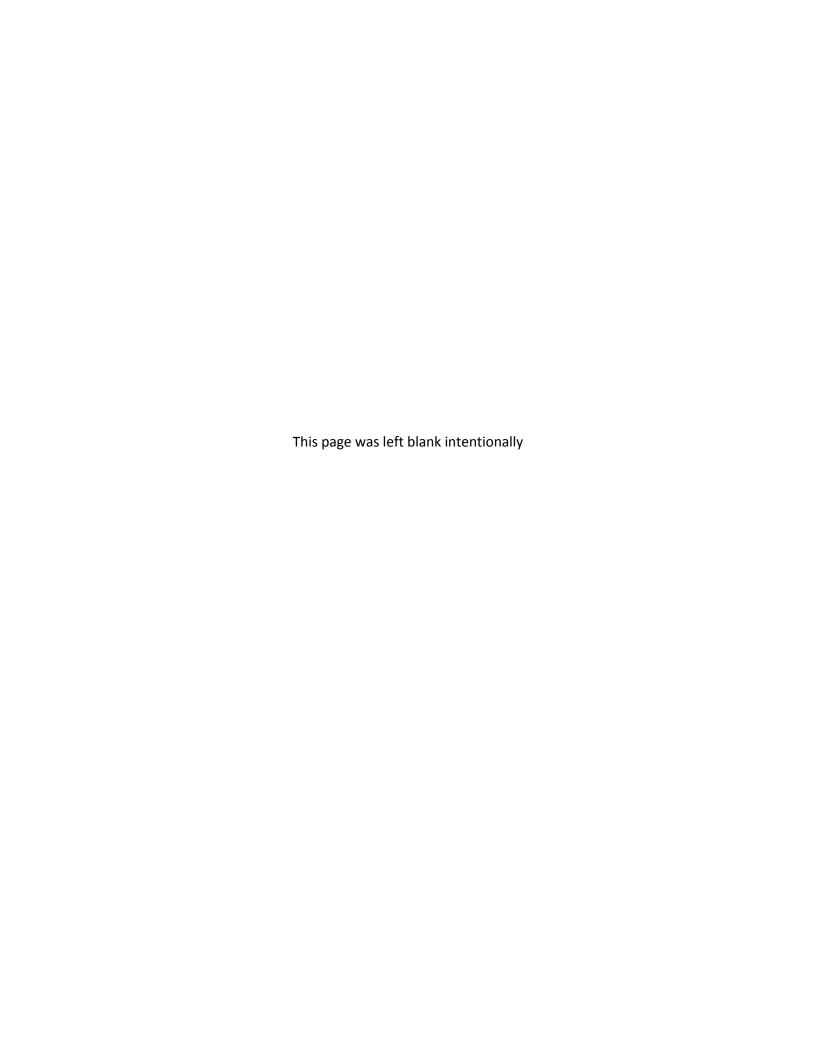
TYRRELL COUNTY, NORTH CAROLINA

FINANCIAL REPORT

June 30, 2014





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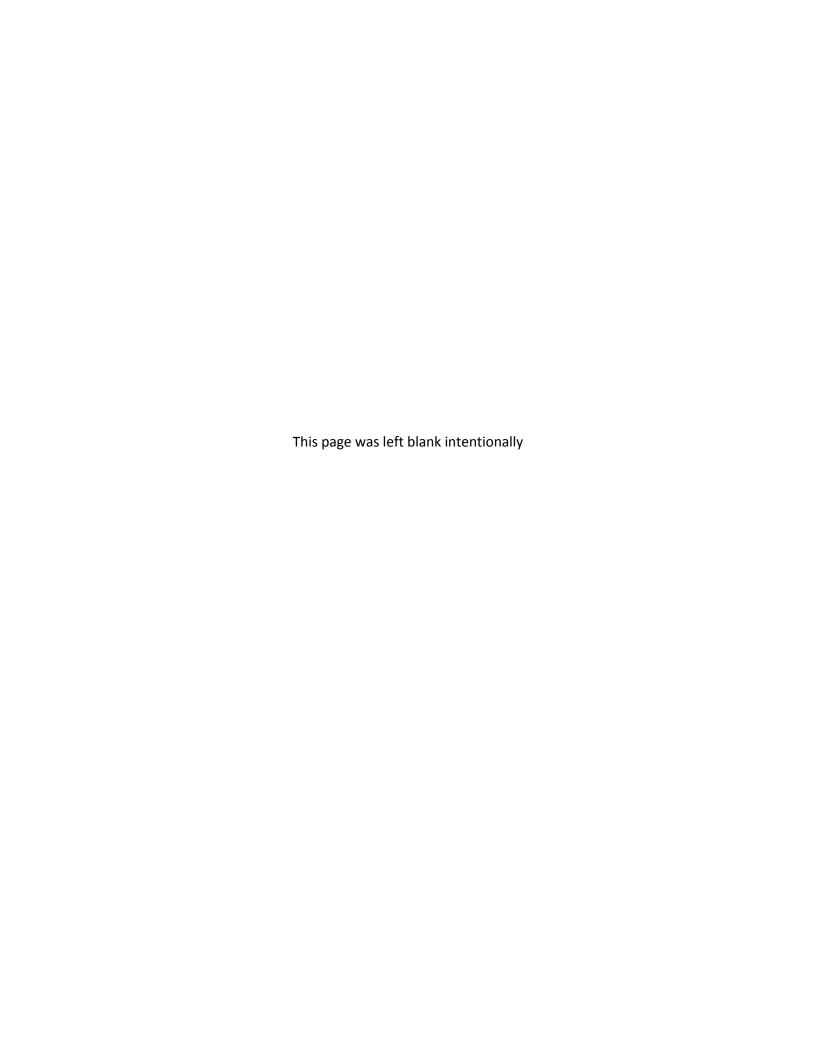
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INDEPENDENT AUDITORS' REPORT

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, 2014, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2014, 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 and Other Post-Employment Benefit Schedules of Funding Progress and Employer Contributions on pages 11 – 18 and 63 – 64, 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 Tyrrell County, North Carolina's basic financial statements. The combining and individual fund financial 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, 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, 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.

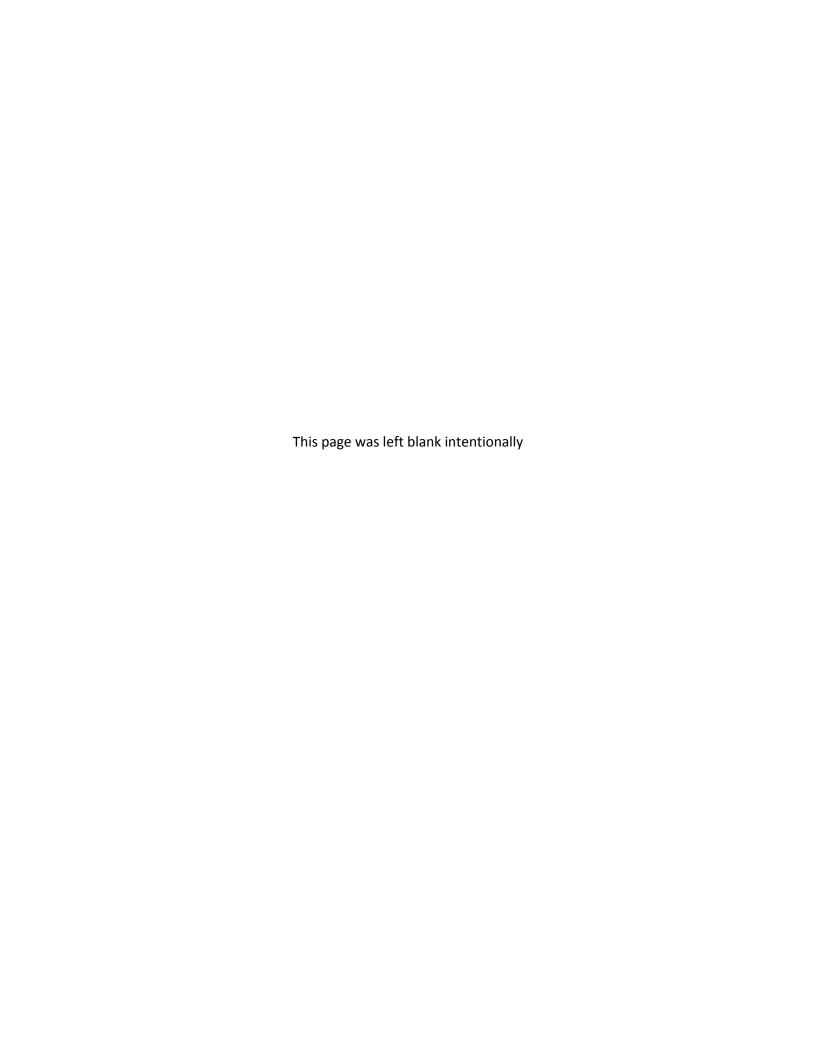
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015 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.

Goldsboro, North Carolina

Can Rigge & Ingram, L.L.C.

May 29, 2015



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, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Note II. Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$17,972,202 (net position).
- The government's total net position increased by \$2,038,714, primarily due to capital
 contributions from other entities to finance the construction of water and sewer projects
 partially offset by the decrease in operating grants and contributions from other governments
 and the decrease in expenditures in the governmental funds and the increase in water/sewer
 fund expenditures.
- As of the close of the current fiscal year, the County's governmental funds reported ending fund balance of \$3,051,372 a decrease of \$2,184 in comparison with the prior year. Approximately 84.70% of this total amount, or \$2,170,581, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,170,581 or 34.30% of total general fund expenditures for the fiscal year.

Note II. 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:

- Government-wide financial statements
- Fund financial statements
- 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.

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 summarized on the basic financial statements. Budgetary information and capital project information for the County's proprietary funds required by the General Statutes also can be found in this part of the statements.

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

Note II.

Note II. 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 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 three 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 31 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 63 of this report.

Note II. Government-Wide Financial Analysis

Tyrrell County North Carolina Condensed Statement of Net Postion As of June 30,

	 Government	tal A	ctivities	Business-Ty	ре	Activities	Total Primary	/ Go	vernment
	2014		2013	2014		2013	2014		2013
Current assets	\$ 4,027,032	\$	3,677,585	\$ 983,324	\$	2,311,665	\$ 5,010,356	\$	5,989,250
Capital assets	3,098,413		3,261,321	18,531,323		16,013,506	21,629,736		19,274,827
Total assets	7,125,445		6,938,906	19,514,647		18,325,171	26,640,092		25,264,077
Current liabilities	572,180		325,692	105,278		1,237,646	677,458		1,563,338
Long-term liabilities	4,292,263		4,019,108	3,698,169		3,732,410	7,990,432		7,751,518
Total liabilities	4,864,443		4,344,800	3,803,447		4,970,056	8,667,890		9,314,856
Net investment in									
capital assets	2,313,940		2,436,904	15,047,759		12,489,506	17,361,699		14,926,410
Restricted	769,666		901,289	171,067		162,055	940,733		1,063,344
Unrestricted	(822,604)		(744,087)	492,374		687,822	(330,230)		(56,265)
Total net position	\$ 2,261,002	\$	2,594,106	\$ 15,711,200	\$	13,339,383	\$ 17,972,202	\$	15,933,489

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$17,972,202 as of June 30, 2014 The County's net position increased by \$2,038,714 for the fiscal year ended June 30, 2014 However, 96.60%, or \$17,361,699 reflects the County's investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. 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 portion of the County's net position, 5.23% or \$940,733 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$330,230) is unrestricted.

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

- A capital contribution from other governments to fund water capital projects.
- Community Development Block Grants to fund various community improvement projects.
- An overall increase in expenditures for both governmental and business-type activities.

Tyrrell County, North Carolina Condensed Statement of Revenue, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30,

				2014		2013					
	G٥١	ernmental/	Bu	siness-Type		Go	vernmental	Bu	siness-Type		
	A	Activities		Activities	Total		Activities		Activities		Total
Revenues:											
Program Revenues:											
Charges for services	\$	358,842	\$	776,726	\$ 1,135,568	\$	432,438	\$	901,081	\$	1,333,519
Grants and											
contributions		2,384,616		2,791,116	5,175,732		3,197,294		3,022,924		6,220,218
General revenues:					-						-
Property taxes		3,652,092		-	3,652,092		3,552,655		-		3,552,655
Othertaxes		416,657		-	416,657		435,060		-		435,060
Other		46,782		1,301	48,083		37,967		2,403		40,370
Total Revenues	\$	6,858,989	\$	3,569,143	\$ 10,428,132	\$	7,655,414	\$	3,926,408	\$	11,581,822
Expenses:											
General government	\$	1,519,149	\$	-	\$ 1,519,149	\$	1,505,327	\$	-	\$	1,505,327
Public safety		1,772,711		-	1,772,711		1,685,516		-		1,685,516
Human services		2,254,895		-	2,254,895		1,730,799		-		1,730,799
Education		710,768		-	710,768		458,968		-		458,968
Environmental		452,602		-	452,602		680,096		-		680,096
Economic and physical											
development		255,214		-	255,214		940,730		-		940,730
Cultural and											
recreational		128,687		-	128,687		120,313		-		120,313
Capital outlay		87,540		-	87,540		1,651		-		1,651
Interest on debt		34,996		-	34,996		36,081		-		36,081
Water		-		1,172,856	1,172,856		-		913,652		913,652
Total Expenses	\$	7,216,562	\$	1,172,856	\$ 8,389,418	\$	7,159,481	\$	913,652	\$	8,073,133
Transfers		24,470		(24,470)	-		(602,556)		(175)		(602,731)
Increase(decrease) in											
net assets		(333,103)		2,371,817	2,038,714		(106,623)		3,012,581		2,905,958
Net position, beginning,											
as previously stated		2,594,105		13,339,383	15,933,488		2,700,728		10,342,534		13,043,262
Prior period adjustment		-		-	-		-		(15,732)		(15,732)
Net position, beginning											
(consolidated)		2,594,105		13,339,383	15,933,488		2,700,728		10,326,802		13,027,530
Net position, ending	\$	2,261,002	\$	15,711,200	\$ 17,972,202	\$	2,594,105	\$	13,339,383	\$	15,933,488

Governmental activities. Governmental activities decreased the County's net position by \$333,103. Key elements of this decrease are as follows:

- A decrease in transfers to other funds.
- An increase in revenues from property and motor vehicle taxes.
- A sale of capital assets.
- An increase in capital grants from other governments.
- Receipt of funds from other governments for Hurricane Irene clean-up.
- An increase in expenditures for emergency medical services.
- A decrease in building inspection fees.

Business-type activities: Business-type activities increased the County's net position by \$2,371,817. Key elements for this overall increase were:

- Capital contributions from other governments.
- An increase in depreciation of capital assets.
- An increase in interest expense due to revenue bonds.
- A decrease in water revenue.

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.

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, unassigned fund balance of the General Fund was \$2,170,581, while total fund balance reached \$2,562,603. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.30% of total General Fund expenditures, while total fund balance represents 40.50% of that same amount.

1. 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 all revenues by \$399,276.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the water and sewer fund at the end of the fiscal year amounted to \$492,374. Overall net position within the proprietary funds increased by \$2,371,817 for the fiscal year ended June 30, 2014.

Note II.

Note II. Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business—type activities as of June 30, 2014, totals \$21,629,736 (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:

- Final costs and close-out of the reverse osmosis plant project.
- Purchase of a generator for the emergency operations center.
- Construction costs for the Waste Water 1 & 2 project.

Additional information on the County's capital assets can be found in note III, A, 4 of the Basic Financial Statements.

Tyrrell County, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
For the Fiscal Year Ended June 30,

	Governmen ⁻	tal A	ctivities	Business-Ty	ре.	Activities	Total Primary	otal Primary Government		
	2014		2013	2014		2013		2014		2013
Land	\$ 867,188	\$	867,188	\$ 68,261	\$	68,261	\$	935,449	\$	935,449
Buildings and										
improvements	1,413,174		1,462,444	-		-		1,413,174		1,462,444
Equipment	331,977		365,862	-		-		331,977		365,862
Vehicles	198,393		278,146	101,378		96,597		299,771		374,743
Plant and distribution										
system	-		-	9,501,808		9,698,809		9,501,808		9,698,809
Construction in process	287,681		287,681	8,859,876		6,134,023		9,147,557		6,421,704
Total	\$ 3,098,413	\$	3,261,321	\$ 18,531,323	\$	15,997,690	\$	21,629,736	\$	19,259,011

Long-term Debt. As of June 30, 2014, the County had total debt outstanding of \$8,213,951. 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.

Tyrrell County, North Carolina
Condensed Statement of Long-term Debt
For the Fiscal Year Ended June 30,

	Government	tal A	ctivities	Business-Type Activities Total Primary					Government		
	2014		2013	2014		2013		2014		2013	
Term debt	\$ 2,288,499	\$	2,482,146	\$ -	\$	-	\$	2,288,499	\$	2,482,146	
Installment purchase	94,316		110,237	-		-		94,316		110,237	
Revenue bonds	-		-	3,524,000		3,524,000		3,524,000		3,524,000	
Compensated absences	142,919		155,216	38,279		34,048		181,198		189,264	
Other postemployment											
benefits	1,929,480		1,545,716	196,460		184,589		2,125,940		1,730,305	
Total	\$ 4,455,214	\$	4,293,315	\$ 3,758,739	\$	3,742,637	\$	8,213,953	\$	8,035,952	

Additional information on the County's long-term debt can be found in note II.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.

- A decrease in the unemployment rate.
- A decrease in social services, particularly in the Supplemental Nutrition Assistance Program.
- Area salaries and benefits have remained stable.

Budget Highlights for the Fiscal Year Ending June 30, 2015

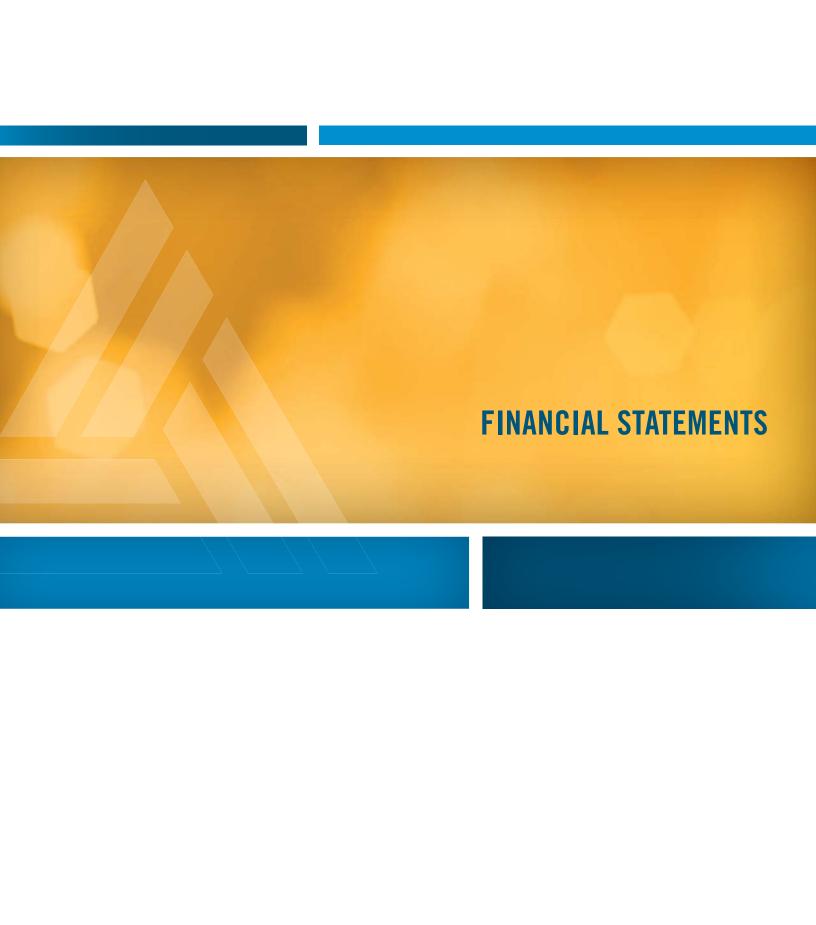
Governmental Activities: Ad valorem tax revenues are expected to lead the increase in budgeted revenues, which will be partially offset by a reduction in intergovernmental revenues.

Budgeted expenditures for other than salaries and benefits are expected to remain constant, salaries increased 2% county wide and benefits are expected to increase by 5% per employee.

Business–type Activities: The County does foresee an increase in the water/sewer rates during the 2015 fiscal year. Capital contributions for the waste water districts 1 and 2 project are expected to remain relatively constant in relation to the 2014 fiscal year.

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 Administrator, Tyrrell County, Post Office Box 449, Columbia, NC 27925.



Tyrrell County, North Carolina Statement of Net Position For the Fiscal Year Ended June 30, 2014 Exhibit 1

	Pı	imary Governme	ent	Compon	ent Units
	Governmental Activities	Business-type Activities	Total	Tyrrell County Tourism Development Authority	Tyrrell County ABC Board
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 3,118,603	\$ 718,933	\$ 3,837,536	\$ 19,467	\$ 62,524
Restricted cash and cash equivalents	243,511	171,067	414,578	-	-
Receivables, net	650,659	79,436	730,095	-	-
Internal balances	14,259	(14,259)	-	-	-
Inventories	-	28,147	28,147	-	32,641
Total current assets	4,027,032	983,324	5,010,356	19,467	95,165
Non-current assets:					
Capital assets:					
Land, improvements, and construction in					
progress	1,154,869	8,928,137	10,083,006	77,384	21,735
Other capital assets, net of depreciation	1,943,544	9,603,186	11,546,730	-	352,694
Total capital assets	3,098,413	18,531,323	21,629,736	77,384	374,429
Total assets	7,125,445	19,514,647	26,640,092	96,851	469,594
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	409,231	44,708	453 <i>,</i> 939	-	41,253
Current portion of long-term liabilities	162,949	60,570	223,519		12,295
Total current liabilities	572,180	105,278	677,458	-	53,548
Noncurrent liabilities:					
Due in more than one year	4,292,263	3,698,169	7,990,432	-	248,563
Total liabilities	4,864,443	3,803,447	8,667,890	-	302,111
NET POSITION					
Net investment in capital assets	2,313,940	15,047,759	17,361,699	77,384	172,688
Restricted for:					
Register of deeds	3,723	-	3,723	-	-
Stabilization by State Statute	293,543	-	293,543		-
Tax revaluation	135,146	-	135,146	-	-
Capital improvements	279,456	171,067	450,523	-	-
USDA Reserve	57,798	· -	57,798	-	-
Working capital	· -	-	-	-	11,861
Unrestricted	(822,604)	492,374	(330,230)	19,467	(17,066)
Total net position	\$ 2,261,002	\$15,711,200	\$17,972,202	\$ 96,851	\$ 167,483

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

					Prog	ram Revenues	i	
Functions	Expenses			Charges for Services	G	Operating Grants and ntributions		pital Grants and ntributions
Primary government:								
Governmental activities:								
General government	\$	1,519,149	Ś	42,974	Ś	203,703	\$	_
Public safety	Y	1,772,711	Υ	310,399	Y	263,883	Y	_
Human services		2,254,895		1,356		1,469,800		-
Education		710,768		-,		364,053		-
Environmental protection		452,602		2,288		26,657		-
Economic and physical development		255,214		1,825		126		56,394
Cultural and recreation		128,687		-		-		-
Capital outlay		87,540		-		-		-
Interest on debt		34,996		-		-		-
Total governmental activities		7,216,562		358,842		2,328,222		56,394
Business-type activities:								
Water		1,172,856		776,726		_		2,791,116
Total business-type activities		1,172,856		776,726		-		2,791,116
Total primary government	\$	8,389,418	\$	1,135,568	\$	2,328,222	\$	2,847,510
Component units:								
Tyrrell Tourism Development Authority	\$	9,872	\$	6,269	\$	_	\$	_
Tyrrell County ABC Board	Ψ	311,776	7	306,950	Τ.	_	7	-
Total component units	\$	321,648	\$	313,219	\$	-	\$	-

General revenues:

 $\label{property taxes} \mbox{Property taxes, levied for general purposes}$

Local option sales taxes

Investment earnings, unrestricted

Miscellaneous, gain on sale of assets

Total general revenues excluding transfers

Transfers

Total general revenues and transfers

Change in net position

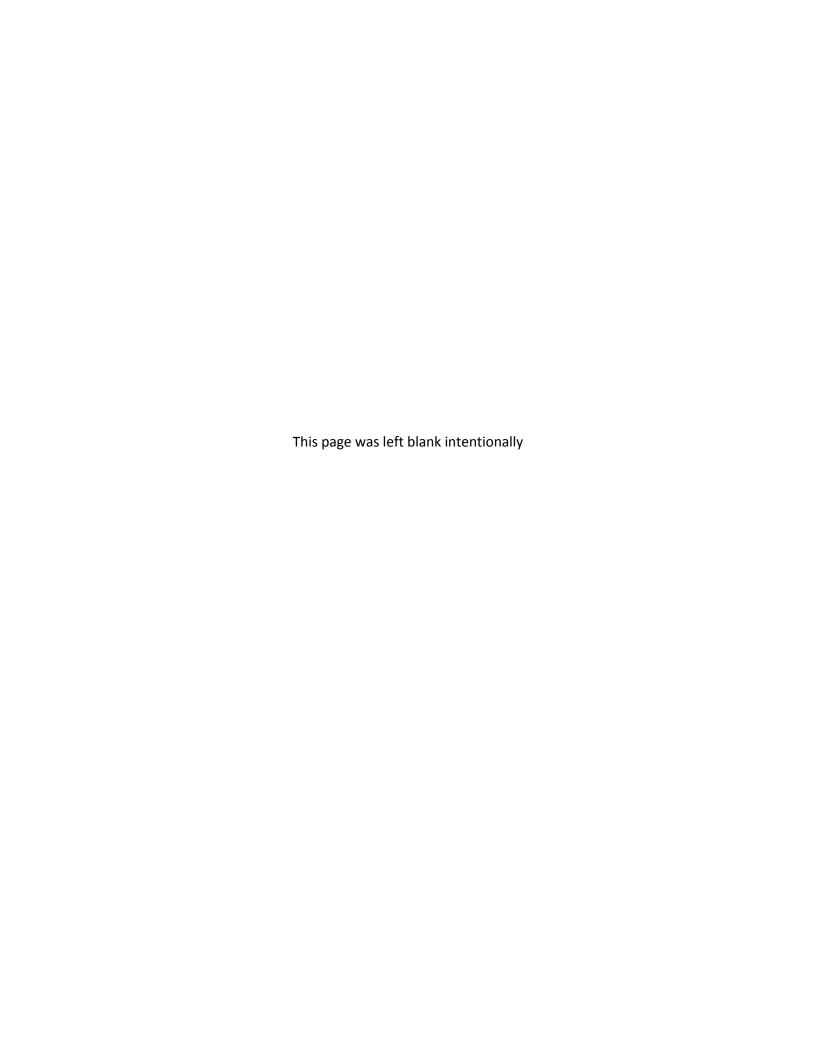
Net assets - beginning, as previously stated

Prior period adjustment

Net position - beginning

Net position - ending

	ı	Prima	ary Government	t			Compone	ent Un	its
Go	overnmental	Ві	usiness-type			1	rell County Fourism velopment	Tvr	rell County
	Activities		Activities		Total		uthority		BC Board
\$	(1,272,472)	\$	_	\$	(1,272,472)		·		
٧	(1,198,429)	Ţ	_	Ų	(1,198,429)				
	(783,739)				(783,739)				
	(346,715)		-		(346,715)				
			-						
	(423,657)		-		(423,657)				
	(196,869)		-		(196,869)				
	(128,687)		-		(128,687)				
	(87,540)		-		(87,540)				
	(34,996)				(34,996)				
	(4,473,104)		-		(4,473,104)				
	_		2,394,986		2,394,986				
	_		2,394,986		2,394,986				
\$	(4,473,104)	\$	2,394,986	\$	(2,078,118)				
						\$	(3,603)	\$	_
						Y	(3,003)	Y	(4,826)
					_		(3,603)		(4,826)
					_				
\$	3,652,092	\$	-	\$	3,652,092	\$	-	\$	-
	416,657		- 		416,657		<u>-</u>		-
	4,595		1,301		5,896		27		42
	42,187		-		42,187		-		-
	4,115,531		1,301		4,116,832		27		42
	24,470		(24,470)		-		-		-
	4,140,001		(23,169)		4,116,832		27		42
	(333,103)		2,371,817		2,038,714		(3,576)		(4,784)
	2,594,105		13,355,115		15,949,220		100,427		172,267
	-		(15,732)		(15,732)		-		-
	2,594,105		13,339,383		15,933,488		100,427		172,267
\$	2,261,002	\$	15,711,200	\$	17,972,202	\$	96,851	\$	167,483



Tyrrell County, North Carolina Balance Sheet – Governmental Funds June 30, 2014 Exhibit 3

		Major General		on-Major Other vernmental Funds	Go	Total vernmental Funds
		General		ruiius		rulius
ASSETS						
Cash and cash equivalents	\$	3,118,603	\$	_	\$	3,118,603
Restricted cash and cash equivalents	·	130,293		113,218	•	243,511
Receivables, net		567,248		-		567,248
Due from other funds		-		375,551		375,551
Due from other governments		83,414		-		83,414
Total assets	\$	3,899,558	\$	488,769	\$	4,388,327
LIABILITIES AND FUND BALANCES						
Liabilities:	\$	400 221	۲.		\$	409,231
Accounts payable and accrued liabilities Due to other funds	Ş	409,231 361,293	\$	-	Ş	361,293
Total liabilities		770,524				770,524
		770,021				770,52
DEFERRED INFLOWS OF RESOURCES		566,431		-		566,431
Fund balances:						
Restricted:						
Stabilization by State Statute		84,230		209,313		293,543
Register of Deeds		3,723		203,313		3,723
School capital outlay		5,725		279,456		279,456
Tax revaluation		135,146		-		135,146
USDA reserve		57,798		_		57,798
Committed:		51,155				21,122
Capital improvements		52,084		_		52,084
Assigned:		,				,
Subsequent year's expenditures		59,041		-		59,041
Unassigned:		2,170,581		(298,288)		1,872,293
Total fund balances		2,562,603		190,481		2,753,084
Total liabilities, deferred inflows of resources and fund balances	\$	3,899,558	\$	190,481		,
Amounts reported for governmental activities in the statement of net pos because:	ition (Exh	nibit 1) are di	fferen	t		
Capital assets used in governmental activities are not financial resource reported in the funds.	es and the	erefore are no	t			3,098,413
Other long-term assets are not available to pay for current-period expend unavailable in the funds		d therefore a	re			F.C. 10:
Deferred inflows of resources for taxes and special assessments rec	eivable					566,431
Some liabilities, including bonds payable, are not due and payable in the are not reported in the funds (Note II.B.8).	e current	period and th	erefo	ore		(4,455,214)
Net position of governmental activities					\$	1,962,714

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

	Major	Non-Major	
		Other	Total
	Can amp I Trum d	Governmental	Governmental
	General Fund	Funds	Funds
REVENUES			
Ad valorem taxes	\$ 3,658,339	\$ -	\$ 3,658,339
Local option sales taxes	416,657	-	416,657
Other taxes and licenses	48,533	-	48,533
Unrestricted intergovernmental	78,823	-	78,823
Restricted intergovernmental	1,734,964	420,447	2,155,411
Permits and fees	202,012	-	202,012
Sales and services	25,202	113,672	138,874
Investment earnings	4,257	338	4,595
Miscellaneous	119,805	-	119,805
Total revenues	6,288,592	534,457	6,823,049
EXPENDITURES			
Current:			
General government	1,394,855	-	1,394,855
Public safety	1,451,441	-	1,451,441
Human services	2,107,161	-	2,107,161
Intergovernmental			-
Education	537,320	298,288	835,608
Environmental protection	452,602	-	452,602
Economic and physical development	179,693	354,735	534,428
Cultural and recreational	128,687	-	128,687
E-911		62,090	62,090
Capital outlay	-	15,772	15,772
Debt Service:			
Principal	39,944	-	39,944
Interest	34,996	-	34,996
Total expenditures	6,326,699	730,885	7,057,584
Excess (deficiency) of revenues			
over expenditures	(38,107)	(196,428)	(234,535)
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	42,052	-	42,052
Transfers to other governments	(132,459)	-	(132,459)
Transfers from other funds	24,470	-	24,470
Transfers to other funds	<u> </u>	-	
Total other financing sources and uses	(65,937)	-	(65,937)
Net change in fund balance	(104,044)	(196,428)	(300,472)
Fund balances-beginning	2,666,647	386,909	3,053,556
Fund balances-ending	\$ 2,562,603	\$ 190,481	\$ 2,753,084

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, 2014 Exhibit 4

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

Net changes in fund balances - total governmental funds	\$ (300,472)
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.	(162,908)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the prinicpal 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.	209,568
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements	(6,112)
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	(371,467)
Total changes in net position of governmental activities	\$ (631,391)

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, 2014 Exhibit 5

	General Fund						
						Var	iance With
							al Budget -
		Original					Positive
		Budget	Fi	nal Budget	Actual	(N	legative)
REVENUES							
Ad valorem taxes	\$	3,483,558	\$	3,483,558	\$ 3,658,339	\$	174,781
Local option sales taxes		360,000		360,000	416,657		56,657
Other taxes and licenses		37,000		37,000	48,533		11,533
Unrestricted intergovernmental		51,038		54,638	78,823		24,185
Restricted intergovernmental		1,564,839		1,695,983	1,734,964		38,981
Permits and fees		211,966		212,416	202,012		(10,404)
Sales and services		25,609		25,609	25,202		(407)
Investment earnings		6,050		6,050	3,846		(2,204)
Miscellaneous		17,278		281,360	119,805		(161,555)
Total revenues		5,757,338		6,156,614	6,288,181		131,567
EXPENDITURES							<u>.</u>
Current:							
General government		1,508,903		1,475,632	1,394,855		80,777
Public safety		1,481,645		1,611,309	1,451,441		159,868
Human services		1,816,560		2,298,853	2,107,161		191,692
Intergovernmental:							
Education		537,320		537,320	537,320		-
Environmental protection		454,851		527,973	452,602		75,371
Economic and physical development		177,317		185,323	179,693		5,630
Cultural and recreational		120,413		129,529	128,687		842
Debt Service:							-
Principal		40,002		40,002	39,944		58
Interest		34,996		34,996	34,996		-
Total expenditures		6,172,007		6,840,937	6,326,699		514,238
Revenues over (under) expenditures		(414,669)		(684,323)	(38,518)		645,805
OTHER FINANCING SOURCES (USES)		,		•	, .		
Transfer to other funds		(25,000)		(25,000)	(25,000)		-
Transfer from other funds		24,470		24,470	24,470		-
Proceeds from sale of capital assets		280,000		280,000	42,052		(237,948)
Total other financing sources and uses		279,470		279,470	41,522		(237,948)
Revenues and other financing sources over		,		•	,		
(under) expenditures and other financing uses		(135,199)		(404,718)	3,004		407,722
Appropriated fund balance		135,199		404,583	-		(404,583)
Net change in fund balance	\$	-	\$	(135)	3,004	\$	3,139
Fund balances - beginning				\ /	2,372,369		,
Fund balances-ending					\$ 2,375,373		
-							
The legally budgeted Tax Revaluation Fund and Cap			are				
consolidated into the General Fund for reporting pu	ırpos	ses:					
Investment earnings					411		
Transfers to other governments					(132,459)		
Transfers from other funds					25,000		
Fund balance, beginning					 294,278		
Fund balance, ending (Exhibit 4)					\$ 2,562,603		

Tyrrell County, North Carolina Statement of Fund Net Position – Proprietary Fund June 30, 2014 Exhibit 6

	Water and Sewer Fund		
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 718,933		
Restricted cash and cash equivalents	171,067		
Receivables, net	37,088		
Due from other funds	23,083		
Due from other governments	42,348		
Inventories	28,147		
Total current assets	1,020,666		
Noncurrent assets:			
Capital assets:			
Land and construction in progress	8,928,137		
Other capital assets, net of depreciation	9,603,186		
Total capital assets	18,531,323		
Total noncurrent assets	18,531,323		
Total assets	19,551,989		
LIABILITIES Current liabilities:			
Accounts payable and accrued liabilities	42,243		
Current portion of bonds	51,000		
Current portion of compenstated absences	9,570		
Due to other funds	37,342		
Due to other governments	2,465		
Total current liabilities	142,620		
Noncurrent liabilities:			
Notes payable net of current portion	3,473,000		
Compensated absences net of current portion	28,709		
Other post-employment benefits	196,460		
Total noncurrent liabilities	3,698,169		
Total liabilities	3,840,789		
NET POSITION			
Net investment in capital assets	15,047,759		
Restricted	171,067		
Unrestricted	492,374		
Total net position	\$ 15,711,200		

Tyrrell County, North Carolina Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund For the Fiscal Year Ended June 30, 2014 Exhibit 7

	Water and Sewer Fu	nd
OPERATING REVENUES		
Charges for services	\$ 762,670	Λ
Other operating revenues	14,056	
Total operating revenues	776,726	_
Total operating revenues	770,720	<u> </u>
OPERATING EXPENSES		
Water operations	729,889	9
Sewer operations	68,050	0
Depreciation	269,354	4_
Total operating expenses	1,067,293	3
Operating income (loss)	(290,567	7)
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	1,303	1
Interest	(105,563	3)
Total nonoperating revenue	(104,262	2)
Income (loss) before capital		
contributions and transfers	(394,829	9)
Conital contributions	2 704 444	_
Capital contributions	2,791,110	
Transfers (to) from other funds	(24,470	<u>))</u>
Change in net position	2,371,81	7
Change in het position	2,3/1,81	,
Total net position - beginning	13,355,11	5
Prior period adjustment	(15,732	
Total net position - beginning, as	, ,	<u> </u>
restated	13,339,383	3
		_
Total net position - ending	\$ 15,711,200	0

Tyrrell County, North Carolina Statement of Cash Flows – Proprietary Fund For the Fiscal Year Ended June 30, 2014 Exhibit 8

	Water and Sewer Fund		
Cash flows from operating activities:			
Cash received from customers	\$	763,828	
Cash paid for goods and services	•	(397,074)	
Cash paid to employees for services		(376,711)	
Other operating revenue		14,056	
Net cash provided by (used in) operating activities		4,099	
Cash flows from capital and related financing activities:			
Operating transfers to other funds		(24,470)	
Capital contributions from other agencies		3,984,845	
Interest paid on bond maturities		(105,563)	
Acquisition of capital assets		(3,984,932)	
Net cash provided by (used in) capital and related financing activites		(130,120)	
Cash flows from investing activities:			
Interest on investments		1,301	
Net increase (decrease) in cash and cash equivalents		(124,720)	
Cash and cash equivalents, beginning		1,014,720	
Cash and cash equivalents, ending	\$	890,000	
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating Income (loss)	\$	(290,567)	
Adjustments to reconcile operating			
loss to net cash provided by			
operating activities:			
Depreciation		269,354	
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		1,158	
Increase (decrease) in inventory		2,071	
Increase (decrease) in do to other funds		5,981	
Increase (decrease) in other post employement benefits liability		11,871	
Increase (decrease) in compensated absences		4,231	
Total adjustments		294,666	
Net cash provided by (used in) operating activities	\$	4,099	

Tyrrell County, North Carolina Statement Fiduciary Net Position – Fiduciary Funds For the Fiscal Year Ended June 30, 2014 Exhibit 9

	Agency Funds	
Assets		
Cash and cash equivalents	\$ 2,620	
Total assets	\$ 2,620	
Liabilities		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,620	
Total liabilities	\$ 2,620	
Net assets: Held in trust for pension benefits	\$ -	

NOTE I. Summary of Significant Accounting Policies

The accounting policies of Tyrrell County, North Carolina 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).

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the

programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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 Social Services Department 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 remitted to the State Treasurer on a monthly basis.

Non-major Funds. The County maintains four legally budgeted funds. The Emergency Telephone System Fund is reported as a non-major special revenue fund. The School Capital Outlay Fund, CDBG 09-C-2009 Scattered Sites Housing Grant Fund, and NCHFA 2010 Single Family Rehabilitation Project Fund are reported as capital projects funds. The Sewer Fund is reported as a proprietary fund.

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency fund which has no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which

the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations 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 all 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 collected and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the following Special Revenue Funds: Revaluation Fund, School Capital Reserve Fund, Capital Reserve Fund, Emergency Telephone System Fund, and the Water/Sewer Fund. All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for (the legal level of budgetary control) for all annually budgeted funds and the project level for the multi-year funds. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the County, the Tourism Development 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).

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. The ABC Board considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash and cash equivalents, and records them at cost.

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 Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. The moneys in the Waste Water 1 & 2 Capital Project Fund are classified as restricted because its use is restricted by revenue source for specific expenditures.

Tyrrell County Restricted Cash						
Governmental Activities						
General Fund	Tax revaluation	\$	130,293			
School Capital Projects Fund	Unexpended Public School Building Funds		113,218			
Total Governmental Activities		\$	243,511			
Business-Type Activities Waster Water No. 1 and No. 2 Capital Projects Fund	Unexpended grant proceeds	\$	157,482			
Reverse Osmosis Capital Project Fund	Unexpended grant proceeds	Ų	13,585			
Total Business-Type Activities		\$	171,067			
Total Restricted Cash		\$	414,578			

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, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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. 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 costs, 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:

Note II.	<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 so will not be recognized as an expense or expenditure until then. The County has no items that meet the criterion for this category.

In addition to liabilities, the statement of financial position can also report a statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only one item that meets the criterion for this category – reserve for taxes.

9. Long-term Obligations

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as 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. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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.

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

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

Restricted by Stabilization of State Statute – portion of fund balance that is restricted by state statute [G.S. 159-8(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 can only be used for School Capital per G.S. 159-18-22.

Restricted for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation per G.S. 153A-150.

Restricted for Economic Development – portion of fund balance that is restricted by revenue source to pay for projects related to the various community development block grants.

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 Projects – portion of fund balance that can only be used for governmental capital construction and/or improvement projects.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorized the manager to modify the appropriation by resource or appropriation within funds up to \$5,000.

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 County Manager 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 inorder by committed fund balance, assigned fund balance and lastly unassigned fund balance. The County Manager has the authority to deviate from this policy if it's in the best interest of the County.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position — governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$790,370) 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.	\$	5,982,380
Less accumulated depreciation		(2,883,967)
Makasa Malasa da		2 000 442
Net capital assets		3,098,413
Liabilities for deferred inflows of resources record in the fund statements		
but not the governmental funds		566,431
sacriot the governmental rands		300, 131
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		(2,382,815)
Other postemployment benefits		(1,929,480)
Compensated absences		(142,919)
Total adjustment	<u>,</u>	(700 370)
Total adjustment	<u>\$</u>	(790,370)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$331,054) as follows:

Description	Amount			
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 103,134			
Depreciation expense, the allocation of those assets over their useful lives, which is recorded on the statement of activities but not in the fund statements	(266,042)			
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 but not the fund statements because they do not use current resources.	209,568			
Expenses reported in the statement of activities that do not requrie the use of current resources to pay are not recorded as expendtures in the fund statements.				
Difference in compensated absences accrued in the government-wide statements but not in the fund statements because they do not use current resources	12,297			
Difference in other postemployment benefits accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(383,764)			
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.	(6,247)			
Total adjustment	\$ (331,054)			

12. Reclassifications

Certain reclassifications have been made to the 2013 comparative information to conform to the 2014 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

1. Noncompliance with North Carolina General Statutes

The County did not issue its financial statements in a timely manner. State law [G.S. 159-34] requires that an independent audit of the financial statements be performed as soon as possible after the close of the fiscal year. The County issued its financial statements May 29, 2015.

2. Contractual Violations

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, 2014 is (19%). See Note III B. 8. c. 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 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' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or 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 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 ABC Board do not have policies regarding custodial credit risk for deposits.

At June 30, 2014, the carrying amount of the County's deposits was \$1,130,273 and the bank balance was \$1,191,542. Of the bank balance, \$250,000 was covered by federal depository insurance and \$877,653 was covered by collateral held under the Pooling Method.

At June 30, 2014, the County had \$725 cash on hand.

At June 30, 2014, the carrying amount of deposits for Tyrrell County ABC Board was \$62,024 and the bank balance was \$64,061. All of the bank balance was covered by federal depository insurance.

At June 30, 2014, the Tyrrell County ABC Board had \$500 cash on hand.

At June 30, 2014, the carrying amount of deposits for Tyrrell Tourism Development Authority was \$19,467 and the bank balance was \$19,467. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2014, the County had \$3,123,736 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The County has no policy for managing interest rate risk or credit risk.

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

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

Year Levied	Tax	Interest	Total			
2011	\$ 501,578	\$ 62,697	\$ 564,275			
2012	505,685	17,853	523,538			
2013	581,735	33,450	615,185			
2014	584,483	-	584,483			
	2 472 404	444.000	2 207 404			
	\$ 2,173,481	\$ 114,000	\$ 2,287,481			

4. Receivables

Government-wide Receivables at June 30, 2014, were as follows:

					Due	from Other			
	Accounts			Taxes	Governments			Total	
Governmental Activities:									
General	\$	815	\$	566,431	\$	83,413	\$	650,659	
Total governmental activities	\$	815	\$	566,431	\$	83,413	\$	650,659	
Business-type Activities:									
Water and sewer		88,548	\$	-		42,348	\$	130,896	
Allowance for doubtful accounts		(51,460)		-		-		(51,460)	
Total business-type activities	\$	37,088	\$	-	\$	42,348	\$	79,436	
		vernmental		isiness-type					
Due from other governments consist	s of t	the following	3:			Activities		Activities	
Local option sales tax					\$	83,413	\$	-	
Capital grants						-		42,348	
Total					\$	83,413	\$	42,348	

5. Capital Assets

Primary Government

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

	E	Beginning					Ending
		Balances		Increases	Decreases		Balances
Governmental Activities:							
Capital assets not being depreciated:							
Land	\$	867,188	\$	-	\$	-	\$ 867,188
Construction in process		287,681		-		-	287,681
Total capital assets not being							
depreciated		1,154,869		-		-	1,154,869
Capital assets not being depreciated:							
Buildings and improvements		2,789,556		13,862		-	2,803,418
Equipment		1,044,286		89,272		-	1,133,558
Furniture and fixtures		19,206		-		-	19,206
Vehicles		871,329		-		-	871,329
Total capital assets being							
depreciated		4,724,377		103,134		-	4,827,511
Less accumulated depreciation for:							
Buildings and improvements		1,327,112		63,132		-	1,390,244
Equipment		678,424		123,157		-	801,581
Furniture and fixtures		19,206		-		-	19,206
Vehicles		593,183		79,753			672,936
Total accumulated depreciation		2,617,925	\$	266,042	\$	-	2,883,967
Total Capital assets being							
depreciated, net		2,106,452				-	1,943,544
Governmental activity capital assets, net	\$	3,261,321	ı			=	\$ 3,098,413

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

Governmental activities:	
General government	\$ 83,273
Public safety	169,767
Human services	11,439
Ecoomic development	1,563
	255 242
Total	\$ 266,042

	Beginning				Ending
	Balances		Increases	Decreases	Balances
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 68,261	\$	-	\$ -	\$ 68,261
Construction in process	6,134,023		2,725,853		8,859,876
Total capital assets not being					
depreciated	6,202,284		2,725,853		8,928,137
Capital assets not being depreciated:					
Plant and distribution systems	12,666,951		51,678	-	12,718,629
Buildings	7,834		8,391	-	16,225
Furniture	10,470		-	-	10,470
Vehicles and equipment	442,280		17,065	-	459,345
Total capital assets being					
depreciated	13,127,535		77,134	-	13,204,669
Less accumulated depreciation for:					
Plant and distribution systems	2,968,142		248,679	-	3,216,821
Buildings	-		839	-	839
Furniture	10,469		-	-	10,469
Vehicles and equipment	353,518		19,836	-	373,354
Total accumulated depreciation	 3,332,129	\$	269,354	\$ -	3,601,483
Total Capital assets being					
depreciated, net	9,795,406	_			9,603,186
Water and sewer capital assets, net	\$ 15,997,690	-			\$ 18,531,323

Construction commitments

The County has active construction projects at June 30, 2014. At year-end, the County's commitments with contractors are as follows:

			R	emaining
Project	Spent-To-Date			mmitment
Waste water #1 and #2	\$	8,859,876	\$	3,660,090
Total	\$	8,859,876	\$	3,660,090

B. Discretely presented component units

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

	В	eginning						Ending
	l	Balances		Increases	Dec	creases	E	Balances
Capital assets not being depreciated:								
Land	\$	23,327	\$	-	\$	-	\$	23,327
Total capital assets not being								
depreciated		23,327		-		-		23,327
Capital assets not being depreciated:								
Buildings		357,527		-		-		357,527
Furniture and equipment		21,735		1,633		-		23,368
Total capital assets being								
depreciated		379,262		1,633		-		380,895
Less accumulated depreciation for:								
Buildings		6,638		7,928		-		14,566
Furniture and equipment		12,122		3,105		-		15,227
Total accumulated depreciation		18,760	\$	11,033	\$	-		29,793
Total Capital assets being								
depreciated, net		360,502	-					351,102
ABC Board capital assets, net	\$	383,829	-				\$	374,429

Activity for the Tourism Development Authority (TDA) for the year ended June 30, 2014, was as follows:

	Be	ginning					E	nding
	Ba	lances	Increases		Decreases		Ва	alances
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, 2014 were as follows:

	Vendors	Other	Total	
Governmental Activities:				
General	6,815		402,416	\$ 409,231
Total governmental activities	\$ 6,815	\$	402,416	\$ 409,231
Business-Type Activities				
Waste water 1 & 2 project fund	42,243		-	\$ 42,243
Total business-type activities	\$ 42,243	\$	-	\$ 42,243

2. Pension Plan Obligations

a. Local Governmental Employee's Retirement System

<u>Plan Description.</u> Tyrrell County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multi-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government 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 Road, Raleigh Carolina 27699-1410, or by calling (919) 98I-5454.

<u>Funding Policy.</u> Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.88% and 7.36%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 4.91% of annual covered payroll. The contribution requirements of members and of Tyrrell County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's

contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were \$135,365, \$122,157, and \$125,268, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013 and 2012 were \$1,012, \$1,047, and \$943, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

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 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

At June 30, 2014, there were no full-time law enforcement officers covered by the Separation Allowance.

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, 2014 were \$16,412, which consisted of \$16,412 from the County and \$-0- 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 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, 2014 were \$16,525, which consisted of \$-0- from the County and \$16,525 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 (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The 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' That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January I of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$634.

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 have at least ten years of creditable service with the County.

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

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, 2014, the County's total contributions were \$78,626.

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	\$ 549,347
Interest on net OPEB obligation	21,130
Adjustment to annual requried contribution	(96,215)
Annual OPEB cost (expense)	474,262
Contributions made	(78,627)
Increase (decrease) in net OPEB obligation	395,635
Net OPEB obligation, beginning of year	1,730,305
Net OPEB obligation, end of year	\$ 2,125,940

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	P	Annual OPEB	Percentage of		Net OPEB
	June 30	Cost		Cost Annual OPEB		Obligation
_				Cost Contributed		
	2014	\$	474,262	16.58%	\$	2,125,940
	2013	\$	484,311	16.55%	\$	1,730,305
	2012	\$	407,069	19.18%	\$	1,326,151

Funded Status and Funding Progress. As of June 30, 2014, the actuarial accrued liability for benefits was \$2,125,940, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,601,315, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 133 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.

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, 2014, 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

The amount of deferred inflows of resources is the balance of revenue unavailable at year end comprised of taxes receivable amounting to \$566,431.

C. 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, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. 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 Dogwood Insurance company (DIC). Claims are administered and paid directly from the plan by DIC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). The County has insured three separate properties: County Jail and related structure \$500,000, County DSS building \$500,000, and County Courthouse \$500,000, under three separate policies.

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 \$50,000 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, auto 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.

5. Commitments

At June 30, 2014, 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 for a total of \$207,550.
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	For fire protection services. This is a one-year agreement requiring
	Department, Inc.	regular payments on a schedule established by the County Manager for a total of \$115,600.
5	Tyrrell Volunteer Fire	For equipment upgrades. This is a one-year agreement requiring
	Department, Inc.	payments on a schedule established by the County Manager for a total of \$40,000.
6	Maximus	For assistance with Indirect Cost Reporting for two years ending June 30,
		2015. Annual payments of \$2,700 are required.
7	Republic Services, LLC	For solid waste recycling. This is a two year agreement ending June 30,
		2015. Fees of \$11.76 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.

6. Operating Leases

At June 30, 2014, the Board had 3 operating leases for facilities and equipment. Lease expense under these leases was \$99,948 for the fiscal year ended June 30, 2014. The leases are set to expire at various dates though June 30, 2016, renewable on a year-to-year basis.

Future minimum lease payments during the next 2 years ending June 30, 2016, are as follows:

Year	Α	mount
2015	\$	64,472
2016		60,125
Total	\$	124,597

7. Claims and Judgments

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

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:

	 Governmental Activities						
Year Ended June 30	 Principal		Interest				
2015	\$ 15,921	\$	1,221				
2016	78,395		6,409				
Total	\$ 94,316	\$	7,630				

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.

690,157

On July 2, 2007, the County executed an agreement with East Carolina 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.

\$ 1,598,342

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

	USDA E	Build	ling	School Gymnasium					
Principal									
Year Ended June 30	Principal		Interest	Principal	Interest				
2015	\$ 25,159	\$	32,639	\$ 173,139	\$	33,511			
2016	26,349		31,449	176,906		29,836			
2017	27,595		30,203	180,756		25,924			
2018	28,900		28,898	184,689		22,006			
2019	30,266		27,532	188,704		18,003			
2020-2024	174,206		114,784	694,148		30,255			
2025-2029	219,483		69,507	-		-			
2030-2033	158,199		15,194	-					
Total	\$ 690,157	\$	350,206	\$ 1,598,342	\$	159,535			

c. 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%

\$ 2,794,000

\$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%

\$ 730,000

The future payments of the revenue bond are as follows:

		Series	201	.3A	Series 2013B						
Year Ended June 30	ided June 30										
		Principal		Interest							
2015	\$	39,000	\$	87,313	\$	12,000	\$	18,250			
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			
2020-2024		244,000		389,125		70,000		80,100			
2025-2029		284,000		348,594		79,000		70,925			
2030-2034		330,000		301,406		89,000		60,550			
2035-2039		387,000		246,375		101,000		48,825			
2040-2044		451,000		182,063		114,000		35,550			
2045-2049		529,000		106,938		130,000		20,525			
2050-2052		360,000		22,748		85,000		4,250			
Total	\$	2,794,000	\$	2,021,125	\$	730,000	\$	408,950			

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, 2014, is as follows:

Operating revenues	\$ 776,726
Operating expenses*	797,939
Operating income	(21,213)
Nonoperating revenues (expenses)**	1,301
Income available for debt service	(19,912)
Debt service, principal paid (Revenue bond only)	-
Debt service, interest paid (Revenue bond only)	105,563
Debt service coverage ratio	-19%

^{*} Per rate covenants, this does not include the depreciation expense of \$269,354.

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 \$5,954,075. Principal and interest paid for the current year and total customer net revenues were \$105,563 and (\$21,213), respectively.

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

d. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, \$784,473 relates to assets which the County holds title to. There is no restricted cash related to this debt.

e. Interest Costs

Annual interest costs for the fiscal year ended June 30, 2014 follows:

	Governmental			isiness-Type	
	Ad	Activities			
Interest costs expensed	\$	70,349	\$	105,563	
Total interest costs	\$	70,349	\$ 105,563		

f. 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, 2014:

									(Current
		Balance						Balance	Po	rtion of
	Ju	ly 01, 2013	Ir	ncreases	D	ecreases	Ju	ne 30, 2014	В	alances
Governmental activities:										
Installment purchase	\$	110,237	\$	-	\$	15,921	\$	94,316	\$	15,921
Term loan - court facility		714,180		-		24,023		690,157		25,159
Term Ioan - Gymnasium		1,767,966		-		169,624		1,598,342		86,139
Compensated absences		155,216		-		12,297		142,919		35,730
OPEB		1,545,716		383,764		-		1,929,480		
Total governmental activities	\$	4,293,315	\$	383,764	\$	221,865	\$	4,455,214	\$	162,949
Business-type activities:										
Revenue bonds	\$	2,794,000	\$	-	\$	-	\$	2,794,000	\$	9,570
Revenue bonds		730,000		-		-		730,000		39,000
Compensated absences		34,048		4,231		-		38,279		12,000
OPEB		184,589		11,871		-		196,460		
Total business-type activities	\$	3,742,637	\$	16,102	\$	-	\$	3,758,739	\$	60,570
ABC Board:										
Construction Note	\$	213,587	\$	-	\$	11,846	\$	201,741	\$	12,295
Compensated absences		2,636		-		2,636		-		-
ОРЕВ		52,972		6,144		-		59,117		-
Total business-type activities	\$	269,195	\$	6,144	\$	14,482	\$	260,858	\$	12,295

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.

C. Inter-fund Balances and Activity

The composition of inter-fund balances as of June 30, 2014 is as follows:

		Interfund				
	Red	ceivables	Payables			
Capital Reserve Fund	\$	11,705				
General Fund			11,705			
School Capital Reserve Fund		166,238				
General Fund			166,238			
Emergency Telephone System Fund		209,313				
General Fund			209,313			
Revaluation Fund		4,853				
General Fund			4,853			
General Fund		23,938				
Sewer Fund			23,938			
Water Fund		23,083				
General Fund			23,083			
Waste Water 1 & 2 Capital Projects Fund		13,404				
General Fund			13,404			
Total	\$	452,534	\$ 452,534			

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 Reserve Fund that has not been remitted to the Capital Reserve Fund as of June 30, 2014.

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 Reserve Fund but had not been remitted as of June 30, 2014.

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, 2014.

The General Fund accumulated the revenue and made various payments to vendors on behalf of the Revaluation Fund. This amount represents the revenues net of the payments made on behalf of the Revaluation Fund that has not been remitted to the Revaluation Fund as of June 30, 2014

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, 2014.

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, 2014.

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, 2014.

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

From the Water Fund to the General Fund for the repayment of	
a portion of the salary for the County Manager.	\$ 24,470
From the General Fund to the Revaluation Fund to	
accumulated resources for the next revaluation.	25,000
From the Water Fund to the Sewer Fund to provide resources	
during fund start-up.	41,714
Total	\$ 91,184

D. <u>Net Investment in Capital Assets</u>

	Gc	Governmental Business-ty		
Capital assets	\$	3,098,413	\$	18,531,322
less: long-term debt		784,473		3,524,000
Net investment in capital assets	\$	2,313,940	\$	15,007,322
				·

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	\$ 2,562,603
Less:	
Stabilization by State Statute	84,230
Register of Deeds	3,723
Tax Revaluation	135,146
USDA Reserve	57,798
Capital Improvements	52,084
Subsequent Year's Expenditures	59,041
Remaining Fund Balance	\$ 2,170,581

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2014 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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$93,000 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, 2014. 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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$43,850 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 on 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, 2014. 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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$14,000 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, 2014. 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, 2014, the County made the appropriations to each organization based upon grant funding in the amounts of \$51,583 and \$46,894, 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	\$	3,608,481	\$	2,088,146	
Food Stamp Program		1,151,959		-	
Special Supplemental Nutrition Program for					
Women, Infants, & Children		146,284		-	
Temporary Assistance for Needy Families		44,810		-	
Energy Assistance		44,400		-	
IV-E Foster Care		337			
			_		
Total	\$	4,996,271	\$	2,088,146	

NOTE VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

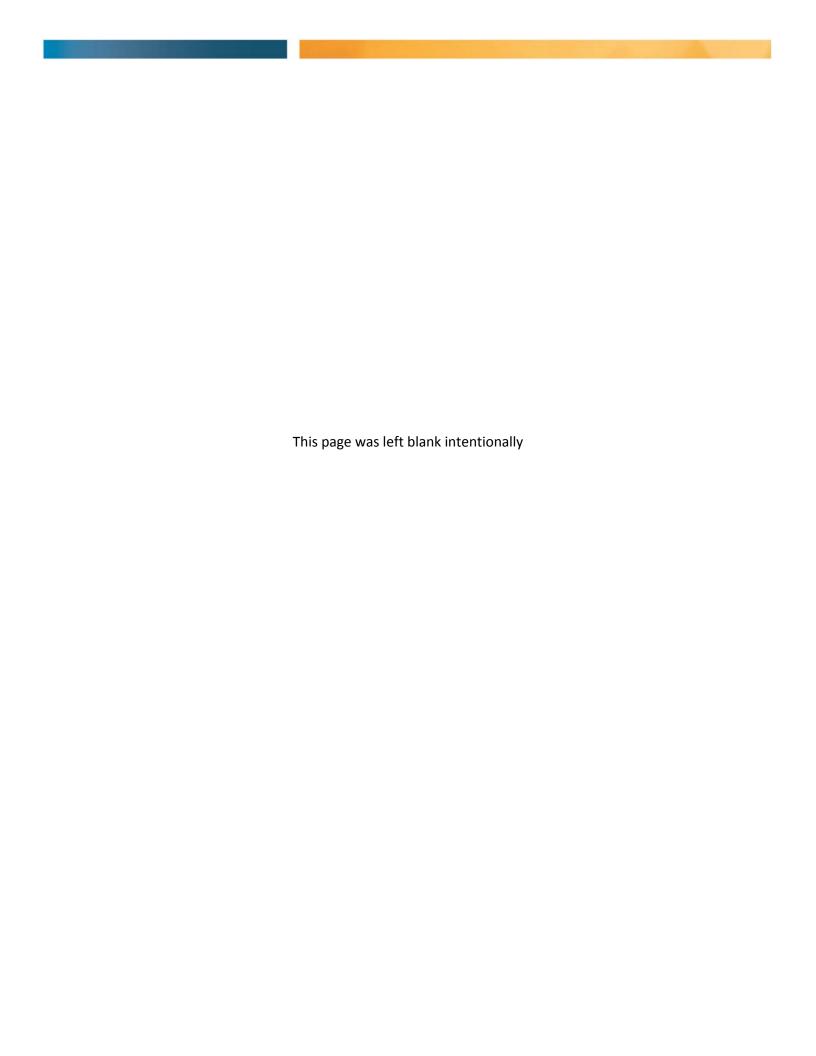
The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management 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 May 29, 2015, the date on which the financial statements were available to be issued.

NOTE VIII. Prior Period Adjustment

In prior years, the County incorrectly applied construction expenditures relating to the Waste Water 1 & 2 capital project. During the fiscal year ended June 30, 2014, the County corrected the application of construction expenditures which resulted in a restatement of fund balance in the proprietary fund. The restatement decreased fund balance as previously reported at June 30, 2013 by \$15,732.



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

	Actuaria			Actuarial Accrued pility (AAL) -				UAAL as a %
Actuarial	Value of	:	Pro	jected Unit	Unfunded	Funded	Covered	of Covered
Valuation	Assets			Credit	AAL (UAAL)	Ratio	Payroll	Payroll
Date	(a)			(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/2014	\$	_	\$	2,125,940	\$ 2,125,940	0.0%	\$ 1,601,315	132.8%
6/30/2013		-		1,730,305	1,730,305	0.0%	1,640,862	105.5%
6/30/2012		-		1,326,153	1,326,153	0.0%	1,790,776	74.1%

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

Year Ended	Annu	al Required	Percentage						
June 30,	Contribution		Contribution		Contribution		Contribution		Contributed
2014	\$	474,262	16.58%						
2013		484,311	16.55%						
2012		407,069	19.18%						

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013) Schedule 1

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		2014		2013
			Variance Positive	
	Budget	Actual	(Negative)	Actual
Revenues:				
Ad valorem taxes:				
Taxes		\$ 3,607,135		\$ 3,464,806
Penalties and interest		51,204		42,563
Total	\$ 3,483,558	3,658,339	\$ 174,781	3,507,369
Local option sales taxes:				
Articles 39 and 44		207,319		187,575
Article 40 one-half of one percent		160,303		160,561
Article 42 one-half of one percent		49,035		47,333
Total	360,000	416,657	56,657	395,469
Other taxes and licenses:				
Deed stamp excise tax		42,181		32,440
Scrap tire disposal tax		5,203		5,253
White goods disposal tax		1,023		1,640
Occupancy tax	400	126		258
Total	37,000	48,533	11,533	39,591
Unrestricted intergovernmental:				
Gas tax refund		15,968		14,159
Payments in lieu of taxes		48,245		41,108
Beer and wine tax		14,610		14,079
Total	54,638	78,823	24,185	69,346
Restricted intergovernmental:				
Federal and State grants		1,685,884		1,502,485
Controlled substance tax		1,496		2,167
Court facility fees		46,224		45,875
ABC bottles tax		1,360		1,185
Total	1,695,983	1,734,964	38,981	1,551,712
Permits and fees:				
Gun permits		1,525		4,900
Franchise fees		610		649
Solid waste fees		2,288		2,649
Officer service fees		162,708		159,488
Animal control fees		1,469		1,385
Building permits and Inspection fees		17,268		36,019
Candidate filing fees		1,469		5
Register of deeds		1 100		665 844
License revocation fees Other fees		1,100 13,420		
Tax collection fees		13,420 155		8,060 205
Total	212,416	202,012	(10,404)	214,869
iotai	Z1Z,410	202,012	(10,404)	214,003

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		2014		2013	
	Budget	Actual	Variance Positive (Negative)	Actual	
Sales and services:	J		, ,		
Rents and other		23,270		21,778	
Jail fees		1,932		2,943	
Total	25,609	25,202	(407)	24,721	
Investment earnings	6,050	3,846	(2,204)	5,496	
Miscellaneous:					
Donations and contributions		361		218	
Insurance proceeds		9,052		1,261	
Other revenues		110,392		40,624	
Total miscellaneous	281,360	119,805	(161,555)	42,103	
Total revenues	6,156,614	6,288,181	131,567	5,850,676	
General Government: Governing body Salaries and employee benefits Other operating expenditures Contract services Capital outlay		247,621 145,176 60,608		205,328 138,042 66,624 16,458	
Total	458,322	453,405	4,917	426,452	
Elections:					
Salaries and employee benefits		25,447		29,562	
Other operating expenditures Total	71,846	22,270 47,717	24,129	22,278 51,840	
	/1,840	47,717	24,129	51,840	
Finance:		174,216		168,429	
Salaries and employee benefits Other operating expenditures		174,210		8,824	
Total	186,516	186,428	88	177,253	
Taxes:					
Salaries and employee benefits		105,647		130,984	
Other operating expenditures		50,371		64,621	
Contract services		16,534		-	
Total	199,019	172,552	26,467	195,605	

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		2013		
- -			Variance Positive	
	Budget	Actual	(Negative)	Actual
Register of Deeds:				
Salaries and employee benefits		102,672		96,204
Other operating expenditures		6,756		7,073
Contract services		12,115		11,950
Total	121,610	121,543	67	115,227
Planning:				
Other operating expenditures	6,070	3,010	3,060	3,087
Buildings and grounds:				
Salaries and employee benefits		93,622		72,695
Other operating expenditures		276,404		246,217
Contract services		33,815		15,576
Capital outlay		6,359		4,258
Total	432,249	410,200	22,049	338,746
Total general government	1,475,632	1,394,855	80,777	1,308,210
Public Safety:				
Sheriff:				
Salaries and employee benefits		741,070		679,771
Other operating expenditures		188,386		249,198
Contract services		2,853		-
Capital outlay		40,074		125,022
Total	1,068,471	972,383	96,088	1,053,991
Emergency management:				
Salaries and employee benefits		33,155		32,040
Other operating expenditures		10,108		18,989
Emergency management capital outlay		62,831		41,258
Total	122,047	106,094	15,953	92,287
Department of motor vehicles				
Salaries and benefits		32,232		28,925
Other operating expenditures		3,525		4,409
Total	38,888	35,757	3,131	33,334
Fire Protection:				
Forest fire control		55,452		44,269
Contribution to County Fire Department		115,600		115,600
Capital outlay		40,000		40,000
Total	241,914	211,052	30,862	199,869

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			2013	
			Variance Positive	
	Budget	Actual	(Negative)	Actual
Building inspector:				
Salaries and employee benefits		58,660		54,996
Other operating expenditures		11,127		10,477
Capital outlay		1,770		
Total	72,268	71,557	711	65,473
Medical Examiner:				
Other operating expenditures	8,000	1,100	6,900	-
Animal control:				
Salaries and employee benefits		41,649		38,577
Other operating expenditures		11,849		12,644
Total	59,721	53,498	6,223	51,221
Total public safety	1,611,309	1,451,441	159,868	1,496,175
Human Services:				
Health:				
MTW Health	43,850	43,850	-	43,850
Medical transportation:				
Emergency Medical Services	736,391	609,442	126,949	192,525
Social services:	,	,	,	,
Administration:				
Salaries and employee benefits		735,086		677,463
Other operating expenditures		206,237		193,501
Contracted services		52,500		52,500
Capital outlay		- -		3,675
Total	1,008,382	993,823	14,559	927,139
Public assistance:				
Medical assistance payments		6,833		1,269
Income maintenance		39,904		34,496
Total	60,000	46,737	13,263	35,765
Food stamps/coupons:				
Other operating expenditures	1,333	1,333	_	1,628
	_,	_,		_, = 3
Day care:	127 500	126 550	950	100 726
Assistance payments	127,508	126,558	930	100,726
Legal aid children:				
Other operating expenditures	7,008	7,008	-	4,233

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			2013	
			Variance Positive	
	Budget	Actual	(Negative)	Actual
Senior Citizens Assistance:				
Salaries and employee benefits		11,082		8,349
Other operating expenditures		26,275		27,010
Total	46,612	37,357	9,255	35,359
Transportation - nutritional:				
Salaries and employee benefits		33,974		34,478
Other operating expenditures		35,220		7,407
Total	71,476	69,194	2,282	41,885
Community Transportation:				
Salaries and employee benefits		20,130		24,019
Other operating expenditures		3,915		3,010
Total	39,217	24,045	15,172	27,029
Crisis intervention:				
Other operating expenditures	23,150	22,658	492	34,966
Foster Care:				
Other operating expenditures	6,797	5,362	1,435	10,193
Blind administration:				
Other operating expenditures	1,840	1,840	-	1,878
Health screening:				
Other operating expenditures	700	451	249	605
Other Social Services:				
Other operating expenditures	119,236	113,436	5,800	113,624
	113,230	113,430	3,000	113,024
Veteran's Services:		2 500		2 444
Salaries and employee benefits Other operating expenditures		3,509 558		3,441 1,744
Total	5,353	4,067	1,286	5,185
Total human services	2,298,853	2,107,161	191,692	1,576,590
	2,230,033	2,107,101	131,032	1,370,330
Education:		F27 220		F27 220
Public schools - current Public schools - capital outlay		537,320		537,320 87,675
Total education	537,320	537,320		624,995
	337,320	331,320		024,333
Environmental Protection:				
Drainage:	26 725	26 725		
Contract services	26,725	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, 2014 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013) Schedule 1

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		2014		2013
-			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
Solid waste:				
Salaries and employee benefits		18,663		22,183
Other operating expenses		47,085		,
Contract services		360,129		447,222
Total	501,248	425,877	-	469,405
Total environmental protection	527,973	452,602	-	469,405
Economic and Physical Development:				_
Agriculture extension:				
Salaries and employee benefits		78,512		65,228
Other operating expenditures		19,679		45,689
Appropriations - Ablemarle Commission		3,563		3,521
Appropriations - River Festival		5,000		5,000
Appropriations - River Town		1,000		1,000
Appropriations - PfS		14,000		14,000
Total	124,755	121,754	3,001	134,438
Board of Supervisors-Soil Conservation:				
Salaries and employee benefits		38,633		41,303
Other operating expenditures		19,306		14,831
Total	60,568	57,939	2,629	56,134
Total acanomic and physical		•		
Total economic and physical development	185,323	179,693	5,630	190,572
development	103,323	173,033	3,030	190,372
Cultural and Recreational:				
Pettigrew Regional Library	93,000	93,000		90,000
Recreation Commission	36,529	35,687		30,313
Total cultural and recreational	129,529	128,687	842	120,313
Debt service:				
Note principal		39,944		38,859
Interest and fees		34,996		36,081
Total debt service	74,998	74,940	58	74,940
Total expenditures	6,840,937	6,326,699	514,238	5,861,200
Revenues under expenditures	(684,323)	(38,518)	645,805	(10,524)

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, 2014 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013) Schedule 1

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		2014		2013
			Variance Positive	
	Budget	Actual	(Negative)	Actual
Other financing sources (uses):				
Proceeds from the sale of capital assets	280,000	42,052		-
Transfers from other funds	24,470	24,470		175
Transfers to other funds	(25,000)	(25,000)		(264,000)
Total other financing sources (uses)	279,470	41,522	(237,948)	(263,825)
Revenues and other financing sources under expenditures and other financing uses	(404,853)	3,004	407,857	(274,349)
Appropriated fund balance	404,853	-	(404,853)	_
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	\$ <u>-</u>	3,004	\$ 3,004	(274,349)
Fund balance, beginning of year	_	2,372,369		2,646,718
Fund balance, end of year	_	\$ 2,375,373		\$ 2,372,369

Tyrrell County, North Carolina Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Reserve Fund For the Fiscal Year Ended June 30, 2014 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013) Schedule 2

_			2014			2013
				٧	/ariance	
				F	Positive	
	E	Budget	Actual	(N	legative)	Actual
Revenues:						
Investment earnings	\$	1,000	\$ 188	\$	(812)	\$ 545
Other revenues		-	-		-	-
Total Revenue		1,000	188		(812)	545
Expenditures:						
Capital outlay		1,000	-		1,000	240,299
Total expenditures		1,000	-		1,000	240,299
Revenues over expenditures		-	188		188	(239,754)
Other financing sources (uses):						
Transfers to other governments		(133,029)	(132,459)		570	(602,731)
Transfers from other funds		-	-		-	239,000
Total other financing sources (uses)		(133,029)	(132,459)		570	(363,731)
Revenue and other sources over (under)						
expenditures and other uses		(133,029)	(132,271)		758	(603,485)
Appropriated fund balance		133,029	-		(133,029)	-
Revenues, appropriated fund balance, and other financing sources under expendit						
and other financing uses	\$	-	(132,271)	\$	(132,271)	(603,485)
Fund balance, beginning of year			 184,355			 787,840
Fund balance, end of year			\$ 52,084			\$ 184,355

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, 2014 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013) Schedule 3

2014								2013	
	-	Budget		Actual	Р	ariance ositive egative)		Actual	
Revenues:					•	,			
Investment earnings	\$	250	\$	223	\$	(27)	\$	302	
Total Revenues		250		223		(27)		302	
Expenditures:									
Contract services		24,750		-		24,750		-	
Bank charges		500		-		500		225	
Other expenditures		-		-		-		-	
Total expenditures		25,250		-		25,250		225	
Revenues over (under) expenditures	\$	(25,000)		223	\$	25,223		77	
Other financing sources (uses):									
Transfer from other funds		25,000		25,000		-		25,000	
Transfer to other funds		-		-		-		-	
		25,000		25,000		-		25,000	
Revenues, and other financing sources (uses) over expenditures	\$	-	•	25,223	\$	25,223	•	25,077	
Fund balance, beginning of year				109,923				84,846	
Fund balance, end of year			\$	135,146			\$	109,923	

Tyrrell County, North Carolina Combining Balance Sheet Non-Major Governmental Funds June 30, 2014 Schedule 4

		Special Revenue Funds				
				Total		
			Nonmajor			
	En	nergency	Special			
	Telephone		R	evenue		
	Sys	tem Fund		Funds		
ASSETS						
Cash and investments	\$	-	\$	-		
Due from other funds		209,313		209,313		
Total assets	\$	209,313	\$	209,313		
LIA DULTIES AND FUND DALANCE						
LIABILITIES AND FUND BALANCE						
Fund balances:						
Restricted:						
Stabilization by state statute	\$	209,313	\$	209,313		
School capital outlay		-		-		
Total equity		209,313		209,313		
Total liabilities and fund balances	\$	209,313	\$	209,313		

Canital	Projects	Funde
Cabitai	Projects	Funas

ool Capital tlay Fund	NCHFA 2010 Single Family Rehab Project Fund	Total Nonmajor Capital Projects Funds		Total onmajor ernmental Funds
\$ 113,218 166,238	\$ -	\$ 113,218 166,238	\$	113,218 375,551
\$ 279,456	\$ -	\$ 279,456	\$	488,769
\$ - 279,456	\$ -	\$ - 279,456	\$	209,313 279,456
279,456	-	279,456		488,769
\$ 279,456	\$ -	\$ 279,456	\$	488,769

Tyrrell County, North Carolina Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds For The Fiscal Year Ended June 30, 2014 Schedule 5

	Special Revenue Funds					
				Total		
			Nonmajor			
	En	nergency	Special			
	Te	lephone	Revenue			
	Sys	tem Fund		Funds		
Revenues:						
Restricted intergovernmental	\$	-	\$	-		
E-911 fees		113,672		113,672		
Investment earnings		94		94		
Other revenues		-		-		
Total revenues		113,766		113,766		
Expenditures:						
Salaries and benefits		16,414		16,414		
Operating expenditures		45,676		343,964		
Capital outlay		15,772		15,772		
Total expenditures		77,862		376,150		
Revenues under expenditures		35,904		(262,384)		
Revenues and other financing sources over (under) expenditures		35,904		(262,384)		
Fund balance, beginning of year		173,409		173,409		
Fund balance, end of year	\$	209,313	\$	(88,975)		

Capital Projects Funds

ool Capital tlay Fund	Sing	HFA 2010 le Family nab Fund	Total Ionmajor ital Project Funds	Total onmajor ernmental Funds
\$ 142,241	\$	56,394 -	\$ 198,635 -	\$ 198,635 113,672
244		-	244	338
 221,812		-	221,812	221,812
364,297		56,394	420,691	534,457
-		-	-	16,414
298,288		-	298,288	642,252
-		56,447	56,447	72,219
298,288		56,447	354,735	730,885
66,009		(53)	65,956	(196,428)
66,009		(53)	65,956	(196,428)
 213,447		53	213,500	386,909
\$ 279,456	\$	-	\$ 279,456	\$ 190,481

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, 2014 (With Comparative Amounts For The Fiscal Year Ended June 30, 2013) Schedule 6

				2014				2013
					Va	ariance		
					P	ositive		
	1	Budget		Actual	(Ne	egative)		Actual
Revenues:								
Restricted intergovernmental								
Local option sales tax	\$	138,000	\$	142,241	\$	4,241	\$	148,364
Public school building capital fund -								
lottery		221,812		221,812		-		-
Investment earnings		-		244		244		632
Total revenues		359,812		364,297		4,485		148,996
Expenditures:								
Bank charges		300		-		300		225
Insurance		3,804		3,804		-		3,657
Capital Outlay		87,675		87,675		-		-
Debt service:								
Note principal		186,155		171,456		14,699		166,027
Interest and fees		35,353		35,353		-		40,782
Total debt service		221,508		206,809		14,699		206,809
Total expenditures		313,287		298,288		14,999		210,691
Revenues over expenditures		46,525		66,009		19,484		(61,695)
Appropriated fund balance		(46,525)		-		46,525		
Revenues and appropriated fund								
balance over (under) expenditures	\$	-	_	66,009	\$	66,009	_	(61,695)
Fund balance, beginning of year				213,447				275,142
Fund balance, end of year			\$	279,456			\$	213,447
							_	

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, 2014
(With Comparative Amounts For The Fiscal Year Ended June 30, 2013)
Schedule 7

		2014			 2013
			Va	riance	_
		ositive			
	Budget	 Actual	(N∈	egative)	Actual
Revenues:					
Other taxes and licenses	\$ 113,672	\$ 113,672	\$	-	\$ 123,008
Investment earnings	341	 94		(247)	235
Total revenues	114,013	 113,766		(247)	123,243
Expenditures:					
Salary and benefits	16,523	16,414		109	9,675
Other operating expenditures	81,497	45,676		35,821	47,094
Capital outlay	15,993	 15,772		221	 103,133
Total expenditures	114,013	 77,862		36,151	 159,902
Revenues over (under) expenditures	\$ -	35,904	\$	35,904	(36,659)
Fund balance, beginning of year		173,409			210,068
Fund balance, end of year		\$ 209,313			\$ 173,409

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - CDBG 09-C-2009 Scattered Site Housing Grant From Inception and For The Fiscal Year Ended June 30, 2014 **Schedule 8**

					Actu	al				
	Project Authorization		Pri	or Years	Current	Year	Tota	al to Date	P	ariance Positive egative)
Revenues:										
Restricted intergovernmental										
State grant	\$	400,000	\$	139,479	\$	-	\$	139,479	\$	(260,521)
Program income		-		117		-		117		117
Ownerincome		-		4,000		-		4,000		4,000
		400,000		143,596		-		143,596		(256,404)
Expenditures:										
Capital projects										
Administration		40,000		19,052		-		19,052		20,948
Acquisition		25,000		-		-		-		25,000
Clearance		22,080		8,990		-		8,990		13,090
Reconstruction		175,500		-		-		-		175,500
Relocation		89,750		88,247		-		88,247		1,503
Rehabilitation		47,670		27,442		-		27,442		20,228
Total expenditures		400,000		143,731		-		143,731		256,269
Revenues under expenditures		-		(135)		-		(135)		(135)
Other financing sources										
Transfers from other funds		-		135		-		135		135
Revenues and other financing sources										
over (under) expenditures	\$	-	\$		\$	-	\$	-	\$	-
Fund balance, beginning of year										
Fund balance, end of year					\$	-				

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2010 Single Family Rehabilitation Project Fund From Inception and For The Fiscal Year Ended June 30, 2014 Schedule 9

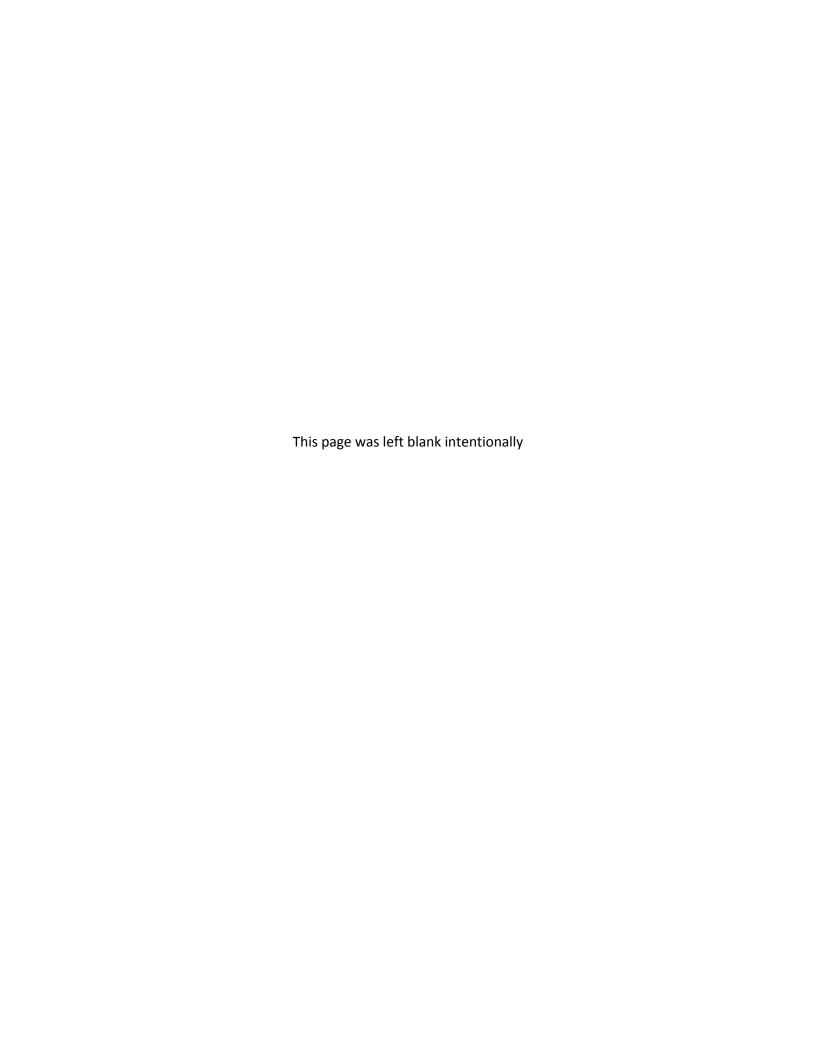
			Actual		<u>.</u>
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
Community Development					
Block Grant	\$ 251,000	\$ 77,288	\$ 56,394	\$ 133,682	\$(117,318)
Total revenues	251,000	77,288	56,394	133,682	(117,318)
Expenditures:					
Capital projects					
Administration	11,000	2,367	5,079	7,446	3,554
Planning	5,000	-	-	-	5,000
Clearance	40,000	-	-	-	40,000
Rehabilitation	170,000	74,868	51,368	126,236	43,764
Relocation	25,000	-	-	-	25,000
Total expenditures	251,000	77,235	56,447	133,682	117,318
Revenues over (under) expenditures	\$ -	\$ 53	(53)	\$ -	\$ -
Fund balance, beginning of year		-	53	_	
Fund balance, end of year		_	\$ -	_	

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, 2014 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013 Schedule 10

			2014				2013
_					riance ositive		
	Budget		Actual	(Ne	egative)		Actual
REVENUES:							
Charges for services	703,000	\$	703,712	\$	712	\$	850,464
Connection fees	8,000		10,725		2,725		9,775
Tap fees	7,500		11,700		4,200		12,400
Late fees	13,500		12,324		(1,176)		11,444
Total charges for services	732,000		738,461		6,461		884,083
Other operating revenues	12,362		14,056		1,694		2,945
Total operating revenues	744,362		752,517		8,155		887,028
Nonoperating revenues							
Investment earnings	1,500		1,049		(451)		1,268
Total nonoperating revenues	1,500		1,049		(451)		1,268
Total revenues	745,862		753,566		7,704		888,296
EXPENDITURES:							
Water operations							
Salaries and benefits	355,229		353,599		1,630		342,629
Operating expenditures	363,089		360,188		2,901		360,589
Total	718,318		713,787		4,531		703,218
Capital outlays	14,121		25,456		(11,335)		54,257
Debt service:	•		•		, , ,		•
Interest and fees	105,563		105,563		_		-
Total debt service	105,563		105,563		_		-
Total expenditures	838,002		844,806		(6,804)		757,475
Revenues over expenditures	(92,140)		(91,240)		900		130,821
Other financing sources (uses):	, , ,		. , ,				,
Transfers to other funds	(96,787)		(66,184)		30,603		(206,279)
Transfers from other funds	-		-		, -		314,059
Appropriated net assets	188,927		_		188,927		,
Revenues and other financing source (uses) over							
expenditures	<u>-</u>		(157,424)	\$	(157,424)		238,601
Reconciliation from budgetary basis			(207):2:1	Ψ	(137):11		250,001
(modified accrual) to full accrual basis:							
Excess of revenues over expenditures			(157,424)				238,601
Reconciling items:			(137,424)				238,001
Capital outlay			25,456				54,257
•			•				•
Depreciation			(269,354)				(160,726)
Transfers to other funds			-				165,724
Transfers from other funds	- f: +-		(11.071)				314,059
(Increase) decrease in other post employment bene	ents		(11,871)				(11,442)
(Increase) decrease in compensated absences			(4,231)				6,858
Interest Income from Reverse Osmosis Capital Proje	ect		-				113
Interest Income from Waste Water 1 and 2			25-				
Capital Project			238				1,011
Capital contributions			2,791,116				3,022,924
Total reconciling items			2,531,354				3,392,778
Netincome (loss)		Ş	2,373,930			Ş	3,631,379

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, 2014
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013
Schedule 11

				2014			2013	
					Va	ariance		
						ositive		
	E	Budget		Actual	(Ne	egative)	- /	Actual
REVENUES:								
Charges for services	\$	26,561	\$	24,209	\$	(2,352)	\$	13,053
Junction box fees		-		-		-		1,000
Total charges for services Other operating revenues		26,561 -		24,209 -		(2,352) -		14,053 -
Total operating revenues		26,561		24,209		(2,352)		14,053
Nonoperating revenues								
Investment earnings		-		13		13		11
Total nonoperating revenues		-		13		13		11
Total revenues		26,561		24,222		(2,339)		14,064
EXPENDITURES:								
Sewer operations								
Salaries and benefits		28,692		23,113		5,579		3,767
Operating expenditures		57,848		44,936		12,912		41,357
Total		86,540		68,049		18,491		45,124
Total expenditures		86,540		68,049		18,491		45,124
Revenues over expenditures		(59,979)		(43,827)		16,152		(31,060)
Other financing sources (uses): Transfers from other funds		59,979		41,714		(18,265)		40,380
Revenues and other financing source (uses) over								
expenditures	\$	-		(2,113)	\$	(2,113)		9,320
Reconciliation from budgetary basis								
(modified accrual) to full accrual basis:								
Excess of revenues over expenditures				(2,113)				9,320
Reconciling items:								
Total reconciling items								
Net income (loss)			ς .	(2,113)			ς .	9,320
Net intollic (1033)			<u> </u>	(2,113)			٧	3,320



Tyrrell County, North Carolina Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP) Reverse Osmosis Project Fund From Inception and For the Fiscal Year Ended June 30, 2014 Schedule 12

					Variance
	Project		Positive		
	Authorization	Prior Years	Current Year	Total to Date	(Negative)
Revenues:					
Restricted intergovernmental					
NC Rural Center Grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
USDA RD Grant	1,000,000	688,069	65,263	753,332	(246,668)
Sales tax reimbursement	-	16,094	-	16,094	16,094
Investment earnings	-	1,615	-	1,615	1,615
	1,100,000	805,778	65,263	871,041	(228,959)
Expenditures					
Facilities construction	2,815,083	3,020,313	24,700	3,045,013	(229,930)
Construction - lines	850,668	812,073	-	812,073	38,595
Contract - Wells	292,260	292,260	-	292,260	-
Engineering design	254,100	246,391	14,058	260,449	(6,349)
Contract - Inspections	228,000	227,981	-	227,981	19
Contingency	175,579	88,876	-	88,876	86,703
Permitting	43,310	45,575	-	45,575	(2,265)
Legal and administrative	30,000	23,704	12,920	36,624	(6,624)
Contract - PER	10,000	10,000	-	10,000	-
Environmental assessment	5,000	5,000	-	5,000	<u>-</u>
	4,704,000	4,772,173	51,678	4,823,851	(119,851)
Debt Service:					
Interest payments	170,000	109,178	-	109,178	60,822
Total	170,000	109,178	-	109,178	60,822
Total expenditures	4,874,000	4,881,351	51,678	4,933,029	(59,029)
Revenues under expenditures	(3,774,000)	(4,075,573)	13,585	(4,061,988)	(287,988)
Other financing sources (uses):					
Proceeds from the issuance of debt	3,524,000	3,524,000	-	3,524,000	-
Transfers to other funds	-	(314,061)	-	(314,061)	(314,061)
Transfers from other funds	250,000	629,010	-	629,010	379,010
Total revenues and other financing					
sources (uses) over expenditures	3,774,000	3,838,949	-	3,838,949	64,949
Revenues over expenditures	\$ -	\$ (236,624)	\$ 13,585	\$ (223,039)	\$ (223,039)

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, 2014 Schedule 13

	Actual										
										Variance	
	Λ	Project thorization	D	rior Years	Cu	rrent Year	r Total to Date			Positive Negative)	
Revenues:	Aut	inonzation	Г	iioi ieais	Cu	ilelit leal	101	ar to Date		ivega ti ve j	
Restricted intergovernmental											
NC Rural Center Grant	\$	5,525,504	\$	3,816,575	\$	2,182,016	\$	5,998,591	\$	473,087	
NC Clean Water Management	*	3,323,30	Ψ.	3,020,373	*	2,102,010	*	3,333,332	Ψ.		
Trust Fund		1,703,646		927,039		543,837		1,470,876		(232,770)	
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		-	
Investment earnings		-		5,269		238		5,507		5,507	
Total revenues		10,777,710		6,770,028		2,726,091		9,496,119		(1,281,591)	
Expenditures											
Phase I - Tyrrell Co. Wastewater											
Collection System											
Facilities construction		2,800,570		2,585,117		356,756		2,941,873		(141,303)	
Washington county transmission		_,,		_,,,,,		550,755		_,_ :_,_:		(= :=/5.55	
line construction		569,905		_		_		_		569,905	
Engineering design		184,783		103,144		_		103,144		81,639	
Legal and administrative		25,533		38,291		933		39,224		(13,691	
Environmental assessment		36,500		-		-		-		36,500	
R/W acquisition		25,000		25,000		_		25,000		-	
Permitting		11,665		17,007		_		17,007		(5,342	
Easement survey and mapping		26,500		-		_		-		26,500	
Grant administration		75,000		98,368		4,037		102,405		(27,405	
Sewer construction stds		2,903		910		-		910		1,993	
Sewer user charge study		7,219		5,848		_		5,848		1,371	
Construction administration		34,000		48,858		25,297		74,155		(40,155	
Resident inspection		104,000		51,857				51,857		52,143	
Interlocal Agreements Assistance		1,027		-		_		-		1,027	
Contingency		182,659		_		_		_		182,659	
comments,		4,087,264		2,974,400		387,023		3,361,423		725,841	
Phase II - Creswell WWTP											
Improvements											
Facilities construction		4,315,240		2,768,742		2,251,427		5,020,169		(704,929	
Engineering design		256,400		249,472		15,000		264,472		(8,072	
Construction administration		64,100		8,827		47,008		55,835		8,265	
Resident construction inspection		124,500		23,844		17,159		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		2,781		-		2,781		7,219	
Grant Administration		7,500		3,868		-		3,868		3,632	
Legal and administrative		-		781		-		781		(781	
Contingency		215,762		12				12		215,750	
		5,023,502		3,058,327		2,330,594		5,388,921		(365,419)	

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Phase III - Tyrrell County Waste					
Water Collection System					
Facilities construction	2,980,000	-	-	-	2,980,000
Engineering design	130,190	105,885	4,191	110,076	20,114
Resident construction inspection	79,000	-	-	-	79,000
Legal and administrative	35,000	18,557	4,045	22,602	12,398
Construction administration	39,300	-	-	-	39,300
Capitalized Interest	20,000	-	-	-	20,000
Insurance	15,000	-	-	-	15,000
Equipment	5,000	-	-	-	5,000
Interlocal agreements assistance	-	148	-	148	(148)
Contingency	105,710	=	-	-	105,710
	3,409,200	124,590	8,236	132,826	3,276,374
Total expenditures	12,519,966	6,157,317	2,725,853	8,883,170	3,636,796
Revenues under expenditures	(1,742,256)	612,711	238	612,949	2,355,205
Other financing sources (uses):					
Transfers from other governments	66,000	-	-	-	(66,000)
Long-term debt - Bond	1,375,000	-	-	-	(1,375,000)
Transfers from other funds	301,256	100,775		100,775	(200,481)
Total other financing sources (use	1,742,256	100,775	-	100,775	(1,641,481)
Revenues over expenditures	\$ -	\$ 713,486	\$ 238	\$ 713,724	\$ 713,724

Tyrrell County, North Carolina Combining Schedule of Changes In Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2014 Schedule 14

	Ba	lance					Balance	
	July	1, 2013	Additions		Deductions		June	e 30, 2014
Social Services:								
Assets								
Cash and investments	\$	1,381	\$	26,849	\$	26,025	\$	2,205
Liabilites								
Miscellaneous liabilities	\$	1,381	\$	26,849	\$	26,025	\$	2,205
Fines and Forfeitures:								
Assets								
Cash and investments	\$	-	\$	122,756	\$	122,756	\$	
Liabilites								
Miscellaneous liabilities	\$	-	\$	122,756	\$	122,756	\$	
Motor Vehicle Tax:								
Assets								
Cash and investments	\$	140	\$	-	\$	140	\$	
Liabilites								
Miscellaneous liabilities	\$	140	\$	-	\$	140	\$	-
Deed of Trust Fund:								
Assets								
Cash and investments	\$	471	\$	3,323	\$	3,379	\$	415
Liabilites								
Miscellaneous liabilities	\$	471	\$	3,323	\$	3,379	\$	415
Totals - All Agency Funds:								
Assets								
Cash and investments	\$	1,992	\$	152,928	\$	152,300	\$	2,620
Liabilites								
Miscellaneous liabilities	\$	1,992	\$	152,928	\$	152,300	\$	2,620

Tyrrell County, North Carolina Schedule of Ad Valorem Taxes Receivable June 30, 2014 Schedule 15

	Un	collected					U	ncollected	
		Balance			С	ollections		Balance	
Fiscal Year	Jun	e 30, 2013	1	Additions	а	nd Credits	June 30, 201		
		•							
2013-2014	\$	-	\$	3,679,282	\$	3,480,587	\$	198,695	
2012-2013		198,924		-		101,303		97,621	
2011-2012		96,862		-		42,190		54,672	
2010-2011		63,423		-		14,899		48,524	
2009-2010		45,301		-		10,175		35,126	
2008-2009		41,775		-		5,140		36,635	
2007-2008		34,087		-		5,645		28,442	
2006-2007		24,375		-		3,102		21,273	
2005-2006		24,970		-		1,474		23,496	
2004-2005		23,356		-		1,409		21,947	
2003-2004		19,605		-		19,605			
	\$	572,678	\$	3,679,282	\$	3,685,529		566,431	
Ad varorem taxes receivable - net							\$	566,431	
Reconcilement with revenues:									
Ad valorem taxes - General Fund							\$	3,658,339	
Reconciling items									
Discounts allowed								24,179	
Current year abatements								82,377	
Current year debt set-off								1,871	
Interest and penalties collecte	d							(51,204)	
Amounts written off for prior y	ears							(30,033)	
Total reconciling items								27,190	
Total Collections and Credits							\$	3,685,529	

Tyrrell County, North Carolina Analysis of Current Tax Levy – County-Wide Levy June 30, 2014 Schedule 16

	Cor	unty Wid	e	Total Levy			
				Property			
				Excluding			
	_		_	Registered		gistered	
	Property	5.	Amount	Motor		Motor	
	Valuation	Rate	of Levy	Vehicles	V	ehicles	
Original Levy:							
Property taxed at current							
years rate	\$ 502,534,928	69%	\$ 3,467,491	\$ 3,379,565	\$	87,926	
Solid waste	-		210,900	210,900			
Total	502,534,928		3,678,391	3,590,465		87,926	
Discoveries:							
Current year taxes	42,174	69%	291	291		-	
Solid waste	-		600	600		-	
Total	502,577,102		3,679,282	3,591,356		87,926	
Abatements	-	69%	-	-			
Total property valuation	\$ 502,577,102						
Net Levy			3,679,282	3,591,356		87,926	
Uncollected taxes at June 30, 2014			198,695	181,792		16,903	
Current years taxes collected			\$ 3,480,587	\$ 3,409,564	\$	71,023	
Current levy collection percentage			94.60%	94.94%		80.78%	



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INDEPENDENT AUDITOR'S 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 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 the Tyrrell County, North Carolina, as of and for the year ended June 30, 2014, 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 May 29, 2015. 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, North Carolina'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, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Tyrrell County, North Carolina's internal control.

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

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

We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, finding number 2014-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tyrrell County, North Carolina'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-01.

Tyrrell County's Response to Findings

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

Purpose of this Report

This report is intended 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.

Goldsboro, North Carolina May 29, 2015

Can, Rigge & Ingram, L.L.C.



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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 the 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 Tyrrell County, North Carolina's major federal programs for the year ended June 30, 2014. Tyrrell County, North Carolina'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 each of the Tyrrell County, North Carolina'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, North Carolina'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, North Carolina'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, 2014.

Report on Internal Control over Compliance

Management of Tyrrell County, North Carolina 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, North Carolina'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 Tyrrell County, North Carolina'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.

Goldsboro, North Carolina

Can, Rigge & Ingram, L.L.C.

May 29, 2015



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND 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, North Carolina's major state programs for the year ended June 30, 2014. Tyrrell County, North Carolina's major state 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 its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tyrrell County, North Carolina'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; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of 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, North Carolina'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. Our audit does not provide a legal determination of Tyrrell County, North Carolina's compliance.

Opinion on Each Major State 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 state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Tyrrell County, North Carolina 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, North Carolina'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 an opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133 and the State Single Audit Implementation Act, 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, North Carolina'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 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 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Goldsboro, North Carolina

Can, Rigge & Ingram, L.L.C.

May 29, 2015

Tyrrell County, North Carolina Schedule of Findings and Questioned Costs For The Year Ended June 30, 2014

Financial Statements Type of auditor's report issued: Unqualified Internal control over financial reporting: Material weakness(es) identified? yes Significant deficiency(s) identified that are not considered to be material weaknesses X yes ___none Noncompliance material to financial statements Noted <u>X__</u>no _yes **Federal Awards** Internal control over major federal programs: Material weakness(es) identified? X no _yes Significant deficiency(s) identified that are not considered to be material weaknesses X_no _yes Type of auditor's report issued on compliance for major federal programs: Unqualified Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 X no _yes Identification of major federal programs: Name of Federal Program **CFDA Number** Title XIX - Medicaid 93.778 Dollar threshold used to distinguish between Type A and Type B Programs \$300,000 Auditee qualified as low-risk auditee? X_Yes no **State Awards** Internal control over major State programs: Material weakness(es) identified? Yes <u>X</u> no Significant deficiency(s) identified that are not considered to be material weaknesses X none __yes Type of auditor's report issued on compliance for major state programs: Unqualified Any audit findings disclosed that are required to be accordance with State Single Audit Implementation Act ___yes X_no

Identification of major state program:

Name of Program
Title XIX – Medicaid State Match
Clean Water Management Trust Fund Grant

Tyrrell County, North Carolina Schedule of Findings and Questioned Costs For The Year Ended June 30, 2014

Section II. Financial Statement Findings

Finding: 2014-01
SIGNFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statutes 159-34, each unit of local government and public authority shall have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts.

Condition: The audited financial statements for the fiscal year ended June 30, 2014 were not issued until May 29, 2015.

Effect: The County was in violation of the statute which resulted in the lack of timely information on which to base financial decisions.

Cause: Four separate individuals have held the finance officer position during the 2½ year period ending with this fiscal year end which resulted in difficulty compiling the necessary complete and accurate information for presentation in the audited financial statements.

Recommendation: The County should hire an experienced individual for the finance officer position.

Views of responsible officials and planned corrective actions: The Board of Commissioners agrees with the finding and has hired a qualified individual for the finance officer position. Please refer to the corrective action plan on page 100.

	Section III.	Federal Award Findings and Questioned Costs
Name was auto d		
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, 2014

Section II. Financial Statement Findings

Finding: 2014-01

Name of contract person: Karen Gerhart, Finance Officer

Corrective Action: The County will hire an experienced finance officer

Proposed completion Date: September 30, 2014

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, 2014

Section II. Financial Statement Findings							
None reported							
	Section III. Federal Award Findings and Questioned Cost						
None reported							
	Section IV. State Award Findings and Questioned Cost						

	Federal	State Pass Through	Fed. (Direct &		
Grantor/Pass-through	CFDA	Grantor's	Pass-through)	State	Local
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures
Federal Awards:					
U.S. Dept. of Agriculture					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 117,792	\$ -	\$ 117,659
the supplemental Nutrition Assistance Program	10.301	^^^	3 117,792	ў -	\$ 117,039
Total Supplemental Nutrition Assistance Program			117,792	-	117,659
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	146,284	-	-
Total Food and Nutrition Service			264,076	-	117,659
Rural Development					
Rural Development Grants	10.760	XXXX	65,263	-	
Total U.S. Dept. of Agriculture			329,339	-	117,659
U. S. Department of Homeland Security					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant (FEMA)	97.042	XXXX	32,694	-	-
Hazard Mitigation Grant	97.039	XXXX	52,315	-	-
Total U. S. Department of Homeland Security			85,009	-	-
U.S. Dept. of Health & Human Services					
Administration for Children and Families					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care - CPS	93.658	XXXX	6,571	3,994	5,181
Title IV-E Foster Care - Office Training	93.658	XXXX	8,833	-	8,672
Title IV-E Foster Care - Adoption Subsidy	93.659	XXXX	3,744	978	978
Title IV-E Foster Care - Adoption - Office Training	93.659	XXXX	151	-	151
Foster Care - Direct Benefit Payments	93.658	XXXX	1,271	246	246

20,570

5,218

15,228

Total Foster Care and Adoption Cluster (Note 3)

		State Pass			
	Federal	Through	Fed. (Direct &		
Grantor/Pass-through	CFDA	Grantor's	Pass-through)	State	Local
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures
Work First/TANF-Direct Benefit Payments	93.558	XXXX	44,810	-	6,073
Work First - Admininstration	93.558	XXXX	20,925	-	3,719
TANF Payments & Penalties	93.558	XXXX	17,430	-	(520)
Title IV-D Child Support Enforcement - Administration	93.563	XXXX	46,162	-	23,781
Title IV-D Child Support Enforcement - Offset Fees - ESC	94.563	XXXX	13	-	7
Title IV-D Child Support Enforcement - Offset Fees - Federal	95.563	XXXX	208	-	107
Energy Assistance Payments- Direct Benefit Payments	93.568	XXXX	44,400	-	-
Low Income Energy - Administration	93.568	XXXX	4,570	-	-
U.S. Dept. of Health & Human Services					
Administration for Children and Families					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Crisis Intervention Program	93.568	XXXX	43,164	-	-
Permanency Planning - Families for Kids	93.645	XXXX	2,756	-	919
SSBG - In-Home Services	93.667	XXXX	175	-	25
SSBG - Other Services and Training	93.667	XXXX	28,292	3,933	10,741
Total Division of Social Services			273,475	9,151	60,080
Subsidized Child Care (Note 3)					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596	XXXX	79,774	-	-
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		46,496	-	-
Child Care and Development Fund - Manditory	93.596		30,098	-	-
Child Care and Develolpment Fund - Match	93.596		6,628	-	-
Total Child Care Fund Cluster			162,996	-	-
Temporary Assistance for Needy Families	93.558		25,387	-	
Foster Care Title IV-E	93.658		1,251	654	
State Appropriations		XXXX	-	12,101	
TANF-MOE		XXXX	-	3,929	
Total Subsidized Child Care Cluster			189,634	16,684	-
Centers for Medicare and Medicaid Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	3,608,481	2,088,146	21
Total Division of Medical Assistance			3,608,481	2,088,146	21

	State Pass					
	Federal	Through	Fed. (Direct &			
Grantor/Pass-through	CFDA	Grantor's	Pass-through)	State	Local	
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures	
Division of Social Services:						
Administration:						
Medical Assistance Program - Administration	93.778	XXXX	206,683	-	178,597	
Medical Transportation Assistance	93.778	XXXX	43,714	-	43,714	
Medical Assistance Expansion	93.778	XXXX	7,531	7,531	-	
State County Special Assistance	93.778	XXXX	3,639	-	4,347	
State Children's Insurance Program - Health Choice	93.767	XXXX	12,682	219	3,787	
Total Division of Social Services			274,249	7,750	230,445	
Total Division of Social Services			274,243	7,730	230,443	
Total U.S. Dept. of Health and Human Services			4,345,839	2,121,731	290,546	
U.S. Department of Housing and Urban Development						
Passed-through N.C. Housing Finance Agency:						
Division of Emergency Management						
Emergency Management Performance Grant (FEMA)	14.239	XXXX	56,394	-		
Total U. S. Department of Homeland Security			56,394	-	<u>-</u> _	
Total federal awards			\$ 4,816,581	\$ 2,121,731	\$ 408,205	

	Federal	Through	Fed. (D	irect &				
Grantor/Pass-through	CFDA	Grantor's	Pass-th	rough)		State	Lo	cal
Grantor/Program Title	Number	Number	Expend	ditures	Ехре	enditures	Expen	ditures
State Awards:								
N.C. Department of Environment and Natural Resources								
Division of Soil and Water Conservation								
Soil Conservation		XXXX	\$	-	\$	20,154	\$	
Total Division of Clean Water Management				-		20,154		-
Division of Clean Water Management								
Clean Water Trust Grants		XXXX		-		568,436		
Total NC Dept of Invironment and Natural Resources N.C. Department of Transportation				-		588,590		-
Public Transportation Division								
Human Service Transportation Program - FY13		DOT-3		-		4,299		-
Human Service Transportation Program - FY14		DOT-3		-		13,582		
Total Public Transportation Division				-		17,881		-
Rural Operating Assistance Program ROAP Elderly and Disabled Transportation Assistance Program ROAP Work First Transitional - Employment Transportation		DOT-16CL		-		45,355		-
Assistance Program		DOT-16CL		_		3,332		_
Total ROAP				_		48,687		
Total Public Transportation Division				-		66,568		
Total NC. Department of Transportation				-		66,568		
N.C. Department of Juvenile Justice and Delinquency Prevention								
Juvenile Crime Prevention Council Programs		XXXX		-		46,894		-
N.C. Department of Administration Veterans Service		xxxx		-		1,452		-

State Pass						
	Federal	Through	Fed. (Direct &			
Grantor/Pass-through	CFDA	Grantor's	Pass-through)	State	Local	
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures	
N.C. Department of Insurance						
Senior Health Insurance Program		XXXX	-	5,523	-	
N.C. Dept. of Health and Human Services						
Division of Social Services						
Administration:						
Child Welfare Services Adoption Subsidy		XXXX	-	10,458	3,486	
SC/SA Domiciliary Care payment		XXXX	-	38,598	38,598	
Total Division of Social Service			-	49,056	42,084	
Total N.C. Department of Health and Human Services			-	49,056	42,084	
Total State awards			-	758,083	42,084	
Total federal and State awards			\$ 4,816,581	\$ 2,879,814	\$ 450,289	

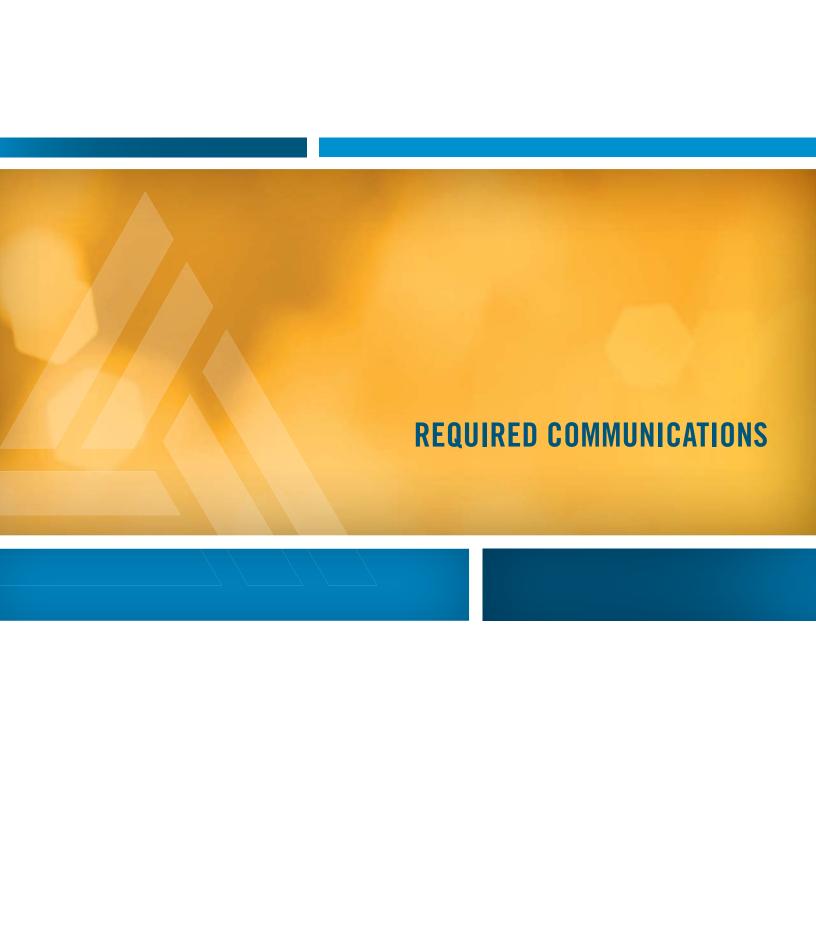
Tyrrell County, North Carolina Schedule of Expenditures of Federal and State Awards For The Fiscal Year Ended June 30, 2014

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Tyrrell County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133,Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. 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.





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May 29, 2015

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 2014 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 Board's 2014 financial statements. We considered the Board'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 919-751-8297 or mjordan@cricpa.com.

Very truly yours,

Michael C. Jordan, CPA Michael C. Jordan, CPA

Required Communications

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 Board. 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 Board's financial statements for the year ended June 30, 2014;
- Conduct an audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act and issue a report on the Board'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 Board's major federal and state programs for the year ended June 30, 2014;
- 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 County as of and for the year ended June 30, 2014, and have issued our report thereon dated May 29, 2015. 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, Government Auditing Standards, and OMB A-133	As stated in our engagement letter dated June 12, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements 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 County'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 not significantly altered during our fieldwork.
Management judgments and accounting estimates	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	No such risks or exposures were noted.
Significant accounting policies, including critical	None.

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles	
Significant difficulties encountered in the audit	None.
Disagreements with management	None.
Other findings or issues	None.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management	None.
Corrected and uncorrected misstatements	Please see the following section titled "Summary of Audit Adjustments."
Major issues discussed with management prior to retention	None.
Consultations with other accountants	None of which we are aware.
Written representations	See "Management Representation Letter" section.
Internal control deficiencies	See "Internal Control Findings" section.
Fraud and illegal acts	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	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	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 assets 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.
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.
Other Post- Employment Benefits	The County estimates beneficiary life expectancy, estimated increases in cost of living and healthcare costs, and other items necessary for the alternate valuation method for Other Post- Employment Benefits. The County calculates the liability based on factors at the prevailing rates	X	The County's estimate of its accrued liability for Other Post-Employment Benefits based on the prevalent life expectancies, inflation rates, probability of future employment and other factors.	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.

Account	Description	Debit	Credit
Adjusting Journal			
Adjusting Journal En	tries JE# 1 sales tax to actual per analysis		
10-1310-000-21	DUE TO/FROM SCHOOL CAPITAL	16,983.29	
10-3411-310-00	SALES TAX	18,392.18	
21-3590-310-40	RESTRICTED SALES TAX - ART 40	930.17	
21-3590-310-42	RESTRICTED SALES TAX - ART 42	16,053.12	
10-1215-000-00	A/R LOC OPT SALES TAX		35,375.47
21-1310-000-10	DUE TO/FROM GENERAL FUND		16,983.29
Total		52,358.76	52,358.76
Adjusting Journal En			
	ent for TDA capital assets and interest income		
90-1140-000-00	CD - TOURISM	27.43	
90-1770-000-00	CAPITAL ASSETS	77,384.00	== 00100
90-2910-000-00	FUND BALANCE		77,384.00
90-3711-000-00	INTEREST INCOME	77 444 42	27.43
Total		77,411.43	77,411.43
Adjusting Journal Co	tries IF#3		
Adjusting Journal En To adjust allowance p			
61-7110-492-00	Bad Debt Expense	7,620.75	
61-2914-000-00	ALLOWANCE FOR BAD DEBT	1,020.10	7,620.75
Total		7,620.75	7,620.75
			,
Adjusting Journal En	tries JE# 4		
To adjust inventory pe			
61-7110-260-00	SUPPLIES	2,071.00	
61-1410-000-00	INVENTORY MAT/SUPPLIES		2,071.00
Total		2,071.00	2,071.00
Adjusting Journal En			
To reverse PY A/R & A			
63-2000-000-00	ACCOUNTS PAYABLE	1,224,953.84	
63-1310-000-03	DUE FROM STATE OF NC		1,224,953.84
Total			
		1,224,953.84	1,224,953.84
		1,224,953.84	
Adjusting Journal En		1,224,953.84	
Adjusting Journal En	r Wastewater Project #1 & #2		
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03	r Wastewater Project #1 & #2 DUE FROM STATE OF NC	42,347.77	
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00	r Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS	42,347.77 1,898.50	
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03	r Wastewater Project #1 & #2 DUE FROM STATE OF NC	42,347.77	
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00	r Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING	42,347.77 1,898.50 3,801.02	
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-480-00	r Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY	42,347.77 1,898.50 3,801.02 4,036.73	
Adjusting Journal En To record AR & AP fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-480-00 63-9100-481-00	r Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY/EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78	
Adjusting Journal En To record AR & AP fc 63-1310-000-30 63-9100-393-00 63-9100-440-00 63-9100-481-00 63-9300-192-00	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29	1,224,953.84
Adjusting Journal En To record A/R & A/P fc 63-1310-000-03 63-9100-393-06 63-9100-440-00 63-9100-481-00 63-9300-192-00 63-9300-192-00	or Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29	
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-481-00 63-9100-481-00 63-9300-192-00 63-9300-440-00 63-2000-000-00	or Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29	1,224,953.84 42,347.77
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-481-00 63-9300-192-00 63-9300-440-00 63-2000-000-00 63-3910-361-00	or Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45	1,224,953.84 42,347.77 42,347.77
Adjusting Journal En To record AR & AP fc 63-1310-000-03 63-9100-349-00 63-9100-440-00 63-9100-481-00 63-9300-192-00 63-9300-192-00 63-2000-000-00 63-3910-361-00 Total	or Wastewater Project #1 & #2 DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45	1,224,953.84 42,347.77 42,347.77
Adjusting Journal En To record AR & AP fc 63-1310-000-03 63-9100-349-00 63-9100-440-00 63-9100-481-00 63-9300-192-00 63-9300-192-00 63-2000-000-00 63-3910-361-00 Total	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45	1,224,953.84 42,347.77 42,347.77
Adjusting Journal En To record AR & AP fc 63-1310-000-03 63-9100-390-00 63-9100-480-00 63-9100-481-00 63-9300-192-00 63-9300-440-00 63-2000-000-00 63-3910-361-00 Total Adjusting Journal En To record CY provision	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45	1,224,953.84 42,347.77 42,347.77
Adjusting Journal En To record AR & AP fc 63-1310-000-03 63-9100-393-00 63-9100-480-00 63-9100-481-00 63-9300-192-00 63-9300-440-00 63-2000-000-00 63-3910-361-00 Total Adjusting Journal En To record CY provisio 61-7111-000-00	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF Ities JE# 7 In or depreciation expense DEPRECIATION ESSEMBLE STATE OF THE PROPERTY OF THE P	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45	1,224,953.84 42,347.77 42,347.77 84,695.54
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-480-00 63-9100-481-00 63-9300-192-00 63-9300-440-00 63-2000-000-00 Total Adjusting Journal En To record CY provisio 61-7111-000-00 61-1800-000-00 Total	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMITF ITIES JE#7 In for depreciation expense DEPRECIATION EXPENSE ACC DEPRECIATION	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45 84,695.54	1,224,953.84 42,347.77 42,347.77 84,695.54
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-481-00 63-9300-192-00 63-9300-192-00 63-9300-440-00 Total Adjusting Journal En To record CY proxisio 61-7111-000-00 61-1800-000-00 Total	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF It ies JE#7 n for depreciation expense DEPRECIATION LEGAL FEES DEPRECIATION DEPRECIATION DEPRECIATION LEGAL FEES DEPRECIATION DEPRECIATION LEGAL FEES DEPRECIATION DEPRECIATION LEGAL FEES LEGAL	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45 84,695.54	1,224,953.84 42,347.77 42,347.77 84,695.54
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-481-00 63-9300-192-00 63-9300-192-00 63-9300-440-00 Total Adjusting Journal En To record CY proxisio 61-7111-000-00 61-1800-000-00 Total	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF It ies JE#7 n for depreciation expense DEPRECIATION LEGAL FEES DEPRECIATION DEPRECIATION DEPRECIATION LEGAL FEES DEPRECIATION DEPRECIATION LEGAL FEES DEPRECIATION DEPRECIATION LEGAL FEES LEGAL	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45 84,695.54	1,224,953.84 42,347.77 42,347.77 84,695.54
Adjusting Journal En To record A/R & A/P fo 63-1310-000-03 63-9100-393-00 63-9100-440-00 63-9100-481-00 63-9100-481-00 63-9300-192-00 63-9300-192-00 63-3910-361-00 Total Adjusting Journal En To close out Due from	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF In or depreciation expense DEPRECIATION EXPENSE ACC DEPRECIATION LITIES JE#8 In (to) per mgmt	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45 84,695.54 269,353.56	1,224,953.84 42,347.77 42,347.77 84,695.54
Adjusting Journal En To record AR & AP fc 63-1310-000-03 63-9100-393-00 63-9100-480-00 63-9100-481-00 63-9300-192-00 63-9300-440-00 63-2000-000-00 63-3910-361-00 Total Adjusting Journal En To record CY provisio 61-7111-000-00 61-1800-000-00 Total Adjusting Journal En To close out Due fron 10-4110-260-00	DUE FROM STATE OF NC SERVICES - SURVEY / EASEMENTS CONTRACT - ENGINEERING ADMIN - COUNTY ADMIN - CONSTRUCTION LEGAL FEES CONTRACT - ENGINEERING ACCOUNTS PAYABLE GRANT - NC CWMTF Itries JE#7 In for depreciation expense DEPRECIATION EXPENSE ACC DEPRECIATION LITIES JE#8 In (to) per mgmt SUPPLIES	42,347.77 1,898.50 3,801.02 4,036.73 23,441.78 4,978.29 4,191.45 84,695.54 269,353.56	1,224,953.84 42,347.77 42,347.77 84,695.54 269,353.56

Account	Description	Debit	Credit
Adjusting Journal Ent			
to close A/R & A/P that	t are not longer open.		
82-2120-000-00	ACCOUNTS PAYABLE	50,668.00	
82-1215-000-00	Accounts Receivable		50,668.00
Total		50,668.00	50,668.00
Adjusting Journal Ent	tries JE#10		
	n water lines for Eagles Landing Subdivision		
10-3411-900-00	EAGLE'S LANDING SUBDIVISION	383,160.00	
10-2510-000-00	Customer Deposits		383,160.00
Total		383,160.00	383,160.00
Adhering James For	15.444		
Adjusting Journal Ent to record annual OPE			
61-7110-184-00	Retiree Health Care Expense	11,871.00	
61-2610-000-00	OPEB LIABILITY		11,871.00
Total		11,871.00	11,871.00
Adjusting Journal Ent	15#42		
Adjusting Journal Ent to write off property tax			
10-2610-020-01	RESERVE TAXES 2001	1,515.15	
10-2610-020-01	RESERVE TAXES 2001 RESERVE TAXES 2002	9,475.49	
10-2610-020-03	RESERVE TAXES 2003	19,042.55	4.545.45
10-1210-020-01	TAX RECEIVABLE 2001		1,515.15
10-1210-020-02	TAX RECEIVABLE 2002		9,475.49
10-1210-020-03 Total	TAX RECEIVABLE 2003	30,033.19	19,042.55 30,033.19
			•
Adjusting Journal Ent			
to adjust compensate	d absences		
61-7110-138-00	ACCRUED VACATION	4,231.00	
61-2130-000-00	VACATION PAY		4,231.00
Total		4,231.00	4,231.00
Adjusting Journal Ent	15# 22		
to reclass equipment			
61-1770-000-00	EQUIPMENT	17,191.00	
62-2930-000-00	Fund Balance	3,968,010.00	
62-2950-000-00	Contributed Capital	804,163.00	
61-7110-350-00	MAINTENANCE & REPAIRS	55 1,100.00	17,191.00
62-1740-000-00	Water Plant		4,772,173.00
Total		4,789,364.00	4,789,364.00
Adjusting Journal Ent to adjust reserve to ag			
10-2610-020-11	RESERVE TAXES 2011	4.00	
10-2610-020-12	RESERVE TAXES 2012	3,273.62	
10-2380-000-00	A/P MISCELLANEOUS		3,277.62
Total		3,277.62	3,277.62
	Total Adjusting Journal Entries	£ 004 E9E 00	6 004 E0F 00
	Total Adjusting Journal Entries	6,991,585.99	6,991,585.99

Governmental Activities:

				Financial Statement Effect - Amount of Over (Under) Statement of:						
1	Factual (F), Judgemental (J), or Projected (P)		Washnanas Baf	Total Assets	Takal Liabilisiaa	Working Capital	Fund Balance/Net Position	Davisa	Expenditures	Change in Fund Balance/Net Position
			Workpaper Ref.	Total Assets				Revenues		
Accounts Payable	Factual (F)	payment of invoice after year end	5103	-	(12,790.32)	12,790.32	12,790.32	-	(12,790.32)	12,790.32
Total				-	(12,790.32)	12,790.32	12,790.32	-	(12,790.32)	12,790.32
Less: Audit adjustem	ent ssubsequen	tly booked								
Net unadjusted A	D - Current year	r (iron curtain method)		-	(12,790.32)	12,790.32	12,790.32	-	(12,790.32)	12,790.32
Effect of unadjusted	AD - Prior years	i								
combined curren	t year and prior	year AD (rollover method)		-	(12,790.32)	12,790.32	12,790.32	-	(12,790.32)	12,790.32
Financial statement caption totals			7,125,445	4,864,443	3,454,852	2,260,867	6,802,460	7,216,562	(414,102)	
Current year AD	as % of F/S capti	ions (iron curtain method)		0.00%	-0.26%	0.37%	0.57%	0.00%	-0.18%	-3.09%
Current and prior	year AD as % o	f F/S captions (rollover method)	,	0.00%	-0.26%	0.37%	0.57%	0.00%	-0.18%	-3.09%

General Fund:

				Financial Statement Effect - Amount of Over (Under) Statement of:						
Description (Nature) of Audit Difference (AD)	Factual (F), Judgemental (J), or Projected (P)		Workpaper Ref.	Total Assets	Total Liabilities	Working Capital	Fund Balance/Net Position	Revenues	Expenditures	Change in Fund Balance/Net Position
Accounts Payable	Factual (F)	payment of invoice after year end	5103	-	(12,790.32)	-	12,790.32	-	(12,790.32)	12,790.32
Total Less: Audit adjustem	ient scuhseguen	tly booked		-	(12,790.32)	-	12,790.32	-	(12,790.32)	12,790.32
,		r (iron curtain method)		-	(12,790.32)	-	12,790.32	-	(12,790.32)	12,790.32
Effect of unadjusted	AD - Prior years									
combined curren	t year and prior	year AD (rollover method)		-	(12,790.32)	-	12,790.32	-	(12,790.32)	12,790.32
Financial statement	caption totals			3,899,558	770,659	-	2,562,468	6,288,592	6,326,699	(104,179)
Current year AD a	as % of F/S capti	ons (iron curtain method)		0.00%	-1.66%	0.00%	0.50%	0.00%	-0.20%	-12.28%
Current and prior	year AD as % o	f F/S captions (rollover method)	,	0.00%	-1.66%	0.00%	0.50%	0.00%	-0.20%	-12.28%

May 29, 2015

Carr, Riggs & Ingram, LLC PO Box 10588 Goldsboro, NC 27532-0588

This representation letter is provided in connection with your audit of the financial statements of Tyrrell County, North Carolina (the "County"), 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, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (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 May 29, 2015, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 12, 2014, 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.
- 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.
- 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. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. 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 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,
 - 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.

Government—specific

- 19) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) 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.
- 22) Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.
- 23) The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) 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 we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statements amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

- 25) 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.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal and state awards. We acknowledge our responsibility as it relates to those 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 and schedule of expenditures of federal and state awards.
- 27) 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.
- 28) 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.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) 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.
- 31) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 32) All funds that meet the quantitative criteria in <u>GASBS Nos. 34</u> and <u>37</u> 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.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) 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.

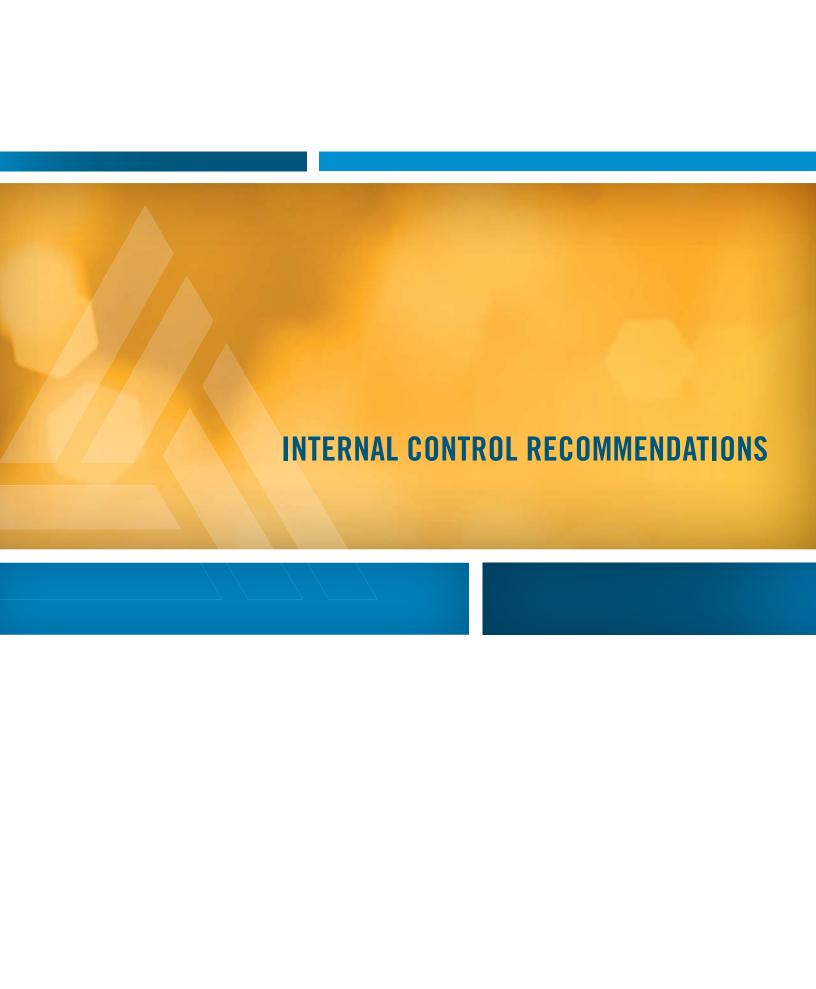
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 40) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 42) 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.
- 43) 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.
- 44) 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.
- 45) With respect to the combining and individual major and non-major 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 major and non-major 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 major and non-major 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 major and non-major fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards has 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 major and non-major fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

- 46) 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,* 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 auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and 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.

- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- I) 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.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal 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:	Signature:
Title:	Title:





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May 29, 2015

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, 2014, 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.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The chart that follows this letter summarizes our comments and suggestions regarding those matters. A separate report dated May 29, 2015, contains our communication on material weaknesses and significant deficiencies in the Board's internal control.) This letter does not affect our report dated May 29, 2015, on the financial statements of Tyrrell County, North Carolina.

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

Can, Rigge & Ingram, L.L.C.

Internal Control Findings

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

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

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
14-01	IP	Cross-training	During the audit, we noted that one individual is primarily responsible for the water billings, account management and receipting of payments. During times of vacation or other leave, this could place the County in a position where timeliness of financial reporting, billings, and collections can cause delays.	We encourage the County to consider designating an individual to assist should the primary individual not be available to perform the assigned duties.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will consider designating personnel to assist with these tasks.
14-02	IP	Capital Asset Management	As the County has purchased, acquired, and constructed many capital assets over the past year, we noted that the County does not manage its capital assets, where assets are capitalized for depreciation / amortization purposes. By using such a system, the County will be able to monitor its capital assets for dispositions, impairments, and other changes problems.	We encourage the County to designate an individual to be responsible for capital asset management and to acquire computer software to assist in managing these assets and to calculate depreciation, and if necessary, gains and loses on dispositions.	We have reviewed the results of the finding noted and concur with the assessment of the issues identified. We will consider designating personnel to assist with these tasks.

Internal Control Findings

			T	1	T T
14-03	IP	Capital Project	During the audit, we	We encourage	We have reviewed
		Management	noted that many	the County to	the results of the
			transactions relating	designate an	finding noted and
			to capital projects are	individual(s) to be	concur with the
			maintained on	responsible for	assessment of the
			various Excel	capital project	issues identified.
			spreadsheets, rather	management, to	
			than through the	ensure all	We will consider
			County's main	transactions are	designating
			accounting system.	properly reported	personnel to assist
			As the County	in the central	with these tasks.
			continues to grow	accounting	
			and as capital projects	system, which	
			continue to be a large	will enhance the	
			portion of this	County's financial	
			growth, we believe it	reporting	
			necessary to properly	process.	
			account for all		
			financial transactions		
			through the central		
			accounting system.		