

TYRRELL COUNTY, NORTH CAROLINA

FINANCIAL REPORT

June 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Tyrrell 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 units, each major fund and the aggregate remaining fund information of Tyrrell County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tyrrell County ABC Board. 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 Tyrrell 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 the Tyrrell County ABC Board were not audited in accordance with *Government 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 auditors' 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, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tyrrell County, North Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefit Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 77 through 82, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Tyrrell County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules, 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 schedules, 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 September 9, 2016 on our consideration of Tyrrell 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 Tyrrell County's internal control over financial reporting and compliance.

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

Belhaven, North Carolina
September 9, 2016

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Tyrrell County, North Carolina Management's Discussion and Analysis

As management of Tyrrell County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,223,682 (net position).
- The government's total net position increased by \$1,751, primarily due a decrease in both revenues and expenditures, resulting in a small overall net increase.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,547,792, after a net increase in fund balances of \$588,888. Approximately 35.99% of this total amount, or \$1,276,901, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,737,953 or 28.12% of total general fund expenditures for the fiscal year.
- The County's total debt increased by \$1,045,524 (12.13%) during the current fiscal year. The key factor in this increase was the bond anticipation note of \$1,375,000 that the County borrowed for the Waste Water Capital Project.

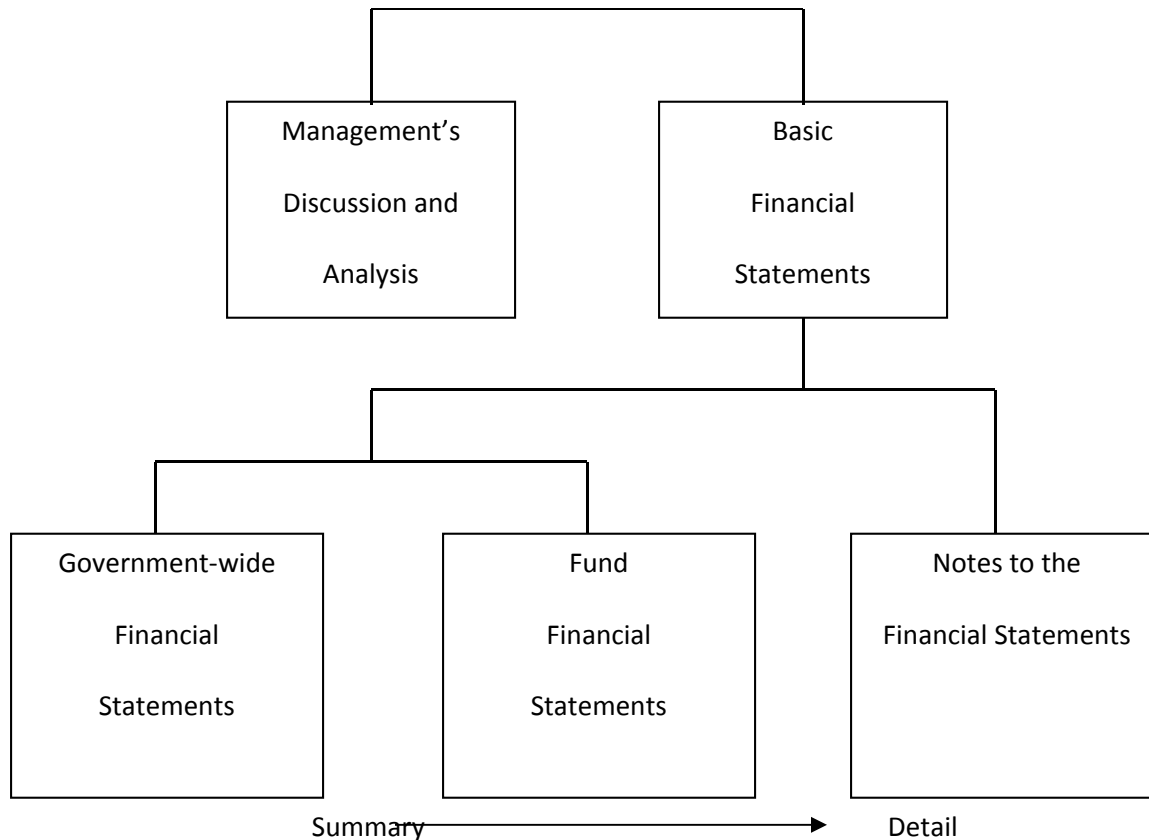
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of the following three components; 1.) government-wide financial statements, fund financial statements, and notes to the financial statements. 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 the County.

Tyrrell County, North Carolina Management's Discussion and Analysis

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's major and non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Tyrrell County, North Carolina Management's Discussion and Analysis

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

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 the 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 and sewer offered by County. The final category is the component units. The County ABC Board and the Tourism Authority are legally separate from the County however the County is financially accountable for these Boards by appointing its members. Also, the ABC Board is required to distribute 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. The 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 the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the

Tyrrell County, North Carolina Management's Discussion and Analysis

Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The 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 – The 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. The County uses enterprise funds to account for its water and sewer activity 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. The County has four fiduciary funds, which are presented as agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 35 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 77 of this report.

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 liabilities and deferred inflows of resources by \$12,223,682 as of June 30, 2015. The County's net position increased by \$1,751 during fiscal year ended June 30, 2015. One of the largest portions \$11,474,955 (93.87%) reflects the County's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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

Tyrrell County, North Carolina Management's Discussion and Analysis

portion of the County's net position \$1,130,064 (9.24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$381,337) is unrestricted.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 4,554,759	\$ 4,027,032	\$ 1,261,051	\$ 983,324	\$ 5,815,810	\$ 5,010,356
Capital assets	2,971,812	3,098,413	14,094,231	18,531,323	17,066,043	21,629,736
Total assets	7,526,571	7,125,445	15,355,282	19,514,647	22,881,853	26,640,092
Total deferred outflows of resources	121,883	-	16,620	-	138,503	-
Current liabilities	621,525	572,180	1,752,736	105,278	2,374,261	677,458
Long-term liabilities	4,265,505	4,292,263	3,650,068	3,698,169	7,915,573	7,990,432
Total liabilities	4,887,030	4,864,443	5,402,804	3,803,447	10,289,834	8,667,890
Total deferred inflows of resources	447,339	-	59,501	-	506,840	-
Net investment in capital assets	2,228,724	2,313,940	9,246,231	15,047,759	11,474,955	17,361,699
Restricted	831,660	769,666	298,404	171,067	1,130,064	940,733
Unrestricted	(746,299)	(822,604)	364,962	492,374	(381,337)	(330,230)
Total net position	\$ 2,314,085	\$ 2,261,002	\$ 9,909,597	\$ 15,711,200	\$ 12,223,682	\$ 17,972,202

Several key aspects of the County's financial operations are as follows:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.37%, an increase of .77%.
- A capital contribution from other governments of \$197,110 was received to fund the water and sewer capital project.
- Community Development Block Grants were received to fund various community improvement projects.
- A decrease in expenditures for governmental activities and an increase in expenditures for business-type activities.

Tyrrell County, North Carolina Management's Discussion and Analysis

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 270,575	\$ 928,148	\$ 1,198,723	\$ 358,842	\$ 776,726	\$ 1,135,568
Operating grants and contributions	1,789,684	-	1,789,684	2,328,222	-	2,328,222
Capital grants and contributions	388,757	197,110	585,867	56,394	2,791,116	2,847,510
General revenues:						
Property taxes	3,879,296	-	3,879,296	3,652,092	-	3,652,092
Other taxes	443,030	-	443,030	416,657	-	416,657
Other	321,062	425	321,487	46,782	1,301	48,083
Special items			-	-	-	-
Total Revenues	\$ 7,092,404	\$ 1,125,683	\$ 8,218,087	\$ 6,858,989	\$ 3,569,143	\$ 10,428,132
Expenses:						
General government	\$ 1,409,087	\$ -	\$ 1,409,087	\$ 1,519,149	\$ -	\$ 1,519,149
Public safety	1,605,080	-	1,605,080	1,772,711	-	1,772,711
Human services	2,176,992	-	2,176,992	2,254,895	-	2,254,895
Education	640,024	-	640,024	710,768	-	710,768
Environmental protection	447,734	-	447,734	452,602	-	452,602
Economic and physical development	236,537	-	236,537	255,214	-	255,214
Cultural and recreational	130,544	-	130,544	128,687	-	128,687
Capital outlay	-	-	-	87,540	-	87,540
Interest on debt	67,067	-	67,067	34,996	-	34,996
Water	-	1,503,271	1,503,271	-	1,172,856	1,172,856
Total Expenses	\$ 6,713,065	\$ 1,503,271	\$ 8,216,336	\$ 7,216,562	\$ 1,172,856	\$ 8,389,418
Transfers	-	-	-	24,470	(24,470)	-
Increase(decrease) in net assets	379,339	(377,588)	1,751	(333,103)	2,371,817	2,038,714
Net position, beginning as restated	1,934,746	10,287,185	12,221,931	2,594,105	13,339,383	15,933,488
Net position, ending	\$ 2,314,085	\$ 9,909,597	\$ 12,223,682	\$ 2,261,002	\$ 15,711,200	\$ 17,972,202

Governmental activities. Governmental activities increased the County's net position by \$379,339. Key elements of this increase are as follows:

- An increase in revenues from property and motor vehicle taxes.
- A sale of capital assets.
- An increase in capital grants from other governments.
- An decrease in expenditures for emergency medical services.

Business-type activities: Business-type activities decreased the County's net position by \$377,588. Key elements for this overall increase were:

- Capital contributions from other governments in the water and sewer capital project.
- An increase in depreciation of capital assets.
- An increase in water and sewer revenues.

Financial Analysis of the County's Funds

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

Tyrrell County, North Carolina Management's Discussion and Analysis

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, fund balance available for appropriation 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 the County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$1,737,953, while total fund balance reached \$2,978,082. At June 30, 2015, the governmental funds of the County reported a combined fund balance of \$3,547,792, a 28.87% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

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. Total amendments to the General Fund increased total revenues by \$154,681.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. At the end of the fiscal year, unrestricted net position of the water and sewer fund amounted to \$364,962. The decrease in net position in the proprietary funds was \$377,588. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$17,066,043 (net of accumulated depreciation). These assets include land, construction in process, buildings, machinery, vehicles, and equipment.

Major capital asset transactions during the year include the following additions:

- Purchase of a new voice recorder for the 911 call center.
- Purchase of 2 new police vehicles.
- Renovations of the Marine Fisheries Building for emergency management services.
- Purchase of a generator for the emergency operations center.
- Purchase of a skid steer for solid waste.
- Construction of a new water line extension.
- Construction, engineering, and other costs for the water and sewer capital project.

Tyrrell County, North Carolina Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 831,482	\$ 867,188	\$ 68,261	\$ 68,261	\$ 899,743	\$ 935,449
Buildings and improvements	1,642,823	1,413,174	12,523	14,146	1,655,346	1,427,320
Equipment and motorized vehicles	436,489	530,370	68,220	87,216	504,709	617,586
Plant and distribution system	-	-	12,564,706	9,433,253	12,564,706	9,433,253
Construction in process	61,018	287,681	1,380,521	8,859,876	1,441,539	9,147,557
Total	\$ 2,971,812	\$ 3,098,413	\$ 14,094,231	\$ 18,462,752	\$ 17,066,043	\$ 21,561,165

Additional information on the County's capital assets can be found in note III, A, 5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2015, the County had total debt outstanding of \$9,662,747. This debt consists of a term debt with the United States Department of Agriculture for construction projects, renovation of court facilities, a bank financed installment agreement for computer equipment, a bond anticipation note for the construction of water and sewer projects, compensated absences, and other postemployment benefits.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Term debt	\$ 2,088,377	\$ 2,288,499	\$ -	\$ -	\$ 2,088,377	\$ 2,288,499
Installment purchase	79,756	94,316	-	-	79,756	94,316
Revenue bonds	-	-	3,473,000	3,524,000	3,473,000	3,524,000
Bond anticipation notes	-	-	1,375,000	-	1,375,000	-
Net pension liability	-	353,863	-	49,407	-	403,270
Compensated absences	119,464	142,919	24,920	38,279	144,384	181,198
Other postemployment benefits	2,290,852	1,929,480	211,378	196,460	2,502,230	2,125,940
Total	\$ 4,578,449	\$ 4,809,077	\$ 5,084,298	\$ 3,808,146	\$ 9,662,747	\$ 8,617,223

Additional information on the County's long-term debt can be found in note III.B.8 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County:

- There was an increase in farmland acreage.
- Visitor center traffic increased.
- There was no tax increase.
- Rest home area construction of approximately 3 million.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: Medicaid Hold Harmless Funds are expected to decrease in budgeted revenues. Budgeted expenditures for other than salaries and benefits are expected to remain relatively constant. Budgeted salaries increased 2.5% county wide in light of a forthcoming classification study.

Business-type Activities: The County does not foresee an increase in the water/sewer rates during the 2016 fiscal year due to water rates being increased effective March 1, 2015. Capital contributions for the waste water districts 1 and 2 project are expected to increase as Phase III progresses.



Tyrrell County, North Carolina Management's Discussion and Analysis

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County Manager, Tyrrell County, Post Office Box 449, Columbia, NC 27925.

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Tyrrell County, North Carolina
Statement of Net Position
For the Fiscal Year Ended June 30, 2015
Exhibit 1

	Primary Government			Component Units	
	Governmental	Business-type		Tyrrell County	
	Activities	Activities	Total	Tourism	
				Development	Tyrrell County
				Authority	ABC Board
ASSETS					
Cash and cash equivalents	\$ 2,286,707	\$ 531,290	\$ 2,817,997	\$ -	\$ 75,237
Restricted cash and cash equivalents	909,326	713,430	1,622,756	18,277	-
Receivables, net	603,572	111,805	715,377	-	-
Due from other governments	351,400	68,592	419,992	-	-
Internal balances	220,248	(220,248)	-	-	-
Inventories	-	31,898	31,898	-	49,412
Net pension asset	183,506	24,284	207,790	-	1,061
Capital assets:					
Land, improvements, and construction in progress	892,500	1,448,782	2,341,282	-	21,735
Other capital assets, net of depreciation	2,079,312	12,645,449	14,724,761	-	340,893
Total capital assets	2,971,812	14,094,231	17,066,043	-	362,628
Total assets	7,526,571	15,355,282	22,881,853	18,277	488,338
DEFERRED OUTFLOWS OF RESOURCES	121,883	16,620	138,503	-	888
LIABILITIES					
Accounts payable and accrued liabilities	308,581	318,506	627,087	33	51,126
Long-term liabilities:					
Due within one year	312,944	1,434,230	1,747,174	-	12,761
Due in more than one year	4,265,505	3,650,068	7,915,573	-	234,642
Total liabilities	4,887,030	5,402,804	10,289,834	33	298,529
DEFERRED INFLOWS OF RESOURCES	447,339	59,501	506,840	-	2,508
NET POSITION					
Net investment in capital assets	2,228,724	9,246,231	11,474,955	-	173,182
Restricted for:					
Stabilization by State Statute	487,790	-	487,790	-	-
Seizure funds	4,006	-	4,006	-	-
HAVA grant funds	8,805	-	8,805	-	-
Drug forfeiture funds	28,147	-	28,147	-	-
Court facilities	126,610	-	126,610	-	-
Register of Deeds	5,265	-	5,265	-	-
School capital outlay	113,239	-	113,239	-	-
USDA reserve	57,798	-	57,798	-	-
Tourism Development	-	-	-	18,244	-
Capital improvements	-	298,404	298,404	-	-
Working capital	-	-	-	-	60,762
Unrestricted	(746,299)	364,962	(381,337)	-	(45,755)
Total net position	\$ 2,314,085	\$ 9,909,597	\$ 12,223,682	\$ 18,244	\$ 188,189

Tyrrell County, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2015
Exhibit 2

		Program Revenues		
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Primary government:</u>				
Governmental activities:				
General government	\$ 1,409,087	\$ 21,168	\$ -	\$ -
Public safety	1,605,080	231,003	216,641	15,813
Human services	2,176,992	-	1,548,551	-
Education	640,024	-	-	346,376
Environmental protection	447,734	2,584	24,492	-
Economic and physical development	236,537	-	-	20,122
Cultural and recreation	130,544	15,820	-	6,446
Interest on debt	67,067	-	-	-
Total governmental activities	6,713,065	270,575	1,789,684	388,757
Business-type activities:				
Water	1,503,271	928,148	-	197,110
Total business-type activities	1,503,271	928,148	-	197,110
Total primary government	\$ 8,216,336	\$ 1,198,723	\$ 1,789,684	\$ 585,867
Component units:				
Tyrrell Tourism Development Authority	\$ 6,016	4,771	\$ -	\$ -
Tyrrell County ABC Board	413,895	435,921	-	-
Total component units	\$ 419,911	\$ 440,692	\$ -	\$ -

General revenues:

Property taxes, levied for general purposes
Local option sales taxes
Other taxes and licenses
Unrestricted Intergovernmental
Investment earnings, unrestricted
Miscellaneous, unrestricted

Total general revenues

Change in net position

Net position, beginning as previously reported

Prior period adjustment

Restatement

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Tyrrell County Tourism Development Authority	Tyrrell County ABC Board
\$ (1,387,919)	\$ -	\$ (1,387,919)		
(1,141,623)	-	(1,141,623)		
(628,441)	-	(628,441)		
(293,648)	-	(293,648)		
(420,658)	-	(420,658)		
(216,415)	-	(216,415)		
(108,278)	-	(108,278)		
(67,067)	-	(67,067)		
(4,264,049)	-	(4,264,049)		
-	(378,013)	(378,013)		
-	(378,013)	(378,013)		
\$ (4,264,049)	\$ (378,013)	\$ (4,642,062)		

\$ (1,245)	\$ -
-	22,026
(1,245)	22,026

\$ 3,879,296	\$ -	\$ 3,879,296	\$ -	\$ -
405,910	-	405,910	-	-
37,120	-	37,120	-	-
65,055	-	65,055	-	-
1,147	425	1,572	22	41
254,860	-	254,860	-	-
4,643,388	425	4,643,813	22	41
379,339	(377,588)	1,751	(1,223)	22,067
2,261,002	15,711,200	17,972,202	96,851	167,483
(92,468)	(5,390,241)	(5,482,709)	(77,384)	-
(233,788)	(33,774)	(267,562)	-	(1,361)
1,934,746	10,287,185	12,221,931	19,467	166,122
\$ 2,314,085	\$ 9,909,597	\$ 12,223,682	\$ 18,244	\$ 188,189

Tyrrell County, North Carolina
Balance Sheet – Governmental Funds
Exhibit 3

	Major	Non-Major	Total
	General	Other Governmental Funds	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,286,707	\$ -	\$ 2,286,707
Restricted cash and cash equivalents	530,071	379,255	909,326
Receivables, net	593,597	9,975	603,572
Due from other funds	243,197	47,698	290,895
Due from other governments	195,669	155,731	351,400
Total assets	\$ 3,849,241	\$ 592,659	\$ 4,441,900
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 308,581	\$ -	\$ 308,581
Due to other funds	47,698	22,949	70,647
Total liabilities	356,279	22,949	379,228
DEFERRED INFLOWS OF RESOURCES	514,880	-	514,880
Fund balances:			
Restricted:			
Stabilization by State Statute	274,386	213,404	487,790
Seizure funds	4,006	-	4,006
HAVA grant funds	8,805	-	8,805
Drug forfeiture funds	28,147	-	28,147
Court facilities	126,610	-	126,610
Register of Deeds	5,265	-	5,265
School capital outlay	-	113,239	113,239
USDA reserve	57,798	-	57,798
Emergency telephone system	-	243,067	243,067
Tax revaluation	202,174	-	202,174
Committed:			
Capital outlay	52,037	-	52,037
Assigned:			
Recreation	45,229	-	45,229
Fire Protection	25,000	-	25,000
Subsequent year's expenditures	410,672	-	410,672
Unassigned:	1,737,953	-	1,737,953
Total fund balances	2,978,082	569,710	3,547,792
Total liabilities, deferred inflows of resources and fund balances	\$ 3,849,241	\$ 592,659	

Tyrrell County, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
Exhibit 3

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,971,812
Net pension asset	183,506
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	121,883
Pension related deferrals	(426,994)
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	
Deferred inflows of resources for taxes and special assessments receivable	494,535
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note II.B.8).	(4,578,449)
Net position of governmental activities	\$ 2,314,085

Tyrrell County, North Carolina
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2015
Exhibit 4

	Major	Non-Major	
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 3,951,191	\$ -	\$ 3,951,191
Local option sales taxes	405,910	-	405,910
Other taxes and licenses	32,234	-	32,234
Unrestricted intergovernmental	65,055	-	65,055
Restricted intergovernmental	1,729,054	492,641	2,221,695
Permits and fees	192,345	-	192,345
Sales and services	24,042	-	24,042
Investment earnings	1,015	132	1,147
Miscellaneous	119,765	-	119,765
Total revenues	6,520,611	492,773	7,013,384
EXPENDITURES			
Current:			
General government	1,316,812	-	1,316,812
Public safety	1,414,958	37,206	1,452,164
Human services	2,084,527	-	2,084,527
Education	537,595	102,375	639,970
Environmental protection	446,319	-	446,319
Economic and physical development	175,353	20,122	195,475
Cultural and recreational	130,544	-	130,544
Capital outlay	-	27,797	27,797
Debt Service:			
Principal	41,385	173,297	214,682
Interest	33,555	33,512	67,067
Total expenditures	6,181,048	394,309	6,575,357
Excess (deficiency) of revenues over expenditures	339,563	98,464	438,027
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	150,915	-	150,915
Transfers to other governments	(54)	-	(54)
Transfers from other funds	67,000	5,538	72,538
Transfers to other funds	(72,538)	-	(72,538)
Total other financing sources and uses	145,323	5,538	150,861
Net change in fund balance	484,886	104,002	588,888
Fund balances, beginning as previously reported	2,562,603	488,769	3,051,372
Prior period adjustment	(69,407)	(23,061)	(92,468)
Fund balances, beginning as restated	2,493,196	465,708	2,958,904
Fund balances-ending	\$ 2,978,082	\$ 569,710	\$ 3,547,792

Tyrrell County, North Carolina

**Reconciliation of the Statement Of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015
Exhibit 4**

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

Net changes in fund balances - total governmental funds	\$ 588,888
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(90,895)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.	(35,706)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	121,883
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	214,682
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	(71,895)
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.	(347,618)
Total changes in net position of governmental activities	\$ 379,339

Tyrrell County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2015
Exhibit 5

	General Fund			Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 3,928,032	\$ 3,910,821	\$ 3,951,191	\$ 40,370
Local option sales taxes	405,000	405,000	405,910	910
Other taxes and licenses	39,850	39,900	32,234	(7,666)
Unrestricted intergovernmental	42,500	42,500	65,055	22,555
Restricted intergovernmental	1,596,286	1,677,979	1,729,054	51,075
Permits and fees	203,311	198,021	192,345	(5,676)
Sales and services	20,075	22,975	24,042	1,067
Investment earnings	4,000	4,200	980	(3,220)
Miscellaneous	11,939	104,278	119,765	15,487
Total revenues	6,250,993	6,405,674	6,520,576	114,902
EXPENDITURES				
Current:				
General government	1,519,036	1,514,040	1,316,812	197,228
Public safety	1,856,718	1,489,575	1,414,958	74,617
Human services	1,559,226	2,245,580	2,084,527	161,053
Intergovernmental:				
Education	537,595	537,595	537,595	-
Environmental protection	493,136	494,117	446,319	47,798
Economic and physical development	199,367	192,746	175,353	17,393
Cultural and recreational	137,158	162,282	130,544	31,738
Debt Service:				
Principal	57,798	40,002	41,385	(1,383)
Interest	-	34,996	33,555	1,441
Total expenditures	6,360,034	6,710,933	6,181,048	529,885
Revenues over (under) expenditures	(109,041)	(305,259)	339,528	644,787
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	-	(74,548)	(72,538)	2,010
Proceeds from sale of capital assets	50,000	50,000	150,915	100,915
Total other financing sources and uses	50,000	(24,548)	78,377	102,925
Revenues and other financing sources over (under) expenditures and other financing uses	(59,041)	(329,807)	417,905	747,712
Appropriated fund balance	59,041	329,807	-	(329,807)
Net change in fund balance	\$ -	\$ -	417,905	\$ 417,905
Fund balances, beginning as previously reported			2,375,373	
Prior period adjustment			(69,407)	
Fund balances, beginning as restated			2,305,966	
Fund balances, ending			\$ 2,723,871	

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

Tyrrell County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2015
Exhibit 5

Fund balances, ending - General Fund	2,723,871
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The legally budgeted Revaluation Fund and Capital Outlay Fund are consolidated into the General Fund for reporting purposes:

Investment earnings	35
Transfers to other governments	(54)
Transfers from other funds	67,000
<u>Fund balance, beginning</u>	<u>187,230</u>
<u>Fund balance, ending (Exhibit 4)</u>	<u>\$ 2,978,082</u>

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

Tyrrell County, North Carolina
Statement of Fund Net Position – Proprietary Fund
June 30, 2015
Exhibit 6

ASSETS

Current assets:

Cash and cash equivalents	\$ 531,290
Receivables, net	111,805
Due from other governments	68,592
Inventories	31,898
Total current assets	743,585

Noncurrent assets:

Restricted cash and cash equivalents	713,430
Net pension asset	24,284
Capital assets:	
Land and construction in progress	1,448,782
Other capital assets, net of depreciation	12,645,449
Total capital assets	14,094,231
Total noncurrent assets	14,831,945
Total assets	15,575,530

DEFERRED OUTFLOWS OF RESOURCES	16,620
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	318,506
Current portion of bonds	53,000
Current portion of compensated absences	6,230
Bond anticipation notes payable	1,375,000
Due to other funds	220,248
Total current liabilities	1,972,984

Noncurrent liabilities:

Notes payable, net of current portion	3,420,000
Compensated absences, net of current portion	18,690
Other post-employment benefits	211,378
Total noncurrent liabilities	3,650,068
Total liabilities	5,623,052

DEFERRED INFLOWS OF RESOURCES	59,501
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NET POSITION

Net investment in capital assets	9,246,231
Restricted	298,404
Unrestricted	364,962
Total net position	\$ 9,909,597

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

Tyrrell County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Fund
June 30, 2015
Exhibit 7

Water and Sewer Fund	
OPERATING REVENUES	
Charges for services	\$ 842,677
Other operating revenues	34,998
Total operating revenues	877,675
OPERATING EXPENSES	
Water operations	784,674
Sewer operations	79,146
Depreciation	336,777
Total operating expenses	1,200,597
Operating income (loss)	(322,922)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	425
Water and sewer project sales tax refunds	50,473
Water and sewer project expenditures, not capitalized	(197,111)
Interest	(105,563)
Total nonoperating revenue	(251,776)
Income (loss) before capital contributions and transfers	(574,698)
Capital contributions	197,110
Change in net position	(377,588)
Total net position, as previously reported	15,711,200
Prior period adjustment	(5,390,241)
Restatement	(33,774)
Total net position - beginning, as restated	10,287,185
Total net position - ending	\$ 9,909,597

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

Tyrrell County, North Carolina
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2015
Exhibit 8

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 767,960
Cash paid for goods and services	(526,629)
Cash paid to employees for services	(349,867)
Other operating revenue	34,998
Net cash provided by (used in) operating activities	(73,538)
Cash flows from noncapital financing:	
Increase (decrease) in due to other funds	182,906
Cash flows from capital and related financing activities:	
Bond anticipation notes issued	1,375,000
Capital contributions from other agencies	133,735
(Increase) decrease in water and sewer project sales tax refunds	50,473
Interest paid on bond maturities	(105,563)
Principal paid on long-term debt	(51,000)
Water and sewer project expenditures	(197,111)
Acquisition of capital assets	(960,607)
Net cash provided by (used in) capital and related financing activities	244,927
Cash flows from investing activities:	
Interest on investments	425
Net increase (decrease) in cash and cash equivalents	354,720
Cash and cash equivalents, beginning	890,000
Cash and cash equivalents, ending	\$ 1,244,720

Reconciliation of operating loss to net cash provided by (used in) operating activities:

Operating Income (loss)	\$ (322,922)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	336,777
Pension expense	1,443
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(74,717)
(Increase) decrease in inventory	(3,751)
(Increase) decrease in deferred outflows of resources for pensions	(16,620)
Increase (decrease) in accounts payable and accrued liabilities	4,693
Increase (decrease) in other post employment benefits liability	14,918
Increase (decrease) in compensated absences	(13,359)
Total adjustments	249,384
Net cash provided by (used in) operating activities	\$ (73,538)

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

Tyrrell County, North Carolina
Statement of Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2015
Exhibit 9

	Agency Funds
Assets	
Cash and cash equivalents	\$ 2,858
Total assets	\$ 2,858
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 2,858
Total liabilities	\$ 2,858
Net assets:	
Held in trust for pension benefits	\$ -

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

Tyrrell County, North Carolina Notes to Financial Statements

NOTE I. Summary of Significant Accounting Policies

The accounting policies of Tyrrell County and its component units 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. The Tyrrell County ABC Board (the Board) and the Tyrrell County Tourism Development Authority (the Authority), which have a June 30 year-end, are presented as if they were separate proprietary funds of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Tyrrell County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Tyrrell County ABC Board Post Office Box 449 Columbia, NC 27925
Tyrrell County Tourism Development Authority	Discrete	The members of the Authority's governing board are appointed by the County. The County can remove any commissioner of the Authority with or without cause.	None issued.

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.

Tyrrell County, North Carolina Notes to Financial Statements

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. 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 non-major 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Revaluation Fund and the Capital Reserve 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 fund:

Water Fund. This fund is used to account for the operations of the water system within the County.

The County reports the following fund types:

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 the following agency funds: the Social Services Fund, which accounts for moneys deposited with 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 the Tyrrell County Board of Education; 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 is remitted to the State Treasurer on a monthly basis.

Non-major Funds. The County maintains four legally budgeted funds. The Emergency Telephone System Fund, School Capital Outlay Fund, and the CDBG Scattered Sites Fund are reported as a non-major special revenue funds. The Cahoon Center Site Improvements Project Fund and the Estuarine Access Park Fund are reported as capital projects funds.

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

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

Tyrrell County, North Carolina Notes to Financial Statements

from grants, entitlements, and donations is 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 non-operating 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 non-operating 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 this 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 on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 is both restricted and unrestricted net position available to finance the

Tyrrell County, North Carolina

Notes to Financial Statements

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, the following Special Revenue Funds: Revaluation Fund, School Capital Outlay Fund, Capital Reserve Fund, Emergency Telephone System Fund, and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and the project level for the multi-year funds. The County Manager has the authority to transfer the budget between line item expenditures within a department, excluding salary and benefit line items. The governing board must approve all other 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, the Authority and the ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the Authority, 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, the Authority 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, the Authority, and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

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

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority and the ABC Board consider 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.

Tyrrell County, North Carolina Notes to Financial Statements

3. Restricted Assets

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 School Capital Outlay Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Money in the Waste Water 1 & 2 Capital Project Fund is classified as restricted because its use is restricted for specific expenditures. Money in the Tyrrell County Tourism Development Authority is classified as restricted because its use is restricted for specific expenditures.

Tyrrell County Restricted Cash			
Governmental Activities			
General Fund	Seizure funds	\$	4,006
General Fund	HAVA grant funds		8,805
General Fund	Drug forfeiture funds		28,147
General Fund	Court facilities		126,610
General Fund	Register of Deeds		5,265
General Fund	USDA reserve		57,798
General Fund	Capital improvements		52,037
General Fund	Recreation		45,229
General Fund	Tax revaluation		202,174
Emergency Telephone System Fund	Emergency telephone system		266,016
School Capital Outlay Fund	Unexpended Public School Building Funds		113,239
Total Governmental Activities		\$	909,326
Business-Type Activities			
Water Fund	USDA reserve	\$	90,545
Waster Water No. 1 and No. 2 Capital Projects Fund	Unexpended grant proceeds		622,885
Total Business-Type Activities		\$	713,430
Total Restricted Cash		\$	1,622,756

Tyrrell County Tourism Development Authority Restricted Cash		
Business-Type Activities	Unexpended occupancy tax funds	18,277
Total Restricted Cash		\$ 18,277

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014.

Tyrrell County, North Carolina

Notes to Financial Statements

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The 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 County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed. The inventory of the County's enterprise funds and the ABC Board consist of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds and 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 the government-wide and fund financial statements.

7. Capital Assets

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. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines and other plant and distribution systems, infrastructure, furniture, equipment and vehicles, \$5,000. 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. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

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

	<u>Useful Life</u>
Buildings	50 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Useful Life</u>
Buildings	20 years
Furniture and equipment	10 years
Vehicles	3-5 years
Leasehold improvements	10-20 years
Computer equipment	3 years

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow or resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and therefore, it will not be recognized as an expense or expenditure until then. The County has several items that meet the 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 it will not be recognized as revenue until then. The County has only two items that meets the criterion for this category – prepaid taxes and other pension related deferrals.

9. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

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

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. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, proprietary fund, and ABC Board statements.

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 is 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:

Non-spendable 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 not any non-spendable fund balances.

Tyrrell County, North Carolina Notes to Financial Statements

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

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

Restricted Seizure Funds – portion of fund balance that is restricted that must be held until criminal conviction in the courts and if no conviction results, it must be returned to its original owner.

Restricted HAVA grant funds – portion of fund balance that is restricted by revenue source to pay for expenditures to improve the administration of federal elections and to meet the requirements of Title III of the Help America Vote Act of 2002 (HAVA).

Restricted Drug Forfeiture Funds – portion of fund balance that is restricted for law enforcement purposes by state statute [G.S. 159-8(a)].

Restricted for Court Facilities – portion of fund balance that is restricted to provide, maintain, and construct court room and related judicial facilities by state statutes [G.S. 7A-304(a)(2), G.S. 7A-305(a), 7A-306(a), and 7A-307(a)].

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for School Capital Outlay – portion of fund balance that is restricted by revenue source that can only be used for school capital outlay.

Restricted for USDA reserve – portion of fund balance required to be maintained for debt service by the United States Department of Agriculture for the term debt that the County is liable for.

Restricted for Emergency Telephone System – portion of fund balance that is restricted by revenue source for the 911 system [G.S. 143-1406].

Restricted for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation by state statute [G.S. 153A-150].

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

Committed for Capital Outlay – portion of fund balance that can only be used for governmental capital construction, improvement projects, and other capital outlay.

Assigned Fund Balance – portion of fund balance that the Tyrrell County governing board has budgeted.

Recreation – portion of fund balance that is appropriated for recreation purposes.

Fire Protection – portion of fund balance that is appropriated for the future purchase of a fire truck.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's

Tyrrell County, North Carolina Notes to Financial Statements

budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorized the manager to modify the appropriations within departments in a fund, excluding salaries or other benefit line items.

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

Tyrrell County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city 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 Officer has the authority to deviate from this policy if it's in the best interest of the County.

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple employer defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the state-administered defined benefit pension plans"). 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 plans and additions to/deductions from the state-administered defined benefit pension plans' 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 when the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and are payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Tyrrell County, North Carolina

Notes to Financial Statements

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$1,233,707) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on government-wide statement in governmental activities column.	\$ 6,130,907
Less accumulated depreciation	(3,159,095)
Net capital assets	2,971,812
 Net pension asset	 183,506
 Contributions to the pension plan in the current fiscal year	 121,883
 Pension related deferrals	 (426,994)
 Deferred inflows of resources for taxes and special assessments	 494,535
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Notes payable	(2,168,133)
Other postemployment benefits	(2,290,852)
Compensated absences	(119,464)
Total adjustment	\$(1,233,707)

Tyrrell County, North Carolina Notes to Financial Statements

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in net position of governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of (\$209,549) is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 184,233
Cost of disposed capital asset not recorded in fund statements	(35,706)
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	(275,128)
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	214,682
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	121,883
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Compensated absences	23,455
Other postemployment benefits	(361,371)
County's portion of collective pension expense	(9,702)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Decrease in deferred inflows of resources - taxes receivable - at end of year.	(71,895)
Total adjustment	\$ (209,549)

F. Reclassifications

Certain reclassifications have been made to the 2014 comparative information to conform to the 2015 presentation. Such reclassifications have no effect on net position or fund balances.

Note II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

The County is not in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Water Revenue Bonds, Series 2013. Section 5.01(b) of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio for the year ended June 30, 2015 is 9%. See Note III B. 8. d. for the calculation of the debt service coverage ratio.

Note III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the Tourism Development Authority's (the Authority) 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 are collateralized with securities held by the County's, the Authority'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, the Authority 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, the Authority, the ABC Board, or the with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Authority, or the ABC Board under the Pooling Method, the potential exists for under-collateralization, 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, the Authority, and the ABC Board rely 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 County, the Authority, and the ABC Board do not have policies regarding custodial credit risk for deposits.

At June 30, 2015, County's deposits had a carrying amount of \$1,654,556 and a bank balance of \$1,778,613. Of the bank balance, \$500,000 was covered by federal depository insurance and \$1,278,613 was covered by collateral held under the Pooling Method.

At June 30, 2015, Tyrrell County had \$725 cash on hand.

Tyrrell County, North Carolina Notes to Financial Statements

At June 30, 2015, the carrying amount of deposits for Tyrrell County ABC Board was \$74,737 and the bank balance was \$75,905. All of the bank balance was covered by federal depository insurance.

At June 30, 2015, the Tyrrell County ABC Board had \$500 cash on hand.

At June 30, 2015, the carrying amount of deposits for Tyrrell Tourism Development Authority was \$18,275 and the bank balance was \$18,277. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2015, the County had the following investments and maturities.

Investments by Type	Valuation	Book Value at 6/30/16	Maturity	Rating
	Measurement Method			
NC Capital Management	Amortized			
Trust - Cash Portfolio	Cost	\$ 2,637,129	N/A	AAAm
NC Capital Management	Fair Value			
Trust - Term Portfolio	Level 1	148,343	.14 Years	Unrated
Total		\$ 2,785,472		

Credit risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2015. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

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

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

Year Levied	Tax		Interest		Total
2012	\$	536,599	\$	127,442	\$ 664,041
2013		581,735		85,806	667,541
2014		584,483		33,608	618,091
2015		648,980		-	648,980
	\$	2,351,797	\$	246,856	\$ 2,598,653

Tyrrell County, North Carolina

Notes to Financial Statements

4. Receivables

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

	Accounts	Taxes Receivable	Due from Other Governments	Total
Governmental Activities:				
General fund	\$ 99,061	494,536	\$ 195,669	\$ 789,266
Other governmental	9,975	-	155,731	165,706
Total governmental activities	\$ 109,036	\$ 494,536	\$ 351,400	\$ 954,972
Business-type Activities:				
Water and sewer	\$ 189,961	\$ -	68,592	\$ 258,553
Allowance for doubtful accounts	(78,156)	-	-	(78,156)
Total business-type activities	\$ 111,805	\$ -	\$ 68,592	\$ 180,397

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

	Governmental Activities	Business-type Activities
Local option sales tax	\$ 162,165	\$ -
Sales taxes	8,200	50,473
Capital grants	181,035	18,119
Total	\$ 351,400	\$ 68,592

Tyrrell County, North Carolina Notes to Financial Statements

5. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 867,188	\$ -	\$ 35,706	\$ 831,482
Construction in process	287,681	11,985	238,648	61,018
Total capital assets not being depreciated	1,154,869	11,985	274,354	892,500
Capital assets being depreciated:				
Buildings and improvements	2,803,418	297,399	-	3,100,817
Equipment	1,133,558	64,456	-	1,198,014
Furniture and fixtures	19,206	-	-	19,206
Vehicles	871,329	49,041	-	920,370
Total capital assets being depreciated	4,827,511	410,896	-	5,238,407
Less accumulated depreciation for:				
Buildings and improvements	1,390,244	67,750	-	1,457,994
Equipment	801,581	131,777	-	933,358
Furniture and fixtures	19,206	-	-	19,206
Vehicles	672,936	75,601	-	748,537
Total accumulated depreciation	2,883,967	\$ 275,128	\$ -	3,159,095
Total Capital assets being depreciated, net	1,943,544			2,079,312
Governmental activity capital assets, net	<u>\$ 3,098,413</u>			<u>\$ 2,971,812</u>

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

Governmental activities:	
General government	\$ 91,055
Public safety	171,073
Human services	11,439
Economic development	1,561
Total	<u>\$ 275,128</u>

Tyrrell County, North Carolina Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 68,261	\$ -	\$ -	\$ 68,261
Construction in process	8,859,876	-	7,479,355	1,380,521
Total capital assets not being depreciated	8,928,137	-	7,479,355	1,448,782
Capital assets being depreciated:				
Plant and distribution systems	12,718,604	3,447,613	-	16,166,217
Buildings	16,225	-	-	16,225
Furniture	10,470	-	-	10,470
Vehicles and equipment	459,329	-	-	459,329
Total capital assets being depreciated	13,204,628	3,447,613	-	16,652,241
Less accumulated depreciation for:				
Plant and distribution systems	3,285,351	316,160	-	3,601,511
Buildings	2,079	1,623	-	3,702
Furniture	10,470	-	-	10,470
Vehicles and equipment	372,113	18,996	-	391,109
Total accumulated depreciation	3,670,013	\$ 336,779	\$ -	4,006,792
Total Capital assets being depreciated, net	9,534,615			12,645,449
Water and sewer capital assets, net	<u>\$ 18,462,752</u>			<u>\$ 14,094,231</u>

The large decrease in construction in progress in the business-type activities was partially caused by the prior period adjustment in the Waste Water Capital Projects No. 1 and No. 2 Fund. See Note VIII.

Construction commitments

The County has active construction projects at June 30, 2015. At year-end, the County's commitments with contractors are as follows:

Project	Spent-To-Date	Remaining Commitment
Waste Water Capital Projects No. 1 and No. 2	\$ 4,439,703	\$ 2,129,198
Total	\$ 4,439,703	\$ 2,129,198

Discretely presented component units

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 21,735	\$ -	\$ -	\$ 21,735
Total capital assets not being depreciated	21,735	-	-	21,735
Capital assets being depreciated:				
Machinery and equipment	357,527	-	-	357,527
Furniture and fixtures	24,960	-	-	24,960
Total capital assets being depreciated	382,487	-	-	382,487
Less accumulated depreciation	29,793	\$ 11,801	\$ -	41,594
Total Capital assets being depreciated, net	352,694			340,893
ABC Board capital assets, net	<u>\$ 374,429</u>			<u>\$ 362,628</u>

Tyrrell County, North Carolina Notes to Financial Statements

Activity for the Tourism Development Authority (TDA) for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Construction in process	\$ 77,384	\$ -	\$ 77,384	\$ -
Total capital assets not being depreciated	77,384	-	77,384	-
TDA capital assets, net	\$ 77,384	\$ -	\$ 77,384	\$ -

B. Liabilities

1. Payables

Payables at June 30, 2015 were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	298,465	10,116	\$ 308,581
Total governmental activities	\$ 298,465	\$ 10,116	\$ 308,581
Business-Type Activities			
Waste water 1 & 2 project fund	318,506	-	\$ 318,506
Total business-type activities	\$ 318,506	\$ -	\$ 318,506

2. Pension Plan and Other Post Employment Obligations

a. Local Governmental Employee's 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.

Tyrrell County, North Carolina

Notes to Financial Statements

Benefits Provided

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

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

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, 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 \$138,232 for the year ended June 30, 2015.

Refunds of Contributions

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

Tyrrell 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, 2015, the County reported an asset of \$198,214 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .03361%, which was a decrease of .00049% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$11,781. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,658
Net difference between projected and actual earnings on pension plan investments	-	461,436
Changes in proportion and differences between County contributions and proportionate share of contributions	-	2,572
County contributions subsequent to the measurement date	138,232	-
Total	\$ 138,232	\$ 485,666

\$138,232 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Tyrrell County, North Carolina Notes to Financial Statements

Year ended June 30:	
2016	\$ (121,432)
2017	(121,432)
2018	(121,432)
2019	(121,370)
2020	-
Thereafter	-
	<u>\$ (485,666)</u>

Actuarial Assumptions

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Tyrrell County, North Carolina Notes to Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

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

A new asset allocation policy was finalized during the fiscal year ended June 30, 2015 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

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

Tyrrell County, North Carolina Notes to Financial Statements

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 672,823	\$ (198,214)	\$ (931,599)

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

Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. For reporting purposes the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB 68.

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>10</u>
Total	<u><u>10</u></u>

A separate report was not issued for the plan.

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 and refunds are recognized when due and payable in accordance with the terms of the plan.

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

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Tyrrell County, North Carolina

Notes to Financial Statements

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The County has not obtained an actuarial study for the plan because its required contributions are considered immaterial. The County funds the plan when the benefit payments are due and records these payments as general fund expenditures.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$23,859, which consisted of \$17,964 from the County and \$5,895 from the law enforcement officers.

d. Supplemental Retirement Income Plan for General Government 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 individuals employed by the general government of 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 General Government Employees 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 General Government Employees. That report may be

Tyrrell County, North Carolina

Notes to Financial Statements

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.

The general government employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$11,735, which consisted of \$-0- from the County and \$11,735 from the general government employee.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description

Tyrrell 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 \$271 for the year ended June 30, 2015.

Tyrrell 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, 2015, the County reported an asset of \$9,576 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was .04226%, which was an increase of .0059% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(636). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (88)
Net difference between projected and actual earnings on pension plan investments	-	52
Changes in proportion and differences between County contributions and proportionate share of contributions	-	865
County contributions subsequent to the measurement date	271	-
Total	<u>\$ 271</u>	<u>\$ 829</u>

\$271 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Tyrrell County, North Carolina Notes to Financial Statements

Year ended June 30:		
2016	\$	(366)
2017		(366)
2018		(84)
2019		(13)
2020		-
Thereafter		-
	\$	<u>(829)</u>

Actuarial Assumptions

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2015 is 2.5%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems,

Tyrrell County, North Carolina Notes to Financial Statements

including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (8,599)	\$ (9,576)	\$ (10,416)

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.

f. Other Post-employment Benefits

Healthcare Benefits

Plan Description

Under the terms of a County resolution, the County administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and meet certain requirements. Retirees hired prior to July 1, 2006 receive unreduced benefits with 10 years of creditable service with the County while retirees after July 1, 2006 receive unreduced benefits with 20 years of creditable service. At age 65, The County transfers the retiree from the group plan to a Medicare Supplement.

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

Tyrrell County, North Carolina Notes to Financial Statements

Funding Policy.

By County resolution, the County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The County has chosen to fund the healthcare benefits on a pay as you go basis. 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. In fiscal year ended, June 30, 2015, the County's total contributions were \$94,575.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC).

The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. 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 current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$	565,334
Interest on net OPEB obligation		21,744
Adjustment to annual required contribution		(118,215)
Annual OPEB cost (expense)		468,863
Contributions made		(94,575)
Increase (decrease) in net OPEB obligation		374,288
Net OPEB obligation, beginning of year		2,125,941
Net OPEB obligation, end of year	\$	2,500,229

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 468,863	20.17%	\$ 2,500,229
2014	\$ 474,262	16.58%	\$ 2,125,940
2013	\$ 484,311	16.55%	\$ 1,730,305

Funded Status and Funding Progress

As of June 30, 2015, the actuarial accrued liability for benefits was \$2,500,229, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was

Tyrrell County, North Carolina Notes to Financial Statements

\$1,586,197, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 157.62 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability 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.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Tables for Males and for Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 12.0 percent initially, reduced to an ultimate rate of 6.0 percent after six years, was used.

Health insurance premiums – 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected long-term inflation assumption of 3.8 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2013 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Tyrrell County, North Carolina Notes to Financial Statements

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be the 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

Pensions - differences between expected and actual experience	\$	-	\$ 21,570
Pensions - difference between projected and actual earnings			
on pension plan investments		-	461,488
Pension - change in proportion and difference between employer			
contributions and proportionate share of contributions		-	3,437
County contributions subsequent to the measurement date	138,503		-
Prepaid taxes not year earned (General Fund)		-	20,345
Taxes receivable, net, less penalties (General Fund)		-	494,536
	<u>\$ 138,503</u>		<u>\$ 1,001,376</u>

4. Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error 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 \$200 million for any one occurrence, general, auto, professional, employment practices liability coverage of \$2 million per occurrence, cyber liability coverage of \$1 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the

Tyrrell County, North Carolina Notes to Financial Statements

audited financial statements are available to the County upon request. Both 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, and \$1,750,000 of each loss in excess of \$250,000 per occurrence for property, and auto physical damage. For workers compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross and Blue Shield.

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 as 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.

In accordance with G.S. 159-29, County 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 and the tax collector are individually bonded for \$57,798 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

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.

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

In accordance with G.S. 159-29, the finance officer for Tyrrell County Tourism Development Authority is individually bonded for \$50,000.

Tyrrell County, North Carolina

Notes to Financial Statements

5. Commitments

At June 30, 2015, the County had eight service contract commitments. The commitments are as follows:

- | | |
|---|---|
| 1 Washington County, NC | For emergency medical services. This is a 3½-year agreement requiring monthly installments of \$17,296 adjusted by a full consumer price index adjustment annually on July 1st. |
| 2 Washington County, NC | For the housing of inmates. The term is for three years, expiring September 2013 with subsequent automatic annual renewals, and requires payments of \$50 per day or fraction thereof for each male inmate and \$55 per day for each female inmate. |
| 3 Washington County, NC | For non-emergency medical transport services. This is a 2 year and 10 month agreement requiring periodic reimbursements of operating expenses, and the first \$150,000 of net profits will be evenly divided between Washington and Tyrrell Counties. |
| 4 Tyrrell Volunteer Fire Department, Inc. | For fire protection services. This is a one-year agreement requiring regular payments on a schedule established by the County Manager for a total of \$115,600. |
| 5 Tyrrell Volunteer Fire Department, Inc. | For equipment upgrades. This is a one-year agreement requiring payments on a schedule established by the County Manager for a total of \$40,000. |
| 6 Maximus | For assistance with Indirect Cost Reporting through year ending June 30, 2015. Annual payments of \$2,700 is required. |
| 7 Republic Services, LLC | For solid waste recycling. This is a two year agreement ending June 30, 2019. Fees of \$12.76 per residence additional fees with a base fee of \$282,240. |
| 8 CenturyLink | Five year agreement to purchase upgrades and equipment for the enhanced internet system terminating May 30, 2018. |
| 9 MAPS Group | Classification and pay study for a total cost of \$9,884. |

Tyrrell County, North Carolina Notes to Financial Statements

6. Operating Leases

At June 30, 2015, the Board had 4 operating leases for facilities and equipment. Lease expense under these leases was \$80,033 for the fiscal year ended June 30, 2015. The leases are set to expire at various dates though June 30, 2018, renewable on a year-to-year basis.

Future minimum lease payments during the next 3 years ending June 30, 2018, are as follows:

Year	Amount
2016	\$ 80,033
2017	75,643
2018	72,589
Total	\$ 228,265

7. Claims and Judgments

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

8. Long-Term Obligations

a. Installment Purchase

In November 2010, the County entered into an installment purchase contract to finance the acquisition of computer software and related support services for the Tax office. The financing contract requires quarterly installments of \$4,285, which includes interest beginning in January 2011 at an interest rate of 2.1%.

Annual debt service requirements to maturity for the County's installment purchase contract are as follows:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2016	\$ 79,756	\$ 763
Total	\$ 79,756	\$ 763

b. Term Debt

Serviced by the County's General Fund:

On March 11, 2002, the County executed an agreement with the US Department of Agriculture for \$900,000 to assist in the construction and renovation of court facilities. The loan is secured by a deed of trust on certain real property and is payable over a 30 year period. The terms of the agreement require annual installments of \$57,798, including interest of 4.75% on March 11 of each year.

\$ 663,332

Tyrrell County, North Carolina Notes to Financial Statements

On July 2, 2007, the County executed an agreement withYadkin Bank for \$2,500,000 to assist in the construction of a gymnasium for Columbia High School. The loan was subsequently refinanced November, 2011. The loan is secured by a deed of trust on certain real property and is payable over an 11 year period. The terms of the agreement require semi-annual installments of \$103,404, including interest of 2.125% on December 1 and June 1 of each year beginning in June, 2012. Due to the economic substance of the transaction, the capital assets associated with the note payable are recorded by the Board of Education.

\$ 1,425,045

Annual debt service requirements to maturity for the County's term debt are as follows:

Year Ended June 30	USDA Building		School Gymnasium	
	Principal	Interest	Principal	Interest
2016	\$ 26,349	\$ 31,449	\$ 176,973	\$ 29,836
2017	27,595	30,203	180,885	25,924
2018	28,900	28,898	184,803	22,006
2019	30,266	27,532	188,806	18,003
2020	31,698	26,100	192,861	13,948
2021-2025	182,444	106,546	500,717	16,307
2026-2030	229,863	59,127	-	-
2031-2033	106,217	7,712	-	-
Total	\$ 663,332	\$ 317,567	\$ 1,425,045	\$ 126,024

c. Bond Anticipation Notes

\$1,375,000 Sewer System Revenue Bond Anticipation
Note, dated December 11, 2014, maturing September 24,
2015, bearing interest at an annual interest rate of .73%

\$ 1,375,000

Year Ending June 30	Principal	Interest
2015	\$ 1,375,000	\$ 7,891
Total	\$ 1,375,000	\$ 7,891

Tyrrell County, North Carolina Notes to Financial Statements

d. Revenue Bond

Serviced by the County's Water and Sewer Fund:

\$2,794,000 Water Revenue Bonds, Series 2013A, issued for water system improvements. Principal installments are due annually on June 1 with annual interest payments due on June 1, at an annual interest rate of 3.125%

\$ 2,755,000

\$730,000 Water Revenue Bonds, Series 2013B, issued for water system improvements. Principal installments are due annually on June 1 with annual interest payments due on June 1 at an annual interest rate of 2.5%

\$ 718,000

The future payments of the revenue bond are as follows:

Year Ended June 30	Series 2013A		Series 2013B	
	Principal	Interest	Principal	Interest
2016	\$ 41,000	\$ 86,094	\$ 12,000	\$ 17,950
2017	42,000	84,813	12,000	17,650
2018	43,000	83,500	13,000	17,350
2019	44,000	82,156	13,000	17,025
2020	46,000	80,781	13,000	16,700
2021-2025	251,000	381,500	72,000	78,350
2026-2030	293,000	339,719	81,000	68,950
2031-2035	341,000	291,094	91,000	58,325
2036-2040	399,000	234,281	104,000	46,300
2041-2045	465,000	167,969	117,000	32,700
2046-2050	546,000	90,406	133,000	17,275
2051-2052	244,000	11,500	57,000	2,125
Total	\$ 2,755,000	\$ 1,933,813	\$ 718,000	\$ 390,700

Tyrrell County, North Carolina

Notes to Financial Statements

The County is not in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Water Revenue Bonds, Series 2013. Section 5.01(b) of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2015, is as follows:

Operating revenues	\$	877,675
Operating expenses*		863,820
Operating income		13,855
Nonoperating revenues (expenses)**		425
Income available for debt service		14,280
Debt service, principal paid (Revenue bond only)		51,000
Debt service, interest paid (Revenue bond only)		105,563
Debt service coverage ratio		9%

*

Per rate covenants, this does not include the depreciation expense of \$336,777.

** Per rate covenants, this does not include revenue bond interest paid of \$105,563.

The County has pledged future water customer revenues, net of specified operating expenses, to repay \$3,524,000 in water system revenue bonds issued in February 2013. Proceeds from the bonds provided financing for the construction of a reverse osmosis water treatment plant, wells, pumping stations, water mains, a ground water storage tank and water treatment process effluent transmission and discharge facilities to serve Tyrrell County. The bonds are payable solely from water customer net revenues and are payable through 2052. The total principal and interest remaining to be paid on the bonds is \$5,797,513. Principal and interest paid for the current year and total customer net revenues were \$105,563 and \$23,148, respectively.

e. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, \$743,088 relates to assets which the County holds title to. There is no restricted cash related to this debt.

f. Interest Costs

Annual interest costs for the fiscal year ended June 30, 2015 follows:

	Governmental Activities	Business-Type Activities
Interest costs expensed	\$ 67,067	\$ 105,563
Total interest costs	\$ 67,067	\$ 105,563

Tyrrell County, North Carolina Notes to Financial Statements

g. Long-Term Obligation Activity

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

	Balance July 01, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balances
Governmental activities:					
Installment purchase	\$ 94,316	\$ -	\$ 14,560	\$ 79,756	\$ 79,756
Term loan - court facility	690,157	-	26,825	663,332	26,349
Term loan - Gymnasium	1,598,342	-	173,297	1,425,045	176,973
Compensated absences	142,919	-	23,455	119,464	29,866
Net pension liability (LGERS)	353,863	-	353,863	-	-
OPEB	1,929,480	361,372	-	2,290,852	-
Total governmental activities	\$ 4,809,077	\$ 361,372	\$ 592,000	\$ 4,578,449	\$ 312,944
Business-type activities:					
Revenue bonds	\$ 2,794,000	\$ -	\$ 39,000	\$ 2,755,000	\$ 41,000
Revenue bonds	730,000	-	12,000	718,000	12,000
Bond anticipation notes	-	1,375,000	-	1,375,000	1,375,000
Compensated absences	38,279	-	13,359	24,920	6,230
Net pension liability (LGERS)	49,407	-	49,407	-	-
OPEB	196,460	14,918	-	211,378	-
Total business-type activities	\$ 3,808,146	\$ 1,389,918	\$ 113,766	\$ 5,084,298	\$ 1,434,230
ABC Board:					
Construction Note	\$ 201,741	\$ -	\$ 12,295	\$ 189,446	\$ 12,761
Net pension liability (LGERS)	\$ 2,411	-	\$ 2,411	-	-
OPEB	59,117	-	1,160	57,957	-
Total business-type activities	\$ 263,269	\$ -	\$ 15,866	\$ 247,403	\$ 12,761

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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.

Tyrrell County, North Carolina Notes to Financial Statements

C. Inter-fund Balances and Activity

The composition of inter-fund balances as of June 30, 2015 is as follows:

	Interfund	
	Receivables	Payables
Capital Reserve Fund	\$ 11,705	\$ -
General Fund	-	11,705
School Capital Outlay Fund	47,698	-
General Fund	-	47,698
General Fund	22,949	-
Emergency Telephone System Fund	-	22,949
General Fund	64,000	-
Sewer Fund	-	64,000
General Fund	76,988	-
Water Fund	-	76,988
General Fund	79,260	-
Waste Water 1 & 2 Capital Projects Fund	-	79,260
Total	\$ 302,600	\$ 302,600

The General Fund accumulated the revenue and made various payments to vendors and other governments on behalf of the Capital Reserve Fund. This amount represents the revenues collected net of payments to vendors and other governments made by the General Fund on behalf of the Capital Outlay Fund that has not been remitted to the Capital Reserve Fund as of June 30, 2015.

The General Fund accumulates the local option sales tax reimbursements and remits to the School Capital Reserve Fund the portion that is available for school construction. This represents the amount that was due to the School Capital Outlay Fund but had not been remitted as of June 30, 2015.

The General Fund accumulated the emergency telephone fees and makes payments to vendors on their behalf. This amount represents the fees collected net of payments to vendors made by the General Fund on behalf of the Emergency Telephone Fund that has not been remitted to the Emergency Telephone Fund as of June 30, 2015.

The General Fund made various payments to vendors on behalf of the Sewer Fund, which were subsequently reimbursed by the Sewer Fund. This amount represents reimbursements of expenditures that had not been made to the General Fund as of June 30, 2015.

The General Fund accumulated the revenue and made various payments to vendors on behalf of the Water Fund. This amount represents the revenues net of the payments made on behalf of the Water Fund that has not been remitted to the Water Fund as of June 30, 2015.

The General Fund made various payments to vendors on behalf of the Waste Water 1 and 2 Capital Project Fund, which were subsequently reimbursed by the Waste Water 1 and 2 Capital Project Fund. This amount represents reimbursements that had not been made to the General Fund as of June 30, 2015.

Tyrrell County, North Carolina Notes to Financial Statements

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

From the General Fund to the Revaluation Fund to accumulated resources for the next revaluation.	\$ 67,000
From the General Fund to the Estuarine Access Park Fund to meet the match requirements of the grant	5,538
Total	\$ 72,538

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 2,971,812	\$ 14,094,231
less: long-term debt	(743,088)	(4,848,000)
Net investment in capital assets	\$ 2,228,724	\$ 9,246,231

E. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available to appropriation:

Total Fund Balance - General Fund	\$ 2,978,082
Less:	
Stabilization by State Statute	274,386
Seizure funds	4,006
HAVA grant funds	8,805
Drug forfeiture funds	28,147
Court facilities	126,610
Register of Deeds	5,265
USDA reserve	57,798
Tax revaluation	202,174
Capital outlay	52,037
Fire department capital outlay	25,000
Recreation	45,229
Subsequent Year's Expenditures	410,672
Remaining Fund Balance	\$ 1,737,953

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2015 there are no outstanding encumbrances.

NOTE IV. Joint Ventures

The County participates with four other counties to operate the Pettigrew Regional Library. Each participating government appoints one member to a twelve-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Library, so none was reflected in the County's financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$100,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's office at 201 E. 3rd Street, Plymouth, NC 27962.

The County participates with four other counties to operate the Albemarle Mental Health Clinic. Each participating government appoints members to the Board based upon population. The County currently has three members on the Board. The County has an ongoing financial responsibility for the joint venture because the Clinic's existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Clinic, so none was reflected in the County's financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$-0- to the Clinic to supplement its activities. Complete financial statements for the Clinic can be obtained from the Clinic's office at 1388 Highland Drive, Washington, NC 27889.

The County participates with two other counties to operate the Martin, Tyrrell and Washington Regional Health Department. Each participating government appoints members to the Board based upon population. The County currently has two members on the Board. The County has an ongoing financial responsibility for the joint venture because the Health Department's existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Health Department, so none was reflected in the County's financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$46,133 to the Health Department to supplement its activities. Complete financial statements for the Health Department can be obtained from the Regional offices at the Washington County Health Department, Plymouth, NC 27962.

The County participates with nine other counties to operate the Albemarle Commission. Each participating government appoints one member to a fourteen-member board. The County has an ongoing financial responsibility for the joint venture because the Albemarle Commission's existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Albemarle Commission, so none was reflected in the County's financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$3,563 to the Albemarle Commission to supplement its activities. Complete financial statements for the Albemarle Commission can be obtained from the Albemarle Commission at Post Office Box 646, Hertford, NC 27944.

The County participates with three other counties to operate the Partnership for the Sounds. The Board of Directors for the Partnership appoints members from its service area to fill vacancies. The County has an ongoing financial responsibility for the joint venture because the Partnership for the Sounds' existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Partnership for the Sounds, so none was reflected in the County's financial statements at June 30, 2015. In accordance with the intergovernmental agreement

Tyrrell County, North Carolina Notes to Financial Statements

between the participating governments, the County appropriated \$13,500 to the Partnership for the Sounds to supplement its activities. Complete financial statements for the Partnership for the Sounds can be obtained from the Partnership for the Sounds at Post Office Box 55, Columbia, NC 27925.

The County participates with seven other counties to operate the Albemarle Solid Waste Authority. Each participating government appoints two members to a fourteen-member board. The County has an ongoing financial responsibility for the joint venture because the Albemarle Solid Waste Authority's existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Albemarle Solid Waste Authority, so none was reflected in the County's financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$3,690 to the Albemarle Solid Waste Authority to supplement its activities. Complete financial statements for the Albemarle Solid Waste Authority can be obtained from the Albemarle Solid Waste Authority at Post Office Box 189, Elizabeth City, NC 27909.

The County participates with other jurisdictions to assist as a pass-through entity for the funding of the Juvenile Crime Prevention Commission and the Criminal Justice Partnership Program. During the fiscal year ending June 30, 2015, the County made the appropriations to each organization based upon grant funding in the amounts of \$46,894 and \$51,583, respectively.

The County is a party to an interlocal agreement for the provision of law enforcement and related services by the office of the sheriff with the jurisdiction Town of Columbia. The Town shall pay a fee of \$96,366 in four quarterly installments. The agreement will remain in force through June 30, 2015, and is subject to annual renewal.

NOTE 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. Tyrrell County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the state. These amounts disclose the additional aid to County recipients that do not appear in the financial statements because they are not revenues and expenditures of the County.

	Federal	State
Medical Assistance	\$ 3,853,958	\$ 2,219,819
Food Stamp Program	1,118,383	-
Special Supplemental Nutrition Program for Women, Infants, & Children	143,529	-
Temporary Assistance for Needy Families	60,387	-
Energy Assistance	37,000	-
NC Health Choice	88,723	27,868
IV-E Foster Care	1,221	633
Total	\$ 5,303,201	\$ 2,248,320

Tyrrell County, North Carolina Notes to Financial Statements

NOTE 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 moneys.

NOTE VII. Subsequent Events

Management has evaluated subsequent events through September 9, 2016, the date on which the financial statements were available to be issued.

NOTE VIII. Prior Period Adjustment

In prior years, the County did not record a grant receivable in the General Fund. The County did not record a receivable for prior year local option sales taxes in the General Fund. The County incorrectly posted expenditures to the Emergency Telephone System Fund that were not eligible to be paid for out of that fund. The County did not record a material accounts payable for emergency medical services. During the current fiscal year ended June 30, 2015, the County corrected the statement, which resulted in a restatement of net position in the Governmental Funds of (\$92,468).

In prior years, the County incorrectly reported revenues and expenditures in the Waste Water 1 & 2 capital project. The County had incorrectly recorded construction in progress for assets that would not be owned by the County, but would be owned by another governmental unit. The County had not started depreciating a portion of the project that was already complete and in use. Also, the County did not record in the prior year unbilled water and sewer revenues. During the fiscal year ended June 30, 2015, the County corrected the statement which resulted in a restatement of net position in the Proprietary Fund of (\$5,390,241).

NOTE IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (and amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result net position for the governmental and business type activities decreased by \$233,788 and \$33,774, respectively.



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Tyrrell County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2015	\$ -	\$ 2,500,229	\$ 2,500,229	0.0%	\$ 1,586,197	157.62%
6/30/2014	-	2,125,940	2,125,940	0.0%	1,601,315	132.76%
6/30/2013	-	1,730,305	1,730,305	0.0%	1,640,862	105.45%
6/30/2012	-	1,326,153	1,326,153	0.0%	1,790,776	74.05%

Tyrrell County, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 565,334	16.73%
2014	474,262	16.58%
2013	484,311	16.55%
2012	407,069	19.18%

Tyrrell County, North Carolina
Schedule of the County's Proportionate Share of the
Net Pension Liability (Asset)
Local Government Retirement System
Last 2 Fiscal Years

	2015	2014
County's proportion of the net pension liability (asset) %	0.03361%	0.03410%
County's proportionate share of the net pension liability (asset) \$	\$ (198,214)	\$ 411,036
County's covered-employee payroll	\$ 1,677,022	\$ 1,702,945
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.82%	24.14%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Tyrrell County, North Carolina
Schedule of County Contributions
Local Governmental Employees' Retirement System
Last 2 Fiscal Years

	2015	2014
Contractually required contribution	\$ 138,232	\$ 135,365
Contributions in relation to the contractually required contribution	138,232	135,365
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$1,677,022	\$1,702,945
Contribution's as a percentage of covered- employee payroll	8.24%	7.95%

Tyrrell County, North Carolina
Schedule of the County's Proportionate Share of the
Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last 2 Fiscal Years

	2015	2014
County's proportion of the net pension liability (asset) %	0.04226%	0.03636%
County's proportionate share of the net pension liability (asset) \$	\$ (9,576)	\$ (7,766)
County's covered-employee payroll	\$ 54,711	\$ 76,083
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-17.50%	-10.21%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Tyrrell County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last 2 Fiscal Years

	2015	2014
Contractually required contribution	\$ 271	\$ 345
Contributions in relation to the contractually required contribution	271	345
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 54,711	\$ 76,083
Contribution's as a percentage of covered- employee payroll	0.50%	0.45%

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

Page 1 of 7

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Taxes		\$ 3,893,030		\$ 3,607,135
Penalties and interest		58,161		51,204
Total	\$ 3,910,821	3,951,191	\$ 40,370	3,658,339
Local option sales taxes:				
Articles 39 and 44		219,902		216,362
Article 40 one-half of one percent		148,028		183,533
Article 42 one-half of one percent		37,980		55,412
Total	405,000	405,910	910	455,307
Other taxes and licenses:				
Deed stamp excise tax		22,768		42,181
Scrap tire disposal tax		5,113		5,203
White goods disposal tax		1,021		1,023
Videoprogramming tax		599		610
Solid waste tax		2,584		2,288
Occupancy tax		149		126
Total	39,900	32,234	(7,666)	51,431
Unrestricted intergovernmental :				
Gas tax refund		658		15,968
Controlled substance tax		3,469		1,496
Payments in lieu of taxes		45,156		48,245
Beer and wine tax		15,772		14,610
Total	42,500	65,055	22,555	80,319
Restricted intergovernmental:				
Federal and State grants		1,692,452		1,642,070
Court facility fees		35,185		46,224
ABC bottles tax		1,417		1,360
Total	1,677,979	1,729,054	51,075	1,689,654
Permits and fees:				
Gun permits		1,140		1,525
Officer service fees		158,412		162,708
Animal control fees		3,266		1,469
Building permits and inspection fees		13,494		17,268
Candidate filing fees		-		1,469
License revocation fees		918		1,100
Other fees		15,115		13,575
Total	198,021	192,345	(5,676)	199,114

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

Page 2 of 7

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Sales and services:				
Rents and other		20,569		23,270
Jail fees		3,473		1,932
Total	22,975	24,042	1,067	25,202
Investment earnings:	4,200	980	(3,220)	3,846
Miscellaneous:				
Donations and contributions		525		511
Insurance proceeds		64		9,052
Recreation fees		15,820		-
Other revenues		103,356		154,056
Total miscellaneous	104,278	119,765	15,487	163,619
Total revenues	6,405,674	6,520,576	114,902	6,326,831
Expenditures				
General government:				
Governing body				
Salaries and employee benefits		260,788		247,621
Expense reimbursement from Water Fund		(24,470)		(24,470)
Other operating expenditures		75,256		145,176
Contract services		32,613		60,608
Total	376,676	344,187	32,489	428,935
Elections:				
Salaries and employee benefits		28,811		25,447
Other operating expenditures		22,050		22,270
Total	59,001	50,861	8,140	47,717
Finance:				
Salaries and employee benefits		194,303		174,216
Other operating expenditures		13,611		12,212
Capital outlay		14,831		-
Total	256,671	222,745	33,926	186,428
Taxes:				
Salaries and employee benefits		109,414		105,647
Other operating expenditures		67,726		50,371
Contract services		5,947		16,534
Capital outlay		4,306		-
Total	227,285	187,393	39,892	172,552

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

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	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Register of deeds:				
Salaries and employee benefits		79,479		102,672
Other operating expenditures		7,482		6,756
Contract services		11,829		12,115
Total	116,688	98,790	17,898	121,543
Planning:				
Other operating expenditures	4,549	3,670	879	3,010
Buildings and grounds:				
Salaries and employee benefits		124,538		93,747
Other operating expenditures		282,888		278,833
Contract services		1,740		31,261
Capital outlay		-		6,359
Total	473,170	409,166	64,004	410,200
Total general government	1,514,040	1,316,812	197,228	1,370,385
Public safety:				
Sheriff:				
Salaries and employee benefits		746,072		742,000
Other operating expenditures		181,198		190,309
Contract services		2,440		-
Capital outlay		59,192		40,074
Total	1,020,080	988,902	31,178	972,383
Emergency management:				
Salaries and employee benefits		36,213		33,155
Other operating expenditures		15,588		10,108
Emergency management capital outlay		27,643		62,831
Total	85,498	79,444	6,054	106,094
Department of motor vehicles:				
Salaries and benefits		32,926		32,232
Other operating expenditures		1,400		3,525
Total	35,252	34,326	926	35,757
Fire protection:				
Forest fire control		31,139		55,452
Contribution to the fire department		115,600		115,600
Capital outlay		40,000		40,000
Total	207,389	186,739	20,650	211,052

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

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	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Building inspector:				
Salaries and employee benefits		62,384		58,660
Other operating expenditures		8,909		11,127
Capital outlay		-		1,770
Total	76,763	71,293	5,470	71,557
Medical examiner:				
Other operating expenditures	3,000	-	3,000	1,100
Animal control:				
Salaries and employee benefits		43,141		41,649
Other operating expenditures		11,113		11,849
Total	61,593	54,254	7,339	53,498
Total public safety	1,489,575	1,414,958	74,617	1,451,441
Human services:				
Health:				
MTW health	46,133	46,133	-	43,850
ECHB health	9,906	9,906	-	9,906
Total	56,039	56,039	-	53,756
Medical transportation:				
Emergency medical services	558,799	559,280	(481)	609,442
Social services:				
Administration:				
Salaries and employee benefits		729,289		735,086
Other operating expenditures		190,312		196,331
Contracted services		52,500		52,500
Total	1,055,689	972,101	83,588	983,917
Public assistance:				
Medical assistance payments		7,334		6,833
Income maintenance		34,384		39,904
Total	60,795	41,718	19,077	46,737
Food stamps/coupons:				
Other operating expenditures	2,500	1,377	1,123	1,333
Day care:				
Assistance payments	123,606	113,957	9,649	126,558
Legal aid children:				
Other operating expenditures	8,000	6,799	1,201	7,008

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

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	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Senior citizens assistance:				
Salaries and employee benefits		11,482		11,082
Other operating expenditures		23,001		26,275
Total	43,451	34,483	8,968	37,357
Transportation - nutritional:				
Salaries and employee benefits		36,460		33,974
Other operating expenditures		33,091		35,220
Capital outlay	-	-		-
Total	73,331	69,551	3,780	69,194
Community transportation:				
Salaries and employee benefits		20,468		20,130
Other operating expenditures		1,617		3,915
Total	30,401	22,085	8,316	24,045
Crisis intervention:				
Other operating expenditures	20,697	20,697	-	22,658
Foster care:				
Other operating expenditures	15,192	6,970	8,222	5,362
Domestic violence:				
Other operating expenditures	-	-	-	-
Blind administration:				
Other operating expenditures	1,851	1,851	-	1,840
Health screening:				
Other operating expenditures	255	255	-	451
Other Social Services:				
Other operating expenditures	190,674	173,244	17,430	113,436
Veteran's services:				
Salaries and employee benefits		3,579		3,509
Other operating expenditures		541		558
Total	4,300	4,120	180	4,067
Total human services	2,245,580	2,084,527	161,053	2,263,583
Education:				
Public schools - current	537,595	537,595	-	537,320
Public schools - capital outlay		-		-
Total education	537,595	537,595	-	537,320
Environmental protection:				
Drainage:				
Contract services	32,000	-	32,000	26,725

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

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	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Solid waste:				
Salaries and employee benefits		11,289		18,663
Other operating expenses		53,445		47,085
Contract services		360,585		360,129
Capital outlay		21,000		-
Total	462,117	446,319	15,798	425,877
Total environmental protection	494,117	446,319	47,798	452,602
Economic and physical development:				
Agriculture extension:				
Salaries and employee benefits		-		78,512
Other operating expenditures		86,624		19,679
Appropriations - Ablemarle Commission		3,424		3,563
Appropriations - River Festival		5,500		5,000
Appropriations - River Town		1,000		1,000
Appropriations - PfS		13,500		14,000
Capital outlay	-	-		-
Total	124,183	110,048	14,135	121,754
Board of supervisors-soil conservation:				
Salaries and employee benefits		39,590		38,633
Other operating expenditures		25,715		19,306
Total	68,563	65,305	3,258	57,939
Total economic and physical development	192,746	175,353	17,393	179,693
Cultural and recreational:				
Pettigrew Regional Library		100,000		93,000
Recreation Commission		30,544		35,687
Total cultural and recreational	162,282	130,544	31,738	128,687
Debt service:				
Note principal		41,385		39,944
Interest and fees		33,555		34,996
Total debt service	74,998	74,940	58	74,940
Total expenditures	6,710,933	6,181,048	529,885	6,458,651
Revenues under expenditures	(305,259)	339,528	644,787	(131,820)

Tyrrell County, North Carolina
General Fund Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)

Schedule 1

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	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Other financing sources (uses):				
Proceeds from the sale of capital assets		150,915		42,052
Transfers to other funds		(72,538)		(25,000)
Proceeds from debt issuance	-	-		-
Total other financing sources (uses)	(24,548)	78,377	102,925	17,052
Revenues and other financing sources under expenditures and other financing uses	(329,807)	417,905	747,712	(114,768)
Appropriated fund balance	329,807	-	(329,807)	-
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	417,905	<u>\$ 417,905</u>	(114,768)
Fund balance, beginning as previously reported		2,305,966		2,372,369
Prior period adjustment		-		48,365
Fund balance, beginning as restated		2,305,966		2,420,734
Fund balance, end of year		\$ 2,723,871		\$ 2,305,966

Tyrrell County, North Carolina
Schedules of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – Capital Outlay Fund
(With Comparative Actual Amounts for the Fiscal Year Ended June 30,
2014)
Schedule 2

	2015		2014	
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 6	7	\$ 1	188
Other financing sources (uses):				
Transfers to other governments	(54)	(54)	-	(132,459)
Transfers from other funds	48	-	(48)	-
Total other financing sources (uses)	(6)	(54)	(48)	(132,459)
Revenues and other financing sources (uses)	\$ -	(47)	\$ (47)	(132,271)
Fund balance, beginning of year		52,084		184,355
Fund balance, end of year		\$ 52,037		\$ 52,084

Tyrrell County, North Carolina
Schedules of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – Revaluation Fund
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)
Schedule 3

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 231	\$ 28	\$ (203)	\$ 223
Expenditures:				
Contingencies	67,231	0	67,231	0
Revenues over (under) expenditures	(67,000)	28	67,028	223
Other financing sources (uses):				
Transfer from other funds	67,000	67,000	-	25,000
Revenues over (under) expenditures and other financing sources (uses)	\$ -	67,028	\$ 67,028	25,223
Fund balance, beginning of year		135,146		109,923
Fund balance, end of year		\$ 202,174		\$ 135,146

Tyrrell County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015
Schedule 4

	<u>Special Revenue Funds</u>		Total
	Emergency Telephone System Fund	School Capital Outlay Fund	Nonmajor Governmental Funds
ASSETS			
Restricted cash and investments	\$ 266,016	\$ 113,239	\$ 379,255
Accounts receivable	9,975	-	9,975
Due from other governments	-	155,731	155,731
Due from other funds	-	47,698	47,698
Total assets	\$ 275,991	\$ 316,668	\$ 592,659
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to other funds	\$ 22,949	\$ -	\$ 22,949
Fund balances:			
Restricted:			
Stabilization by state statute	9,975	203,429	213,404
School capital outlay	-	113,239	113,239
Emergency telephone system	243,067	-	243,067
Total fund balances	253,042	316,668	569,710
Total liabilities and fund balances	\$ 275,991	\$ 316,668	\$ 592,659

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Tyrrell County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
For The Fiscal Year Ended June 30, 2015
Schedule 5

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Emergency Telephone System Fund	School Capital Outlay Fund	CDBG Scattered Sites Fund	
Revenues:				
Restricted intergovernmental	\$ 119,697	\$ 346,376	\$ 20,122	\$ 486,195
Investment earnings	112	20	-	132
Total revenues	119,809	346,396	20,122	486,327
Expenditures:				
Public safety	37,206	-	-	37,206
Education	-	102,375	-	102,375
Economic and physical development	-	-	20,122	20,122
Capital outlay	15,813	-	-	15,813
Debt service:				
Note principal	-	173,297	-	173,297
Interest and fees	-	33,512	-	33,512
Total expenditures	53,019	309,184	20,122	382,325
Revenues over (under) expenditures	66,790	37,212	-	104,002
Other financing sources				
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	66,790	37,212	-	104,002
Fund balance, beginning as previously reported	209,313	279,456	-	488,769
Prior period adjustment	(23,061)	-	-	(23,061)
Fund balance, beginning, as restated	186,252	279,456	-	465,708
Fund balance, ending	\$ 253,042	\$ 316,668	\$ -	\$ 569,710

Tyrrell County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
For The Fiscal Year Ended June 30, 2015
Schedule 5

Capital Project Funds			
Cahoon Center Site Improvements Project	Estuarine Access Park Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 6,446	\$ -	\$ 6,446	\$ 492,641
-	-	-	132
6,446	-	6,446	492,773
-	-	-	37,206
-	-	-	102,375
-	-	-	20,122
6,446	5,538	11,984	27,797
-	-	-	173,297
-	-	-	33,512
6,446	5,538	11,984	394,309
-	(5,538)	(5,538)	98,464
-	5,538	5,538	5,538
-	5,538	5,538	5,538
-	-	-	104,002
-	-	-	488,769
-	-	-	(23,061)
-	-	-	465,708
\$ -	\$ -	\$ -	569,710

Tyrrell County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual – Emergency Telephone System Fund
For The Fiscal Year Ended June 30, 2015
(With Comparative Amounts For The Fiscal Year Ended June 30, 2014)
Schedule 6

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental	\$ 119,697	\$ 119,697	\$ -	\$ 113,672
Investment earnings	100	112	12	94
Total revenues	119,797	119,809	12	113,766
Expenditures:				
Salary/addressing function	8,425	7,185	1,240	16,414
Contract services	5,900	-	5,900	-
Other operating expenditures	66,380	30,021	36,359	45,676
Contingency	23,279	-	23,279	-
Capital outlay	15,813	15,813	-	15,772
Total expenditures	119,797	53,019	66,778	77,862
Revenues over (under) expenditures	\$ -	66,790	\$ 66,790	35,904
Fund balance, beginning as previously reported		186,252		173,409
Prior period adjustment		-		(23,061)
Fund balance, beginning, as restated		186,252		150,348
Fund balance, ending		\$ 253,042		\$ 186,252

Tyrrell County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund
Balance – Budget and Actual – School Capital Outlay Fund
For The Fiscal Year Ended June 30, 2015
(With Comparative Amounts For The Fiscal Year Ended June 30, 2014)
Schedule 7

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Restricted intergovernmental:				
Local option sales tax - Article 40	\$ 64,189	\$ 99,161	\$ 34,972	\$ 68,702
Local option sales tax - Article 42	88,063	91,484	3,421	73,539
Public school building capital fund - lottery	155,731	155,731	-	221,812
Investment earnings	-	20	20	244
Total revenues	307,983	346,396	38,413	364,297
Expenditures:				
Insurance	4,701	4,700	1	3,804
Capital Outlay:	97,675	97,675	-	87,675
Debt service:				
Note principal	173,296	173,297	(1)	171,456
Interest and fees	33,512	33,512	-	35,353
Total debt service	206,808	206,809	(1)	206,809
Total expenditures	309,184	309,184	-	298,288
Revenues over (under) expenditures	(1,201)	37,212	38,413	66,009
Appropriated fund balance	1,201	-	(1,201)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	37,212	\$ 37,212	66,009
Fund balance, beginning		279,456		213,447
Fund balance, ending		\$ 316,668		\$ 279,456

Tyrrell County, North Carolina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget
and Actual – CDBG Scattered Sites Fund
From Inception and For The Fiscal Year Ended June 30, 2015
Schedule 8**

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
Revenues:					
Restricted intergovernmental					
Community Development Block					
Grant	\$ 225,000	\$ -	\$ 20,122	\$ 20,122	\$ (204,878)
Expenditures:					
Administration	22,300	-	9,146	9,146	13,154
Rehabilitation	202,700	-	10,976	10,976	191,724
Total expenditures	225,000	-	20,122	20,122	204,878
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning				-	
Fund balance, ending			\$ -	-	

Tyrrell County, North Carolina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual – Cahoon Center Site Improvements Project Fund
From Inception and For The Fiscal Year Ended June 30, 2015
Schedule 9**

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
Revenues:					
Restricted intergovernmental					
Community Development Block					
Grant	\$ 99,611	\$ -	\$ 6,446	\$ 6,446	\$ (93,165)
Expenditures:					
Construction	64,350	-	-	-	64,350
Engineering	9,400	-	6,071	6,071	3,329
Inspections	7,100	-	-	-	7,100
Legal	1,000	-	-	-	1,000
Permitting	1,500	-	-	-	1,500
Advertisement	1,000	-	375	375	625
Administration	5,000	-	-	-	5,000
Contingency	10,261	-	-	-	10,261
Total expenditures	99,611	-	6,446	6,446	93,165
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning				-	
Fund balance, ending			\$ -	-	

Tyrrell County, North Carolina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual – Estuarine Access Park Project Fund
From Inception and For The Fiscal Year Ended June 30, 2015
Schedule 10**

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
Revenues:					
Restricted intergovernmental					
Public Beach & Coastal Waterfront					
Access Program Grant	\$ 85,500	\$ -	\$ -	\$ -	\$ (85,500)
Expenditures:					
Permit and design fees	11,750	-	5,538	5,538	6,212
Site Improvement costs:					
Materials	54,250	-	-	-	54,250
Labor	28,250	-	-	-	28,250
Administration	750	-	-	-	750
Total expenditures	95,000	-	5,538	5,538	89,462
Revenues under expenditures	(9,500)	-	(5,538)	(5,538)	3,962
Other financing sources					
Transfers from other funds	4,750	-	4,750	4,750	-
County inkind match	4,750		788	788	(3,962)
Total other financing sources	9,500	-	5,538	5,538	(3,962)
Revenues , other financing sources					
(uses) over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning				-	
Fund balance, ending			\$ -	-	

Tyrrell County, North Carolina
Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP)
Proprietary Fund – Water Operations
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)
Schedule 11

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Charges for services		\$ 799,465		\$ 703,712
Connection fees		13,850		10,725
Tap fees		5,450		11,700
Late fees		13,707		12,324
Other operating revenues		1,991		14,056
Total operating revenues	874,366	834,463	(39,903)	752,517
Nonoperating revenues				
Investment earnings		124		1,049
Total nonoperating revenues	1,500	124	(1,376)	1,049
Total revenues	875,866	834,587	(41,279)	753,566
EXPENDITURES:				
Water operations:				
Salaries and benefits		340,652		349,368
Operating expenditures		432,712		360,188
Expense reimbursement to General Fund		24,470		24,470
Total	850,856	797,834	53,022	734,026
Capital outlay:	29,908	21,103	8,805	25,456
Debt service:				
Debt principal		51,000		51,000
Interest and fees		105,563		105,563
Total debt service	156,563	156,563	-	156,563
Total expenditures	1,037,327	975,500	61,827	916,045
Revenues over expenditures	(161,461)	(140,913)	20,548	(162,479)
Other financing sources (uses):				
Transfers to other funds	(42,150)	-	42,150	(41,714)
Appropriated fund balance	203,611	-	203,611	-
Revenues and other financing source (uses) over expenditures	\$ -	(140,913)	\$ (140,913)	(204,193)

Reconciliation from budgetary basis (modified accrual) to full accrual basis:		
Excess of revenues over expenditures	(140,913)	(204,193)
Reconciling items:		
Capital outlay	21,103	25,456
Debt principal	51,000	51,000
Depreciation	(336,777)	(269,354)
Contributions to the pension plan in the current fiscal year	16,122	-
Pension expense	(1,403)	-
(Increase) decrease in other post employment benefits	(14,918)	(11,871)
(Increase) decrease in compensated absences	13,359	(4,231)
Water and sewer project expenditures	(197,111)	-
Interest Income from Waste Water 1 and 2		
Capital Project	286	238
Sales tax refunds from Waste Water 1 and 2		
Capital Project	50,473	-
Capital contributions from Waste Water 1 and 2		
Capital Project	197,110	2,791,116
Total reconciling items	(200,756)	2,582,354
Net income (loss)	\$ (341,669)	\$ 2,378,161

Tyrrell County, North Carolina
Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP)
Proprietary Fund – Sewer Operations
For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014)
Schedule 12

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
REVENUES:				
Charges for services		\$ 43,212		\$ 24,209
Total operating revenues	40,811	43,212	2,401	24,209
Investment earnings		15		13
Total nonoperating revenues	-	15	15	13
Total revenues	40,811	43,227	2,416	24,222
EXPENDITURES:				
Sewer operations				
Salaries and benefits		8,717		23,113
Operating expenditures		70,887		44,936
Total expenditures	82,961	79,604	3,357	68,049
Revenues over expenditures	(42,150)	(36,377)	5,773	(43,827)
Other financing sources (uses):				
Transfers from other funds	42,150	-	(42,150)	41,714
Revenues and other financing sources (uses) over expenditures	\$ -	(36,377)	\$ (36,377)	(2,113)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Excess of revenues over expenditures		(36,377)		(2,113)
Reconciling items:				
Contributions to the pension plan in the current fiscal year		498		-
Pension expense		(40)		-
Total reconciling items		458		-
Net income (loss)		\$ (35,919)		\$ (2,113)

Tyrrell County, North Carolina

Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP)
Waste Water Capital Projects No. 1 and No. 2 Fund
From Inception and For the Fiscal Year Ended June 30, 2015
Schedule 13

		Actual				Variance
	Project	Prior Years	Current Year	Total to Date	Positive	
	Authorization				(Negative)	
Revenues:						
Restricted intergovernmental						
NC Rural Center grant	\$ 5,225,503	\$ 4,632,770	\$ 61,798	\$ 4,694,568	\$ (530,935)	
NC Clean Water Management Trust						
Fund grant	1,703,647	1,554,764	135,312	1,690,076	(13,571)	
CDBG - 21st Century grant	750,000	747,725	-	747,725	(2,275)	
USDA RD grant	1,525,140	-	-	-	(1,525,140)	
NC State University grant	1,273,420	1,273,420	-	1,273,420	-	
Golden Leaf grant	1,000,000	-	-	-	(1,000,000)	
Sales tax refunds	-	-	50,473	50,473	50,473	
Investment earnings	-	5,507	286	5,793	5,793	
Total revenues	11,477,710	8,214,186	247,869	8,462,055	(3,015,655)	
Expenditures						
Phase I - Tyrrell Co. Wastewater						
Collection System						
Facilities construction	2,800,570	2,691,389	-	2,691,389	109,181	
Washington county transmission						
line construction	569,905	587,955	-	587,955	(18,050)	
Engineering design	184,783	456,479	-	456,479	(271,696)	
Legal and administrative	25,533	73,565	-	73,565	(48,032)	
Environmental assessment	36,500	3,600	-	3,600	32,900	
R/W acquisition	25,000	25,363	-	25,363	(363)	
Permitting	11,665	4,360	-	4,360	7,305	
Easement survey and mapping	26,500	-	-	-	26,500	
Grant administration	75,000	29,402	-	29,402	45,598	
Sewer construction stds	2,903	-	-	-	2,903	
Sewer user charge study	7,219	-	-	-	7,219	
Construction administration	34,000	82,291	8,204	90,495	(56,495)	
Resident inspection	104,000	51,857	-	51,857	52,143	
Interlocal agreements assistance	1,027	-	-	-	1,027	
Contingency	182,659	-	-	-	182,659	
Total	4,087,264	4,006,261	8,204	4,014,465	72,799	
Phase II - Creswell WWTP						
Improvements						
Facilities construction	3,992,740	3,743,501	137,377	3,880,878	111,862	
Engineering design	212,900	210,300	22,011	232,311	(19,411)	
Construction administration	64,100	54,781	-	54,781	9,319	

Tyrrell County, North Carolina
Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP)
Waste Water Capital Projects No. 1 and No. 2 Fund
From Inception and For the Fiscal Year Ended June 30, 2015
Schedule 13

		Actual			Variance
	Project	Prior Years	Current Year	Total to Date	Positive
	Authorization				(Negative)
Resident construction inspection	124,500	41,003		41,003	83,497
O & M manual	15,000	-	-	-	15,000
Subsurface investigation	7,500	-	-	-	7,500
Sewer use ordinance	7,500	-	-	-	7,500
Permitting	10,000	145	-	145	9,855
Grant administration	7,500	5,791	29,519	35,310	(27,810)
Contingency	215,262	12	-	12	215,250
Total	4,657,002	4,055,533	188,907	4,244,440	412,562
Phase III - Tyrrell County Waste Water Collection System					
Facilities construction	3,177,695	-	1,160,359	1,160,359	2,017,336
Engineering design	264,150	113,992	65,797	179,789	84,361
Bond counsel legal	20,000	-	15,400	15,400	4,600
Other legal and fiscal	23,306	21,667	1,639	23,306	-
Administration	39,300	935	732	1,667	37,633
Capitalized Interest	20,000	-	-	-	20,000
Insurance	15,000	-	-	-	15,000
Equipment	5,000	-	-	-	5,000
Contingency	543,993	-	-	-	543,993
Total	4,108,444	136,594	1,243,927	1,380,521	2,727,923
Total expenditures	12,852,710	8,198,388	1,441,038	9,639,426	3,213,284
Revenues under expenditures	(1,375,000)	15,798	(1,193,169)	(1,177,371)	197,629
Other financing sources (uses):					
Transfers from other governments	-	-	-	-	-
Long-term debt - Bond	1,375,000	-	1,375,000	1,375,000	-
Transfers from other funds	-	100,775	-	100,775	100,775
Total other financing sources (uses)	1,375,000	100,775	1,375,000	1,475,775	100,775
Revenues , other financing sources (uses)					
over (under) expenditures	\$ -	\$ 116,573	\$ 181,831	\$ 298,404	\$ 298,404

Tyrrell County, North Carolina
Combining Schedule of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015
Schedule 14

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Social Services:				
Assets				
Cash and investments	\$ 2,205	\$ 35,380	\$ 35,161	\$ 2,424
Liabilites				
Miscellaneous liabilities	\$ 2,205	\$ 35,380	\$ 35,161	\$ 2,424
Fines and Forfeitures:				
Assets				
Cash and investments	\$ -	\$ 97,057	\$ 97,057	\$ -
Liabilites				
Miscellaneous liabilities	\$ -	\$ 97,057	\$ 97,057	\$ -
Deed of Trust Fund:				
Assets				
Cash and investments	\$ 415	\$ 2,579	\$ 2,560	\$ 434
Liabilites				
Miscellaneous liabilities	\$ 415	\$ 2,579	\$ 2,560	\$ 434
Totals - All Agency Funds:				
Assets				
Cash and investments	\$ 2,620	\$ 135,016	\$ 134,778	\$ 2,858
Liabilites				
Miscellaneous liabilities	\$ 2,620	\$ 135,016	\$ 134,778	\$ 2,858

Tyrrell County, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2015
Schedule 15

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 3,791,795	\$ 3,616,416	\$ 175,379
2013-2014	198,695	-	128,042	70,653
2012-2013	97,621	-	44,819	52,802
2011-2012	54,672	-	16,101	38,571
2010-2011	48,524	-	11,635	36,889
2009-2010	35,126	-	9,474	25,652
2008-2009	36,635	-	4,982	31,653
2007-2008	28,442	-	4,794	23,648
2006-2007	21,273	-	2,793	18,480
2005-2006	23,496	-	2,688	20,808
2004-2005	21,947	-	21,947	-
	<u>\$ 566,431</u>	<u>\$ 3,791,795</u>	<u>\$ 3,863,691</u>	494,535

Ad valorem taxes receivable - net \$ 494,535

Reconciliation with revenues:

Ad valorem taxes - General Fund	3,951,191
Reconciling items	
Current year abatements	6,067
Interest and penalties collected	(58,161)
Amounts written off for prior years	(35,406)
<u>Total reconciling items</u>	<u>(87,500)</u>

Total Collections and Credits \$ 3,863,691

Tyrrell County, North Carolina
Analysis of Current Tax Levy – County-Wide Levy
June 30, 2015
Schedule 16

	County Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current years rate	\$ 478,307,391	69%	\$ 3,300,321	\$ 3,156,812	\$ 143,509
Public Utilities	10,976,232	69%	75,736	75,736	-
Solid waste	61,159,420	69%	422,000	422,000	-
Total	550,443,043		3,798,057	3,654,548	143,509
Discoveries:					
Current year taxes	279,130	69%	1,926	1,926	-
Total	550,722,173		3,799,983	3,656,474	143,509
Abatements	(1,186,667)	69%	(8,188)	(8,188)	-
Total property valuation	\$ 549,535,506				
Net Levy			3,791,795	3,648,286	143,509
Uncollected taxes at June 30, 2015			175,379	175,379	-
Current years taxes collected			\$ 3,616,416	\$ 3,472,907	\$ 143,509
Current levy collection percentage			95.37%	95.19%	100.00%



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INDEPENDENT AUDITORS' 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

To the Board of Commissioners
Tyrrell 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tyrrell County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises Tyrrell County, North Carolina's basic financial statements and have issued our report thereon dated September 9, 2016. Our report includes a reference to other auditors who audited the financial statements of the Tyrrell County ABC Board, as described in our report on Tyrrell County, North Carolina'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 Tyrrell County ABC Board were not audited in accordance with Governmental Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tyrrell 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 Tyrrell County's internal control. Accordingly, we do not express an opinion on the effectiveness of Tyrrell County's internal control.

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

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

timely basis. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: Items 15-1 through 15-8.

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. All of the deficiencies found were considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tyrrell 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*.

Tyrrell County's Response to Findings

Tyrrell County's response to the findings 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 results 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.

Cau, Riggs & Ingram, L.L.C.

Belhaven, North Carolina
September 9, 2016



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners
Tyrrell County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Tyrrell County, North Carolina's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. Tyrrell County's major federal programs are identified in the summary of auditors' 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 each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tyrrell 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 Tyrrell County's compliance.

Opinion on Each Major Federal Program

In our opinion, Tyrrell County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

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

Belhaven, North Carolina
September 9, 2016



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Commissioners
Tyrrell County, North Carolina

Report on Compliance for Each Major State Program

We have audited Tyrrell County, North Carolina's 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 Tyrrell County's major state programs for the year ended June 30, 2015. Tyrrell County's major state programs are identified in the summary of auditors' results section in 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 Tyrrell County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Tyrrell 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 Tyrrell County's compliance.

Opinion on Each Major State Program

In our opinion, Tyrrell County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Tyrrell 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 Tyrrell County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tyrrell 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Belhaven, North Carolina
September 9, 2016

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

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

·	Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
·	Significant deficiency(s) identified that are not considered to be material weaknesses	<u> X </u> yes	<u> </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 that are not considered to be material weaknesses	<u> </u> yes	<u> X </u> no

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<u> </u> yes	<u> X </u> no
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Medical Assistance Program (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 \$300,000

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> no
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State Awards

Internal control over major State programs:

·	Material weakness(es) identified?	<u> </u> Yes	<u> X </u> no
·	Significant deficiency(s) identified that are not considered to be material weaknesses	<u> </u> yes	<u> X </u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	<u> </u> yes	<u> X </u> no
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Identification of major state program:

<u>Name of Program</u>
Title XIX – Medicaid State Match

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

Section II. Financial Statement Findings

Material Weaknesses

15-1 Adjustment of the General Ledger and Audited Financial Statements Filed Late

Criteria: The County should have its general ledger adjusted in a timely manner to facilitate accurate financial reporting for management and the Board of Commissioners. The County's annual audited financial statements should be submitted to the Local Government Commission by October 31st each year.

Condition: The County did not adjust its general ledger in a timely manner in order to prepare accurate financial information for management and the Board of Commissioners. This also caused delays in the annual audit being completed.

Effect: The County's general ledger and financial statements were materially misstated. The County's audited financial statements were filed late with the Local Government Commission.

Cause: The County has had several finance officers over the past few years and misstatements occurred and were not corrected and detected by management or employees.

Recommendation: The County should put procedures in place to ensure that the general ledger is adjusted in a timely manner and to ensure that the County's audited financial statements are submitted to the Local Government Commission on time.

Views of responsible officials and planned corrective actions: The County agrees with this finding. The County has hired an experienced finance officer and the County is actively working to put procedures in place to ensure that the general ledger is adjusted in a timely manner and to ensure that the audited financial statements are filed in a timely manner with the Local Government Commission.

15-2 Review and Approval of Journal Entries

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

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

Effect: There could be journal entries posted that could be incorrect, which could lead to misstatements in the County's general ledger and financial statements.

Cause: The County was unaware that this could be a potential problem and did not have these controls in place over journal entries.

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

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

Views of responsible officials and planned corrective actions: The County agrees with this finding. The County will put procedures in place to ensure that all journal entries and supporting documentation are reviewed and approved by a management level individual independent of the preparer or by a member of the governing body before the journal entries are posted to the general ledger.

15-3 Prior Period Adjustment of Local Option Sales and Use Tax Receivables and Revenues

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

Condition: The County did not record the final payment as a revenue and receivable in the prior fiscal year or current fiscal year for local options sales and use tax.

Effect: The County's financial statements were misstated.

Cause: The County was unaware that the final payment had to be recorded as a revenue and receivable.

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 actions: The County agrees with this finding and will put procedures in place to ensure that accounting records are thoroughly reviewed at year end.

15-4 Prior Period Adjustment of Unbilled Revenues

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

Condition: The County did not record the unbilled revenues as revenues and receivables in the prior fiscal year or current fiscal year for the Water and Sewer fund.

Effect: The County's financial statements were misstated.

Cause: The County was unaware that the unbilled revenues had to be recorded as revenues and receivables.

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

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

Views of responsible officials and planned corrective actions: The County agrees with this finding and will put procedures in place to ensure that accounting records are thoroughly reviewed at year end.

15-5 Prior Period Adjustment of Grant Receivable

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

Condition: The County did not record a FEMA grant receivable in a prior fiscal year.

Effect: The County's financial statements were misstated.

Cause: The grant funds were not received by the County until after completion of the prior year audit report and the finance officer did not know that a reimbursement request had been filed at that time.

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 actions: The County agrees with this finding and will put procedures in place to ensure that accounting records are thoroughly reviewed at year end.

15-6 Prior Period Adjustment of the Water and Sewer Capital Project

Criteria: Capital projects should be adjusted each year to record all grant receivables, retainage payables, and accounts payables. Project to date revenues and expenditures should be reviewed for accuracy. Construction in progress should only be recorded for project expenditures that will be owned by the County at the end of a project. Construction in progress should be placed into service when construction is complete and the capital asset is placed into service.

Condition: The County did not adjust its general ledger properly in prior fiscal years. Construction in progress was recorded for assets the County did not own. The County had not started depreciating a portion of the project that was already complete and in use.

Effect: The County's general ledger and financial statements were misstated.

Cause: The County did not have adequate procedures in place to ensure that its capital project was properly adjusted to account for all of the grant receivables, retainage payables, and accounts payables and to ensure project to date totals were accurate. The County did not have a clear understanding of which portions of the project they owned and which portions were owned by another governmental entity. The depreciation schedule was not reviewed in detail to ensure that completed projects were placed in service for depreciation purposes.

Recommendation: The County should put procedures in place to ensure that capital projects are adjusted to facilitate accurate financial reporting for the Board of Commissioners and

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

Management for decision making purposes. The County should put procedures in place to ensure that the depreciation schedule is accurate.

Views of responsible officials and planned corrective actions: The County agrees with this finding. The County will put procedures in place to ensure that the capital projects are adjusted in order to ensure accurate financial reporting for the Board of Commissioners and Management. The County will put procedures in place for the review of the depreciation schedule to ensure its accuracy and proper reporting.

15-7 Prior Period Adjustment for the Accrual of Emergency Management Services Expense

Criteria: Accounts payables should be recorded for services received during the fiscal year when they are paid for in the following fiscal year.

Condition: The County did not accrue an accounts payable for emergency medical services received last fiscal year that were paid during the current fiscal year.

Effect: The County's financial statements were materially misstated.

Cause: The County did not receive the bill for the emergency medical services until much later in the year and overlooked accruing the expenditure.

Recommendation: The County should put procedures in place to ensure that all accounts payables are properly recorded in the correct fiscal year.

Views of responsible officials and planned corrective actions: The County agrees with this finding. The County will put procedures in place to ensure that all accounts payables are properly recorded in the correct fiscal year.

15-8 Prior Period Adjustment of the Tyrrell County Tourism Development Authority's Capital Assets

Criteria: Construction in progress should only be recorded for projects where the Authority will own the capital asset being constructed.

Condition: The Authority recorded construction in progress for construction owned by the grant subrecipient.

Effect: The Authority's financial statements were materially misstated.

Cause: The Authority recorded the construction in progress in error due to the lack of knowledge of what the project was actually for.

Recommendation: The Authority should put procedures in place to ensure that construction in progress is recorded for projected where the Authority will own the capital asset being constructed.

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

Views of responsible officials and planned corrective actions: The Authority agrees with this finding. The Authority will put procedures in place to ensure that construction in progress will not be recorded unless the Authority will own the capital asset being constructed.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

Tyrrell County, North Carolina
Corrective Action Plan
For The Year Ended June 30, 2015

Section II. Financial Statement Findings

15-1 Adjustment of the General Ledger and Audited Financial Statements Filed Late

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County has hired an experienced finance officer and the County is actively working to put procedures in place to ensure that the general ledger is adjusted in a timely manner and to ensure that the audited financial statements are filed in a timely manner with the Local Government Commission.

Proposed completion date: As soon as possible.

15-2 Review and Approval of Journal Entries

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that all journal entries and supporting documentation are reviewed and approved by a management level individual independent of the preparer or by a member of the governing body before the journal entries are posted to the general ledger.

Proposed completion date: As soon as possible.

15-3 Prior Period Adjustment of Local Option Sales and Use Tax Receivables and Revenues

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that accounting records are thoroughly reviewed at year end.

Proposed completion date: As soon as possible.

15-4 Prior Period Adjustment of Unbilled Revenues

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that accounting records are thoroughly reviewed at year end.

Proposed completion date: As soon as possible.

Tyrrell County, North Carolina
Corrective Action Plan
For The Year Ended June 30, 2015

15-5 Prior Period Adjustment of Grant Receivable

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that accounting records are thoroughly reviewed at year end.

Proposed completion date: As soon as possible.

15-6 Prior Period Adjustment of the Water and Sewer Capital Project

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that the capital projects are adjusted in order to ensure accurate financial reporting for the Board of Commissioners and Management. The County will put procedures in place for the review of the depreciation schedule to ensure its accuracy and proper reporting.

Proposed completion date: As soon as possible.

15-7 Prior Period Adjustment for the Accrual of Emergency Management Services Expense

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that all accounts payables are properly recorded in the correct fiscal year to ensure accurate financial reporting for the Board of Commissioners and Management.

Proposed completion date: As soon as possible.

15-8 Prior Period Adjustment of the Tyrrell County Tourism Development Authority's Capital Assets

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The Authority will put procedures in place to ensure that construction in progress will not be recorded unless the Authority will own the capital asset being constructed.

Proposed completion date: As soon as possible.

Section III. Federal Award Findings and Questioned Cost

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

Tyrrell County, North Carolina
Summary Schedule of Prior Year Audit Findings
For The Year Ended June 30, 2015

Section II. Financial Statement Findings

Finding 2014-1 Adjustment of the General Ledger and Audited Financial Statements Filed Late

Status: The County has hired an experienced finance officer, but the audited financial statements were still issued late.

Section III. Federal Award Findings and Questioned Cost

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the the Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 128,959	\$ (52)	\$ 128,959
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	XXXX	143,529	-	-
<u>Direct Programs:</u>					
Water and Waste Disposal Systems for Rural Communities (Note 3)	10.760	XXXX	1,172,216	-	-
Rural Business Enterprise Grants	10.769	XXXX	6,446		
Total U.S. Dept. of Agriculture			1,451,150	(52)	128,959
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grant	97.042	XXXX	19,110	19,110	-
Hazard Mitigation Grant	97.039	XXXX	20,732	6,911	-
Total U. S. Department of Homeland Security			39,842	26,021	-
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Foster Care and Adoption Cluster:</u>					
Title IV-E Foster Care - CPS	93.658	XXXX	480	1,526	307
Title IV-E Foster Care - Office Training	93.658	XXXX	8,637	-	8,637
Title IV-E Foster Care - Adoption Subsidy	93.659	XXXX	4,312	1,118	1,118
Title IV-E Foster Care - Administration	93.659	XXXX	505	-	30
Total Foster Care and Adoption Cluster (Note 5)			13,934	2,644	10,092
<u>Temporary Assistance for Needy Families Cluster:</u>					
TANF Payments and Penalties	93.558	XXXX	13,227	-	1,040
Work First - Services	93.558	XXXX	47,160	-	8,980
Work First - Nonreimbursable	93.558	XXXX	-	-	8,639
Work First - Administration	93.558	XXXX	25,564	-	4,124
Total TANF Cluster (Note 5)			85,951	-	22,783
<u>Low-Income Home Energy Assistance:</u>					
Energy Assistance Payments - Direct Benefit Payments	93.568	XXXX	37,000	-	-
Administration	96.568	XXXX	4,130	-	-
Crisis Intervention Program	93.568	XXXX	20,697	-	-
<u>Social Services Block Grant:</u>					
SSBG - In-Home Services Over 60	93.667	XXXX	1,692	-	242
SSBG - Other Services and Training	93.667	XXXX	36,613	3,933	13,515
Promoting Safe and Stable Families	93.556	XXXX	841	-	-

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Child Support Enforcement Administration	93.563	XXXX	34,352	-	17,696
Direct Benefit Payments:					
State Children's Insurance Program - NC Health Choice	93.767	XXXX	88,723	27,868	-
Administration:					
State Children's Insurance Program - NC Health Choice	93.767	XXXX	13,848	54	4,293
Total State Children's NC Health Choice			102,571	27,922	4,293
Subsidized Child Care (Note 5)					
<u>Child Care Development Fund Cluster</u>					
Division of Social Services					
Child Care Development Fund - Administration	93.596	XXXX	79,914	-	-
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		58,536	-	-
Child Care and Development Fund - Mandatory	93.596		20,231	-	-
Child Care and Development Fund - Match	93.596		5,764	-	-
Total Child Care Fund Cluster			164,445	-	-
Temporary Assistance for Needy Families	93.558		15,411	-	-
Foster Care Title IV-E - Direct Benefit Payments	93.658		1,221	633	-
State Appropriations		XXXX	-	11,257	-
TANF-MOE		XXXX	-	903	-
Total Subsidized Child Care Cluster (Note 5)			181,077	12,793	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	3,853,958	2,219,819	2,765
Medical Assistance Administration	93.778	XXXX	317,328	-	111,371
Medical Transportation Administration	93.778	XXXX	48,633	-	48,633
Medicaid Expansion	93.778	XXXX	147	-	147
State County Special Assistance	93.778	XXXX	13,422	-	4,620
Total Medical Assistance Program			4,233,488	2,219,819	167,536
Passed-through the N.C. Dept of					
Division of Aging and Adult Services:					
Medicare Improvements for Patients and Providers Act	93.071	XXXX	1,773	-	-
Total U.S. Dept. of Health and Human Services			4,754,119	2,267,111	236,157
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through the N.C. Dept. of Commerce:					
Division of Rural Economic Development:					
Community Development Block Grant - Scattered Sites	14.228		20,122	-	-
Total U.S. Dept of Housing and Urban Development			20,122	-	-
Total federal awards			\$ 6,281,222	\$ 2,293,080	\$ 365,116

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State Awards:					
<u>N.C. Department of Agriculture and Consumer Services</u>					
Division of Soil and Water Conservation:					
Agriculture Cost Share Program		XXXX	\$ -	\$ 20,492	\$ -
Stream Debris Removal Grant		XXXX	-	17,583	-
Total NC Department of Invironment and Natural Resources			-	38,075	-
<u>N.C. Department of Environmental Quality</u>					
Division of Environmental Assistance and Customer Service:					
Community Waste Reduction and Recycling Grant		XXXX	-	4,000	-
Total N.C. Department of Environmental Quality			-	4,000	-
<u>N.C. Department of Commerce</u>					
Division of Rural Economic Development					
Rural Center Grants		XXXX	-	61,798	-
Total N.C. Department of Commerce			-	61,798	-
<u>N.C. Department of Natural and Cultural Resources</u>					
Division of Soil and Land and Water Stewardship					
Clean Water Management Trust Fund Grant		XXXX	-	135,312	-
Total N.C. Department of Natural and Cultural Resources			-	135,312	-
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	29,288	-
Transit Development Program		DOT-11	-	18,237	-
Total NC. Department of Transportation			-	47,525	-
<u>N.C. Department of Public Safety</u>					
Juvenile Crime Prevention Programs		XXXX	-	46,894	-
Total N.C. Department of Public Safety			-	46,894	-
<u>N.C. Department of Insurance</u>					
Senior Health Insurance Program		XXXX	-	3,235	-
Total NC. Department of Insurance			-	3,235	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		XXXX	-	155,731	-
Total N.C. Department of Public Instruction			-	155,731	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
Administration:					
Child Welfare Services Adoption Subsidy		XXXX	-	10,458	3,486
ST Child Welfare		XXXX	-	(6)	-
SC/SA Domiciliary Care payment		XXXX	-	38,854	38,854
Total N.C. Department of Health and Human Services			-	49,306	42,340
Total State awards			-	541,876	42,340
Total federal and State awards			\$ 6,281,222	\$ 2,834,956	\$ 407,456

Tyrrell County, North Carolina

Schedule of Expenditures of Federal and State Awards

For The Fiscal Year Ended June 30, 2015

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 Tyrrell County under the programs of the federal government and the State of North Carolina for year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Tyrrell County, it is intended to and does not present the financial position, changes in net assets or cash flows of Tyrrell 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 cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3. Loans Outstanding

Tyrrell County had the following loan balance outstanding at June 30, 2015. The loan expended during the year is included in the SEFSA in the federal expenditures presented in the schedule. Balances and transactions related to these programs are included in the County's financial statements.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,375,000

4. Subrecipients

Of the federal and State expenditures presented in the schedule, Tyrrell County provided federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>Pass-through Grantor's Number</u>	<u>State Expenditures</u>
Public School Building Capital Fund - Lottery Proceeds	XXXX	\$ 155,731
Juvenile Crime Prevention Programs	XXXX	46,894

5. 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: Subsidized Child Care, Foster Care and Adoption, and Temporary Assistance for Needy Families.

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September 9, 2016

Board of Commissioners and Management of
Tyrrell County, North Carolina

Dear Board of Commissioners and Management:

We are pleased to present the results of our audit of the 2015 financial statements of Tyrrell County, North Carolina (the "County").

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

Our audit was designed to express an opinion on the County's 2015 financial statements. We considered the County's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board and Management, expect. We received the full support and assistance of the County's personnel.

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

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

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

Very truly yours,

Jeffery D. Best, CPA
Jeffery D. Best, CPA

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

- Perform an annual audit, as required by North Carolina General Statutes, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the County's financial statements for the year ended June 30, 2015;
- Conduct an audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act and issue a report on the County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal and state programs for the year ended June 30, 2015;
- Communicate directly with the Board and Management regarding the results of our procedures;
- Address with the Board and Management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board and Management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of the Tyrrell County as of and for the year ended June 30, 2015, and have issued our report thereon dated September 9, 2016. 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	As stated in our engagement letter dated June 15, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information presented prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. 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. Our audit also consisted of issuing reports regarding the Board's internal control, in accordance with <i>Government Auditing Standards</i>, and compliance with certain compliance requirements as it relates to the Board's major federal and/or state programs, in accordance OMB A-133 and the State Single Audit Implementation Act.
Client's responsibility	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.
Planned scope and timing of the audit	Our initial audit plan was significantly altered during our fieldwork. Several prior period adjustments were found and other matters, which required additional time and testing.

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Management judgments and accounting estimates <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>	Please see the following section titled ("Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality").
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>	No such risks or exposures were noted.
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 • <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> <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;</i>	Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. During the 2015 fiscal year, the County implemented Statement 68 of the governmental Accounting Standards Board, Accounting and Financial Reporting for Pensions. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<i>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>	
Significant difficulties encountered in the audit <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i>	Adjustment of the Water and Sewer Capital project.
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>	None.
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>	Please see the compliance section for the findings noted.
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>	Please see the compliance section for the findings noted.
Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the County, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the County about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i>	Please see the following section titled "Summary of Audit Adjustments."

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	None.
Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	None of which we are aware.
Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i>	See "Management Representation Letter" section.
Internal control deficiencies <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>	See "Internal Control Findings" section.
Fraud and illegal acts <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>	We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.
Parties in interest and prohibited transactions <i>Any parties in interest in the County, prohibited transactions as defined by ERISA, and other reportable transactions.</i>	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.
Other information in documents containing audited financial statements <i>The external auditor's responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i>	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: - 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 & CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Board's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board 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	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. The County calculates depreciation expense using the straight-line method.	X	The County's estimate of the useful life of its capital assets. The estimated useful lives of County's capital assets are based on a detailed management review.	The County's policy is in accordance with all applicable accounting guidelines.
Allowance for Doubtful Accounts	The County estimates the allowance accounts for the water districts in accordance with applicable standards and guidelines. The County calculates the allowance for doubtful accounts in each district based on an analysis of the collectability of individual accounts.	X	The County's estimate of its allowance for doubtful accounts is based on historical water revenues and an analysis of the collectability of individual accounts.	The County's policy is in accordance with all applicable accounting guidelines.

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

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Compensated Absences	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. The County calculates the annual liability at the prevailing rates of compensation.	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	The County estimates retirement benefits in accordance with all applicable standards and guidelines. The County disclosed retirement benefits based on actuarial assumptions. These assumptions may change in the future depending on future operating conditions.	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	The County estimates postemployment benefits in accordance with all applicable standards and guidelines. The County discloses postemployment benefits based on actuarial assumptions. These assumptions may change in the future depending on future operating conditions.	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.

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 schedule.

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

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
RECORD JULY LOCAL OPTION SALES TAX BASED ON NCDOR CONFIRMATION. MATERIAL WEAKNESS.			
10-1215-000-00	A/R LOC OPT SALES TAX	61,208.00	
21-1310-000-10	DUE TO/FROM GENERAL FUND	37,208.00	
10-1310-000-21	DUE TO/FROM SCHOOL CAPITAL		37,208.00
10-3411-310-00	SALES TAX		24,000.00
21-3590-310-40	RESTRICTED SALES TAX - ART 40		23,498.00
21-3590-310-42	RESTRICTED SALES TAX - ART 42		13,710.00
Total		98,416.00	98,416.00
Adjusting Journal Entries JE # 2			
PRIOR PERIOD ADJUSTMENT FOR LOCAL OPTION SALES TAX RECEIVABLE. MATERIAL WEAKNESS.			
10-3411-310-00	SALES TAX	38,650.00	
10-2940-000-00	PRIOR PERIOD ADJUSTMENT		38,650.00
Total		38,650.00	38,650.00
Adjusting Journal Entries JE # 3			
RECORD CURRENT YEAR UNBILLED REVENUE BASED ON CLIENT PROVIDED SCHEDULE. RECORD PRIOR PERIOD ADJUSTMENT FOR UNBILLED REVENUES NOT RECORDED IN PRIOR FISCAL YEAR. MATERIAL WEAKNESS.			
60-1220-000-00	A/R SEWER SALES	1,949.00	
61-1220-000-00	A/R WATER SALES	44,472.00	
60-2930-000-00	FUND BALANCE		63.00
60-3714-520-00	SEWER CHARGE		1,886.00
61-2930-000-00	FUND BALANCE		32,137.00
61-3711-520-00	WATER CHARGES		12,335.00
Total		46,421.00	46,421.00

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 4			
ADJUST CURRENT YEAR TRIAL BALANCE AND PRIOR PERIOD ADJUSTMENT. MATERIAL WEAKNESS.			
10-1310-009-00	DUE TO/FROM SEWER GRANT	880.00	
63-1310-000-00	DUE TO GENERAL FUND	880.00	
63-1310-000-04	SALES TAX RECEIVABLE	50,473.00	
63-1310-000-10	DUE TO GENERAL FUND	8,278.00	
63-1310-005-00	DUE FROM CWMTF	13,236.00	
63-1315-000-00	DUE TO FROM SEWER	19,446.00	
63-1795-000-00	FIXED ASSETS	3,426,510.00	
63-2000-000-00	ACCOUNTS PAYABLE	42,348.00	
63-2125-000-01	Due to Town of Creswell	2,465.00	
63-2305-000-03	BB&T BAN	260,802.00	
63-2930-000-00	FUND BALANCE	25,920.00	
63-2930-000-00	FUND BALANCE	4,052,845.00	
63-3920-364-00	GRANT - RC CRESWELL	706.00	
63-3920-365-00	GRANT - RC DISTRICT 1	2,200.00	
63-3920-366-00	GRANT - RC DISTRICT 2	30,651.00	
63-9100-481-00	ADMIN - CONSTRUCTION	50.00	
63-9200-446-00	CONTRACT - TREATMENT PLANT	13,236.00	
63-9300-192-03	LEGAL FEES	15,400.00	
63-9300-395-03	SERVICES - SEWER CONST STD	58,018.00	
63-9300-440-03	CONTRACT - ENGINEERING	6,552.00	
63-9300-452-03	Other Legal and Fiscal	1,639.00	
63-9300-480-03	ADMIN - COUNTY	542.00	
10-1310-000-63	DUE TO/FROM SEWER		880.00
63-1310-000-00	DUE TO GENERAL FUND		75,014.00
63-1310-000-03	DUE FROM STATE OF NC		42,348.00
63-1790-000-00	CONSTRUCTION IN PROGRESS		3,426,510.00
63-1790-000-00	CONSTRUCTION IN PROGRESS		4,052,845.00
63-2100-000-00	RETAINAGE PAYABLE		58,018.00
63-2100-000-00	RETAINAGE PAYABLE		13,236.00
63-2930-000-00	FUND BALANCE		880.00
63-3930-351-03	SALES TAX REFUND		50,473.00
63-3930-361-00	GRANT - NC CWMTF		13,236.00
63-3930-366-00	GRANT - RC DISTRICT 2		28,340.00
63-3930-370-03	RD Subsequent Loan		260,802.00
63-9100-481-00	ADMIN - CONSTRUCTION		8,184.00
63-9200-446-00	CONTRACT - TREATMENT PLANT		388.00
63-9200-487-00	ADMIN - RC DISTRICT 2		1,923.00
Total		8,033,077.00	8,033,077.00

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
RECORD CURRENT YEAR DEPRECIATION FOR CAPITAL ASSET ADDED THROUGH PRIOR PERIOD ADJUSTMENT. MATERIAL WEAKNESS.			
61-7111-000-00	DEPRECIATION EXPENSE	68,530.00	
61-1800-000-00	ACC DEPRECIATION		68,530.00
Total		68,530.00	68,530.00
Adjusting Journal Entries JE # 6			
RECORD PRIOR YEAR ACCUMULATED DEPRECIATION FOR ASSET THAT SHOULD HAVE BEEN PLACED IN SERVICE IN A PRIOR FISCAL YEAR. MATERIAL WEAKNESS.			
61-2930-000-00	FUND BALANCE	68,530.00	
61-1800-000-00	ACC DEPRECIATION		68,530.00
Total		68,530.00	68,530.00
Adjusting Journal Entries JE # 7			
CLIENT PROVIDED ENTRY. MATERIAL WEAKNESS.			
10-1263-000-00	GRANT FUNDS REC	25,304.00	
10-2940-000-00	PRIOR PERIOD ADJUSTMENT		25,304.00
Total		25,304.00	25,304.00
Adjusting Journal Entries JE # 8			
PRIOR PERIOD ADJUSTMENT FOR CLIENT REQUESTED ENTRY FOR CONSTRUCTION IN PROGRESS RECORDED THAT THE AUTHORITY DID NOT OWN. MATERIAL WEAKNESS.			
90-2910-000-00	FUND BALANCE	77,384.00	
90-1770-000-00	CAPITAL ASSETS		77,384.00
Total		77,384.00	77,384.00
Adjusting Journal Entries JE # 9			
RECORD PRIOR PERIOD ADJUSTMENT FOR EMS SERVICES. MATERIAL WEAKNESS.			
10-2940-000-00	PRIOR PERIOD ADJUSTMENT	156,422.00	
10-4370-693-40	AGREEMENTS - WASH. CO. EMS	285,334.00	
10-2380-000-00	A/P MISCELLANEOUS		285,334.00
10-4370-693-40	AGREEMENTS - WASH. CO. EMS		156,422.00
Total		441,756.00	441,756.00

Summary of Audit Adjustments

Governmental Activities – General Fund:

Passed AJE #	Description (Nature of Audit Difference)	Cause	Financial Statements Effect - Amount of Over (Under) Statement of:						
			Total Assets	Total Liabilities	Fund Equity	Revenues	Expenses	Net Income	Working Capital
1	To record accounts receivable for unbilled scrap tire tax.	Immaterial difference. Not recorded in prior years.	(1,405)	-	(1,405)	(1,405)	-	(1,405)	(1,405)
2	To record payroll prepaids.	Immaterial difference. Not recorded in prior years.	(13,209)	-	(13,209)	-	13,209	(13,209)	(13,209)
			(14,614)	-	(14,614)	(1,405)	13,209	(14,614)	(14,614)

Business-Type Activities – Water and Sewer Fund:

Passed AJE #	Description (Nature of Audit Difference)	Cause	Financial Statements Effect - Amount of Over (Under) Statement of:						
			Total Assets	Total Liabilities	Fund Equity	Revenues	Expenses	Net Income	Working Capital
1	To record OPEB liability.	Immaterial difference	-	2,000	(2,000)	-	2,000	(2,000)	-

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Management Representation Letter

Tyrrell County Board of Commissioners

Post Office Box 449
Columbia, North Carolina 27925
Telephone (252) 796-1371

Leroy Spivey, Chairman
Carl Willis, Vice Chairman
Nathan T. Everett
Nina Griswell
Larry G. Hill



David L. Clegg, County Manager and Attorney
Penny Rhodes Owens, Clerk to the Board

September 9, 2016

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

This representation letter is provided in connection with your audits of the financial statements of Tyrrell County, North Carolina, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. 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 September 9, 2016, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 15, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. 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 U.S. GAAP, if any.
- 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, if any.
- 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 the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the county is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) 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 County from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) 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.
- 13) 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.
- 14) We have no knowledge of any fraud or suspected fraud that affects the County and involves:

Management Representation Letter

- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) 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.
- 16) 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.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) 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, if any.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws regulations, contracts, and grant agreements, or abuse that you have reported to us, if any.
- 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 that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations, if any, that we believe have a material effect on the financial statements or other financial data significant to audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements, if any, that we

Management Representation Letter

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, if any, 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), provisions 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 depreciation schedule, the schedule of expenditures of federal and state awards, the GASB 68 adjustments and required disclosures, and the other post employment benefits calculation and required disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within 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, the depreciation schedule, the schedule of expenditures of federal and state awards, the GASB 68 adjustments and required disclosures, and the other post employment benefits calculation and required disclosures.
- 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 made known to you and disclosed in the notes to the financial statements.
- 32) The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASB 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 classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.

Management Representation Letter

- 38) 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.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) 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.
- 44) 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.
- 45) 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.
- 46) With respect to the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards:
 - a) We acknowledge our responsibility for presenting the combining and individual fund statements, budgetary schedules, other schedules, and the 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 schedule of expenditures of federal and state awards, including their form and content, are 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 schedule of expenditures of federal and state awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are not presented with the audited financial statements, we will make the audited financial statements readily available to the

Management Representation Letter

intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

47) With respect to federal and state award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, including requirements relating to preparation of the schedule of expenditures of federal and state awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal and state awards (SEFSA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFSA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or 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 or 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 SEFSA and the auditors' report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the State Single Audit Implementation Act, and have included in the SEFSA expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus 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 contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h) We have received no requests 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, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known compliance, if any, with the direct and material compliance requirements of federal and 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 auditors' 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 auditors' report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in *OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments*, and *OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and 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 auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t) We have charged costs to federal and state awards in accordance with applicable cost principles.

Management Representation Letter

- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings, if any, required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings, if any, by federal and state awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signature: David L. Hegg Signature: Karen Gerhart
Title: County Manager Title: FINANCE DIRECTOR

September 9, 2016

Board of Commissioners and Management of
Tyrrell County, North Carolina

In planning and performing our audit of the financial statements of Tyrrell County, North Carolina (the "County") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America ("GAAS"), 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 opinions on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A separate report dated September 9, 2016, contains our communication on material weaknesses in the Board's internal control. This letter does not affect our report dated September 9, 2016, on the financial statements of Tyrrell County, North Carolina. During our audit, we were not aware of any matters regarding internal controls and operating efficiency.

We will review the status of the material weaknesses noted during our next audit engagement. We have already discussed many of these comments and suggestions with various members of 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 Board 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.

Very truly yours,

Jeffery D. Best, CPA
Jeffery D. Best, CPA