40,316	34	70
Adult Care Home Case Management	93.778	XXXX	23,961	9,288	14,672
Medical Assistance Program Transportation Administration	93.778	XXXX	40,492	-	40,492
State County Special Assistance	93.778	XXXX	35,241	-	11,747
Medical Assistance Program	93.778	XXXX	907,077	-	307,130
			1,047,087	9,322	374,111
Office of Administration for Community Living					
Medicare Improvements for Patients and Providers	93.071	XXXX	1,283	-	-
Total U.S. Dept. of Health and Human Services			30,882,530	15,500,564	889,806

Bertie County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2017

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. Department of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Direct Program:					
Law Enforcement Bulletproof Vest Partnership Program	16.607	XXXX	3,697	-	-
Equipment Grant	16.607	XXXX	24,500	-	-
Equipment Grant	16.607	XXXX	7,500	-	-
			35,697	-	-
<u>U.S. Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	XXXX	38,583	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	XXXX	123,888	-	-
Total Dept of Homeland Security			162,471	-	-
<u>U.S. Department of Agriculture</u>					
Passed-through the NC Rural Development					
Water and Waste Disposal Systems for Rural Communities	10.760	XXXX	1,526,038	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through the NC Dept of Environmental Equality					
Drinking Water State Revolving Funds					
H-AIA-D-2016-00000036-2347-536919	66.468	XXXX	53,950	-	-
Total Federal Awards			33,098,468	15,500,564	1,292,874
State Awards:					
<u>N.C. Dept. of Environment and Natural Resources</u>					
Soil and Water Conservation – S&W Conservation		XXXX	-	23,298	-
Coastal Zone Management Administration Awards	11.419	XXXX	-	250	-
Division of Parks and Recreation					
Parks and Recreation Trust Fund		XXXX	-	500,000	-
Total Dept. of Environment and Natural Resources			-	523,548	-
<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	-	322,431	322,431
SAA/SAD HB 1030		XXXX	-	15,844	12,920
State Foster Care Benefits Program		XXXX	-	608	608
SFHF Maximization		XXXX	-	112	112
CWS Adopt Subsidy & Vendor		XXXX	-	12,360	3,485
Division of Aging and Adult Services:					
Passed through Mid-East Commission					
Council of Government					
In-Home Services - State Funds		XXXX	-	123,375	13,708
Caregiver Match		XXXX	-	5,644	627
Home Delivered Meals - State Funds		XXXX	-	10,907	1,212
Total Division of Aging and Adult Services			-	139,926	15,547
Total Dept. of Health and Human Services			-	491,281	355,103
<u>N.C. Dept. of Administration</u>					
Veterans Service		XXXX	-	2,000	-

Bertie County, North Carolina Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2017

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	
State Awards:						
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>						
Juvenile Crime Prevention Program		XXXX	-	98,067	-	
<u>N.C. Dept. of Transportation</u>						
Elderly and Disabled Transportation Assistance (DOT-16CL)		XXXX	-	54,895	-	
Work First/Transitional Employment (DOT-16CL)		XXXX	-	7,432	-	
Rural General Public Transportation(DOT-16CL)		XXXX	-	56,853	-	
Total N.C. Dept. of Transportation			-	119,180	-	
<u>N.C. Dept. of Public Instruction</u>						
Passed-through from N.C. Dept. of Public Instruction:						
Public School Building Capital Fund - Lottery Proceeds		XXXX	-	495,000	-	
<u>NC Dept. of Commerce</u>						
Passed-through from Mid East Commission:						
Senior Health Insurance Information Program		XXXX	-	1,750	-	
<u>NC Rural Economic Development Center</u>						
Water and Sewer Supplemental Grants Program		XXXX	-	21,757	-	
Total State Awards				-	1,752,583	355,103
Total Federal and State Awards			\$ 33,098,468	\$ 17,253,147	\$ 1,647,977	

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, 2017. 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 position 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. Bertie County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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	\$ 636,128	\$ 61,082

4 Loans Outstanding

Bertie County had the following loan balances outstanding at June 30, 2017 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2017 consist of:

Program Title	CFDA Number	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Water and Waste Disposal Systems for Rural Communities	10.760	XXXX	\$ 1,526,038	\$ -

January 30, 2018

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 2017 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 2017 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 Jeff Best CPA, PLLC, we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

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

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 252-943-2723 or jbest@jeffbestcpa.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, 2017.
- 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, 2017;
- 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, 2017, and have issued our report thereon dated January 30, 2018. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR’S RESPONSE
Auditor’s responsibility under Generally Accepted Auditing Standards	<p>As stated in our engagement letter dated May 4, 2017, 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>
Client’s responsibility	<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>
Planned scope and timing of the audit	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
Management judgments and accounting estimates	<p>Please see the following section titled (“Accounting Policies, Judgments and Sensitive Estimates and</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><i>The process used by management in forming 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</i></p>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. During the 2017 fiscal year, the County implemented Statement 73 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><i>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, 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.</i></p>	Please see the following section titled "Summary of Audit Adjustments."

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p><i>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>	
<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</i></p>	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<i>financial statements, as well as any procedures performed and the results.</i>	to consider whether: <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. We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.

Accounting Policies, Judgments and Sensitive Estimates & 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 & 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.

Accounting Policies, Judgments and Sensitive Estimates & Comments on Quality

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Law Enforcement Officers Special Separation Allowance	<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.

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

Regional Water Districts 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:						
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position
Understated Accounts Payable	Factual (F)	Reported amounts did not agree to the subsidiary ledger	[5101.1]	0	-4,873	4,873	4,873	0	-4,873	-4,873
Total				0	-4,873	4,873	4,873	0	-4,873	-4,873
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				0	-4,873	4,873	4,873	0	-4,873	-4,873
Effect of unadjusted AD—prior years										
Combined current year and prior year AD (rollover method)				0	-4,873	4,873	4,873	0	-4,873	-4,873
Financial statement caption totals				30,639,318	13,481,595	-402,238	17,157,723	2,463,482	2,696,297	-122,394
Current year AD as % of F/S captions (iron curtain method)				0.00%	-0.04%	-1.21%	0.03%	0.00%	-0.18%	3.98%
Current and prior year AD as % of F/S captions (rollover method)				0.00%	-0.04%	-1.21%	0.03%	0.00%	-0.18%	3.98%

Adjusting Journal Entries JE

Prior Period Adjustment - Finding 17-01

810000-175000	Fixed Assets - Equipment	47,589	-
810000-392900	Fund Balance	-	47,589
		<u>47,589</u>	<u>47,589</u>

Management Representation Letter



BERTIE COUNTY
106 DUNDEE STREET
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WINDSOR, NORTH CAROLINA 27983
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BOARD OF COMMISSIONERS
ERNESTINE (BRYD) BAZEMORE, Chairman
RONALD "RON" WESSON, Vice-Chairman
JOHN TRENT
TAMMY LEE
STEWART WHITE

January 30, 2018

Jeff Best CPA, PLLC
PO 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, 2017, 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 January 30, 2018, 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 May 4, 2017, 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. A list of uncorrected misstatements is attached to the representation letter.
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 objectives, and any other instances that warrant the attention of those charged with governance.

Management Representation Letter

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 and 73 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.
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.

Management Representation Letter

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

Management Representation Letter

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 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

Management Representation Letter

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.
- 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

Management Representation Letter

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:

1-30-2018

Date:

1-30-2018



P.O. BOX 399, 382 PAMLICO STREET
BELHAVEN, NORTH CAROLINA 27810-0399
TELEPHONE: 252-943-2723
FAX: 252-943-2935

January 30, 2018

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, 2017, 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 January 30, 2018 contains our communication on a material weakness in the County's internal control. This letter does not affect our report dated January 30, 2018, 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,

Belhaven, North Carolina
January 30, 2018

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
-----------------------------------------	-----------------------------------------	----------------------------------------------	-----------------------------------------

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
17-01	IP	Employee Time Sheets	Out of a sample of 40 paychecks, five employees did not have timesheets approved with a supervisor signature as required by County policy.	We recommend all timesheets are reviewed to ensure they have documentation of approval.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will work to ensure that time sheets are approved and signed by supervisors.
17-02	IP	Write-off Policy	The County does not have a policy in place for water bill write-offs to be approved by the County Commissioners.	We recommend implementing a written policy for Write off's to be approved by the County Commissioners.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will work to implement a write-off policy whereby the County Commissioners approve water bill write-offs.

Internal Control Findings

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
----------------------------------	----------------------------------	---------------------------------------	----------------------------------

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
17-03	IP	IT Risk Assessment	<p>The purpose of an IT risk assessment is to provide a tool which identifies all reasonably foreseeable threats to data and applications used by the organization in day to day operations. Without the completion of this process, it is difficult to ensure all risks are adequately identified. The risk assessment provides an evaluation of the current controls in place for each risk and their effectiveness.</p> <p>An IT risk assessment has not been completed to properly identify all reasonable foreseeable threats to Bertie County data.</p>	We recommend Bertie County complete an IT risk assessment.	We have reviewed the results of the finding noted and concur with the assessment of the issue identified.
17-04	IP	Disaster Recovery	The backup procedures for the County were reviewed and it is noted that no backup recovery testing was performed.	We recommend Bertie County develop a process and schedule for performing and documenting backup recovery testing in the future.	We have reviewed the results of the finding noted and concur with the assessment of the issue identified.

Internal Control Findings

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
----------------------------------	----------------------------------	---------------------------------------	----------------------------------

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
17-05	IP	Access Controls	A regular review of access rights should be completed and documented by the County to ensure proper segregation of duties between all personnel with access to the systems and financial data. A review of all vendor and general users to ensure access is appropriate and are disabled when not in use.	We recommend Bertie County incorporate this into their ITGC controls.	We have reviewed the results of the finding noted and concur with the assessment of the issue identified.
17-06	IP	Travel Expenditures	During our testing we noted instances where travel expenditures were reimbursed not evidenced with detail receipts. This could cause payments for unallowed items.	We recommend the County institute a policy whereby only expenditures with proper documentation will be reimbursed.	We have reviewed the results of the finding noted and concur with the assessment of the issue identified