TYRRELL COUNTY, NORTH CAROLINA

FINANCIAL REPORT

June 30, 2016



31-73

TAB: REPORT Independent Auditors' Report 6 Management's Discussion and Analysis 9 **TAB: FINANCIAL STATEMENTS Basic Financial Statements** Government-Wide Financial Statements Fxhibit 1 – Statement of Net Position 18 Exhibit 2 – Statement of Activities 19-20 **Fund Financial Statements** Exhibit 3 - Balance Sheet - Governmental Funds 21 Exhibit 3 – Reconciliation of the Governmental Funds Balance Sheet to the Statements of Net Position 22 Exhibit 4 – Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 23 Exhibit 4 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities 24 Exhibit 5 – Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual - General Fund 25-26 Exhibit 6 – Statement of Fund Net Position – Proprietary Fund 27 Exhibit 7 – Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund 28 29 Exhibit 8 – Statement of Cash Flows – Proprietary Fund Exhibit 9 – Statement of Fiduciary Net Positions – Fiduciary Fund 30

Notes to Financial Statements

Required Supplementary Financial Data:

Schedule of Funding Progress for Law Enforcement Officers' Special Separation Allowance	74
Schedule of Funding Progress for Other Postemployment Benefits	75
Schedule of Employer Contributions for Other Postemployment Benefits	76
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) for Local Government Retirement System	77
Schedule of County Contributions for Local Government Employees' Retirement System	78
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) for Register of Deeds' Supplemental Pension Fund	79
Schedule of County Contributions for Register of Deeds' Supplemental Pension Fund	80
Combining and Individual Fund Statements	
Schedule 1 – Schedules of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual	81-87
Schedule 2 – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Capital Reserve Fund – Budget and Actual	88
Schedule 3 – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Revaluation Fund – Budget and Actual	89
Schedule 4 – Combining Balance Sheet – Non-major Governmental Funds	90-91
Schedule 5 – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	92-93
Schedule 6 – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Emergency Telephone System Fund – Budget and Actual	94
Schedule 7 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – School Capital Outlay Fund – Budget and Actual	95
Schedule 8 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NC Housing Finance Agency Single Family	96

Rehabilitation Project Fund Schedule 9 - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Commerce Fellows Grant Fund 97 Schedule 10 - Schedule of Revenues, Expenditures, and Changes in Fund 98 Balance - Budget and Actual - CDBG Scattered Sites Fund Schedule 11 - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Cahoon Center Site Improvement Project Fund 99 Schedule 12 - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Inclusive Playground Project Fund 100 Schedule 13 – Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Estuarine Access Park Project Fund 101 Schedule 14 - Schedule of Revenues and Expenditures - Budget and Actual - Proprietary Fund - Water Operations 102-103 Schedule 15 - Schedule of Revenues and Expenditures – Budget and Actual - Proprietary Fund - Sewer Operations 104 Schedule 16 - Schedule of Revenues and Expenditures – Budget and Actual - Wastewater Capital Projects No. 1 and No. 2 Fund 105-106 Schedule 17 - Schedule of Revenues and Expenditures – Budget and Actual - Alligator Sewer Project Fund 107 Schedule 18 – Combining Schedule of Changes in Assets and Liabilities – **Agency Funds** 108 Other Schedules: Schedule 19 – Schedule of Ad Valorem Taxes Receivable 109 Schedule 20 – Analysis of Current Tax Levy – County-Wide Levy 110 **Compliance Section** Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards 111-112

	Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance And The State Single Audit Implementation Act	113-114
	Independent Auditors' Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act	115-116
	Schedule of Findings and Questions Costs	117-119
	Corrective Action Plan	120
	Summary Schedule of Prior Audit Findings	121
	Schedule of Expenditures of Federal and State Awards	122-125
TAB: I	REQUIRED COMMUNICATIONS	
Re	equired Communications	126-131
Ac	counting Policies, Judgments, & Sensitive Estimates & CRI Comments	
on	Quality	132-134
Su	mmary of Audit Adjustments	135-136
M	anagement Representation Letter	137-144
TAB: I	NTERNAL CONTROL RECOMMENDATIONS	
Int	ternal Control Findings	145-147



Carr, Riggs & Ingram, LLC 382 Pamlico Street Belhaven, North Carolina 27810

Mailing Address: P.O. Box 399 Belhaven, North Carolina 27810-0399

(252) 943-2723 (252) 943-2935 (fax) www.cricpa.com

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, 2016, and the related notes to the financial statements, which collectively comprise Tyrrell County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tyrrell County ABC Board. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Tyrrell County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Tyrrell County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tyrrell County, North Carolina, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the Other Post-Employment Benefit Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 9 through 17 and 74 through 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Tyrrell County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial schedules, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017 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.

Belhaven, North Carolina

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

March 29, 2017

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, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

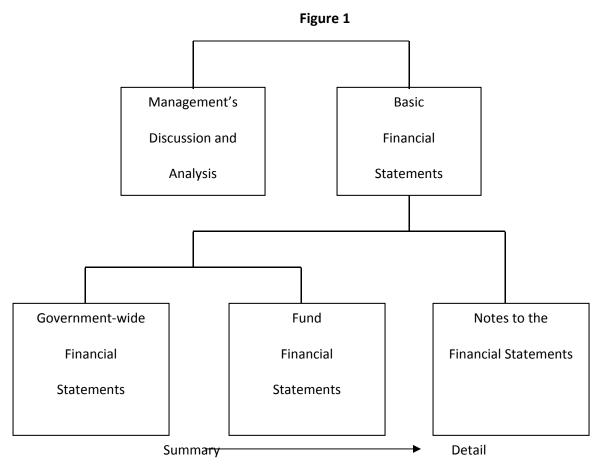
Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,394,554 (net position).
- The government's total net position increased by \$2,419,082, primarily due to capital contributions.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$3,386,202, after a net decrease in fund balances of \$161,590. Approximately 42.97% of this total amount, or \$1,455,109, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$949,091 or 15.24% of total general fund expenditures for the fiscal year.
- The County's total debt increased by \$252,024 (2.54%) during the current fiscal year. The key factors in the increase was the increase in the County's other postemployment employment benefit liabilities and net pension liabilities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of the following three components; 1.) government-wide financial statements, fund financial statements, and notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer offered by County. The final category is the component units. The County ABC Board and the Tourism Authority are legally separate from the County however the County is financially accountable for these Boards by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activity operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has four fiduciary funds, which are presented as agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 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 74 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,394,554 as of June 30, 2016. The County's net position increased by \$2,419,082 during fiscal year ended June 30, 2016. One of the largest portions \$14,160,979 (98.38%) reflects the County's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional

portion of the County's net position \$1,690,003 (11.74%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$1,456,428) is unrestricted.

	Government	tal A	ctivities	Business-Type Activities			Total Primary Government			
	2016		2015	2016		2015		2016		2015
Current and other assets	\$ 4,374,865	\$	4,554,759	\$ 1,523,774	\$	1,261,051	\$	5,898,639	\$	5,815,810
Capital assets	3,255,880		2,971,812	16,406,199		14,094,231		19,662,079		17,066,043
Total assets	7,630,745		7,526,571	17,929,973		15,355,282		25,560,718		22,881,853
Total deferred outflows of resources	127,953		121,883	17,829		16,620		145,782		138,503
Current liabilities	691,876		621,525	2,042,471		1,752,736		2,734,347		2,374,261
Long-term liabilities	4,850,949		4,513,715	3,623,515		3,650,068		8,474,464		8,163,783
Total liabilities	5,542,825		5,135,240	5,665,986		5,402,804		11,208,811		10,538,044
Total deferred inflows of resources	93,003		447,339	10,132		59,501		103,135		506,840
Net investment in capital assets	2,549,780		2,228,724	11,611,199		9,246,231		14,160,979		11,474,955
Restricted	1,455,109		831,660	234,894		298,404		1,690,003		1,130,064
Unrestricted	(1,882,019)		(994,509)	425,591		364,962		(1,456,428)		(629,547)
Total net position	\$ 2,122,870	\$	2,065,875	\$ 12,271,684	\$	9,909,597	\$	14,394,554	\$	11,975,472

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

- Continued diligence in the collection of property taxes by maintaining an overall collection percentage of approximately 95 percent.
- Capital contributions from other governments of \$2,464,314 were received and used for major construction on the County's sewer system.
- The County received several grants to fund various improvement projects in the County.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

				2016						2015	
	Gov	vernmental	Bus	siness-Type	s-Type Governmental Business-Type						_
	F	Activities		Activities		Total	1	Activities		Activities	Total
Revenues:											
Program Revenues:											
Charges for services	\$	283,999	\$	1,054,760	\$	1,338,759	\$	270,575	\$	928,148	\$ 1,198,723
Operating grants and											
contributions		1,488,996		-		1,488,996		1,789,684		-	1,789,684
Capital grants and contributions		714,027		2,464,314		3,178,341		388,757		197,110	585,867
General revenues:											
Property taxes		3,807,507		-		3,807,507		3,879,296		-	3,879,296
Other taxes		657,458		-		657,458		443,030		-	443,030
Other		157,074		1,223		158,297		321,062		425	321,487
Total Revenues	\$	7,109,061	\$	3,520,297	\$	10,629,358	\$	7,092,404	\$	1,125,683	\$ 8,218,087
Expenses:											
General government	\$	1,626,471	\$	-	\$	1,626,471	\$	1,409,087	\$	-	\$ 1,409,087
Public safety		1,700,576		-		1,700,576		1,605,080		-	1,605,080
Human services		1,996,874		-		1,996,874		2,176,992		-	2,176,992
Education		638,895		-		638,895		640,024		-	640,024
Environmental protection		473,230		-		473,230		447,734		-	447,734
Economic and physical											
development		398,639		-		398,639		236,537		-	236,537
Cultural and recreational		149,753		-		149,753		130,544		-	130,544
Capital outlay		-		-		-		-		-	-
Interest on debt		67,629		-		67,629		67,067		-	67,067
Water		-		1,158,210		1,158,210		-		1,503,271	1,503,271
Total Expenses	\$	7,052,066	\$	1,158,210	\$	8,210,276	\$	6,713,065	\$	1,503,271	\$ 8,216,336
Increase(decrease) in net assets		56,995		2,362,087		2,419,082		379,339		(377,588)	1,751
Net position, beginning as restated		2,065,875		9,909,597		11,975,472		1,934,746		10,287,185	12,221,931
Net position, ending	\$	2,122,870	\$	12,271,684	\$	14,394,554	\$	2,314,085	\$	9,909,597	\$ 12,223,682

Governmental activities. Governmental activities increased the County's net position by \$56,995. Key elements of this increase are as follows:

- A decrease in revenues from property and motor vehicle taxes.
- An increase in local option sales taxes.
- A decrease in intergovernmental revenues.
- An increase in capital grants from other governments.
- An overall increase in expenditures.

Business-type activities: Business-type activities increased the County's net position by \$2,362,087. Key elements for this overall increase were:

- Capital contributions from other governments in the 2 sewer capital projects.
- An increase in water and sewer revenues.
- An overall decrease in expenditures.

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, the County's fund balance available in the General Fund was \$949,091, while total fund balance reached \$2,824,213. At June 30, 2016, the governmental funds of the County reported a combined fund balance of \$3,386,202, a .05% decrease over last year. The primary reason for this decrease was the increase in overall expenditures in the governmental funds.

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 decreased total budgeted revenues by \$59,658.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. At the end of the fiscal year, unrestricted net position of the water and sewer fund amounted to \$425,591. The increase in net position in the proprietary funds was \$2,362,087 Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

Capital Assets. The County's investment in capital assets for its governmental and business—type activities as of June 30, 2016, totals \$19,662,079 (net of accumulated depreciation). These assets include land, construction in process, buildings, machinery, vehicles, and equipment.

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

- Purchase of a new storm water building.
- Purchase of a new bush hog.
- Purchase of a new forklift.
- Purchase of a new boat and trailer.
- Purchase of 2 new police vehicles.
- Construction in progress of a new playground.
- Construction in progress at the Estuarine Access Park.
- Construction in progress at the Cahoon center parking lot.
- Construction, engineering, and other costs for the water and sewer capital project.

	 Government	ctivities	Business-Type Activities				Total Primary Government			
	2016		2015	2016		2015		2016		2015
Land	\$ 831,482	\$	831,482	\$ 68,261	\$	68,261	\$	899,743	\$	899,743
Buildings and improvements	1,592,689		1,642,823	10,901		12,523		1,603,590		1,655,346
Equipment and motorized vehicles	361,151		436,489	49,223		68,220		410,374		504,709
Plant and distribution system	-		-	12,248,126		12,564,706		12,248,126		12,564,706
Construction in process	470,558		61,018	4,029,688		1,380,521		4,500,246		1,441,539
Total	\$ 3,255,880	\$	2,971,812	\$ 16,406,199	\$	14,094,231	\$	19,662,079	\$	17,066,043

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

Long-term Debt. As of June 30, 2016, the County had total debt outstanding of \$10,162,981. 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 in one of the sewer projects, compensated absences, net pension liabilities, and other postemployment benefits.

	Governmen	tal A	ctivities	Business-Ty	ре А	ctivities	Total Primary	/ Gov	vernment
	2016		2015	2016		2015	2016		2015
Term debt	\$ 1,885,115	\$	2,088,377	\$ -	\$	-	\$ 1,885,115	\$	2,088,377
Installment purchase	69,057		79,756	-		-	69,057		79,756
Revenue bonds	-		-	3,420,000		3,473,000	3,420,000		3,473,000
Bond anticipation notes	-		-	1,375,000		1,375,000	1,375,000		1,375,000
Net pension liabilities	390,602		248,210	19,033		-	409,635		248,210
Compensated absences	121,097		119,464	24,482		24,920	145,579		144,384
Other postemployment benefits	2,638,474		2,290,852	220,121		211,378	2,858,595		2,502,230
Total	\$ 5,104,345	\$	4,826,659	\$ 5,058,636	\$	5,084,298	\$ 10,162,981	\$	9,910,957

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:

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

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities: Medicaid Hold Harmless Funds are expected to decrease in budgeted revenues. Budgeted expenditures for other than salaries and benefits are expected to remain relatively constant. Budgeted salaries increased 2% County wide in light of a forthcoming classification study.

Business–type Activities: The County does not foresee an increase in the water/sewer rates during the 2017 fiscal year due to water rates being increased effective March 1, 2015. Capital contributions for the waste water districts 1 and 2 project are expected to decrease as Phase III progresses comes to fruition.

Requests for Information

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

Tyrrell County, North Carolina Statement of Net Position For the Fiscal Year Ended June 30, 2016 Exhibit 1

	<u>Pr</u>	imary Governm	ent	Compon Tyrrell County Tourism	ent Units
	Governmental Activities	Business-type Activities	Total	Development Authority	Tyrrell County ABC Board
ACCETC				,	
ASSETS Cash and cash equivalents	\$ 2,214,375	\$ 615.470	\$ 2,829,845	\$ -	\$ 73,848
Restricted cash and cash equivalents	930,152	265,857	1,196,009	21,714	7 73,848
Receivables, net	521,492	94,993	616,485	1,801	_
Due from other governments	566,092	639,824	1,205,916	1,001	-
Internal balances	134,916	(134,916)		-	-
Inventories	134,910	42,546	42,546	-	84,046
	7 020	42,540		-	84,046
Net pension asset - ROD	7,838	-	7,838	-	-
Capital assets:					
Land, improvements, and construction in	1 202 040	4 007 040	F 200 000		24 725
progress	1,302,040	4,097,949	5,399,989	-	21,735
Other capital assets, net of depreciation	1,953,840	12,308,250	14,262,090	_	329,136
Total capital assets	3,255,880	16,406,199	19,662,079	-	350,871
Total assets	7,630,745	17,929,973	25,560,718	23,515	508,765
DEFFERED OUTFLOWS OF RESOURCES	127,953	17,829	145,782	-	2,212
LIABILITIES					
Accounts payable and accrued liabilities	429,580	607,350	1,036,930	1,035	61,004
Customer deposits	8,900	-	8,900	-	-
Long-term liabilities:					
Net pension liability - LGERS	134,410	19,033	153,443	-	-
Net pension liability - LEOSSA	256,192	-	256,192	_	-
Due within one year	253,396	1,435,121	1,688,517	-	13,244
Due in more than one year	4,460,347	3,604,482	8,064,829	-	225,168
Total liabilities	5,542,825	5,665,986	11,208,811	1,035	299,416
DEFERRED INFLOWS OF RESOURCES	93,003	10,132	103,135	-	793
NET POSITION					
Net investment in capital assets	2,549,780	11,611,199	14,160,979	-	174,186
Restricted for:					
Stabilization by State Statute	636,183	-	636,183	-	-
Emergency telephone system	304,045	-	304,045	-	-
HAVA grant funds	8,805	-	8,805	-	-
Drug forfeiture funds	33,359	-	33,359	-	-
Court facilities	67,805	-	67,805	-	-
Register of Deeds	7,034	-	7,034	-	-
School capital outlay	212,583	-	212,583	-	-
USDA reserve	57,789	91,015	148,804	-	-
Tax revaluation	127,506	•	127,506		
Tourism Development	-	-	-	22,480	-
Capital improvements	-	143,879	143,879	-	-
Working capital	_	-	-	_	83,646
Unrestricted	(1,882,019)	425,591	(1,456,428)	-	(47,064)
Total net position	\$ 2,122,870	\$ 12,271,684	\$ 14,394,554	\$ 22,480	\$ 210,768

Tyrrell County, North Carolina Statement of Activities For the Fiscal Year Ended June 30, 2016 Exhibit 2

			Program Revenues								
Functions		Expenses	Charges for Grants and		Grants and		pital Grants and ntributions				
Primary government:											
Governmental activities:											
General government	\$	1,626,471	\$	21,394	\$	22,562	\$	-			
Public safety		1,700,576		253,992		190,552		-			
Human services		1,996,874		-		1,254,756		-			
Education		638,895		-		-		90,000			
Environmental protection		473,230		-		21,126		-			
Economic and physical development		398,639		-		-		295,005			
Cultural and recreation		149,753		8,613		-		329,022			
Interest on debt		67,629		-		-					
Total governmental activities		7,052,066		283,999		1,488,996		714,027			
Business-type activities:											
Water		1,158,210		1,054,760		_		2,464,314			
Total business-type activities		1,158,210		1,054,760		-		2,464,314			
Total primary government	\$	8,210,276	\$	1,338,759	\$	1,488,996	\$	3,178,341			
Component units:											
Tyrrell Tourism Development Authority	\$	5,648		9,872	\$	_	\$	_			
Tyrrell County ABC Board	Y	413,895		435,921	Ţ	_	Ų	_			
Total component units	Ś	419,543	\$	445,793	\$	_	Ś				
	т	1=1,5 10	т	,	т		т				

Tyrrell County, North Carolina Statement of Activities For the Fiscal Year Ended June 30, 2016 Exhibit 2

			1	Net (Expense) R	eveni	ue and Changes	in Net	Position		
		F	Prima	ary Governmen	t			Compon	ent Uni	ts
	Go	overnmental Activities	Ві	usiness-type Activities		Total	Dev	rell County Tourism relopment uthority		rell County BC Board
		Activities		Activities		TOTAL	A	uthority	А	BC BOard
Primary government: Governmental activities:										
General government	\$	(1,582,515)	\$	-	\$	(1,582,515)				
Public safety		(1,256,032)		-		(1,256,032)				
Human services		(742,118)		-		(742,118)				
Education		(548,895)		-		(548,895)				
Environmental protection		(452,104)		-		(452,104)				
Economic and physical development		(103,634)		-		(103,634)				
Cultural and recreation		187,882		-		187,882				
Interest on debt		(67,629)		-		(67,629)				
Total governmental activities		(4,565,044)		-		(4,565,044)				
Business-type activities:										
Water		-		2,360,864		2,360,864				
Total business-type activities		-		2,360,864		2,360,864				
Total primary government	\$	(4,565,044)	\$	2,360,864	\$	(2,204,180)				
Component units: Tyrrell Tourism Development Authority							\$	4,224	\$	
Tyrrell County ABC Board							۲	4,224	۲	22,521
Total component units	_					_		4.224		22,521
	=					_		,		
General revenues:										
Property taxes, levied for general purposes	\$	3,807,507	\$	-	\$	3,807,507	\$	-	\$	-
Local option sales taxes		613,413		-		613,413		-		-
Other taxes and licenses		44,045		-		44,045		-		-
Unrestricted Intergovernmental		62,634		-		62,634		-		-
Investment earnings, unrestricted		7,061		1,223		8,284		12		58
Miscellaneous, unrestricted		87,379		-		87,379		-		-
Total general revenues		4,622,039		1,223		4,623,262		12		58
Change in net position		56,995		2,362,087		2,419,082		4,236		22,579
Net position, beginning as previously reported		2,314,085		9,909,597		12,223,682		18,244		188,189
Prior period adjustment		(248,210)		-		(248,210)		-		
Net position - beginning, as restated		2,065,875		9,909,597		11,975,472		18,244		188,189
Net position - ending	\$	2,122,870	\$	12,271,684	\$	14,394,554	\$	22,480	\$	210,768

Tyrrell County, North Carolina Balance Sheet – Governmental Funds June 30, 2016 Exhibit 3

		Major	No	n-Major		
			(Other	•	Total
			Gove	ernmental	Go	vernmental
		General	ı	Funds		Funds
						_
ASSETS						
Cash and cash equivalents	\$	2,214,375	\$	-	\$	2,214,375
Restricted cash and cash equivalents		413,524		516,628		930,152
Receivables, net		521,492		-		521,492
Due from other funds		219,684		45,361		265,045
Due from other governments		371,138		194,954		566,092
Total assets	\$	3,740,213	\$	756,943	\$	4,497,156
LIADULTICS AND FUND DALANCES						
LIABILITIES AND FUND BALANCES Liabilities:						
	\$	210 204	ċ	110 106	ċ	420 E80
Accounts payable and accrued liabilities	Ş	319,394	Ş	110,186	\$	429,580
Customer deposits		8,900		- 04760		8,900
Due to other funds		45,361		84,768		130,129
Total liabilities		373,655		194,954		568,609
DEFERRED INFLOWS OF RESOURCES		542,345		-		542,345
Fund balances:						
Restricted:						
Stabilization by State Statute		590,822		45,361		636,183
HAVA grant funds		8,805		-5,501		8,805
Drug forfeiture funds		33,359		_		33,359
Court facilities		67,805		_		67,805
Register of Deeds		7,034		_		7,034
School capital outlay		7,034		212,583		212,583
USDA reserve		57,789		212,303		57,789
Emergency telephone system		57,765		304,045		304,045
Tax revaluation		127,506		-		127,506
Committed:		127,500				127,300
Capital outlay		56,997		_		56,997
Assigned:		30,997		-		30,337
Recreation		4E 220				45 220
Fire Protection		45,329 50,039		-		45,329
				-		50,039
Subsequent year's expenditures		829,637		-		829,637
Unassigned:		949,091		F61 000		949,091
Total fund balances Total liabilities, deferred inflows of resources and fund balances	\$	2,824,213 3,740,213	\$	561,989 756,943		3,386,202
rotal frabilities, deferred filliows of resources and fully barafices	Ş	3,740,213	ې	130,343		

Tyrrell County, North Carolina Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2016 Exhibit 3

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,255,880
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	127,953
Net pension asset	7,838
Net pension liability	(390,602)
Pension related deferrals	(72,150)
Other long-term assets are not availabe to pay for current-period expenditures and therefore are unavailable in the funds Deferred inflows of resources for taxes and special assessments receivable	521,492
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note II.B.8).	(4,713,743)
Net position of governmental activities	\$ 2,122,870

Tyrrell County, North Carolina Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2016 Exhibit 4

	Major	Non-Major	
		Other	Total
	Conoral Fund	Governmental	Governmental
	General Fund	Funds	Funds
REVENUES			
Ad valorem taxes	\$ 3,780,550	\$ -	\$ 3,780,550
Local option sales taxes	454,408	-	454,408
Other taxes and licenses	42,443	-	42,443
Unrestricted intergovernmental	62,634	-	62,634
Restricted intergovernmental	1,398,830	998,610	2,397,440
Permits and fees	217,895	-	217,895
Sales and services	23,681	-	23,681
Investment earnings	6,659	402	7,061
Miscellaneous	90,546	1,000	91,546
Total revenues	6,077,646	1,000,012	7,077,658
EXPENDITURES			
Current:			
General government	1,486,689	22,562	1,509,251
Public safety	1,447,817	52,166	1,499,983
Human services	1,891,688	-	1,891,688
Education	537,595	101,169	638,764
Environmental protection	471,584	-	471,584
Economic and physical development	167,240	224,657	391,897
Cultural and recreational	149,265	-	149,265
Capital outlay	-	409,541	409,541
Debt Service:			
Principal	36,988	176,973	213,961
Interest	37,793	29,836	67,629
Total expenditures	6,226,659	1,016,904	7,243,563
Excess (deficiency) of revenues			
over expenditures	(149,013)	(16,892)	(165,905)
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	525	-	525
County inkind match	-	3,921	3,921
Transfers to other governments	(131)	-	(131)
Transfers from other funds	5,000	5,250	10,250
Transfers to other funds	(10,250)	-	(10,250)
Total other financing sources and uses	(4,856)	9,171	4,315
Net change in fund balance	(153,869)	(7,721)	(161,590)
Fund balances, beginning	2,978,082	569,710	3,547,792
Fund balances-ending	\$ 2,824,213	\$ 561,989	\$ 3,386,202

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, 2016 Exhibit 4

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

Net changes in fund balances - total governmental funds \$	(161,590)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	284,068
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	123,626
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.	213,961
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	26,957
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. Total changes in net position of governmental activities \$	(430,027) 56,995

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, 2016 Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 3,831,079	\$ 3,834,079	\$ 3,780,550	\$ (53,529)
Local option sales taxes	443,000	443,000	454,408	11,408
Other taxes and licenses	27,400	30,300	42,443	12,143
Unrestricted intergovernmental	60,000	62,500	62,634	134
Restricted intergovernmental	1,744,892	1,611,889	1,398,830	(213,059)
Permits and fees	206,466	189,966	217,895	27,929
Sales and services	28,014	25,014	23,681	(1,333)
Investment earnings	2,000	2,000	6,138	4,138
Miscellaneous	4,360	88,805	90,546	1,741
Total revenues	6,347,211	6,287,553	6,077,125	(210,428)
EXPENDITURES				
Current:				
General government	1,541,692	1,484,784	1,411,591	73,193
Public safety	2,114,487	1,582,655	1,447,817	134,838
Human services	1,713,432	2,295,459	1,891,688	403,771
Intergovernmental:				
Education	537,595	537,595	537,595	-
Environmental protection	442,422	482,240	471,584	10,656
Economic and physical development	209,694	208,698	167,240	41,458
Cultural and recreational	273,563	205,165	149,265	55,900
Debt Service:				
Principal	36,988	36,988	36,988	-
Interest	38,010	38,010	37,793	217
Total expenditures	6,907,883	6,871,594	6,151,561	720,033
Revenues over (under) expenditures	(560,672)	(584,041)	(74,436)	509,605
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	-	(16,500)	(10,250)	6,250
Proceeds from sale of capital assets	150,000	150,000	525	(149,475)
Total other financing sources and uses	150,000	133,500	(9,725)	(143,225)
Revenues and other financing sources over				
(under) expenditures and other financing uses	(410,672)	(450,541)	(84,161)	366,380
Appropriated fund balance	410,672	450,541	-	(450,541)
Net change in fund balance	\$ -	\$ -	(84,161)	\$ (84,161)
Fund balances, beginning			2,723,871	
Fund balances, ending			\$ 2,639,710	

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, 2016 Exhibit 5

Fund balances, ending - General Fund	2,639,710
The legally budgeted Revaluation Fund and Capital Reserve Fund are	
consolidated into the General Fund for reporting purposes:	
Investment earnings	521
Expenditures - general government	(75,098)
Transfers to other governments	(131)
Transfers from other funds	5,000
Fund balance, beginning	254,211
Fund balance, ending (Exhibit 4)	\$ 2,824,213

Tyrrell County, North Carolina Statement of Fund Net Position – Proprietary Fund June 30, 2016 Exhibit 6

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 615,470
Receivables, net	94,993
Due from other governments	639,824
Inventories	42,546
Total current assets	1,392,833
Noncurrent accets	
Noncurrent assets:	205 057
Restricted cash and cash equivalents	265,857
Capital assets:	4 007 040
Land and construction in progress	4,097,949
Other capital assets, net of depreciation	12,308,250
Total capital assets	16,406,199
Total noncurrent assets	16,672,056
Total assets	18,064,889
DEFERRED OUTFLOWS OF RESOURCES	17,829
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	607,350
Current portion of bonds	54,000
Current portion of compensated absences	6,121
Bond anticipation notes payable	1,375,000
Due to other funds	134,916
Total current liabilities	2,177,387
Noncurrent liabilities:	
Notes payable, net of current portion	3,366,000
Compensated absences, net of current portion	18,361
Net pension liability	19,033
Other post-employment benefits	220,121
Total noncurrent liabilities	3,623,515
Total liabilities	5,800,902
DEFERRED INFLOWS OF RESOURCES	10,132
NET POSITION	
Net investment in capital assets	11,611,199
Restricted	234,894
Unrestricted	425,591
Total net position	\$ 12,271,684

Tyrrell County, North Carolina Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund June 30, 2016 Exhibit 7

	Water	and Sewer Fund
ODED ATING DEVENUES		
OPERATING REVENUES	¢	062,020
Charges for services	\$	962,020
Other operating revenues		43,607
Total operating revenues		1,005,627
OPERATING EXPENSES		
Water operations		671,038
Sewer operations		37,917
Depreciation		337,199
Total operating expenses		1,046,154
Operating income (loss)		(40,527)
NONOPERATING REVENUES (EXPENSES) Interest and investment revenue		1,223
Water and sewer project sales tax refunds		49,133
Water and sewer project expenditures, not capitalized		(8,012)
Interest		(104,044)
Total nonoperating revenue (expenses)		(61,700)
Income (loss) before capital		
contributions and transfers		(102,227)
Capital contributions		2,464,314
Change in net position		2,362,087
Total net position - beginning		9,909,597
Total net position - ending	\$	12,271,684

Tyrrell County, North Carolina Statement of Cash Flows – Proprietary Fund For the Fiscal Year Ended June 30, 2016 Exhibit 8

	Water	and Sewer Fund
Cash flows from operating activities:		
Cash received from customers	\$	978,832
Cash paid for goods and services	*	(318,817)
Cash paid to employees for services		(376,584)
Other operating revenue		43,607
Net cash provided by (used in) operating activities		327,038
Cash flows from noncapital financing:		
Increase (decrease) in due to other funds		(85,332)
Cash flows from capital and related financing activities:		
Capital contributions from other agencies		1,891,742
Sales tax refunds - capital projects		49,133
(Increase) decrease in water and sewer project sales tax refunds		1,340
Interest paid on bond maturities		(104,044)
Principal paid on long-term debt		(53,000)
Water and sewer project expenditures		(8,012)
Acquisition of capital assets		(2,383,481)
Net cash provided by (used in) capital and related financing activites		(606,322)
Cash flows from investing activities:		
Interest on investments		1,223
Net increase (decrease) in cash and cash equivalents		(363,393)
Cash and cash equivalents, beginning		1,244,720
Cash and cash equivalents, ending	\$	881,327
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating Income (loss)	\$	(40,527)
Adjustments to reconcile operating		
loss to net cash provided by		
operating activities:		
Depreciation		337,199
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		16,812
(Increase) decrease in inventory		152
(Increase) decrease in net pension asset		24,284
(Increase) decrease in deferred outflows of resources for pensions		(1,209)
Increase (decrease) in net pension liability		19,033
Increase (decrease) in deferred inflows of resources for pensions		(49,369)
Increase (decrease) in accounts payable and accrued liabilities		12,358
Increase (decrease) in other post employement benefits liability		8,743
Increase (decrease) in compensated absences		(438)
Total adjustments		367,565
Net cash provided by (used in) operating activities	\$	327,038

Tyrrell County, North Carolina Statement of Fiduciary Net Position – Fiduciary Funds For the Fiscal Year Ended June 30, 2016 Exhibit 9

	-	Agency Funds	
ASSETS			
Cash and cash equivalents	\$	460	
Total assets	\$	460	
LIABILITIES			
Accounts payable and accrued liabilities	\$	460	
Total liabilities	\$	460	
NET POSITION			
Assets held in trust for pension benefits	\$		

NOTE I. Summary of Significant Accounting Policies

The accounting policies of Tyrrell County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units; legally separate entities for which the County is financially accountable. The Tyrrell County ABC Board (the Board) and the Tyrrell County Tourism Development Authority (the Authority), which have a June 30 year-end, are presented as if they were separate proprietary funds of the County (discrete presentation).

	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. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Tyrrell County Board of Education; and the Deed of Trust Fee Fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis.

Non-major Funds. The County maintains several non-major funds. The Emergency Telephone System Fund, School Capital Outlay Fund, NC Housing Agency Single Family Rehabilitation Fund, Commerce Fellows Grant Fund, and the CDBG Scattered Sites Fund are reported as a non-major special revenue funds. The Cahoon Center Site Improvements Project Fund, Inclusive Playground Fund, and the Estuarine Access Park Fund are reported as capital projects funds.

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

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

value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property Taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the following Special Revenue Funds: Revaluation Fund, School Capital Outlay Fund, Capital Reserve Fund, Emergency Telephone System Fund, and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and the project level for the multi-year funds. The County Manager has the authority to transfer the budget between line item expenditures within a department, excluding salary and benefit line items. The governing board must approve all other amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority and the ABC Board consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

Tyr	rell County Restricted Cash		
Governmental Activities			
General Fund	HAVA grant funds	\$	8,805
General Fund	Customer deposits		8,900
General Fund	Drug forfeiture funds		33,359
General Fund	Court facilities		67,805
General Fund	Register of Deeds		7,034
General Fund	USDA reserve		57,789
General Fund	Capital improvements		56,997
General Fund	Recreation		45,329
General Fund	Tax revaluation		127,506
Emergency Telephone System Fund	Emergency telephone system		304,045
School Capital Outlay Fund	Unexpended Public School Building Funds		212,583
Total Governmental Activities		\$	930,152
Business-Type Activities			
Water Fund	USDA reserve	\$	91,015
Waster Water No. 1 and No. 2 Capital		Y	31,013
Projects Fund	Unexpended grant proceeds		174,842
Total Business-Type Activities	Chemperature grant processes	\$	265,857
		•	
Total Restricted Cash		\$	1,196,009
Tyrrell County Tour	ism Development Authority Restricted Cash		
Business-Type Activities	Unexpended occupancy tax funds	\$	21,714
Total Restricted Cash		\$	21,714

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, 2015.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories and Prepaid Items

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed. The inventory of the County's enterprise funds and the ABC Board consist of materials and supplies held for consumption or resale. The cost of the

inventory carried in the County's enterprise funds and the ABC Board is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines and other plant and distribution systems, infrastructure, furniture, equipment and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed.

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

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

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

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

8. <u>Deferred outflows/inflows of resources</u>

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

9. Long-term Obligations

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

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

10. Compensated Absences

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, proprietary fund, and ABC Board statements.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There is not any non-spendable fund balances.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorized the manager to modify the appropriations within departments in a fund, excluding salaries or other benefit line items.

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

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

12. Defined Benefit Pension Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$1,263,332) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources	
and are, therefore, not reported in the funds (total capital assets on	
government-wide statement in governmental activities column	\$ 6,694,414
Less accumulated depreciation	(3,438,534)
Net capital assets	3,255,880
Contributions to the pension plan in the current fiscal year	127,953
Pension related deferrals	(72,150)
Net pension asset	7,838
Deferred inflows of resources for taxes and special assessments	521,492
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	(1,954,172)
Net pension liability	(390,602)
Other postemployment benefits	(2,638,474)
Compensated absences	(121,097)
Total adjustment	\$(1,263,332)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in net position of governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$218,585 is comprised of the following:

Description	A	Amount
Capital outlay expenditures recorded in the fund statements but		
capitalized as assets in the statement of activities	\$	519,673
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements		(235,605)
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		213,961
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		123,626
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expendtures in the fund statements		
Compensated absences		(1,633)
Other postemployment benefits		(355,604)
Pension expense		(72,790)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements Increase in deferred inflows of resources - taxes receivable - at end of		
year		26,957
Total adjustment	\$	218,585

Reclassifications

Certain reclassifications have been made to the 2015 comparative information to conform to the 2016 presentation. Such reclassifications have no effect on net position or fund balances.

Note II. Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all Pooling Method financial institutions. The County, the Authority, and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County, the Authority, and the ABC Board do not have policies regarding custodial credit risk for deposits.

At June 30, 2016, County's deposits had a carrying amount of \$752,509 and a bank balance of \$1,051,415. Of the bank balance, \$500,000 was covered by federal depository insurance and \$551,415 was covered by collateral held under the Pooling Method.

At June 30, 2016, Tyrrell County had \$735 cash on hand.

At June 30, 2016, the carrying amount of deposits for Tyrrell County ABC Board was \$73,348 and the bank balance was \$75,905. All of the bank balance was covered by federal depository insurance.

At June 30, 2016, the Tyrrell County ABC Board had \$500 cash on hand.

At June 30, 2016, the carrying amount of deposits for Tyrrell Tourism Development Authority was \$21,714 and the bank balance was \$21,718. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2016, the County had the following investments and maturities.

	Valuation			
	Measurement	Book Value		
Investments by Type	Method	at 6/30/16	Maturity	Rating
NC Capital Management	Amortized			
Trust - Cash Portfolio	Cost	\$3,124,266	N/A	AAAm
NC Capital Management	Fair Value			
Trust - Term Portfolio	Level 1	148,804	.14 Years	Unrated
Total		\$3,273,070		

Credit risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2016. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

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

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

Year Levied	vied Tax Interest				Levied Tax Interest					
2013	\$	536,599	\$	127,442	\$	664,041				
2014		581,735		85,806		667,541				
2015		578,537		33,266		611,803				
2016		648,562		-		648,562				
	\$	2,345,433	\$	246,514	\$	2,591,947				

4. Receivables

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

		Taxes	Due	e from Other	
	Accounts	Receivable	Go	overnments	Total
Governmental Activities:					
General fund	\$ -	\$ 521,492	\$	371,138	\$ 892,630
Other governmental	-	-		194,954	194,954
Total governmental activities	\$ -	\$ 521,492	\$	566,092	\$ 1,087,584
Business-type Activities:					
Water and sewer	\$ 181,374	\$ -		639,824	\$ 821,198
Allowance for doubtful accounts	(86,381)	-		-	(86,381)
Total business-type activities	\$ 94,993	\$ -	\$	639,824	\$ 734,817

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

	Gov	ernmental	Bus	siness-type
	A	ctivities	F	Activities
Local option sales tax	\$	170,293	\$	-
Sales taxes		175,541		49,133
Capital grants		220,258		590,691
Total	\$	566,092	\$	639,824

5. Capital Assets

Primary Government

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

	В	eginning					Ending
		Balances		Increases		ecreases	Balances
Governmental Activities:							
Capital assets not being depreciated:							
Land	\$	831,482	\$	-	\$	-	\$ 831,482
Construction in process		61,018		409,540		-	470,558
Total capital assets not being depreciated		892,500		409,540		-	1,302,040
Capital assets being depreciated:							
Buildings and improvements		3,100,817		16,500		-	3,117,317
Equipment		1,201,773		25,863		-	1,227,636
Furniture and fixtures		19,206		-		-	19,206
Vehicles		960,445		67,770		-	1,028,215
Total capital assets being depreciated		5,282,241		110,133		-	5,392,374
Less accumulated depreciation for:							
Buildings and improvements		1,457,994		66,634		-	1,524,628
Equipment		937,117		92,864		-	1,029,981
Furniture and fixtures		19,206		-		-	19,206
Vehicles		788,612		76,107		-	864,719
Total accumulated depreciation		3,202,929	\$	235,605	\$	-	3,438,534
Total Capital assets being depreciated, net		2,079,312					1,953,840
Governmental activity capital assets, net	\$	2,971,812	_			,	\$ 3,255,880

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

Governmental activities:

General government	\$ 66,884
Public safety	155,721
Human services	11,439
Economic development	1,561
Total	\$ 235,605

	Е	Beginning					Ending
		Balances	Increases		creases D		Balances
Business-Type Activities:							
Capital assets not being depreciated:							
Land	\$	68,261	\$	-	\$	-	\$ 68,261
Construction in process		1,380,521		2,659,967		10,800	4,029,688
Total capital assets not being depreciated		1,448,782		2,659,967		10,800	4,097,949
Capital assets being depreciated:							
Plant and distribution systems		16,166,217		-		6,507	16,159,710
Buildings		16,225		-		-	16,225
Furniture		10,470		-		8,040	2,430
Vehicles and equipment		459,329		-		101,937	357,392
Total capital assets being depreciated		16,652,241		-		116,484	16,535,757
Less accumulated depreciation for:							
Plant and distribution systems		3,601,511		316,580		6,507	3,911,584
Buildings		3,702		1,622		-	5,324
Furniture		10,470		-		8,040	2,430
Vehicles and equipment		391,109		18,997		101,937	308,169
Total accumulated depreciation		4,006,792	\$	337,199	\$	116,484	4,227,507
Total Capital assets being depreciated, net		12,645,449				_	12,308,250
Water and sewer capital assets, net	\$	14,094,231	-				\$ 16,406,199

Construction commitments

The County has active construction projects at June 30, 2016. At year-end, the County's commitments with contractors are as follows:

			R	emaining
Project	Sp	ent-To-Date	Co	mmitment
Inclusive Playground Fund	\$	245,743	\$	91,297
Alligator Sewer Project Fund		167,877		2,846,923
Waste Water Capital Projects No. 1 and No. 2 Fund		12,139,828		712,882
Total	\$	12,553,448	\$	3,651,102

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

	Beginning							Ending
	Balances Increases				Dec	reases	В	alances
Capital assets not being depreciated:								
Land	\$	21,735	\$	-	\$	-	\$	21,735
Total capital assets not being depreciated		21,735		-		-		21,735
Capital assets not being depreciated:								
Machinery and equipment		357,527		-		-		357,527
Furniture and fixtures		24,960		-		-		24,960
Total capital assets being depreciated		382,487		-		-		382,487
Less accumulated depreciation		41,594	\$	11,757	\$	-		53,351
Total Capital assets being depreciated, net		340,893						329,136
ABC Board capital assets, net	\$	362,628					\$	350,871

B. Liabilities

1. Payables

Payables at June 30, 2016 were as follows:

	Vendors	Other	Total	
Governmental Activities:				
General	\$ 259,599	\$	59,795	\$ 319,394
Other Governmental	110,186		-	110,186
Total governmental activities	\$ 369,785	\$	59,795	\$ 429,580
Business-Type Activities				_
Waste water 1 & 2 project fund	607,350		-	\$ 607,350
Total business-type activities	\$ 607,350	\$	-	\$ 607,350

2. Pension Plan and Other Post Employment Obligations

a. Local Governmental Employee's Retirement System

Plan Description

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

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty)

or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.79% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$140,888 for the year ended June 30, 2016.

Refunds of Contributions

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

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

At June 30, 2016, the County reported a liability of \$153,443 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .03419%, which was an increase of .00058% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$83,058. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of			
	Re	esources	Re	sources
Differences between expected and actual experience	\$	-	\$	36,068
Net difference between projected and actual earnings on pension				
plan investments		-		43,685
Changes in proportion and differences between County contributions				
and proportionate share of contributions		2,843		1,927
County contributions subsequent to the measurement date		140,888		-
Total	\$	143,731	\$	81,680

\$140,888 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (50,801)
2018	(50,801)
2019	(50,739)
2020	73,504
2021	-
Thereafter	 -
	\$ (78,837)

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

		Long-Term
	Target	Expected Real
Asset Class	Allocation	Rate of Return
Fixed Income	29.00%	2.20%
Global Equity	42.00%	5.80%
Real Estate	8.00%	2.50%
Alternatives	8.00%	9.80%
Credit	7.00%	6.80%
Inflation Protection	6.00%	3.40%
Total	100.00%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's

fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease	Discount	1% Increase
	(6.25%)	Rate (7.25%)	(8.25%)
County's proportionate share of the			
net pension liability (asset)	\$ 1,069,979	\$ 153,443	\$ (618,719)

Pension plan fiduciary net position

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

b. Law Enforcement Officers' Special Separation Allowance

Plan Description

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

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet	-
receiving benefits	
Active plan members	13
Total	14

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

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

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.50% - 7.35% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial liability is being amortized using the level dollar closed method. The remaining amortization period at December 31, 2015 was 15 years.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 23,303
Interest on net pension obligation	8,861
Adjustment to annual required contribution	(21,658)
Annual pension cost	10,506
Contributions made	(2,524)
Increase (decrease) in net pension obligation	7,982
Net pension obligation beginning of year	248,210
Net pension obligation end of year	\$256,192

There are no assets reserved to pay benefits. Benefit payments reduce the net pension obligation.

Funded Status and Funding Progress

3 Year Trend Information				
For Year	Annual	Percentage of	Net	
Ended	Pension	APC	Pension	
June 30	Cost (APC)	Contributed	Obligation	
2014	11,569	17.65%	237,133	
2015	11,077	0.00%	248,210	
2016	10,506	24.02%	256,192	

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$111,580 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$111,580. The covered payroll (annual payroll of active employees covered by the plan) was \$493,228 and the ratio of the UAAL to the covered payroll was 22.62%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$25,064, which consisted of \$20,244 from the County and \$4,820 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, 2016 were \$10,495, which consisted of \$-0- from the County and \$10,495 from the general government employees.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description

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

Benefits Provided

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

Contributions

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$304 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$7,838 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was .03382%, which was a decrease of .00844% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$35. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Def	erred	Def	erred
	Outfl	ows of	Inflo	ws of
	Resc	ources	Resc	urces
Differences between expected and actual experience	\$	38	\$	130
Net difference between projected and actual earnings				
on pension plan investments		388		-
Changes in proportion and differences between County				
contributions and proportionate share of contributions		1,321		472
County contributions subsequent to the measurement				
date		304		-
Total	\$	2,051	\$	602

\$304 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:				
2017	\$	274		
2018		563		
2019		203		
2020		105		
2021		-		
Thereafter		-		
	\$	1,145		

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 3.0 percent

Salary increases 4.25 to 7.75 percent, including inflation

and productivity factor

Investment rate of return 5.75 percent, net of pension plan

investment expense, including

inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems,

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

Discount rate

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

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

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

	19	1% Decrease (4.75%)		Discount Rate (5.75%)		% Increase (6.75%)
County's proportionate share of the net						
pension liability (asset)	\$	(7,071)	\$	(7,838)	\$	(8,497)

Pension plan fiduciary net position

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

f. Other Post-employment Benefits

Healthcare Benefits

Plan Description

Under the terms of a County resolution, the County administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and meet certain requirements. Retirees hired prior to July 1, 2006 receive unreduced benefits with 10 years of creditable service with the County, while retirees after July 1, 2006 receive unreduced benefits with 20 years of creditable service. At age 65, The County transfers the retiree from the group plan to a Medicare Supplement. The County pays the full cost of coverage for these benefits through private insurers. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Funding Policy.

The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board. The County has chosen to fund the healthcare benefits on a pay as you go basis.

Summary of Significant Accounting Policies

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended, June 30, 2016, the County's total contributions were \$92,992.

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	\$ 566,700
Interest on net OPEB obligation	21,796
Adjustment to annual requried contribution	(139,139)
Annual OPEB cost (expense)	449,357
Contributions made	(92,992)
Increase (decrease) in net OPEB obligation	356,365
Net OPEB obligation, beginning of year	2,502,230
Net OPEB obligation, end of year	\$ 2,858,595

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	A	Annual OPEB	Percentage of	Net OPEB					
June 30	Cost		Annual OPEB	Obligation					
			Cost Contributed						
2016	\$	449,357	20.69%	\$ 2,858,595					
2015	\$	468,863	20.17%	\$ 2,502,230					
2014	\$	474,262	16.58%	\$ 2,125,940					

Funded Status and Funding Progress

As of June 30, 2016, the actuarial accrued liability for benefits was \$2,858,595, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was

\$1,768,843, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 161.61 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 62, 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 9.5 percent initially, reduced to an ultimate rate of 5.6 percent after six years, was used.

Health insurance premiums – 2016 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 3.3 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, 2016, 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred		D	eferred
	Outflows of		In	flows of
	Re	sources	Re	esources
Pensions - differences between expected and actual experience	\$	38	\$	36,198
Pensions - difference between projected and actual earnings				
on pension plan investments		388		43,685
Pension - change in proportion and difference between employer				
contributions and proportionate share of contributions		4,164		2,399
County contributions subsequent to the measurement date		141,192		-
Prepaid taxes not year earned (General Fund)		-		20,853
Taxes receivable, net, less penalties (General Fund)		-		521,492
	\$	145,782	\$	624,627

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 \$300 million for any one occurrence, general, auto, professional, employment practices liability coverage of \$2 million per occurrence, cyber liability coverage of \$1 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of \$250,000 per occurrence for property, and auto physical damage. For workers compensation there is a per occurrence retention of \$750,000. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross and Blue Shield.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated as an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP.

In accordance with G.S. 159-29, County employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the tax collector are individually bonded for \$57,798 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

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

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

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

5. Commitments

At June 30, 2016, the County had ten service contract commitments. The commitments are as follows:

1 Washington County, NC

For emergency medical services and non-emergency medical transport services. Initial Term is effective 7/1/16 and shall continue for a period of 1 year ending 6/30/17. Agreement will automatically renew each year unless notice of non-renewal is provided by either party. Working capital shall be provided at the beginning of the initial term in the amount of \$200,000. Tyrrell shall make monthly payments to Washington in the amount of one twelfth of the budgeted revenues reflected as Tyrrell Operations within Washington's annually approved budget. A final reconciliation shall be made at year-end and Tyrrell shall pay Washington for any and all unreimbursed costs incurred by Washington in its provision of both services. In addition, Tyrrell shall pay Washington \$150,000 per year in equal monthly installments as Washington's earned profit for providing EMS services. If any net profits are generated from the non-emergency medical transport services, then Washington shall be entitled to ½ of the net profits up to a maximum annual amount of \$75,000.

2 Tyrrell Volunteer Fire Department, Inc.

3 Tyrrell Volunteer Fire

Department, Inc.

- to fisc For ed
- 4 Tyrrell Volunteer Fire Department, Inc.
- 5 Maximus
- 6 Republic Services, LLC
- 7 CenturyLink
- 8 MAPS Group
- 9 Pearson Appraisal Services, Inc.

10 Dare County, NC

For fire protection services. This is a fiscal year agreement requiring monthly payments for a total of \$ 115,600 and shall continue fiscal year to fiscal year unless terminated by either party.

For equipment upgrades. This is a fiscal year agreement requiring quarterly payments for a total of \$ 40,000 and shall continue fiscal year to fiscal year unless terminated by either party.

For Capital Reserve. This is a fiscal year agreement requiring an annual \$25,000 reserve to be held by the County and shall continue fiscal year to fiscal year unless terminated by either party.

For assistance with Indirect Cost Reporting through year ending June 30, 2016. Annual payments of \$2,700 is required.

For solid waste recycling. This is a five year agreement ending June 30, 2019. Fees of \$12.76 per residence additional fees with a base fee of \$282,240.

Five year agreement to purchase upgrades and equipment for the enhanced internet system terminating May 30, 2018.

Classification and pay study for a total cost of \$9,884.

For the 2017 Revaluation of Real Property, preparation of tax administrator's manual and property record cards for Tyrrell County. Agreement made 11/3/15. Tyrrell shall pay \$180,000 based on a proposed billing guide line starting January 2016 through December 2017.

For the housing of inmates. Tyrrell shall pay \$50 per day for each day, or any portion thereof, that an inmate from Tyrrell County is housed in the Dare County Detention Center or by Dare County. Tyrrell shall pay for or reimburse Dare County for all medical and per diem costs incurred by the Tyrrell County inmate(s) while confined in the Dare County Detention Center.

6. Operating Leases

At June 30, 2016, the Board had 4 operating leases for facilities and equipment. Lease expense under these leases was \$80,033 for the fiscal year ended June 30, 2016. The leases are set to expire at various dates though August 1, 2018, renewable on a year-to-year basis.

Future minimum lease payments during the next 2 years ending June 30, 2018, are as follows:

Year	A	Amount
2017	\$	75,643
2018		72,589
Total	\$	148,232

7. Claims and Judgments

At June 30, 2016, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

8. Long-Term Obligations

a. Installment Purchase

In October 2015, 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 \$4,081, which includes interest beginning in January 2016 at an interest rate of 2.6%.

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

	 Governmental Activities						
Year Ended June 30	 Principal		Interest				
2017	\$ 14,642	\$	1,682				
2018	15,033		1,291				
2019	15,435		890				
2020	15,846		478				
2021	8,101		81				
Total	\$ 69,057	\$	4,422				

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.

637,043

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

1,248,072

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

	USDA Building				School Gymnasium					
Year Ended June 30		Principal		Interest	Principal		Interest			
2017	\$	27,595	\$	30,203	\$ 180,885	\$	25,924			
2018		28,900		28,898	184,803		22,006			
2019		30,266		27,532	188,806		18,003			
2020		31,698		26,100	192,861		13,948			
2021		33,197		24,601	197,074		9,735			
2022-2026		191,072		97,918	303,643		6,571			
2027-2031		240,734		48,256	-		-			
2032-2033		53,581		4,217	-		-			
Total	\$	637,043	\$	287,725	\$ 1,248,072	\$	96,187			

c. Bond Anticipation Notes

Note, dated September 24, 2015, maturing September 22, 2016, bearing interest at an annual interest rate of .73%

\$ 1,375,000

Year Ending June 30	ſ	Principal	Interest			
2016	\$	1,375,000	\$	17,365		
Total	\$	1,375,000	\$	17,365		

The County is in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Sewer Revenue BAN 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, 2016, is as follows:

Operating revenues	\$ 49,237
Operating expenses*	38,153
Operating income	11,084
Nonoperating revenues (expenses)**	15
Income available for debt service	11,099
Debt service, principal paid (BAN only)	-
Debt service, interest paid (BAN only)	9,791
Debt service coverage ratio	113%

^{**}Per the covenants, operating expenses do not include depreciation expense or debt service expense.

The County has pledged future water customer revenues, net of specified operating expenses, to repay \$1,375,000 in sewer revenue BANs issued in September 2015. Proceeds from the BANs provided financing for the cost of acquiring, constructing, and equipping certain improvements to the sewer system to serve Tyrrell County. The bonds are payable solely from sewer customer net revenues and are payable through 2016. The total principal and interest remaining to be paid on the bonds is \$1,375,000. Principal and interest paid for the current year and total customer net revenues were \$9,791 and \$11,099, respectively.

d. Revenue Bond

Serviced by the County's Water and Sewer Fund:

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

\$ 2,714,000

\$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%. \$

706,000

The future payments of the revenue bond are as follows:

	Series 2013			.3A	Series 2013B			
Year Ended June 30		Principal		Interest		Principal		Interest
2017	\$	42,000	\$	84,813	\$	12,000	\$	17,650
2018		43,000		83,500		13,000		17,350
2019		44,000		82,156		13,000		17,025
2020		46,000		80,781		13,000		16,700
2021		47,000		79,344		14,000		16,375
2022-2026		259,000		373,656		73,000		76,550
2027-2031		302,000		330,562		83,000		66,925
2032-2036		352,000		280,438		94,000		56,050
2037-2041		411,000		221,812		106,000		43,700
2042-2046		480,000		153,437		120,000		29,775
2047-2051		564,000		73,344		137,000		13,950
2052		124,000		3,875		28,000		700
Total	\$	2,714,000	\$	1,847,718	\$	706,000	\$	372,750

The County is 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, 2016, is as follows:

Operating revenues	\$ 956,390
Operating expenses*	669,758
Operating income	286,632
Nonoperating revenues (expenses)**	1,201
Income available for debt service	287,833
Debt service, principal paid (Revenue bond only)	53,000
Debt service, interest paid (Revenue bond only)	104,044
Debt service coverage ratio	183%

^{**}Per the covenants, operating expenses do not include depreciation expense or debt service expense.

The County has pledged future water customer revenues, net of specified operating expenses, to repay \$3,420,000 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 \$5,640,468. Principal and interest paid for the current year and total customer net revenues were \$157,044 and \$287,833, respectively.

e. <u>Debt Related to Capital Activities</u>

Of the total Governmental Activities debt listed, \$706,100 relates to assets which the County holds title to. There is no restricted cash related to this debt.

f. Interest Costs

Annual interest costs for the fiscal year ended June 30, 2016 follows:

	Gove	Governmental		iisiness-Type
	Ad	ctivities		Activities
Interest costs expensed	\$	67,629	\$	104,044
Total interest costs	\$	67,629	\$	104,044

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

										Current
		Balance						Balance	P	ortion of
	Ju	ly 01, 2015	Ir	icreases	D	ecreases	Ju	ne 30, 2016		Balances
Governmental activities:										
Installment purchase	\$	79,756	\$	-	\$	10,699	\$	69,057	\$	14,642
Term loan - court facility		663,332		-		26,289		637,043		27,595
Term Ioan - Gymnasium		1,425,045		-		176,973		1,248,072		180,885
Compensated absences		119,464		1,633		-		121,097		30,274
Net pension liability (LEOSSA)		248,210		7,982		-		256,192		-
Net pension liability (LGERS)		-		134,410		-		134,410		-
OPEB		2,290,852		347,622		-		2,638,474		
Total governmental activities	\$	4,826,659	\$	491,647	\$	213,961	\$	5,104,345	\$	253,396
Business-type activities:										
Revenue bonds	\$	2,755,000	\$	-	\$	41,000	\$	2,714,000	\$	42,000
Revenue bonds		718,000		-		12,000		706,000		12,000
Bond anticipation notes		1,375,000		-		-		1,375,000		1,375,000
Compensated absences		24,920		-		438		24,482		6,121
Net pension liability (LGERS)		-		19,033		-		19,033		-
OPEB		211,378		8,743		-		220,121		
Total business-type activities	\$	5,084,298	\$	27,776	\$	53,438	\$	5,058,636	\$	1,435,121
ABC Board:										
Construction Note	\$	189,446	\$	-	\$	12,761	\$	176,685	\$	13,244
Net pension liability (LGERS)		-		1,526		-		1,526		-
OPEB		57,957		2,244				60,201		
Total business-type activities	\$	247,403	\$	3,770	\$	12,761	\$	238,412	\$	13,244

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

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

C. Inter-fund Balances and Activity

The composition of inter-fund balances as of June 30, 2016 is as follows:

	Interfund						
	Receivables Payable						
School Capital Outlay Fund	\$	45,361	\$	-			
General Fund		-		45,361			
General Fund		2,365		-			
Commerce Fellows Grant Fund		-		2,365			
General Fund		273		-			
Alligator Sewer Project Fund		-		273			
General Fund		82,403		-			
Estuarine Access Park Fund		-		82,403			
General Fund		52,915		-			
Sewer Fund		-		52,915			
General Fund		1,513		-			
Water Fund		-		1,513			
General Fund		80,215		-			
Waste Water 1 & 2 Capital Projects Fund		-		80,215			
Total	\$	265,045	\$	265,045			

The General Fund accumulates the local option sales tax reimbursements and remits to the School Capital Reserve Fund the portion that is available for school construction. This represents the amount that was due to the School Capital Outlay Fund but had not been remitted as of June 30, 2016.

The General Fund made various payments to vendors on behalf of the Commerce Fellows Grant Fund. This amount represents the amount that was due to the General Fund but had not been remitted as of June 30, 2016.

The General Fund made various payments to vendors on behalf of the Alligator Sewer Project Fund. This amount represents the amount that was due to the General Fund but had not been remitted as of June 30, 2016.

The General Fund made various payments to vendors on behalf of the Estuarine Access Park Fund. This amount represents the amount that was due to the General Fund but had not been remitted as of June 30, 2016.

The General Fund made various payments to vendors on behalf of the Sewer Fund. This amount represents the amount that was due to the General Fund but had not been remitted as of June 30, 2016.

The General Fund made various payments to vendors on behalf of the Water Fund. This amount represents the amount that was due to the General Fund but had not been remitted as of June 30, 2016.

The General Fund made various payments to vendors on behalf of the Waste Water 1 & 2 Capital Projects Fund. This amount represents the amount that was due to the General Fund but had not been remitted as of June 30, 2016.

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

From the General Fund to the Capital Reserve Fund to	
accumulate resources for future capital outlay.	\$ 5,000
From the General Fund to the Estuarine	
Access Park Fund to meet the match	
requirements of the grant.	5,250
Total	\$ 10,250

D. Net Investment in Capital Assets

	Go	Governmental		Business-type	
Capital assets	\$	3,255,880	\$	16,406,199	
less: long-term debt		(706,100)		(4,795,000)	
Net investment in capital assets	\$	2,549,780	\$	11,611,199	

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	\$ 2,824,213
Less:	
Stabilization by State Statute	590,822
HAVA grant funds	8,805
Drug forfeiture funds	33,359
Court facilities	67,805
Register of Deeds	7,034
USDA reserve	57,789
Tax revaluation	127,506
Capital outlay	56,997
Fire department capital outlay	50,039
Recreation	45,329
Subsequent Year's Expenditures	829,637
Remaining Fund Balance	\$ 949,091

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2016 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$118,781 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 twenty-three other counties to operate Trillium Health Resources. 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$9,906 to the Clinic to supplement its activities. Complete financial statements for the Clinic can be obtained from the Clinic's office at 144 Community College Road, Ahoskie, North Carolina 29710.

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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$60,144 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$3,395 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$12,500 to the Partnership for the

Sounds to supplement its activities. Complete financial statements for the Partnership for the Sounds can be obtained from the Partnership for the Sounds at Post Office Box 55, Columbia, NC 27925.

The County participates with eight 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, 2016. 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. During the fiscal year ending June 30, 2016, the County made appropriations to the school system in the amount of \$53,683, of which consisted of \$48,994 in grant funds obtained from the State and \$4,689 in County funds.

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 until terminated by either party.

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	\$	3,914,000 \$	5 2,184,496	
Food Stamp Program		1,124,332	- -	
Special Supplemental Nutrition Program for				
Women, Infants, & Children		127,467	-	
Temporary Assistance for Needy Families		57,585	-	
CWS Adoption Subsidy		-	10,458	
SC/SA Domicilary Care Payment		-	23,423	
Energy Assistance		28,000	=	
NC Health Choice		63,952	5,805	
IV-E Foster Care		1,052	540	
Total	\$	5,316,388 \$	2,224,722	

Tyrrell County, North Carolina Notes to Financial Statements

NOTE VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE VII. Subsequent Events

Management has evaluated subsequent events through March 29, 2017, the date on which the financial statements were available to be issued.

NOTE VIII. Prior Period Adjustment

In prior years, the County did not record its liability for the Law Enforcement Officers' Special Separation Allowance. During the current fiscal year ended June 30, 2016, the County corrected the government wide statements, which resulted in a restatement of the net position of the governmental activities, presenting a decrease of \$248,210.

NOTE IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans in the fiscal year ending June 30, 2016. The implementation of the statement required the County to record a beginning net pension liability for the Law Enforcement Officers' Separation Allowance. As a result, net position for the governmental activities decreased by \$248,210.

Tyrrell County, North Carolina Law Enforcement Officers' Special Separation Allowance Required Supplementary Information Schedule of Funding Progress

		Actuarial				
		Accrued				
	Actuarial	Liability (AAL) -				UAAL as a %
Actuarial	Value of	Projected 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)
12/31/2015	\$ -	\$ 111,580	\$ 111,580	0.0%	\$ 493,228	22.62%

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

				Actuarial						
				Accrued						
	Actuaria	al	Liak	oility (AAL) -					UAAL as a %	
Actuarial	Value c	of	Pro	jected Unit	Unfunded	Funded	Cover	ed	of Covered	
Valuation	Assets	;		Credit	AAL (UAAL)	Ratio	Payro	llc	Payroll	
Date	(a)			(b)	(b-a)	(a/b)	(c)		((b-a)/c)	
6/30/2016	\$	-	\$	2,858,595	\$ 2,858,595	0.0%	\$ 1,768	8,843	161.61%	
6/30/2015		-		2,502,230	2,502,230	0.0%	1,586	6,197	157.75%	
6/30/2014		-		2,125,940	2,125,940	0.0%	1,60	1,315	132.76%	

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

Year Ended	Annual Re	quired	Percentage
June 30,	Contribu	ıtion	Contributed
2016	\$ 56	66,700	16.41%
2015	56	55,334	16.73%
2014	4	74.262	16.58%

Tyrrell County, North Carolina Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) Local Government Retirement System Last 3 Fiscal Years

	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.03419%	0.03361%	0.03410%
Countys proportionate share of the net pension liability			
(asset) \$	\$ 153,443	\$ (198,214)	\$ 411,036
County's covered-employee payroll	\$2,071,619	\$1,677,022	\$1,702,945
County's proportionate share of the net pension liability			
(asset) as a percentage of its covered-employee payroll	7.41%	-11.82%	24.14%
Plan fiduciary net position as a percentage of the total			
pension liability	98.09%	102.64%	94.35%

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

Tyrrell County, North Carolina Schedule of County Contributions Local Governmental Employees' Retirement System Last 3 Fiscal Years

		2016		2015		2014
Contractually required contribution	\$	140,888	\$	138,232	\$	135,365
Contributions in relation to the contractually						
required contribution		140,888		138,232		135,365
Contribution deficiency (excess)	\$	-	\$	-	\$	-
County's covered-employee payroll	\$2	2,071,619	\$1	L,677,022	\$1	,702,945
Contribution's as a percentage of covered-						
employee payroll		6.80%		8.24%		7.95%

Tyrrell County, North Carolina Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) Register of Deeds' Supplemental Pension Fund Last 3 Fiscal Years

	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.03382%	0.04226%	0.03636%
Countys proportionate share of the net pension liability			
(asset) \$	\$ (7,838)	\$ (9,576)	\$ (7,766)
County's covered-employee payroll	\$ 60,931	\$ 54,711	\$ 76,083
County's proportionate share of the net pension liability			
(asset) as a percentage of its covered-employee payroll	-12.86%	-17.50%	-10.21%
Plan fiduciary net position as a percentage of the total			
pension liability	197.29%	193.88%	190.50%

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

Tyrrell County, North Carolina Schedule of County Contributions Register of Deeds' Supplemental Pension Fund Last 3 Fiscal Years

	2016	2015	2014
Contractually required contribution	\$ 304	\$ 271	\$ 345
Contributions in relation to the contractually			
required contribution	304	271	345
Contribution deficiency (excess)	\$ -	\$ -	\$
County's covered-employee payroll Contribution's as a percentage of covered-	\$ 60,931	\$ 54,711	\$ 76,083
employee payroll	0.50%	0.50%	0.45%

Page 1 of 7

		2016		2015
		2010	Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
Revenues:	<u> </u>		, , ,	
Ad valorem taxes:				
Taxes		\$ 3,736,829		\$ 3,934,748
Penalties and interest		43,721		16,443
Total	\$ 3,834,079	3,780,550	\$ (53,529)	3,951,191
Local option sales taxes:				
Articles 39 and 44		225,416		219,902
Article 40 one-half of one percent		182,579		148,028
Article 42 one-half of one percent		46,413		37,980
Total	443,000	454,408	11,408	405,910
Other taxes and licenses:				
Deed stamp excise tax		33,346		22,768
Scrap tire disposal tax		5,696		5,113
White goods disposal tax		-		1,021
Videoprogramming tax		571		599
Solid waste tax		2,590		2,584
Occupancy tax		240		149
Total	30,300	42,443	12,143	32,234
Unrestricted intergovernmental:				
Gas tax refund		25		658
Controlled substance tax		576		3,469
Payments in lieu of taxes		47,477		45,156
Beer and wine tax		14,556		15,772
Total	62,500	62,634	134	65,055
Restricted intergovernmental:				
Federal and State grants		1,363,418		1,692,452
Court facility fees		33,810		35,185
ABC bottles tax		1,602		1,417
Total	1,611,889	1,398,830	(213,059)	1,729,054
Permits and fees:				
Gun permits		1,965		1,140
Officer service fees		156,780		158,412
Animal control fees		2,867		3,266
Building permits and inspection fees		37,774		13,494
Candidate filing fees		491		-
License revocation fees		681		918
Other fees		17,337		15,115
Total	189,966	217,895	27,929	192,345

				Page 2 of 7
		2016		2015
-			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
Sales and services:				
Rents and other		20,903		20,569
Jail fees		2,778		3,473
Total	25,014	23,681	(1,333)	24,042
Investment earnings:	2,000	6,138	4,138	980
Miscellaneous:				
Donations and contributions		3,999		525
Insurance proceeds		-		64
Recreation fees		8,613		15,820
Other revenues		77,934		103,356
Total miscellaneous	88,805	90,546	1,741	119,765
Total revenues	6,287,553	6,077,125	(210,428)	6,520,576
Evnandituras				
Expenditures Conoral government:				
General government:				
Governing body		250 722		260 700
Salaries and employee benefits		258,722		260,788
Expense reimbursement from Water Fund		-		(24,470)
Other operating expenditures		51,433		75,256
Contract services	200 745	43,285	27.275	32,613
Total	380,715	353,440	27,275	344,187
Elections:		45.605		20.044
Salaries and employee benefits		45,695		28,811
Other operating expenditures		30,285		22,050
Total	77,349	75,980	1,369	50,861
Finance:				
Salaries and employee benefits		205,977		194,303
Other operating expenditures		15,854		13,611
Capital outlay		3,179		14,831
Total	232,388	225,010	7,378	222,745
Taxes:				
Salaries and employee benefits		107,867		109,414
Other operating expenditures		69,383		67,726
Contract services		4,297		5,947
Capital outlay		-		4,306

193,105

181,547

187,393

11,558

Total

Page 3 of 7

		2016		Page 3 of 7
		2016	\/arianaa	2015
			Variance Positive	
	Budget	Actual		Actual
Register of deeds:	buuget	Actual	(Negative)	Actual
Salaries and employee benefits		85,488		79,479
Other operating expenditures		8,476		7,482
Contract services		•		•
Total	109,897	12,196	2 727	11,829
	109,697	106,160	3,737	98,790
Planning:	6 576	2 772	2 002	2.670
Other operating expenditures	6,576	3,773	2,803	3,670
Buildings and grounds:		122 022		124 520
Salaries and employee benefits		132,032		124,538
Other operating expenditures		305,749		282,888
Contract services		-		1,740
Capital outlay		27,900	40.0=0	-
Total	484,754	465,681	19,073	409,166
Total general government	1,484,784	1,411,591	73,193	1,316,812
Public safety:				
Sheriff:				
Salaries and employee benefits		819,699		746,584
Other operating expenditures		135,790		180,686
Contract services		2,289		2,440
Capital outlay		67,770		59,192
Total	1,114,141	1,025,548	88,593	988,902
Emergency management:				
Salaries and employee benefits		37,656		36,213
Other operating expenditures		25,019		15,588
Emergency management capital outlay		-		27,643
Total	67,367	62,675	4,692	79,444
Department of motor vehicles:				
Salaries and benefits		23,370		32,926
Other operating expenditures		2,873		1,400
Total	35,248	26,243	9,005	34,326
Fire protection:				
Forest fire control		43,314		31,139
Contribution to the fire department		115,600		115,600
Capital outlay		40,000		40,000
Total	223,914	198,914	25,000	186,739
	•	•	•	•

Page 4 of 7

		2016		2015
		2010	Variance	2013
			Positive	
	Budget	Actual	(Negative)	Actual
Building inspector:	<u> </u>		, , ,	
Salaries and employee benefits		63,904		62,384
Other operating expenditures		8,592		8,909
Total	75,598	72,496	3,102	71,293
Medical examiner:				
Other operating expenditures	7,900	7,900	-	-
Animal control:				
Salaries and employee benefits		43,096		43,141
Other operating expenditures		10,945		11,113
Total	58,487	54,041	4,446	54,254
Total public safety	1,582,655	1,447,817	134,838	1,414,958
Human services:				
Health:				
MTW health	60,144	60,144	-	46,133
ECHB health	9,906	9,906	-	9,906
Medical transportation:				
Emergency medical services	617,382	456,063	161,319	559,280
Social services:				
Administration:				
Salaries and employee benefits		704,106		729,289
Other operating expenditures		186,405		190,312
Contracted services		52,500		52,500
Total	1,099,361	943,011	156,350	972,101
Public assistance:				
Medical assistance payments		5,477		7,334
Income maintenance		23,394		34,384
Total	63,950	28,871	35,079	41,718
Food stamps/coupons:				
Other operating expenditures	2,500	1,370	1,130	1,377
Day care:				
Assistance payments	105,028	97,655	7,373	113,957
Legal aid children:				
Other operating expenditures	8,000	3,148	4,852	6,799

Page 5 of 7

		2016		2015
			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
Senior citizens assistance:				
Salaries and employee benefits		14,518		11,482
Other operating expenditures		19,780		23,001
Total	44,433	34,298	10,135	34,483
Transportation - nutritional:				
Salaries and employee benefits		37,805		36,460
Other operating expenditures		35,366		33,091
Total	80,969	73,171	7,798	69,551
Community transportation:				
Salaries and employee benefits		20,622		20,468
Other operating expenditures		2,361		1,617
Total	23,526	22,983	543	22,085
Crisis intervention:				
Other operating expenditures	23,507	23,366	141	20,697
Foster care:				
Other operating expenditures	15,192	7,418	7,774	6,970
Blind administration:				
Other operating expenditures	1,950	1,660	290	1,851
Health screening:				
Other operating expenditures	-	-	-	255
Other Social Services:				
Other operating expenditures	135,316	124,827	10,489	173,244
Veteran's services:				
Salaries and employee benefits		3,669		3,579
Other operating expenditures		128		541
Total	4,295	3,797	498	4,120
Total human services	2,295,459	1,891,688	403,771	2,084,527
Education:				
Public schools - current	537,595	537,595	-	537,595
Total education	537,595	537,595	-	537,595
Environmental protection:				
Drainage:				
Contract services	39,800	30,001	9,799	-

Dage	c	۰f	7
Page	О	OI	

		2016		2015
			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
Solid waste:				
Salaries and employee benefits		11,600		11,289
Other operating expenses		56,918		53,445
Contract services		373,065		360,585
Capital outlay		-		21,000
Total	442,440	441,583	857	446,319
Total environmental protection	482,240	471,584	10,656	446,319
Economic and physical development:				
Agriculture extension:				
Salaries and employee benefits		125		-
Other operating expenditures		76,319		86,624
Appropriations - Ablemarle Commission		3,395		3,424
Appropriations - River Festival		6,500		5,500
Appropriations - River Town		1,000		1,000
Appropriations - PfS		12,500		13,500
Total	138,905	99,839	39,066	110,048
Board of supervisors-soil conservation:				
Salaries and employee benefits		44,074		39,590
Other operating expenditures		7,332		25,715
Capital outlay		15,995		
Total	69,793	67,401	2,392	65,305
Total economic and physical				
development	208,698	167,240	41,458	175,353
Cultural and recreational:				
Pettigrew Regional Library		118,781		100,000
Recreation Commission		30,484		30,544
Total cultural and recreational	205,165	149,265	55,900	130,544
Debt service:				
Note principal		36,988		41,385
Interest and fees		37,793		33,555
Total debt service	74,998	74,781	217	74,940
Total expenditures	6,871,594	6,151,561	720,033	6,181,048
Revenues under expenditures	(584,041)	(74,436)	509,605	339,528

				Page 7 of 7
		2016		2015
			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
Other financing sources (uses):				
Proceeds from the sale of capital assets		525		150,915
Transfers to other funds		(10,250)		(72,538)
Total other financing sources (uses)	133,500	(9,725)	(143,225)	78,377
Revenues and other financing sources				
under expenditures and other				
financing uses	(450,541)	(84,161)	366,380	417,905
Appropriated fund balance	450,541	-	(450,541)	_
Revenues, other financing sources,				
and appropriated fund balance over				
expenditures and other financing uses	\$ -	(84,161)	\$ (84,161)	417,905
Fund balance, beginning		2,723,871		2,305,966
Fund balance, end of year		\$ 2,639,710		\$ 2,723,871

		2016			2015
			Var	iance	
			Pos	sitive	
	Budget	Actual	(Neg	gative)	Actual
Revenues:					_
Investment earnings	\$ -	\$ 91	\$	91	\$ 7
Expenditures:					
Capital outlay	5,000	-		5,000	-
Revenues over expenditures	(5,000)	91		5,091	7
Other financing sources (uses):					
Transfers to other governments	-	(131)		(131)	(54)
Transfers from other funds	5,000	5,000		-	-
Total other financing sources (uses)	5,000	4,869		(131)	(54)
Revenues and other financing sources (uses)	\$ 	4,960	\$	4,960	(47)
		,			
Fund balance, beginning of year		52,037			52,084
Fund balance, end of year		\$ 56,997		- -	\$ 52,037
				=	

		2016			2015
	 		Va	riance	
			Ро	sitive	
	Budget	Actual	(Ne	gative)	Actual
Revenues:					
Investment earnings	\$ -	\$ 430	\$	430	\$ 28
Expenditures:					
Contract services	81,000	75,098		5,902	-
Revenues over (under) expenditures	(81,000)	(74,668)		6,332	28
Other financing sources (uses):					
Transfer from other funds	-	-		-	67,000
Revenues over (under) expenditures and					
other financing sources (uses)	\$ (81,000)	(74,668)	\$	6,332	67,028
Fund balance, beginning of year		202,174			135,146
Fund balance, end of year		\$ 127,506			\$ 202,174

Tyrrell County, North Carolina Combining Balance Sheet Non-Major Governmental Funds June 30, 2016 Schedule 4

				Sp	ecia	l Revenue F	unds	;		
						C Housing				
						Finance				
					Ag	ency Single				
	En	nergency				Family	С	ommerce	Tot	al Nonmajor
	Te	lephone	Sch	ool Capital	Rel	nabilitation	Fel	lows Grant		Special
	Sys	tem Fund	Οι	utlay Fund		Fund		Fund	Rev	enue Funds
ASSETS										
Restricted cash and investments	\$	304,045	\$	212,583	\$	-	\$	-	\$	516,628
Due from other governments		-		-		38,765		2,562		41,327
Due from other funds		-		45,361		-		-		45,361
Total assets	\$	304,045	\$	257,944	\$	38,765	\$	2,562	\$	603,316
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	-	\$	-	\$	38,765	\$	197	\$	38,962
Due to other funds		-		-		-		2,365		2,365
Total liabilities		-		-		38,765		2,562		41,327
Fund balances: Restricted:										
Stabilization by state statute		_		45,361		_		_		45,361
School capital outlay		_		212,583		_		-		212,583
Emergency telephone system		304,045		-		_		-		304,045
Total fund balances		304,045		257,944		_		-		561,989
Total liabilities and fund balances	\$	304,045	\$	257,944	\$	38,765	\$	2,562	\$	603,316

Tyrrell County, North Carolina Combining Balance Sheet Non-Major Governmental Funds June 30, 2016 Schedule 4

	Capital Project Funds										
	Cala					Tatal		Tatal			
	Cano	on Center	_			Total	Total				
		Site		stuarine		onmajor		Nonmajor			
	•	rovements	AC			Capital		vernmental			
ACCETC		Project		Fund	Pro	ject Funds		Funds			
ASSETS											
Restricted cash and investments	\$	-	\$	-	\$	-	\$	516,628			
Due from other governments		70,348		83,279		153,627		194,954			
Due from other funds		-		-		-		45,361			
Total assets	\$	70,348	\$	83,279	\$	153,627	\$	756,943			
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$	70,348	\$	876	\$	71,224	\$	110,186			
Due to other funds		-		82,403		82,403		84,768			
Total liabilities		70,348		83,279		153,627		194,954			
Fund balances:											
Restricted:											
Stabilization by state statute		-		-		-		45,361			
School capital outlay		-		-		-		212,583			
Emergency telephone system		-		-		-		304,045			
Total fund balances		-		-		-		561,989			
Total liabilities and fund balances	\$	70,348	\$	83,279	\$	153,627	\$	756,943			

Tyrrell County, North Carolina Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds For The Fiscal Year Ended June 30, 2016 Schedule 5

				Spe	ecia	al Revenue Fu	nds					
						NC Housing						
						Finance						Total
					Α	Agency Single					Ν	Ionmajor
	En	nergency				Family	Co	ommerce		CDBG		Special
	Te	lephone	Sch	ool Capital	R	Rehabilitation	Fel	lows Grant	S	cattered	F	Revenue
	Sys	tem Fund	Ou	ıtlay Fund		Fund		Fund	Si	tes Fund		Funds
Revenues:												
Restricted intergovernmental	\$	103,016	\$	249,005		\$ 38,765	\$	22,562	\$	185,892	\$	599,240
Miscellaneous		-		-		-		-		-		-
Investment earnings		153		249		-		-		-		402
Total revenues		103,169		249,254		38,765		22,562		185,892		599,642
Expenditures:												
General government		_		_		_		22,562		_		22,562
Public saftey		52,166		_		_		-		_		52,166
Education		-		101,169		_		_		_		101,169
Economic and physical development		_		,		38,765		_		185,892		224,657
Capital outlay		_		_		-		_		-		-
Debt service:												
Note principal		_		176,973		_		_		_		176,973
Interest and fees		-		29,836		-		_		_		29,836
Total expenditures		52,166		307,978		38,765		22,562		185,892		607,363
Revenues over (under) expenditures		51,003		(58,724)		-		-		-		(7,721)
Other financing sources												
Transfers from other funds		_		_		_		_		_		_
County inkind match		_		_		_		_		_		_
Total other financing sources (uses)		_		_		_						
Net change in fund balances		51,003		(58,724)	١	_		_		_		(7,721)
		32,003		(30,724)								(,,,=1)
Fund balance, beginning		253,042		316,668		-		-		-		569,710
Fund balance, ending	\$	304,045	\$	257,944	ζ	\$ -	\$	-	\$	-	\$	561,989

Tyrrell County, North Carolina Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds For The Fiscal Year Ended June 30, 2016 Schedule 5

Capita	l Project	Funds
--------	-----------	-------

	Caho	on Center					Total		Total
		Site	Ir	nclusive	Estuarine	Nonmajor		Ν	Ionmajor
	Impr	ovements	Pla	ayground	Access Park	Cap	oital Project	G٥١	ernmental
	P	roject		Fund	Fund		Funds		Funds
Revenues:									
Restricted intergovernmental	\$	70,348	\$	245,743	\$ 83,279	\$	399,370	\$	998,610
Miscellaneous		-		-	1,000		1,000		1,000
Investment earnings		-		-	_		-		402
Total revenues		70,348		245,743	84,279		400,370		1,000,012
Expenditures:									
General government		_		_	-		_		22,562
Public saftey		-		-	-		-		52,166
Education		-		-	-		-		101,169
Economic and physical development		-		-	-		-		224,657
Capital outlay		70,348		245,743	93,450		409,541		409,541
Debt service:									
Note principal		-		-	-		-		176,973
Interest and fees		-		-	-		-		29,836
Total expenditures		70,348		245,743	93,450		409,541		1,016,904
Revenues over (under) expenditures		-		-	(9,171)	(9,171)		(16,892)
Other financing sources									
Transfers from other funds		-		-	5,250		5,250		5,250
County inkind match		-		-	3,921		3,921		3,921
Total other financing sources (uses)		-		-	9,171		9,171		9,171
Net change in fund balances		-		-	-		-		(7,721)
Fund balance, beginning					_				569,710
Fund balance, ending	\$	-	\$	-	\$ -	\$	-		561,989

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, 2016
(With Comparative Amounts For The Fiscal Year Ended June 30, 2015)
Schedule 6

			2016				2015
	·-			١	/ariance		
					Positive		
		Budget	Actual	1)	Negative)		Actual
Revenues:							
Restricted intergovernmental	\$	103,016	\$ 103,016	\$	-	\$	119,697
Investment earnings		-	153		153		112
Total revenues		103,016	103,169		153		119,809
Expenditures:							
Salary/addressing function		8,003	7,875		128		7,185
Other operating expenditures		51,050	44,291		6,759		30,021
Contingency		43,963	-		43,963		-
Capital outlay		-	-		-		15,813
Total expenditures		103,016	52,166		50,850		53,019
Revenues over (under) expenditures	\$	-	51,003	\$	51,003	ı	66,790
Fund balance, beginning			253,042	i.			186,252
Fund balance, ending			\$ 304,045	ı	,	\$	253,042

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, 2016 (With Comparative Amounts For The Fiscal Year Ended June 30, 2015) Schedule 7

			2016				2015
				٧	'ariance		
				F	ositive		
	Budget		Actual	(N	legative)		Actual
Revenues:							
Restricted intergovernmental:							
Local option sales tax - Article 40	\$ 76,000	\$	77,208	\$	1,208	\$	99,161
Local option sales tax - Article 42	83,000		81,797		(1,203)		91,484
Public school building capital fund -							
lottery	90,000		90,000		-		155,731
Investment earnings	200		249		49		20
Total revenues	249,200		249,254		54		346,396
Expenditures:							
Insurance	4,705		3,494		1,211		4,700
Capital Outlay:	97,675		97,675		-		97,675
Debt service:							
Note principal	176,973		176,973		-		171,456
Interest and fees	29,836		29,836		-		35,353
Total debt service	206,809		206,809		-		206,809
Total expenditures	309,189		307,978		1,211		309,184
Revenues over (under) expenditures	(59,989)		(58,724)		1,265		37,212
Appropriated fund balance	59,989		-		(59,989)		_
Revenues and appropriated fund							
balance over (under) expenditures	\$ -	•	(58,724)	\$	(58,724)		37,212
Fund balance, beginning			316,668				279,456
Fund balance, ending		\$	257,944		•	\$	316,668
rana sarance, ename		Υ	237,3 17	•	:	<u> </u>	310,000

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NC Housing Finance Agency Single Family Rehabilitation Project Fund From Inception and For The Fiscal Year Ended June 30, 2016 Schedule 8

							i.				
									٧	Variance	
	1	Project					F	ositive			
	Aut	horization	Prior Yea	ars	Cur	rent Year	Tota	al to Date	(N	legative)	
Revenues:											
Restricted intergovernmental											
NC Housing Finance Agency	\$	170,000	\$	-	\$	38,765	\$	38,765	\$	(131,235)	
Expenditures:											
Rehabilitation		170,000		-		38,765		38,765		131,235	
Revenues over (under) expenditures	\$	-	\$	-		-	\$	-	\$	-	
Fund balance, beginning						-	_				
Fund balance, ending					\$	-	_				

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Commerce Fellows Grant Fund From Inception and For The Fiscal Year Ended June 30, 2016 Schedule 9

						_					
									Variance Positive		
	F	Project									
	Auth	norization	Prio	or Years	Cu	rrent Year	Total to Date		(N	egative)	
Revenues:											
Restricted intergovernmental											
NC Department of Commerce	\$	27,476	\$	-	\$	22,562	\$	22,562	\$	(4,914)	
Expenditures:											
Administration		2,500		-		-		-		2,500	
Registration		22,276		-		20,000		20,000		2,276	
Travel and meals		2,700		-		2,562		2,562		138	
Total expenditures		27,476		-		22,562		22,562		4,914	
Revenues over (under) expenditures	\$	-	\$	-	=	-	\$	-	\$	-	
Fund belowed beginning											
Fund balance, beginning						-	-				
Fund balance, ending					\$	-					

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – CDBG Scattered Sites Project Fund From Inception and For The Fiscal Year Ended June 30, 2016 Schedule 10

									V	ariance		
	Project								P	Positive		
	Aut	Authorization		or Years	Cur	rent Year	Tot	al to Date	(N	egative)		
Revenues:												
Restricted intergovernmental												
Community Development Block												
Grant	\$	225,000	\$	20,122	\$	185,892	\$	206,014	\$	(18,986)		
Expenditures:												
Administration		22,300		9,146		8,011		17,157		5,143		
Rehabilitation		202,700		10,976		177,881		188,857		13,843		
Total expenditures		225,000		20,122		185,892		206,014		18,986		
Revenues over (under) expenditures	\$	-	\$	-		-	\$	-	\$			
Fund balance, beginning												
Fund balance, ending					\$							

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Cahoon Center Site Improvements Project Fund From Inception and For The Fiscal Year Ended June 30, 2016 Schedule 11

	Project norization	Pri	or Years	Cui	rrent Year	Tota	al to Date	Variance Positive (Negative)	
Revenues:									
Restricted intergovernmental									
Community Development Block									
Grant	\$ 99,611	\$	6,446	\$	70,348	\$	76,794	\$	(22,817)
Expenditures:									
Construction	64,350		-		63,815		63,815		535
Engineering	9,400		6,071		1,533		7,604		1,796
Inspections	7,100		-		-		-		7,100
Legal	1,000		-		-		-		1,000
Permitting	1,500		-		-		-		1,500
Advertisement	1,000		375		-		375		625
Administration	5,000		-		5,000		5,000		-
Contingency	10,261		-		-		-		10,261
Total expenditures	99,611		6,446		70,348		76,794		22,817
Revenues over (under) expenditures	\$ -	\$	-		-	\$	-	\$	_
Fund balance, beginning					-				
Fund balance, ending				\$		_			

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Inclusive Playground Project Fund From Inception and For The Fiscal Year Ended June 30, 2016 Schedule 12

						_						
										Variance		
		Project							Р	ositive		
	Aut	horization	Prior Years	S	Cui	rent Year	Tot	al to Date	(N	egative)		
Revenues:												
Restricted intergovernmental												
Trillium Health	\$	337,040	\$	-	\$	245,743	\$	245,743	\$	(91,297)		
Expenditures:												
Construction		337,040		-		245,743		245,743		91,297		
Revenues over (under) expenditures	\$	-	\$	_		-	\$	-	\$	-		
Fund balance, beginning						-	_					
Fund balance, ending					\$	-	_					

Tyrrell County, North Carolina Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Estuarine Access Park Project Fund From Inception and For The Fiscal Year Ended June 30, 2016 Schedule 13

	Project Authorization		Prior	Years	Curr	ent Year	Tota	l to Date	Po	riance ositive gative)
Revenues:										
Restricted intergovernmental										
Public Beach & Coastal Waterfront										
Access Program Grant	\$	85,500	\$	-	\$	83,279	\$	83,279	\$	(2,221)
Miscellaneous		-		-		1,000		1,000		1,000
Total revenues		85,500		-		84,279		84,279		(1,221)
Expenditures:										
Permit and design fees		9,939		5,538		4,402		9,940		(1)
Site Improvement costs:										
Materials		51,878		-		51,878		51,878		-
Labor		31,973		-		31,960		31,960		13
Grant application preparation		4,000		-		4,000		4,000		-
Administration		1,210		-		1,210		1,210		-
Total expenditures		99,000		5,538		93,450		98,988		12
Revenues under expenditures		(13,500)		(5,538)		(9,171)		(14,709)		(1,209)
Other financing sources										
Transfers from other funds		8,750		4,750		5,250		10,000		1,250
County inkind match		4,750		788		3,921		4,709		(41)
Total other financing sources		13,500		5,538		9,171		14,709		1,209
Revenues, other financing sources (uses) over (under) expenditures	\$	_	\$	_		_	\$	_	\$	_
(does) over (dilder) experiartures	٧		٧			_	٧		٧	
Fund balance, beginning						-				
Fund balance, ending					\$	-				

Tyrrell County, North Carolina
Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP)
Proprietary Fund – Water Operations
For the Fiscal Year Ended June 30, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015
Schedule 14

		2016		2015
			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
REVENUES:				
Charges for services		\$ 912,783		\$ 799,465
Connection fees		11,725		13,850
Tap fees		11,450		5,450
Late fees		17,553		13,707
Other operating revenues		2,879		1,991
Total operating revenues	917,219	956,390	39,171	834,463
Nonoperating revenues				
Investment earnings		1,201		124
Total nonoperating revenues	1,300	1,201	(99)	124
Total revenues	918,519	957,591	39,072	834,587
EXPENDITURES:				
Water operations:				
Salaries and benefits		369,441		340,652
Operating expenditures		300,317		432,712
Expense reimbursement to General Fund		-		24,470
Total	699,757	669,758	29,999	797,834
Capital outlay:	15,000	-	15,000	21,103
Debt service:				
Debt principal		53,000		51,000
Interest and fees		104,044		105,563
Total debt service	157,044	157,044	-	156,563
Total expenditures	871,801	826,802	44,999	975,500
Revenues over expenditures	46,718	130,789	84,071	(140,913)
Other financing sources (uses):				
Transfers to other funds	(46,718)	=	46,718	
Revenues and other financing source (uses)				
over expenditures	\$ -	130,789	\$ 130,789	(140,913)

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, 2016
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015
Schedule 14

Reconciliation from budgetary basis		
(modified accrual) to full accrual basis:		
Excess of revenues over expenditures	\$ 130,789	\$ (140,913)
Reconciling items:		
Capital outlay	-	21,103
Debt principal	53,000	51,000
Depreciation	(337,199)	(336,777)
Contributions to the pension plan in the current		
fiscal year	-	16,122
Pension expense	-	(1,403)
Increase (decrease) in net pension asset	(23,605)	-
Increase (decrease) in deferred outflows of		
resources - pensions	1,311	-
(Increase) decrease in net pension liability	(18,611)	-
(Increase) decrease in deferred inflows of		
resources - pensions	47,930	-
(Increase) decrease in other post employment benefits	(8,743)	(14,918)
(Increase) decrease in compensated absences	438	13,359
Water and sewer project expenditures	(8,012)	(197,111)
Interest Income from Waste Water 1 and 2		
Capital Project	7	286
Sales tax refunds from Waste Water 1 and 2		
Capital Project	49,133	50,473
Capital contributions from Waste Water 1 and 2		
Capital Project	2,296,737	197,110
Capital contributions from Alligator Sewer		
Project Fund	167,577	
Total reconciling items	2,219,963	(200,756)
Net income (loss)	\$ 2,350,752	\$ (341,669)

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, 2016 (With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015) Schedule 15

		2016		2015
			Variance	
			Positive	
	Budget	Actual	(Negative)	Actual
REVENUES:				
Charges for services		\$ 49,237		\$ 43,212
Total operating revenues	43,000	49,237	6,237	43,212
Investment earnings		15		15
Total nonoperating revenues	-	15	15	15
Total revenues	43,000	49,252	6,252	43,227
EXPENDITURES:				
Sewer operations		7.440		0.747
Salaries and benefits		7,143		8,717
Operating expenditures	00.740	31,010	F4 F6F	70,887
Total expenditures	89,718	38,153	51,565	79,604
Revenues over expenditures	(46,718)	11,099	57,817	(36,377)
Other financing sources (uses):	46 740		(46.740)	•
Transfers from other funds	46,718	-	(46,718)	0
Revenues and other financing sources (uses) over			4	(0000)
expenditures	\$ -	11,099	\$ 11,099	(36,377)
Reconciliation from budgetary basis				
(modified accrual) to full accrual basis:				
Excess of revenues over expenditures		11,099		(36,377)
Reconciling items:				
Increase (decrease) in net pension asset		(679)		-
Increase (decrease) in deferred outflows of				
resources - pensions		(102)		-
(Increase) decrease in net pension liability		(422)		-
(Increase) decrease in deferred inflows of				
resources - pensions		1,439		-
Contributions to the pension plan in the				
current fiscal year		-		498
Pension expense		-		(40)
Total reconciling items		236		458
Net income (loss)		\$ 11,335		\$ (35,919)

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, 2016 Schedule 16

			Actual									
									,	Variance		
		Project								Positive		
	Au	thorization	Р	rior Years	Cυ	rrent Year	To	tal to Date	1)	Negative)		
Revenues:												
Restricted intergovernmental												
NC Rural Center grant	\$	5,225,503	\$	4,694,568	\$	20,139	\$	4,714,707	\$	(510,796)		
NC Clean Water Management Trust												
Fund grant		1,703,647		1,690,076		-		1,690,076		(13,571)		
CDBG - 21 st Century grant		750,000		747,725		-		747,725		(2,275)		
USDA RD grant		1,525,140		-		1,525,140		1,525,140		-		
NC State University grant		1,273,420		1,273,420		-		1,273,420		-		
Golden Leaf grant		1,000,000		-		751,458		751,458		(248,542)		
Sales tax refunds		-		50,473		49,133		99,606		99,606		
Investment earnings		-		5,793		7		5,800		5,800		
Total revenues		11,477,710		8,462,055		2,345,877		10,807,932		(669,778)		
Expenditures												
Phase I - Tyrrell Co. Wastewater												
Collection System												
Facilities construction		2,800,570		2,691,389		-		2,691,389		109,181		
Washington county transmission												
line construction		569,905		587,955		-		587,955		(18,050)		
Engineering design		184,783		456,479		-		456,479		(271,696)		
Legal and administrative		25,533		73,565		-		73,565		(48,032)		
Environmental assessment		36,500		3,600		-		3,600		32,900		
R/W acquisition		25,000		25,363		-		25,363		(363)		
Permitting		11,665		4,360		-		4,360		7,305		
Easement survey and mapping		26,500		-		-		-		26,500		
Grant administration		75,000		29,402		-		29,402		45,598		
Sewer construction stds		2,903		-		-		-		2,903		
Sewer user charge study		7,219		-		-		-		7,219		
Construction administration		34,000		90,495		-		90,495		(56,495)		
Resident inspection		104,000		51,857		-		51,857		52,143		
Interlocal agreements assistance		1,027		-		-		-		1,027		
Contingency		182,659		-		-		-		182,659		
Total		4,087,264		4,014,465		-		4,014,465		72,799		
Phase II - Creswell WWTP												
Improvements												
Facilities construction		3,992,740		3,880,878		-		3,880,878		111,862		
Engineering design		212,900		232,311		8,012		240,323		(27,423)		
Construction administration		64,100		54,781		-		54,781		9,319		

Tyrrell County, North Carolina Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP) Waste Water Capital Projects No. 1 and No. 2 Fund From Inception and For the Fiscal Year Ended June 30, 2016 Schedule 16

	_				
	_			_	Variance
	Project				Positive
	Authorization	Prior Years	Current Year	Total to Date	(Negative)
Resident construction inspection	124,500	41,003		41,003	83,497
O & M manual	15,000	-	-	-	15,000
Subsurface investigation	7,500	-	-	-	7,500
Sewer use ordinance	7,500	-	-	-	7,500
Permitting	10,000	145	-	145	9,855
Grant administration	7,500	35,310	-	35,310	(27,810)
Contingency	215,262	12	-	12	215,250
Total	4,657,002	4,244,440	8,012	4,252,452	404,550
Phase III - Tyrrell County Waste Water					
Collection System					
Facilities construction	3,397,345	1,160,359	2,252,931	3,413,290	(15,945)
Engineering design	433,050	179,789	222,851	402,640	30,410
Bond counsel legal	21,045	15,400	5,644	21,044	1
Other legal and fiscal	24,434	23,306	1,173	24,479	(45)
Administration	39,300	1,667	-	1,667	37,633
Capitalized Interest	20,000	-	9,791	9,791	10,209
Insurance	15,000	-	-	-	15,000
Equipment	5,000	-	-	-	5,000
Contingency	153,270	-	-	-	153,270
Total	4,108,444	1,380,521	2,492,390	3,872,911	235,533
Total expenditures	12,852,710	9,639,426	2,500,402	12,139,828	712,882
Revenues under expenditures	(1,375,000)	(1,177,371)	(154,525)	(1,331,896)	43,104
Other financing sources (uses):					
Transfers from other governments	-	-	-	-	-
Long-term debt - Bond	1,375,000	1,375,000	-	1,375,000	-
Transfers from other funds	-	100,775	-	100,775	100,775
Total other financing sources (uses)	1,375,000	1,475,775	-	1,475,775	100,775
Revenues, other financing sources (uses)					
over (under) expenditures	\$ -	\$ 298,404	\$ (154,525)	\$ 143,879	\$ 143,879

Tyrrell County, North Carolina Schedules of Revenues and Expenditures – Budget and Actual (Non-GAAP) Alligator Sewer Project Fund From Inception and For the Fiscal Year Ended June 30, 2016 Schedule 17

		_							
	Proje Authoriza	Prior	Years	Cur	rent Year	Tot	al to Date	Variance Positive Negative)	
Revenues:									
Restricted intergovernmental									
Community Development Block									
Grant	\$ 2,997	,000	\$	-	\$	167,577	\$	167,577	\$ (2,829,423)
Expenditures:									
Sewer improvements	2,698	,500		-		91,215		91,215	2,607,285
Sewer connections	17	,500		-		-		-	17,500
Administration	298	,500		-		76,362		76,362	222,138
Total expenditures	3,014	,500		-		167,577		167,577	2,846,923
Revenues over (under) expenditures	(17	,500)		-		-		-	17,500
Other financing sources Transfers from other funds	17	,500		-		-		-	(17,500)
Revenues and other financing sources (uses) over (under) expenditures	\$	-	\$	-	\$	-	\$	-	\$ -

Tyrrell County, North Carolina Combining Schedule of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2016 Schedule 18

	Balance							Balance	
	July 1, 2015		Additions		Deductions		June 30, 2016		
Social Services:									
Assets									
Cash and investments	\$	2,424	\$	23,635	\$	25,866	\$	193	
Liabilites									
Miscellaneous liabilities	\$	2,424	\$	23,635	\$	25,866	\$	193	
Fines and Forfeitures:									
Assets									
Cash and investments	\$	-	\$	98,161	\$	98,161	\$	-	
Liabilites									
Miscellaneous liabilities	\$	-	\$	98,161	\$	98,161	\$	-	
Deed of Trust Fund:									
Assets									
Cash and investments	\$	434	\$	2,784	\$	2,951	\$	267	
Liabilites									
Miscellaneous liabilities	\$	434	\$	2,784	\$	2,951	\$	267	
Totals - All Agency Funds:									
Assets									
Cash and investments	\$	2,858	\$	124,580	\$	126,978	\$	460	
Liabilites									
Miscellaneous liabilities	\$	2,858	\$	124,580	\$	126,978	\$	460	

Tyrrell County, North Carolina Schedule of Ad Valorem Taxes Receivable June 30, 2016 Schedule 19

	Un	collected					U	ncollected
		Balance			С	ollections		Balance
Fiscal Year		e 30, 2015	ļ	Additions		nd Credits	Ju	ne 30, 2016
								<u> </u>
2015-2016	\$	-	\$	3,782,281	\$	3,581,756	\$	200,525
2014-2015		175,379		-		92,497		82,882
2013-2014		70,653		-		23,384		47,269
2012-2013		52,802		-		12,899		39,903
2011-2012		38,571		-		8,651		29,920
2010-2011		36,889		-		5,197		31,692
2009-2010		25,652		-		3,037		22,615
2008-2009		31,653		-		3,690		27,963
2007-2008		23,648		-		1,826		21,822
2006-2007		18,480		-		1,579		16,901
2005-2006		20,808		-		20,808		-
	\$	494,535	\$	3,782,281	\$	3,755,324		521,492
Ad varorem taxes receivable - net	:						\$	521,492
Reconcilement with revenues:								
Ad valorem taxes - General Fund								3,780,550
Reconciling items								
Current year abatements								6,923
Interest and penalties collecte	d							(43,721)
Amounts written off for prior y	ears							11,572
Total reconciling items								(25,226)
Total Collections and Credits							\$	3,755,324

Tyrrell County, North Carolina Analysis of Current Tax Levy – County-Wide Levy June 30, 2016 Schedule 20

	Cou	Total Levy				
				Property		
				Excluding	_	
	Duo o o utu i		A ma a mt	Registered Motor		gistered
	Property Valuation	Rate	Amount of Levy	Vehicles		Motor 'ehicles
-	Valuation	Nate	OI LEVY	venicies	V	enicies
Original Levy:						
Property taxed at current						
years rate	\$ 476,196,232	69%	\$ 3,285,754	\$ 3,086,742	\$	199,012
Public utilities	11,787,826	69%	81,336	81,336		-
Solid waste	N/A		416,441	416,441		
Total	487,984,058		3,783,531	3,584,519		199,012
Discoveries:						
Current year taxes	822,174	69%	5,673	5,673		-
Total	488,806,232		3,789,204	3,590,192		199,012
Abatements	(1,003,333)	69%	(6,923)	(6,923)		
Total property valuation	\$ 487,802,899					
Net Levy			3,782,281	3,583,269		199,012
Uncollected taxes at June 30, 2016			200,525	199,666		859
Current years taxes collected			\$ 3,581,756	\$ 3,383,603	\$	198,153
Current levy collection percentage			94.70%	94.43%		99.57%



Carr, Riggs & Ingram, LLC 382 Pamlico Street Belhaven, North Carolina 27810

Mailing Address: P.O. Box 399 Belhaven, North Carolina 27810-0399

(252) 943-2723 (252) 943-2935 (fax) www.cricpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners Tyrrell County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tyrrell County, North Carolina, as of and for the year ended June 30, 2016, 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 March 29, 2017. That report includes a reference to other auditors who audited the financial statements of the Tyrrell County ABC Board, as described in our report on Tyrrell County, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Tyrrell County ABC Board were not audited in accordance with Governmental Auditing Standards.

Internal Control Over Financial Reporting

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

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

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

timely basis. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: Items 16-1 through 16-3.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. All of the deficiencies found were considered to be material weaknesses.

Compliance and Other Matters

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

Tyrrell County's Response to Findings

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

Purpose of this Report

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

Belhaven, North Carolina

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

March 29, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners Tyrrell County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Tyrrell County, North Carolina's compliance with the types of compliance requirements described in the OMB 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 Tyrrell County's major federal programs for the year ended June 30, 2016. Tyrrell County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Tyrrell County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tyrrell County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Tyrrell County's compliance.

Opinion on Each Major Federal Program

In our opinion, Tyrrell County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Tyrrell County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tyrrell County's internal control over compliance

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

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

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

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

Belhaven, North Carolina

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

March 29, 2017



Carr, Riggs & Ingram, LLC 382 Pamlico Street Belhaven, North Carolina 27810

Mailing Address: P.O. Box 399 Belhaven, North Carolina 27810-0399

(252) 943-2723 (252) 943-2935 (fax) www.cricpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners Tyrrell County, North Carolina

Report on Compliance for Each Major State Program

We have audited Tyrrell County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Tyrrell County's major state programs for the year ended June 30, 2016. Tyrrell County's major state programs are identified in the summary of auditors' results section in the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Tyrrell County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Tyrrell County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Tyrrell County's compliance.

Opinion on Each Major State Program

In our opinion, Tyrrell County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Tyrrell County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tyrrell County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tyrrell County's internal control over compliance.

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

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

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

Belhaven, North Carolina March 29, 2017

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

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

Section I. Summary of Auditors' Results

Financial Statemen	uts.		
	auditor issued on whether the financial statements audited were pr GAAP: Unmodified	epared in	
Internal control ov	er financial reporting:		
	Material weakness(es) identified? Significant deficiency(s) identified? Noncompliance material to financial statements noted?	yes yes	no X none reported X no
Federal Awards Internal control ov	er major federal programs:		
·	Material weakness(es) identified? Significant deficiency(s) identified?	yes yes	X no X no
Type of auditor's re	eport issued on compliance for major federal programs: Unmodific	ed	
	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes	Xno
Identification of ma	ajor federal programs:		
<u>CFDA Number</u> 93.778 10.760	Name of Federal Program Medical Assistance Program (Title XIX - Medicaid) Water and Waste Disposal Systems for Rural Communities		
Dollar threshold us	sed to distinguish between Type A and Type B Programs	\$750,000	
Auditee qualified a	s low-risk auditee?	Yes	Xno
State Awards			
Internal control ov	er major State programs:		
	Material weakness(es) identified? Significant deficiency(s) identified that are not considered to be material weaknesses	Yes	X no X none reported
Type of auditor's re	eport issued on compliance for major state programs: Unmodified		
	Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	yes	Xno
Identification of ma	ajor state program:		
	Name of Program		

- 117 -

Title XIX – Medicaid State Match

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

Section II. Financial Statement Findings

Material Weaknesses

16-1 Adjustment of the General Ledger and Audited Financial Statements Filed Late

<u>Criteria</u>: The County's annual audited financial statements should be submitted to the Local Government Commission by October 31st each year.

<u>Condition</u>: The County did not adjust its general ledger in a timely manner in order to prepare accurate financial information for management and the Board of Commissioners. This caused delays in the annual audit being completed for the year ended June 30, 2015. The annual audit for June 30, 2016 could not be started until the previous year audit was complete. This delayed the completion of the June 30, 2016 fiscal year audit.

<u>Effect</u>: The County's general ledger and financial statements were materially misstated throughout the year. The County's audited financial statements were filed late with the Local Government Commission.

<u>Cause</u>: The County's audit was completed late for the last fiscal year, which caused delays for the current fiscal year audit.

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

<u>Views of responsible officials and planned corrective actions</u>: The County agrees with this finding. The finance officer is continuing to put procedures in place to ensure that the general ledger is adjusted in a timely manner and to ensure that the audited financial statements are filed in a timely manner with the Local Government Commission.

16-2 Review and Approval of Journal Entries

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

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

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

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

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

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

<u>Views of responsible officials and planned corrective actions</u>: The County agrees that journal entries to correct errors in postings or to adjust accruals should be approved by a management level individual independent of the preparer. This is currently being done. The majority of the journal entries made by the County during this audit period were merely to post cash receipts to the checking account. The procedure has now been changed by using the cash receipts method of posting in our accounting system.

16-3 Law Enforcement Officer's Special Separation Allowance Actuarial Study

<u>Criteria</u>: The County is required to have an actuarial study to determine the actuarial required contribution for the Law Enforcement Officer's Special Separation Allowance at least every two years.

<u>Condition</u>: The County has not had an actuarial study performed for the Law Enforcement Officer's Special Separation Allowance until this fiscal year.

<u>Effect</u>: The County's policies were not in accordance with GASB 25 and the County's financial statements were materially misstated.

<u>Cause</u>: The County was unaware of the accounting standard.

<u>Recommendation</u>: The County needs to have an actuarial study performed on the Law Enforcement Officer's Special Separation Allowance at least every two years.

<u>Views of responsible officials and planned corrective actions</u>: The County agrees with this finding. The County will put procedures in place to ensure that the actuarial study for the Law Enforcement Officer's Special Allowance is performed at least every two years.

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, 2016

Section II. Financial Statement Findings

16-1 Adjustment of the General Ledger and Audited Financial Statements Filed Late

Name of contact person: Karen Gerhart, Finance Officer

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

Proposed completion date: As soon as possible.

16-2 Review and Approval of Journal Entries

Name of contact person: Karen Gerhart, Finance Officer

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

Proposed completion date: As soon as possible.

16-3 Law Enforcement Officer's Special Separation Allowance Actuarial Study

Name of contact person: Karen Gerhart, Finance Officer

Corrective action: The County will put procedures in place to ensure that the actuarial study for the Law Enforcement Officer's Special Separation Allowance is performed at least every two years.

Proposed completion date: As soon as possible.

Section III.	Federal Award Findings and Questioned Cost	
Section IV.	State Award Findings and Questioned Cost	
		Section III. Federal Award Findings and Questioned Cost 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, 2016

Section II. Financial Statement Findings

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

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

Finding 15-2 Review and Approval of Journal Entries

Status: The County has put procedures in place to address the issue subsequently to the fiscal year end. They were not aware of this being an issue until after the end of this fiscal year.

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

Status: Corrected.

Finding 15-4 Prior Period Adjustment of Unbilled Revenues

Status: Corrected.

Finding 15-5 Prior Period Adjustment of Grant Receivables

Status: Corrected.

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

Status: Corrected.

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

Status: Corrected.

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

Status: Corrected.

Section III. Federal Award Findings and Questioned Cost

None reported.

Section IV. State Award Findings and Questioned Cost

None reported.

	10	i ilic i	iscai i cai	Liided 30	ille 30, 20
Grantor/Pass-through	Federal CFDA	State Pass Through Grantor's	Fed. (Direct & Pass-through)	State	Local
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures
Federal Awards:					
U.S. Dept. of Agriculture Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration: State Administrative Matching Grants for the					
the Supplemental Nutrition Assistance Program	10.561	XXXX	\$ 114,514	\$ (52)	\$ 114,566
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	127,467	-	-
<u>Direct Programs:</u> Water and Waste Disposal Systems for Rural Communities Loan (Note 3) Water and Waste Disposal Systems for Rural Communities	10.760	xxxx	202,784		-
Grant (Note 3)	10.760	XXXX	1,525,140	-	-
Rural Business Enterprise Grants Total U.S. Dept. of Agriculture	10.769	XXXX	70,348 2,040,253	(52)	114,566
Division of Emergency Management: Emergency Management Performance Grant Total U. S. Department of Homeland Security	97.042	XXXX	19,271 19,271	19,271 19,271	
U.S. Dept. of Health & Human Services 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 Title IV-E Foster Care - Adoption Subsidy Title IV-E Foster Care - Administration	93.658 93.659 93.659	XXXX XXXX XXXX	2,122 4,614 538	425 1,179	1,820 1,179
	33.033	XXXX	7,274	1 604	2,999
Total Foster Care and Adoption Cluster (Note 5) Temporary Assistance for Needy Families Cluster:			7,274	1,604	2,999
TANF Payments and Penalties	93.558	XXXX	15,385	-	-
Work First - Services	93.558	XXXX	42,200	-	19,202
Work First - Admininates tion	93.558	XXXX	- 22.262	-	7,848
Work First - Admininstration Total TANF Cluster (Note 5)	93.558	XXXX	22,363 79,948	- _	8,937 35,987
Low-Income Home Energy Assistance: Energy Assistance Payments - Direct Benefit Payments	93.568	XXXX	28,000	-	-
Administration	96.568	XXXX	3,735	-	-
Crisis Intervention Program Social Services Block Grant:	93.568	XXXX	23,366	-	-
SSBG - In-Home Services Over 60	93.667	XXXX	(291)	-	(42)
SSBG - Other Services and Training	93.667	XXXX	36,746	3,803	13,516
Promoting Safe and Stable Families	93.556	XXXX	63	-	-

93.645

Child Welfare Services - Permanency Planning

XXXX

4,328

1,443

		State Pass			
	Federal	Through	Fed. (Direct &		
Grantor/Pass-through	CFDA	Grantor's	Pass-through)	State	Local
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Expenditures
U.S. Dept. of Health & Human Services					
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services:					
Child Support Enforcement Administration Direct Benefit Payments:	93.563	XXXX	37,901	-	19,525
State Children's Insurance Program - NC Health Choice Administration:	93.767	XXXX	63,952	5,805	-
State Children's Insurance Program - NC Health Choice	93.767	XXXX	21,949	397	138
Total State Children's NC Health Choice	33.707	/////	85,901	6,202	138
Total state amalens ne neutra diorec			03,301	0,202	130
Subsidized Child Care (Note 5)					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596	XXXX	80,457	-	-
Division of Child Development					
Child Care and Development Fund - Discretionary	93.575		51,156	-	-
Child Care and Development Fund - Manditory	93.596		17,046	-	-
Child Care and Development Fund - Match	93.596		5,419	-	
Total Child Care Fund Cluster			154,078	-	-
Temporary Assistance for Needy Families	93.558		14,162	-	-
Foster Care Title IV-E - Direct Benefit Payments	93.658		1,052	540	-
State Appropriations		XXXX	-	3,282	-
TANF-MOE		XXXX	-	4,972	-
Total Subsidized Child Care Cluster (Note 5)			169,292	8,794	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	3,914,000	2,184,496	_
Medical Assistance Administration	93.778	XXXX	331,305	-	110,831
Medical Transportation Administration	93.778	XXXX	50,716	-	50,716
Medicaid Expansion	93.778	XXXX	· -	-	, -
State County Special Assistance	93.778	XXXX	7,798	-	2,599
Total Medical Assistance Program			4,303,819	2,184,496	164,146
Passed-through the N.C. Dept of Health and Human Services:					
Division of Aging and Adult Services:					
Special Programs for the Aging - Title III, Part C	93.045	XXXX	6,112	-	-
Passed-through the N.C. Dept of Insurance:					
Division of Insurance:					
Seniors Health Insurance Information Program	93.779	XXXX	3,235	-	
Total U.S. Dept. of Health and Human Services			4,789,429	2,204,899	237,712
U.S. Dept. of Justice					
Direct Programs:					
Criminal Division					
Equitable Sharing Program	16.922		5,183	-	-
Total U.S. Dept of Justice			5,183	-	-
U.S. Dept. of Housing and Urban Development					
Passed-through the N.C. Dept. of Environmental Quality:					
Division of Division of Water Infrastructure:	44.220		467.577		
Community Development Block Grant - Infrastructure	14.228		167,577	-	-
Passed-through the N.C. Housing Finance Agency:	14 220		20.76		
Single Family Loan Pool	14.239		38,765	-	-
Passed-through the N.C. Dept. of Commerce:					
Division of Rural Economic Development:	. 14 333		22.555		
Community Development Block Grant - Commerce Fellows	14.228		22,562	-	-
Division of Investment and Assistance:	44.222		40= 00=		
Community Development Block Grant - Scattered Sites	14.228		185,892	-	
Total U.S. Dept of Housing and Urban Development			414,796	ć 2.224.440	ć 252.270
Total federal awards			\$ 7,268,932	\$ 2,224,118	\$ 352,278

	Federal	State Pass	Fed. (Direct &		
Grantor/Pass-through	CFDA	•	Pass-through)	State	Local
Grantor/Program Title		Number	σ,		Expenditures
State Awards:					
N.C. Department of Agriculture and Consumer Services					
Division of Soil and Water Conservation:					
Agriculture Cost Share Program		XXXX	\$ -	\$ 21,126	\$ -
Total NC Department of Invironment and Natural Res	ources		-	21,126	-
				,	
N.C. Department of Environmental Quality					
Division of Coastal Management:					
Scrap Tire Program		XXXX	_	5,696	_
Public Beach & Coastal Waterfront Access Program		XXXX	_	83,279	_
Total N.C. Department of Environmental Quality		70001	_	88,975	_
				00,373	
N.C. Department of Commerce					
Division of Rural Economic Development:					
Rural Center Grants		XXXX	_	20,139	_
Total N.C. Department of Commerce		XXXX		20,139	
Total N.C. Department of Commerce			<u>_</u>	20,139	
N.C. Danartmant of Transportation					
N.C. Department of Transportation					
Rural Operating Assistance Program		5.07.460			
ROAP Elderly and Disabled Transportation Assistance Pro	gram	DOT-16CL	-	34,298	-
Transit Development Program		DOT-11	-	22,613	
Total NC. Department of Transportation			-	45,226	
N.C. Department of Public Safety					
Juvenile Crime Prevention Programs		XXXX	-	48,994	4,689
Total N.C. Department of Public Safety			-	48,994	4,689
N.C. Department of Insurance					
Senior Health Insurance Program		XXXX	-	3,797	
Total NC. Department of Insurance			_	3,797	
N.C. Department of Public Instruction					
Public School Building Capital Fund - Lottery Proceeds		XXXX	-	90,000	
Total N.C. Department of Public Instruction			-	90,000	
N.C. Department of Administration					
Veterans Service		XXXX	-	1,907	
Total N.C. Department of Public Instruction			-	1,907	
N.C. Dept. of Health and Human Services					
Division of Aging:					
Senior Center General Purpose Grant		XXXX	-	3,800	-
Division of Social Services:					
Administration:					
Child Welfare Services Adoption Subsidy		XXXX	-	10,458	3,486
ST Child Welfare		XXXX	-	1,125	-
State Foster Home		XXXX	-	245	245
SC/SA Domiciliary Care payment		XXXX		23,423	23,423
Total N.C. Department of Health and Human Services			-	39,051	27,154
Total State awards			-	357,308	31,843
Total federal and State awards			\$ 7,268,932	\$ 2,581,426	\$ 384,121

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

1. Basis of Presentation

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

2 <u>Summary of Significant Accounting Policies</u>

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Tyrrell County has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

3 Loans Outstanding

Tyrrell County had the following loan balance outstanding at June 30, 2016 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Balances and transactions related to these programs are included in the County's financial statements.

		Amount
Program Title	CFDA Number	Outstanding
Water and Waste Disposal Systems for Rural Communities	10.760	\$1,375,000
Water and Waste Disposal Systems for Rural Communities	10.760	\$2,714,000
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 706,000

4 <u>Subrecipients</u>

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

	Pass-through		
	Grantor's		State
Program Title	Number	Ехре	endtitures
Public School Building Capital Fund - Lottery Proceeds	XXXX	\$	90,000
Juvenile Crime Prevention Programs	XXXX	\$	48,994

5 <u>Cluster of Programs</u>

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, and Temporary Assistance for Needy Families.



Carr, Riggs & Ingram, LLC 382 Pamlico Street Belhaven, North Carolina 27810

Mailing Address: P.O. Box 399 Belhaven, North Carolina 27810-0399

(252) 943-2723 (252) 943-2935 (fax) www.cricpa.com

March 29, 2017

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 2016 financial statements of Tyrrell County, North Carolina (the "County").

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

Our audit was designed to express an opinion on the County's 2016 financial statements. We considered the County's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board and Management, expect. We received the full support and assistance of the County's personnel.

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

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

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

Very truly yours,

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

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

- Perform an annual audit, as required by North Carolina General Statutes, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the County's financial statements for the year ended June 30, 2016;
- Conduct an audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Uniform Guidance, and the State Single Audit Implementation Act and issue a report on the County's compliance with the types of compliance requirements described in the OMB *Uniform Guidance Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal and state programs for the year ended June 30, 2016;
- 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.

We have audited the financial statements of the Tyrrell County as of and for the year ended June 30, 2016, and have issued our report thereon dated March 29, 2017. 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	As stated in our engagement letter dated
Accepted Auditing Standards, Government Auditing Standards, OMB Uniform Guidance, and the State Single Audit Implementation Act	November 1, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information presented prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.
	As part of our audit, we considered the internal control of the County. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
	Our audit also consisted of issuing reports regarding the Board's internal control, in accordance with <i>Government Auditing Standards</i> , and compliance with certain compliance requirements as it relates to the Board's major federal and/or state programs, in accordance OMB Uniform Guidance 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 The process used by management in forming	Please see the following section titled ("Accounting Policies, Judgments and Sensitive Estimates and CRI
The process used by management in joining	

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.	Comments on Quality").
Potential effect on the financial statements of any significant risks and exposures Major risks and exposures facing the County and how they are disclosed.	No such risks or exposures were noted.
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgment about the quality of accounting principles • The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. • The auditor should also discuss the auditor's judgment about the quality, not just the acceptability, of the County's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the County in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;	Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. During the 2016 fiscal year, the County implemented Statement 25 of the Governmental Accounting Standards Board, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Also, during the 2016 fiscal year, the County implemented Statement 72 of the GASB Fair Value Measurement and Application.
policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the	

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
reason we preferred the other policy.	
Significant difficulties encountered in the audit Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.	None.
Disagreements with management	None.
Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditor's report. This does not include those that came about based on incomplete facts or preliminary information.	
Other findings or issues	Please see the compliance section for the findings
Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.	noted.
Matters arising from the audit that were	Please see the compliance section for the findings
discussed with, or the subject of correspondence with, management Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards. Corrected and uncorrected misstatements All significant audit adjustments arising from the audit, whether or not recorded by the County, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the County about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.	Please see the following section titled "Summary of Audit Adjustments."
Major issues discussed with management prior	None.
to retention Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.	
Consultations with other accountants	None of which we are aware.
When management has consulted with other accountants about significant accounting or	

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE		
auditing matters.			
Written representations	See "Management Representation Letter" section.		
A description of the written representations the auditor requested (or a copy of the representation letter).			
Internal control deficiencies	See "Internal Control Findings" section.		
Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditor's attention during the audit.	J. Control of the con		
Fraud and illegal acts	We are unaware of any fraud or illegal acts involving		
Fraud involving management, or the County, those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditor's attention involving senior management and any other illegal acts, unless clearly inconsequential.	management or causing material misstatement of the financial statements.		
Parties in interest and prohibited transactions	No prohibited transactions were noted.		
Any parties in interest in the County, prohibited transactions as defined by ERISA, and other reportable transactions.	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	Our responsibility related to documents (including		
audited financial statements The external auditor's responsibility for information in a document containing audited	annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:		
financial statements, as well as any procedures performed and the results.	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 lives 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 lives of its capital assets. The estimated useful lives of County's capital assets are based on a detailed management review.	The County's policy is in accordance with all applicable accounting guidelines.
Allowance for Doubtful Accounts	The County estimates the allowance accounts for the water districts in accordance with applicable standards and guidelines. The County calculates the allowance for doubtful accounts in each district based on an analysis of the collectability of individual accounts.	X	The County's estimate of its allowance for doubtful accounts is based on historical water revenues and an analysis of the collectability of individual accounts.	The County's policy is in accordance with all applicable accounting guidelines.

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

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Compensated Absences	The County estimates the accrued liability at year-end for amounts owed to its employees for compensated absences ("Vacation Policy") in accordance with all applicable standards and guidelines. The County calculates the annual liability at the prevailing rates of compensation.	X	The County's estimate of its accrued liability for compensated absences is based upon the established compensation levels at year-end which may differ from the actual amounts.	The County's policy is in accordance with all applicable accounting guidelines.
Law Enforcement Officers' Special Separation Allowance	The County estimates retirement benefits in accordance with all applicable standards and guidelines. The County disclosed retirement benefits based on actuarial assumptions. These assumptions may change in the future depending on future operating conditions.	X	The County's estimate of its retirement benefits is based on an actuary performed periodically.	The County's policy is in accordance with all applicable accounting guidelines.
Local Governmental Employees' Retirement	The County estimates retirement benefits in accordance with all applicable standards and guidelines. The County disclosed retirement benefits based on actuarial assumptions. These assumptions may change in the future depending on future operating conditions.	X	The County's estimate of its retirement benefits is based on an actuary performed periodically.	The County's policy is in accordance with all applicable accounting guidelines.

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

Other Postemployment Benefits	The County estimates postemployment benefits in accordance with all	Х	The County's estimate of its postemployment	The County's policy is in accordance with all applicable
	applicable standards and guidelines.		benefits is based on an actuary that	accounting guidelines.
	The County discloses		is performed every three years.	
	postemployment benefits		, ,	
	assumptions. These			
	assumptions may change in			
	the future depending on future operating conditions.			

Summary of Audit Adjustments

During the course of our audit, we accumulate differences between amounts recorded by the County and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the County or passed (uncorrected).

See attached schedules.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the County's operating environment that has been identified as playing a significant role in the County's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.
- Whether the difference involves concealment of a prohibited transaction, or transaction with a party in interest, as defined by GAAP or any applicable federal, state or local laws.

Summary of Audit Adjustments

Corrected Audit Adjustments

Adjusting Journal Entry JE # 1 ADJUST OBEB LIABILITY BASED ON CLIENT PROVIDED SCHEDULE. TO WRITE THE FINANCIAL STATEMENTS. 15-0000-000-00 LONG TERM DEBT CONTRA ACCOUNT 347,622 8,743 61-7110-184-00 Retiree Health Care Expense 15-1000-200-00 **OPEB LIABILITY** 347,622 61-2610-000-00 **OPEB LIABILITY** 8,743 356,365 356,365 Total

Adjusting Journal Entries JE # 2							
PRIOR PERIOD ADJUSTMENT. SEPARATION ALLOWANCE NOT							
15-0000-000-00	LONG TERM DEBT CONTRA ACCOUNT	256,192.00					
15-3000-000-00	LEO - SSA		256,192.00				
Total	_	256,192.00	256,192.00				

Uncorrected Audit Adjustments

Governmental Activities

				Financial Statement Effect—Amount of Over- (Under-) statement of:						t of:
Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Ref.	Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position
Payroll liabilities		Incorrectly accrued								
overstated.	F	liability.	[5203]	-	35,860	(35,860)	(35,860)	-	6,419	(6,419)
Tax revenues		Incorrectly classed								
understated.	F	revenues.	[4200]	-	-	-	(3,893)	(3,893)	-	(3,893)
Total				-	35,860	(35,860)	(39,753)	(3,893)	6,419	(10,312)
Less audit adjustments :	subsequently booke	ed								
Net unadjusted AD-c	urrent year (iron cu	rtain method)		-	35,860	(35,860)	(39,753)	(3,893)	6,419	(10,312)
Effect of unadjusted AD-	-prior years									
Combined current year and prior year AD (rollover method)				-	35,860	(35,860)	(39,753)	(3,893)	6,419	(10,312)
Financial statement caption totals				7,758,698	5,635,828	3,675,151	2,122,870	7,109,061	7,052,066	56,995
Current year AD as % of F/S captions (iron curtain method)				0.00%	0.64%	-0.98%	-1.87%	-0.05%	0.09%	-18.09%
Current and prior year	AD as % of F/S ca	ptions (rollover method)	0.00%	0.64%	-0.98%	-1.87%	-0.05%	0.09%	-18.09%

General Fund

	Financial Statement Effect—Amount of Over- (Under-) statement of						of:			
Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Work- paper Ref.	Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position
Payroll liabilities		Incorrectly accrued								
overstated.	F	liability.	[5203]	-	35,860	(35,860)	(35,860)	-	6,419	(6,419)
Tax revenues		Incorrectly classed								
understated.	F	revenues.	[4200]	-	-	-	(3,893)	(3,893)	-	(3,893)
Total				-	35,860	(35,860)	(39,753)	(3,893)	6,419	(10,312)
Less audit adjustments su	bsequently booked									
Net unadjusted AD—cui	rrent year (iron curt	ain method)		-	35,860	(35,860)	(39,753)	(3,893)	6,419	(10,312)
Effect of unadjusted AD-	prior years									
Combined current year and prior year AD (rollover method)				-	35,860	(35,860)	(39,753)	(3,893)	6,419	(10,312)
Financial statement caption totals				3,740,213	916,000	2,824,213	2,824,213	6,083,171	6,237,040	(153,869)
Current year AD as wo of F/S captions (iron curtain method)				0.00%	3.91%	-1.27%	-1.41%	-0.06%	0.10%	6.70%
Current and prior year A				0.00%	3.91%	-1.27%	-1.41%	-0.06%	0.10%	6.70%

Tyrrell County Board of Commissioners

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

Leroy Spivey, Chairman Carl Willis, Vice Chairman Nathan T. Everett Lawrence Swain Nina Griswell



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

March 29, 2017

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

This representation letter is provided in connection with your audits of the financial statements of Tyrrell County, North Carolina, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (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 March 29, 2017, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 1, 2016, 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, if any.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs, if any.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 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.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the County and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware, if any.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws regulations, contracts, and grant agreements, or abuse that you have reported to us, if any.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations, if any, that we believe have a material effect on the financial statements or other financial data significant to audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements, if any, that we

- believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse, if any, that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes, the depreciation schedule, the schedule of expenditures of federal and state awards, the GASB 68 adjustments and required disclosures, and the other post employment benefits calculation and required disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, the depreciation schedule, the schedule of expenditures of federal and state awards, the GASB 68 adjustments and required disclosures, and the other post employment benefits calculation and required disclosures.
- 31) The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- 32) The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASB Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.

- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) We have appropriately disclosed the County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We are following our established accounting policy regarding which resources, that is, restricted, committed, assigned, or unassigned, are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 46) With respect to the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards:
 - a) We acknowledge our responsibility for presenting the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are not presented with the audited financial statements, we will make the audited financial statements readily available to the

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

47) With respect to federal and state award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act, including requirements relating to preparation of the schedule of expenditures of federal and state awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal and state awards (SEFSA) in accordance with the requirements of the Uniform Guidance and we believe the SEFSA, including its form and content, is fairly presented in accordance with Uniform Guidance. The methods of measurement or presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFSA.
- c) If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditors' report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to Uniform Guidance compliance audit and the State Single Audit Implementation Act, and have included in the SEFSA expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal and state awards, 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 federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards 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 federal and state statutes, regulations, and the terms and conditions of federal and state awards 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 federal and state awards (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.

- 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 Compliance Supplement, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known compliance, if any, with the direct and material compliance requirements of federal and state awards.
- j) We have disclosed any communications from federal or state awarding agencies and passthrough entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- 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 auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- r) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.

- t) We have charged costs to federal and state awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings, if any, required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings, if any, by federal and state awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Signature:	Die	L.U	EL
_			PV

Signature: Kan

Title: County Manager attorney

Title: Finance Director



Carr, Riggs & Ingram, LLC 382 Pamlico Street Belhaven, North Carolina 27810

Mailing Address: P.O. Box 399 Belhaven, North Carolina 27810-0399

(252) 943-2723 (252) 943-2935 (fax) www.cricpa.com

March 29, 2017

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, 2016, 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 March 29, 2017contains our communication on material weaknesses and significant deficiencies in the County's internal control. This letter does not affect our report dated March 29, 2017, on the financial statements of Tyrrell County.

We will review the status of the material weaknesses noted during our next audit engagement. We have already discussed many of these comments and suggestions with various members of management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Very truly yours,

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

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
16-4	IP	ITGC – Information Security and Access Controls	During our audit, CRI noted the following items for improvement related to IT access controls: • The County does not have a policy in place that covers the definitions of information security or acceptable use. • The County does not have a formal process for requesting, establishing, issuing, suspending, modifying, or closing domain and application user accounts.	We recommend management take the following actions: Implement a policy that clearly defines information security and acceptable use and have all employees read and accept the terms of the policy. Implement a policy regarding user accounts and have all employees read and accept the terms of the policy.	The County will consider these recommendations and develop policies accordingly.

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

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
16-5	IP	ITGC – Disaster Recovery	During our audit, CRI noted testing was not performed to ensure data and system back-ups were operating according to expectations and are recoverable.	We recommend that the County perform a periodic back-up recovery test to ensure that data is backed up properly and that data has not been corrupted.	The County will coordinate with its software vendors and IT services provider, whom are providing data and systems backup services, to include testing of the data to ensure we have viable backups that can be recovered as necessary.
16-6	IP	ITGC – Governance	During our audit, CRI noted that the County was not performing an IT risk assessment.	We recommend that the County discuss with its outside IT services provider the possibility of completing an IT risk assessment to identify threats to IT systems and data.	The County will consider the costs versus benefits of having its' IT services provider perform a vulnerability test annually.

16-7 IP ITGC – Physic Access to Servers	During our audit, CRI noted areas regarding physical access to servers, which could be improved.	that the County consider and	The County will take this suggestion under consideration.
---	--	------------------------------	---

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

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT ACTION
16-8	IP	Other Post Employment Benefit Actuarial Study	During our audit, CRI noted that an actuarial study had not been performed for the County's Other Post Employment Benefits related to providing health care to retirees.	consider having an actuarial study performed next fiscal year	The County will consider the cost versus benefits of having an actuarial study performed for its Other Post Employment Benefits for retiree health care.
				estimated liability.	