

# WASHINGTON COUNTY NORTH CAROLINA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Washington County, North Carolina  
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For the Year Ended June 30, 2014

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# COUNTY OF WASHINGTON

## BOARD OF COMMISSIONERS

COMMISSIONERS:  
TRACEY A. JOHNSON, CHAIR  
D. COLE PHELPS, VICE-CHAIR  
BUSTER MANNING  
RAYMOND R. MCCRAY  
WILLIAM "BILL" R. SEXTON, JR.



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ADMINISTRATION STAFF:  
JERRY W. RHODES  
COUNTY MANAGER

JULIE J. BENNETT, CMC, NCCCC  
CLERK TO THE BOARD  
[jbennett@washconc.org](mailto:jbennett@washconc.org)

CURTIS POTTER,  
COUNTY ATTORNEY

January 8, 2015

The Board of County Commissioners and  
The Citizens of Washington County, North Carolina

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements that are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, this comprehensive annual financial report of Washington County for the fiscal year ended June 30, 2014 is being issued.

This report consists of management's representations concerning the finances of Washington County. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Washington County has established a comprehensive internal control framework that is designed to not only protect the government's assets from loss, theft, or misuse but also to compile sufficient reliable information for the preparation of Washington County's financial statements. Because the cost of internal controls should not outweigh its benefits, Washington County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Therefore, management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Washington County's financial statements were examined by the accounting firm of Carr, Riggs & Ingram, LLC. The goal of the independent audit is to provide reasonable assurances that the financial statements of Washington County for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved testing and examining evidence that supported the amounts and disclosures in the financial statements. The review also assessed the accounting principles that were used, the estimates made by management and the evaluation of the financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Washington County's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Washington County was part of a broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and

compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Washington County's MD&A can be found immediately following the report of the independent auditors.

### Profile of the County

Washington County was formed from Tyrrell County in 1799 and named for George Washington. It is located in the eastern coastal plain area of North Carolina on the southwestern banks of the Albemarle Sound - the largest fresh water sound in America. There are more miles of shoreline within ten miles of Plymouth, the county seat, than anywhere else in North Carolina. It is one of North Carolina's most picturesque, historical settings with a land area of 336 square miles. Three municipalities are located in the county - the towns of Creswell, Plymouth, and Roper. The Town of Plymouth is the largest municipality in the county with a population of 3,878 persons (2010 US Census data).

The following information provides a snapshot of Washington County:

- The county's population is 12,722 persons (2013 US Census Estimate).
- The median age of persons that live in the county is 44.3 years (2009-2013 American Community Survey five-year estimates).
- There are 921 companies that operate within the county (2007 Survey of Business Owners).
- A total of 79% of the county's population has attained a high school diploma (2009-2013 American Community Survey five-year estimates).
- There are 6,447 housing units within the county (2009-2013 American Community Survey five-year estimates).
- The median annual household income is \$34,936 (2009-2013 American Community Survey five-year estimates).
- A total of 23.7% of the county's population lives below the federal poverty level (2009-2013 American Community Survey five-year estimates).

The county has a commissioner/manager form of government. The five members of the Board of Commissioners are elected by a countywide vote and serve staggered four-year terms. Four Commissioners are elected by districts while the fifth Commissioner is elected at-large. Commissioners hold policy-making and legislative authority. They are also responsible for adopting an annual budget and appointing the County Manager who is responsible for implementing policies, managing daily operations and appointing department heads.

The county provides its citizens with a wide range of services that includes education, human services, public safety, cultural and recreational, economic development, environmental services, general administration and others.

Public health services are provided by the Martin-Tyrrell-Washington District Health Department. Public mental health, substance abuse, and developmental disabilities services are provided by East Carolina Behavioral Health which is a nineteen-county local management entity headquartered in Greenville, NC.

This report includes all the county's activities required to maintain these services with the exception of the public schools which are administered by the Washington County Board of Education. The county also provides financial support to certain boards, agencies, and commissions in order to assist their efforts with serving the county's citizens. Among these entities are the Albemarle Commission (council of government) and the Pettigrew Regional Library.

## Economic Conditions and Outlook

The county possesses a stable core of local businesses that range from light manufacturing to service and durable goods sales. SUNENERGY, a major solar, LED lighting and cool roofing manufacturing corporation, constructed the first phase of a planned 20 megawatt solar energy farm in the county. The first phase of the project is composed of an eight megawatt solar energy facility that is located on 44 acres of land within the Town of Plymouth corporate limits. Once fully completed the total land, plant and equipment investment is projected to be \$20 million.

During FY 2014-2015 SUNENERGY began construction of a planned 14 megawatt solar energy farm in the county. This project encompasses 214 acres of land located within the Town of Creswell corporate limits. Total land, plant and equipment invested for the project is estimated to be \$30 million.

Agriculture continues to be the major component of the local economy. In 2013, crop consisted of the following acreage: soybeans 38,965, corn (grain) 23,887, wheat 15,052, cotton 9,608, rapeseed 1,644, peanuts 1,093, clary sage 790, flue cured tobacco 354 and potatoes 269. Washington County is ranked 17<sup>th</sup> in the state for crop cash receipts. Crop cash receipts totaled \$82,719,000. The county experienced above average yields in soybeans, cotton, peanuts and clary sage. Forestry and livestock also comprise essential components of the county's agriculture base. Wood products comprise an important segment of the county's manufacturing economy and include the production of logging and road mats, lumber and storage pallets.

Washington County was selected by the NC General Assembly and the NC Department of Public Education as the location for the Northeast Regional School of Biotechnology and Agriscience (NERSBA) which admitted its first class of students during August, 2012. During FY 2013-2014 the school admitted its second year of students. Washington County students as well as those from Beaufort, Pitt and Tyrrell Counties attend this STEM public high school. NERSBA focuses on educating high school students in science, technology, engineering and math in order to better position them to become leaders in providing food for the world's growing population. The high school will serve as an important workforce development amenity in the recruitment of biotechnology companies to the area. The high school temporarily re-located to the vacate Jamesville Middle School in Martin County until such time that a permanent high school can be constructed adjacent to the Vernon James Research Center in Washington County.

Washington County continues to experience robust travel and tourism activities. The county enjoys a rich history of hunting, fishing and outdoor recreational activities. There are several significant Civil War period attractions located in the county such as the Town of Plymouth's Civil War Museum and annual Civil War re-enactment and the Somerset Plantation located near the Town of Creswell.

New and expanding travel and tourism opportunities are begin realized in the county. The NC Birding Trail has several designated sites in Washington County. Additionally, Washington County has a significant bald eagle population as well as Canadian geese, snow geese, tundra swan and other large migratory bird populations that winter in the county. Large numbers of birding enthusiasts visit the county annually to view and observe them. Boating, canoeing, and kayaking opportunities have increased significantly and are drawing additional tourists to the county. Statistical data indicates that over 150,000 visitors pass through Washington County annually.

## Initiatives

Washington County adopted a Twenty-Year Economic Development Enhancement Plan in 2005. The plan addressed enhancing infrastructure additions and improvements with the goal of making the county more marketable and attractive to industrial, commercial and residential development. A number of



accomplishments including the first phase of development of the Washington County Commerce Center, an economic development marketing plan and the completion of a county study which identified areas for sewer service to be implemented have been achieved since the plan was adopted. Washington County is currently evaluating this plan as part of its strategic planning initiative.

Washington County completed initial construction of a state of the art business/industrial commerce building located in close proximity to the Plymouth Municipal Airport in 2011. During FY 2013-2014 the Rural Economic Development Division of the NC Department of Commerce awarded the county an Industrial Development Fund grant totaling \$1.259 million that will be used to install water and wastewater lines to the building.

Also, Washington County has completed several major airport enhancement projects since 2011 in an effort to modernize the airport and attract additional aviation and private industrial companies to the airport and commerce center. These enhancement projects included a new fuel farm with self-service fueling capabilities and a recently completed runway turnaround. Terminal building renovations have been completed and include new flooring, upgrades to the pilot's training lounge, meeting space improvements and new waiting area furniture.

Additional future development plans for the airport include the construction of new T hangers and corporate hangers, a GPS flight navigation system, a new lighting system, installation of state-of-the-art utilities, technology and communications capabilities. The expansion and renovation of the airport now allows 80 percent of all general aviation and corporate aircraft to utilize its runway safely. The airport will be positioned to serve as a driver for the development of new business at the nearby commerce center.

Washington County completed the first phase of construction of a government services complex in the eastern section of the county. The complex is adjacent to US Highway 64 and in close proximity to the Town of Creswell and the Pea Ridge/Albemarle Sound region of the county. It was planned as a three-phase project that includes (1) a full service medical clinic, (2) a combination fire and law enforcement facility and (3) a public library. Construction of the Washington County Medical Center was completed during June, 2011 and is currently leased by the Washington County Hospital. The medical center provides this region of the county with better and expanded access to health care services.

Waterside Acquisition Properties, Inc. acquired the Waterside at the Point properties which is located in the Pea Ridge/Albemarle Sound area of the county. Renovations on an existing condo are underway. A total of 276 timeshares have been sold and registered with the Washington County Register of Deeds Office. Waterside Acquisitions Properties, Inc. intends to construct 74 two-bedroom units, 20 three-bedroom units, 12 lodge units and 12 Sportsman Units. It also intends to develop 78 recreational vehicle sites with 45 pull-through and 28 back-in sites. Additional property amenities will include a club house, pool facility, boat access and dockage, and other recreational facilities.

### Budget and Economic Forecast

Washington County's approved FY 2013-2014 budget totaled \$13,220,507 for all county operations, capital improvements and debt service requirements. The budget included a one-cent drainage assessment reserved for proactive maintenance and improvements to the county's drainage system. The county completed a re-evaluation and implemented a new tax rate that was effective July 1, 2013. As a result of the re-evaluation, the tax neutral rate was \$.73. The Board of Commissioners approved the ad valorem tax rate at \$.79 per \$100 of assessed value for FY 2013-2014.

The FY 2013-2014 budget did not rely on continued use of the county's fund balance to balance the budget. The primary method utilized to eliminate reliance on the fund balance was to increase revenues and reduce expenditures.

The county continues to monitor numerous government and private industry economic forecasts. The county's future economic plans are conservative with no anticipated large new expenditures. Revenue development forecasts remain conservative. The county's reserve funds in the General Fund are adequate to assist in overcoming continued financial erosion if the need presents itself.

### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. Washington County has received this award for eighteen consecutive years. In order to be awarded a Certificate of Achievement, Washington County published an easily readable and efficiently organized CAFR whose contents conform to program standards. This report satisfied both GAAP and applicable legal requirements.

### Summary

This Comprehensive Annual Financial Report provides a source of information to citizens, the Board of Commissioners, other government agencies, and investors and creditors, all of whom rely upon it for decision-making and the opportunity to learn more about Washington County's financial condition.

Preparation of this report would not have been possible without the efficient and dedicated combined efforts of Carr, Riggs & Ingram, LLC and the staff of the Washington County Finance Office. We also thank the members of the Board of Commissioners for their continued support throughout the past year.

Respectfully submitted,



Jerry W. Rhodes  
County Manager



Frank S. Milazi  
Finance Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

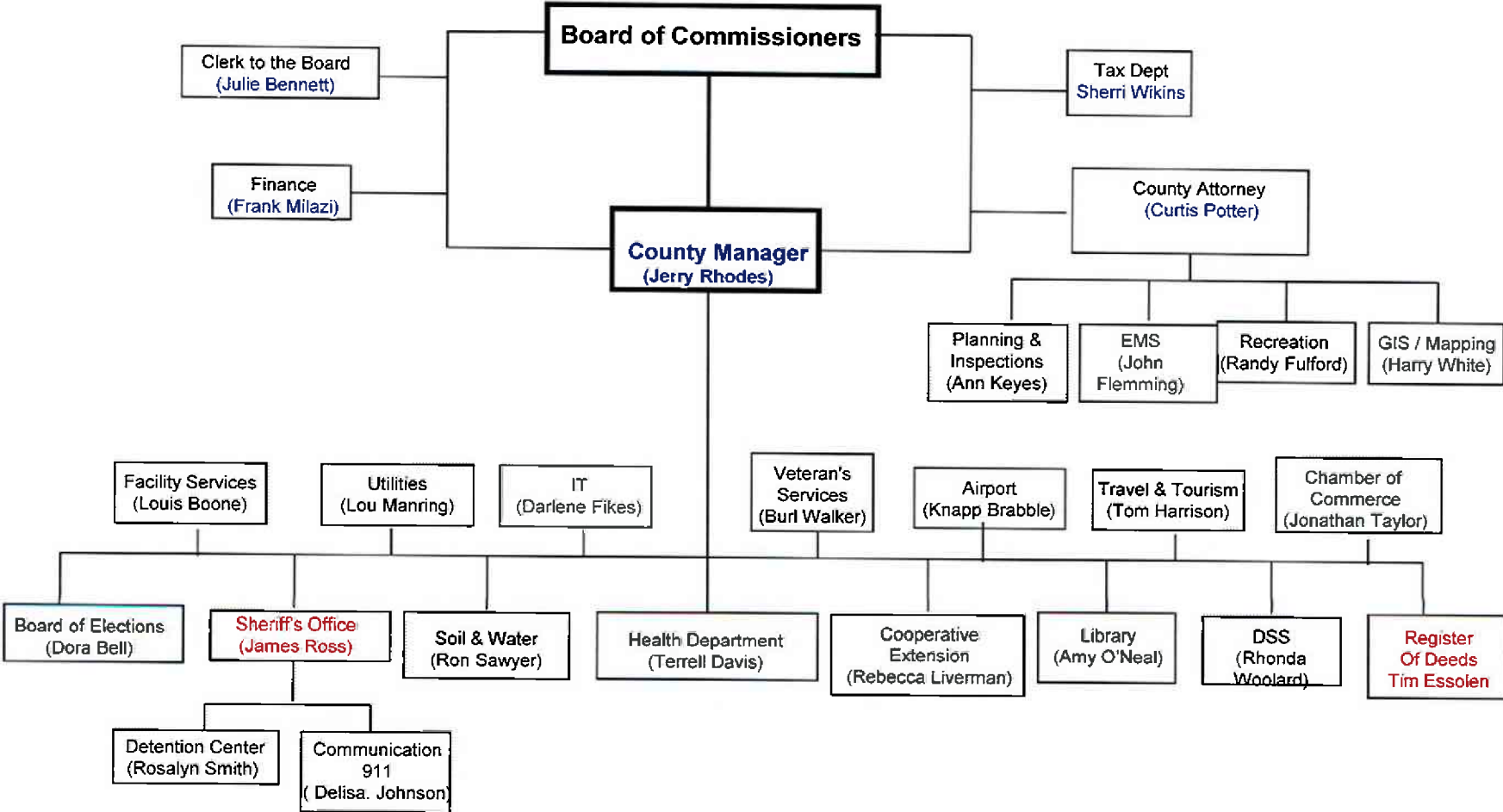
**Washington County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Washington County Government Organizational Chart



■ Appointed by the Board of Commissioners    
 ■ Elected Officials    
 ■ Budgetary Support Only    
 ■ Direct Report

# Washington County Board of Commissioners 2013-2014

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**Chair**  
**Tracey A. Johnson**



**Vice-Chair**  
**D. Cole Phelps**



**Buster Manning**



**William "Bill" R. Sexton**

## Washington County Manager



**Jerry W. Rhodes**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Washington County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Washington County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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 of material misstatement. The financial statements of Washington County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based on our audit, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity 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 Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowances' Schedules of Funding Progress and Employer Contributions 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 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 an opinion on the financial statements that collectively comprise the basic financial statements of Washington County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015 on our consideration of Washington 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 the 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 Washington County's internal control over financial reporting and compliance.

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

New Bern, North Carolina  
January 14, 2015



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## Washington County

### Management's Discussion and Analysis

As management of Washington County, we offer readers of Washington County's financial statements this narrative overview and analysis of the financial activities of Washington County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

#### Financial Highlights

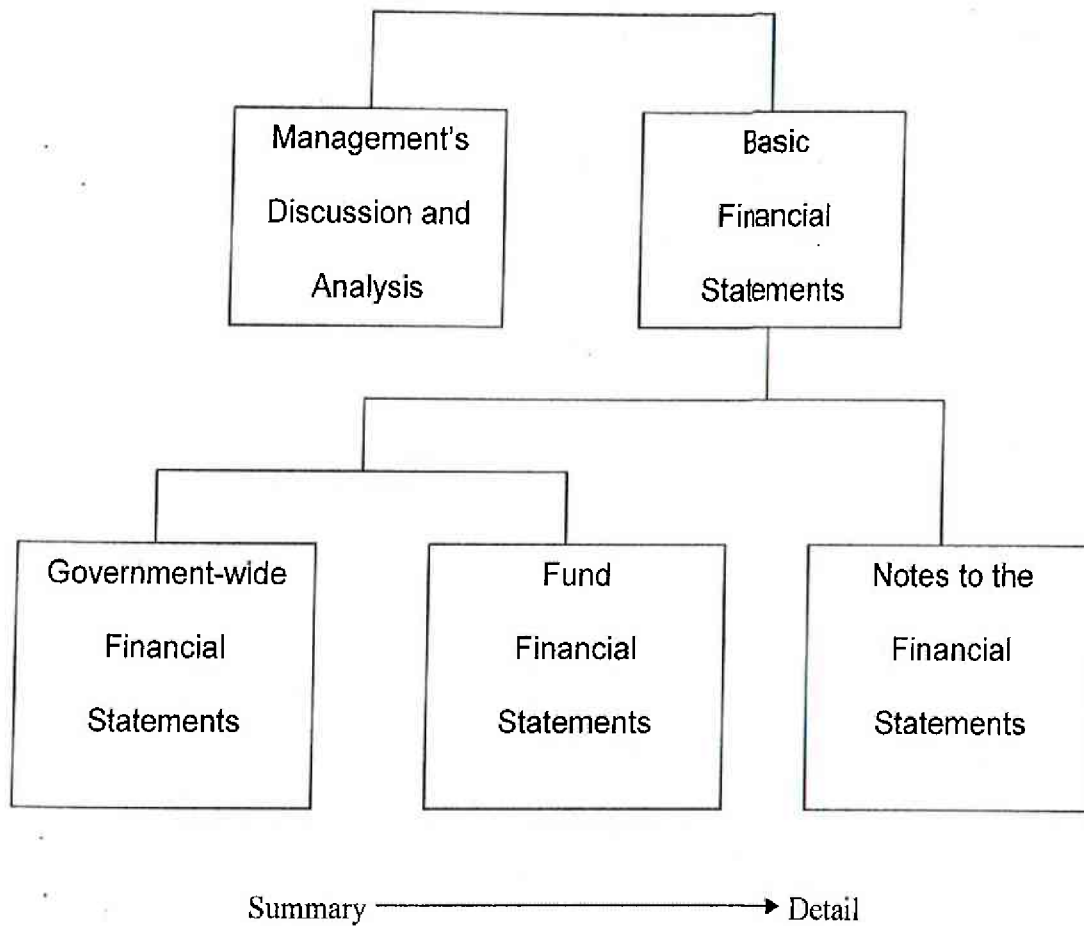
- The assets of Washington County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,650,372 (*net position*). This entire amount may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$169,099 primarily due to increased net position in the General Fund.
- As of the close of the current fiscal year, Washington County's governmental funds reported combined ending fund balances of \$4,367,205 a decrease of \$260,685 in comparison with the prior year. Approximately 66 percent of this total amount, or \$2,865,267, is available for spending at the government's discretion (*unassigned fund balance*). This is a 13 percent increase in comparison with prior year. Two major reasons contributed to this increase are the increase in revenue inflow and the reduction in using fund balance to balance the budget.
- At the end of current fiscal year, unassigned fund balance for the General Fund was \$2,988,473 or 19 percent of total general fund expenditures for the fiscal year, an increase of 2 percent from the prior year.
- Washington County's debt decreased by \$182,688 from previous fiscal year due to an increase in the amount of outstanding debt payments and early pay off of Creswell fire truck.
- Property tax rate of 0.79 per \$100 did not change.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Washington County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Washington County.

### Required Components of Annual Financial Report

Figure 1



#### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 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 details some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service 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 County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gage 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 services. These include water and sanitation services offered by Washington County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. Washington County Industrial Facility and Pollution Control Financing Authority is also a component unit of Washington County; however, this authority has no financial transactions or account balances and is therefore not reported in the financial statements. Washington County Travel and Tourism is vital to the economic development of the County as it generates a lot of revenues for the County as a whole.

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. Washington 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 funds of Washington 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* that provides a short-term spending focus. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Washington 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** – Washington County maintains two enterprise funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Washington County uses enterprise funds to account for its water activity and for its sanitation 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. Washington County has two fiduciary funds, both are agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 2-27 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Washington County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 2-59 of this report.

**Washington County’s Net Position**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,762,445	\$ 5,952,056	\$ 853,518	\$ 1,488,252	\$ 6,615,963	\$ 7,440,308
Capital assets	11,288,219	10,809,690	8,117,822	7,725,758	19,406,041	18,535,448
<b>Total assets</b>	<b>17,050,664</b>	<b>16,761,746</b>	<b>8,971,340</b>	<b>9,214,010</b>	<b>26,022,004</b>	<b>25,975,756</b>
Long-term liabilities	1,294,152	1,232,321	4,733,823	4,944,497	6,027,975	6,176,818
Other liabilities	83,176	82,790	207,921	176,879	291,097	259,669
<b>Total liabilities</b>	<b>1,377,328</b>	<b>1,315,111</b>	<b>4,941,744</b>	<b>5,121,376</b>	<b>6,319,072</b>	<b>6,436,487</b>
Deferred inflows of resources	52,560	57,996	-	-	52,560	57,996
Net position:						
Invested in capital assets, net						
of related debt	10,500,129	10,042,947	3,405,677	2,809,578	13,905,806	12,852,525
Restricted	1,490,118	2,115,541	-	-	1,490,118	2,115,541
Unrestricted	3,630,529	3,230,151	623,919	1,283,056	4,254,448	4,513,207
<b>Total net position</b>	<b>\$ 15,620,776</b>	<b>\$ 15,388,639</b>	<b>\$ 4,029,596</b>	<b>\$ 4,092,634</b>	<b>\$ 19,650,372</b>	<b>\$ 19,481,273</b>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of Washington County exceeded liabilities by \$19,650,372 (*net position*) as of June 30, 2014. The County’s net assets increased by \$169,099 or 1 percent for the fiscal year ended June 30, 2014. One of the largest portions (70%) reflects the County’s net investment in capital assets (e.g. land, buildings, machinery, and equipment).

Washington County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington 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 Washington County’s net position \$1,490,118 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,254,448 (22%) is unrestricted.

Management Discussion and Analysis  
Washington County 6-30-14

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

- Increase of revenue inflow and reduction of capital projects
- Reduction of debt in the amount of \$182,688 including General Obligation debt;

**Washington County Changes in Net Position**

Figure 3

Program revenues						
Charges for services	\$ 2,198,057	\$ 2,769,649	\$ 2,343,509	\$ 2,300,648	\$ 4,541,556	\$ 5,150,297
Operating grants and contributions	3,624,158	3,730,739	-	-	3,624,158	3,730,739
Capital grants and contributions	538,668	1,121,610	-	-	538,668	1,121,610
General revenues						
Property taxes	7,268,669	6,511,255	-	-	7,268,669	6,511,255
Other taxes	2,091,882	2,009,441	-	-	2,091,882	2,009,441
Other	224,149	197,489	42	161	224,191	197,650
<b>Total revenues</b>	<b>15,945,603</b>	<b>16,340,183</b>	<b>2,343,551</b>	<b>2,300,809</b>	<b>18,289,154</b>	<b>18,720,992</b>
Expenses:						
General government	2,435,103	2,243,707	-	-	2,435,103	2,243,707
Public safety	3,593,039	3,378,752	-	-	3,593,039	3,378,752
Economic and physical development	637,821	913,876	-	-	637,821	913,876
Human services	7,043,400	6,469,544	-	-	7,043,400	6,469,544
Cultural and recreation	303,999	301,244	-	-	303,999	301,244
Education	1,841,359	2,025,011	-	-	1,841,359	2,025,011
Interest on long-term debt	30,342	33,899	-	-	30,342	33,899
Sanitation	-	-	1,077,500	1,154,094	1,077,500	1,154,094
Water	-	-	1,099,069	1,162,085	1,099,069	1,162,085
<b>Total expenses</b>	<b>15,865,053</b>	<b>15,366,033</b>	<b>2,176,569</b>	<b>2,316,179</b>	<b>18,061,652</b>	<b>17,662,212</b>
Increase in net assets before transfers and special items	60,540	974,150	166,982	6,630	227,502	1,058,780
Transfers	230,000	245,000	(230,000)	(245,000)	-	-
Increase (decrease) in net assets	290,540	1,219,150	(63,018)	(181,370)	227,502	1,058,780
Net position, beginning	15,388,639	14,169,489	4,092,634	4,273,004	19,481,273	18,442,493
Prior period adjustment	(58,403)	-	-	-	(58,403)	-
<b>Net position, ending</b>	<b>\$ 15,620,776</b>	<b>\$ 15,388,639</b>	<b>\$ 4,029,616</b>	<b>\$ 4,092,634</b>	<b>\$ 19,650,372</b>	<b>\$ 19,481,273</b>

**Governmental activities:** Governmental activities increased the County's net position by \$232,137 thereby accounting for growth in the net position of Washington County. Key elements of this increase are as follows:

Three major reasons contributed to the increase in General Fund unassigned fund balance:

- Increase in revenues from the Department of Motor Vehicle in form of taxes as a result of the new State system
- Increase in sales tax revenues
- Increase in revenues from service fees across the board
- Reduction amount for debt payment as a result of debt pay offs made in the prior year.

**Business-type activities:** Business-type activities decreased Washington County's net position by \$63,038 accounting for a decrease in user fee revenues.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds:** The focus of Washington County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Washington 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 Washington County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,988,473, an increase of \$5,446 while total fund balance reached \$4,179,496. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19 percent of total General Fund expenditures, while total fund balance represents 26 percent of that same amount.

Of the unassigned fund balance of the General Fund, nothing has been committed by the Board of Commissioners for any purpose.

At June 30, 2014, the governmental funds of Washington County reported a combined fund balance of \$4,367,205, a six percent decrease over last year.



**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$812,127 or 4.4% of the adopted budget.

**Proprietary Funds:** Washington County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sanitation Fund at the end of the fiscal year amounted to \$671,444, and those for the Water Fund equaled (\$47,525). There was a decrease in net position for Sanitation Fund of (\$14,456) and (\$48,582) for the Water Fund.

### **Capital Assets and Debt Administration**

**Capital assets.** Washington County's capital assets for its governmental and business – type activities as of June 30, 2014, totals \$19,406,041 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

• Purchase of the 911 viper equipment	\$119,040
• Equipment Public Safety Vehicles	\$ 36,397
• Purchase of transit bus	\$56,430
• EMS equipment including 2 ambulance	\$301,866

Washington County's Capital Assets

**Figure 4**

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

**WASHINGTON COUNTY'S CAPITAL ASSETS  
 (net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,371,800	\$ 2,371,800	\$ 330,158	\$ 330,158	\$ 2,701,958	\$ 2,701,958
Buildings and system	5,888,213	5,916,621	7,009,292	7,219,815	12,897,505	13,136,436
Machinery and equipment	892,712	868,495	146,672	175,039	1,039,384	1,043,534
Vehicles and motorized equipment	663,609	594,373	23,047	746	686,656	595,119
Construction in progress	1,471,885	1,058,401	608,653		2,080,538	1,058,401
<b>Total</b>	<b>\$ 11,288,219</b>	<b>\$ 10,809,690</b>	<b>\$ 8,117,822</b>	<b>\$ 7,725,758</b>	<b>\$ 19,406,041</b>	<b>\$ 18,535,448</b>

**Long-term Debt.** As of June 30, 2014, Washington County had no bonded debt.

**Washington County's Outstanding Debt  
 General Obligation and Revenue Bonds Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2013	2013	2014	2013
Installment Purchase	\$ 788,090	\$ 766,743	\$ -	\$ -	\$ 788,090	\$ 766,743
Revenue Bonds	-	-	4,712,145	4,916,180	4,712,145	4,916,180
<b>TOTAL</b>	<b>\$ 788,090</b>	<b>\$ 766,743</b>	<b>\$ 4,712,145</b>	<b>\$ 4,916,180</b>	<b>\$ 5,500,235</b>	<b>\$ 5,682,923</b>

Washington County's total debt decreased by \$182,688 during the past fiscal year primarily due to payments on revenue bonds and installment purchase debt made during the year.

Washington County maintained its Baa bond rating from Moody's Investor Service and A- rating from Standard and Poor's Corporation and Fitch Ratings and 77 rating from the NC Municipal Council. These bond ratings are given primarily due to unavoidable economic conditions.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Washington County is \$71,705,966.

Additional information regarding Washington County's long-term debt can be found in note 3, beginning on page 2-52 of this audited financial report.

### **Economic Factors and Next Year's Budget and Rates**

The following key economic indicators reflect the growth and prosperity of the County. The County continues its Tier I designation clearly suggesting that Washington County is one of the most distressed communities in the state.

### **Budget Highlights for the Fiscal Year Ending June 30, 2015**

#### **Governmental Activities:**

- Ad valorem tax rate remains at \$0.79; this is the eighth consecutive year taxes have not been increased.
- Sales tax revenues are projected to increase by \$360,000 more than prior year;
- There was no employees' step increase and no lay-offs in the 2014-2015 year.
- The Washington County Airport will receive close to \$600,000 grant to construct a turnaround on the northern side of the runway. The project is in its final stage of construction.
- Washington County Schools received additional \$78,000 for Teachers' supplement pay for the 2014-2015 budget.
- Emergency Medical Services including EMS Transport are projected to be \$1,541,742 which is a \$74,173 decrease from previous year. Other changes have been implemented which should increase revenue such as:
  - Expansion of non-emergency transport
  - Implementation of the new charting software
  - Contracted with new billing company
  - Expansion of debt setoff to include non-emergency transport.

Washington County- CDBG NC Catalyst Neighborhood Facilities/Special Projects Pettigrew Regional Library Renovations are underway. The County is renovating the County Library located at 201 East Third Street in Plymouth. This community facility has been used since 1956, with an addition built in 1980. Renovations include roof replacement, energy efficient retrofits, development of a computer lab, and internal building layout changes to optimize utilization of space.

Software and hardware equipment will also be purchased. The purpose of this project is to extend the useful life of a contributing public facility that provides educational services, reading and research resources, internet and computer access, and community gathering space. Improving educational resources is a community development priority to provide services to empower the local population for economic growth needed in the County. The County recognizes that increasing literacy, broadening access to technology, and improving educational opportunities have a direct impact on combating poverty.

**Business – Type Activities:**

- The FY 2015 Waterworks Fund budget totals \$1,291,528 which represents an increase of \$1,191 above FY 2014; Water rates for consumption did not increase from \$10 per 1,000 gallons. The base rate which includes the first 2,000 gallons of water remained unchanged.
- The FY 2015 Sanitation Fund budget totals \$1,195,401 which represents the budget as of FY 2014.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the monies it receives 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 Finance Officer, Washington County, 120 Adams Street, Courthouse, Post Office Box 1007, Plymouth, NC 27962.

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Washington County, North Carolina  
**Statement of Net Position**  
June 30, 2014

EXHIBIT 1

	Governmental Activities	Business-type Activities	Total	Component Unit	
				Washington County ABC Board	Washington Travel & Tourism Authority
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 3,276,291	\$ 116,019	\$ 3,392,310	\$ 178,268	\$ -
Receivables (net)	2,474,334	725,744	3,200,078	-	13,033
Inventories	-	11,755	11,755	93,142	-
Prepaid expenses	-	-	-	3,288	-
Restricted cash and cash equivalents	11,820	-	11,820	-	-
<b>Total current assets</b>	<b>5,762,445</b>	<b>853,518</b>	<b>6,615,963</b>	<b>274,698</b>	<b>13,033</b>
Capital assets:					
Land and construction in progress	3,843,685	938,811	4,782,496	4,691	-
Capital assets, net of depreciation	7,444,534	7,179,011	14,623,545	18,259	-
<b>Total capital assets</b>	<b>11,288,219</b>	<b>8,117,822</b>	<b>19,406,041</b>	<b>22,950</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 17,050,664</b>	<b>\$ 8,971,340</b>	<b>\$ 26,022,004</b>	<b>\$ 297,648</b>	<b>\$ 13,033</b>
<b>LIABILITIES</b>					
Current liabilities:					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 29,851
Accounts payable and accrued liabilities	83,176	77,969	161,145	61,318	9,107
Customer deposits	-	129,952	129,952	-	-
Long-term liabilities					
Due within one year	328,751	181,009	509,760	-	-
Due in more than one year	965,401	4,552,814	5,518,215	67,494	-
<b>Total liabilities</b>	<b>1,377,328</b>	<b>4,941,744</b>	<b>6,319,072</b>	<b>128,812</b>	<b>38,958</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>52,560</b>	<b>-</b>	<b>52,560</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	10,500,129	3,405,677	13,905,806	22,950	-
Restricted for:					
Stabilization by State Statute	1,214,377	-	1,214,377	-	13,033
Register of Deeds	9,218	-	9,218	-	-
Economic and physical development	83,171	-	83,171	-	-
Working capital	-	-	-	24,242	-
Construction purposes	183,352	-	183,352	-	-
Unrestricted	3,630,529	623,919	4,254,448	121,644	(38,958)
<b>Total net position</b>	<b>\$ 15,620,776</b>	<b>\$ 4,029,596</b>	<b>\$ 19,650,372</b>	<b>\$ 168,836</b>	<b>\$ (25,925)</b>

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2014

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,435,103	\$ 176,593	\$ -	\$ -
Public safety	3,593,039	293,001	144,647	-
Economic & physical development	637,821	135,812	177,344	501,847
Human services	7,043,400	1,534,753	3,080,039	-
Cultural and recreation	303,999	57,898	15,899	20,394
Educaiton	1,841,359	-	206,229	16,417
Interest on long-term debt	30,342	-	-	-
<b>Total governmental activities</b>	<b>15,885,063</b>	<b>2,198,057</b>	<b>3,624,158</b>	<b>538,658</b>
Business-type activities:				
Sanitation	1,077,500	1,118,044	-	-
Water	1,099,089	1,225,465	-	-
<b>Total business-type activities</b>	<b>2,176,589</b>	<b>2,343,509</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 18,061,652</b>	<b>\$ 4,541,566</b>	<b>\$ 3,624,158</b>	<b>\$ 538,658</b>
Component unit:				
ABC Board	\$ 643,567	\$ 630,279	\$ -	\$ -
Travel & Tourism Authority	167,223	-	-	-
<b>Total component units</b>	<b>\$ 810,790</b>	<b>\$ 630,279</b>	<b>\$ -</b>	<b>\$ -</b>

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Local option sales tax

Other taxes and license

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

Net (Expense) Revenue and Changes in Net Position			Component Unit	
Primary Government			Washington County	Washington County
Governmental Activities	Business-type Activities	Total	ABC Board	Travel & Tourism Authority
\$ (2,258,510)	\$ -	\$ (2,258,510)		
(3,155,391)	-	(3,155,391)		
177,182	-	177,182		
(2,428,608)	-	(2,428,608)		
(209,808)	-	(209,808)		
(1,618,713)	-	(1,618,713)		
(30,342)	-	(30,342)		
(9,524,190)	-	(9,524,190)		
-	40,544	40,544		
-	126,376	126,376		
-	166,920	166,920		
(9,524,190)	166,920	(9,357,270)		
			\$ (13,288)	\$ -
			-	(167,223)
			(13,288)	(167,223)
7,268,699	-	7,268,699	-	-
1,782,190	-	1,782,190	-	-
309,692	-	309,692	-	82,895
3,893	42	3,935	262	-
220,256	-	220,256	365	-
9,584,730	42	9,584,772	627	82,895
230,000	(230,000)	-	-	-
9,814,730	(229,958)	9,584,772	627	82,895
290,540	(63,038)	227,502	(12,661)	(84,328)
15,388,639	4,092,634	19,481,273	181,497	58,403
(58,403)	-	(58,403)	-	-
\$ 15,620,776	\$ 4,029,596	\$ 19,650,372	\$ 168,836	\$ (25,925)

The notes to the financial statements are an integral part of this statement.



Washington County, North Carolina  
**BALANCE SHEET**  
**Governmental Funds**  
June 30, 2014

EXHIBIT 3

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,114,487	\$ 284,278	\$ 3,398,765
Restricted cash	11,820	-	11,820
Receivables, net	2,429,489	44,845	2,474,334
<b>Total assets</b>	<b>\$ 5,555,796</b>	<b>\$ 329,123</b>	<b>\$ 5,884,919</b>
<b>LIABILITIES</b>			
Cash overdraft	\$ -	\$ 122,474	\$ 122,474
Accounts payable and accrued liabilities	64,236	18,940	83,176
<b>Total liabilities</b>	<b>64,236</b>	<b>141,414</b>	<b>205,650</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources	1,312,064	-	1,312,064
<b>FUND BALANCES</b>			
Restricted			
Stabilization of State Statute	1,169,985	44,392	1,214,377
Register of Deeds	9,218	-	9,218
Economic and physical development	-	83,171	83,171
Construction purposes	-	183,352	183,352
Committed			
Tax Revaluation	11,820	-	11,820
Unassigned	2,988,473	(123,206)	2,865,267
<b>Total fund balances</b>	<b>4,179,496</b>	<b>187,709</b>	<b>4,367,205</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,555,796</b>	<b>\$ 329,123</b>	<b>\$ 5,884,919</b>

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

Total fund balances - governmental funds	\$ 4,367,205
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,288,219
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	1,259,504
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(1,294,152)
<b>Net position of governmental funds</b>	<b>\$ 15,620,776</b>

The notes to the financial statements are an integral part of this statement

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
For the Year Ended June 30, 2014

EXHIBIT 4

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 7,192,395	\$ -	\$ 7,192,395
Local option sales taxes	1,782,190	-	1,782,190
Other taxes and licenses	49,120	260,572	309,692
Unrestricted intergovernmental	49,057	-	49,057
Restricted intergovernmental	3,535,652	522,241	4,057,893
Permits and fees	231,129	-	231,129
Sales and services	2,173,157	-	2,173,157
Investment earnings	3,893	-	3,893
Miscellaneous	62,593	-	62,593
<b>Total revenues</b>	<b>15,079,186</b>	<b>782,813</b>	<b>15,861,999</b>
<b>EXPENDITURES</b>			
Current:			
General government	2,471,043	-	2,471,043
Public safety	3,284,563	208,617	3,493,180
Economic and physical development	319,265	703,129	1,022,394
Human services	7,129,500	-	7,129,500
Cultural and recreation	312,267	22,843	335,110
Intergovernmental:			
Education	1,841,359	-	1,841,359
Debt service:			
Principal	213,293	-	213,293
Interest	30,342	-	30,342
<b>Total expenditures</b>	<b>15,601,632</b>	<b>934,589</b>	<b>16,536,221</b>
Excess (deficiency) of revenues over expenditures	(522,446)	(151,776)	(674,222)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	7,299	-	7,299
Installment purchase obligation issued	234,640	-	234,640
Transfers from other funds	344,356	-	344,356
Transfers to other funds	-	(114,355)	(114,355)
<b>Total other financing sources (uses)</b>	<b>586,295</b>	<b>(114,355)</b>	<b>471,940</b>
Net change in fund balance	63,849	(266,131)	(202,282)
Fund balances - beginning	4,174,050	453,840	4,627,890
Prior period adjustment	(58,403)	-	(58,403)
<b>Fund balances - ending</b>	<b>\$ 4,179,496</b>	<b>\$ 187,709</b>	<b>\$ 4,367,205</b>

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Governmental Funds**  
For the Year Ended June 30, 2014

EXHIBIT 4 (continued)

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances to the Statement of Activities:

Net change in fund balances - governmental funds	\$	(202,282)
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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 outlay exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	948,136	
Depreciation expense for governmental assets	<u>(469,607)</u>	478,529

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue for tax revenue		76,304
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	213,293	
Installment purchase obligation issued	<u>(234,640)</u>	(21,347)

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.

Net pension obligation		(18,298)
Compensated absences		<u>(22,366)</u>

Total changes in net position of governmental activities	\$	<u><u>290,540</u></u>
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The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2014

EXHIBIT 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>REVENUES</b>				
Ad valorem taxes	\$ 6,906,277	\$ 6,838,109	\$ 7,192,395	\$ 354,286
Local option sales tax	1,693,589	1,693,589	1,782,190	88,601
Other taxes and licenses	900	900	49,120	48,220
Unrestricted intergovernmental	45,000	62,000	49,057	(12,943)
Restricted intergovernmental	3,569,206	3,626,069	3,535,652	(90,417)
Permits and fees	222,500	260,900	231,129	(29,771)
Sales and services	2,347,326	2,415,414	2,173,157	(242,257)
Investment earnings	5,000	5,000	3,888	(1,112)
Miscellaneous	47,060	76,560	62,593	(13,967)
Total revenues	14,836,858	14,978,541	15,079,181	100,640
<b>EXPENDITURES</b>				
Current:				
General government	2,416,616	2,524,202	2,438,142	86,060
Public safety	3,212,307	3,354,307	3,284,563	69,744
Economic and physical development	314,104	319,887	319,265	622
Human services	7,070,741	7,309,883	7,129,500	180,383
Cultural and recreational	330,487	330,487	312,267	18,220
Intergovernmental:				
Education	1,841,359	1,841,359	1,841,359	-
Debt service				
Principal	156,360	240,360	213,293	27,067
Interest	36,838	36,838	30,342	6,496
Total expenditures	15,378,812	15,957,323	15,568,731	388,592
Revenues over (under) expenditures	(541,954)	(978,782)	(489,550)	489,232
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	1,000	7,000	7,299	299
Installment purchase obligation issued	300,000	300,000	234,640	(65,360)
Transfers from other funds	306,272	306,272	344,356	38,084
Total other financing sources (uses)	607,272	613,272	586,295	(26,977)
Fund balance appropriated	-	365,510	-	(365,510)
Net change in fund balance	\$ 65,318	\$ -	96,745	\$ 96,745
Fund balances - beginning			4,129,278	
Prior period adjustment			(58,403)	
Fund balance - ending			\$ 4,167,620	

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Budget and Actual**  
For the Year Ended June 30, 2014

EXHIBIT 5-A

Amounts reported to General Fund balance are different because legally budgeted Tax Mapping and Revaluation Fund is consolidated into the General Fund for reporting purposes:

Ending fund balance		\$	4,167,620
Tax Mapping and Revaluation Fund			
Investment earnings			5
Operating expenditures			(32,901)
Fund balance, beginning			44,772
			11,876
Ending fund balance		\$	4,179,496

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF NET POSITION**  
**Proprietary Funds**  
June 30, 2014

EXHIBIT 6

	Sanitation Fund	Water Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,050	\$ 108,969	\$ 116,019
Receivables, net	552,250	173,494	725,744
Due from other funds	181,452	-	181,452
Inventories	-	11,755	11,755
<b>Total current assets</b>	<b>740,752</b>	<b>294,218</b>	<b>1,034,970</b>
Capital assets:			
Land and construction in process	348,917	589,894	938,811
Capital assets, net of depreciation	130,820	7,048,191	7,179,011
<b>Total capital assets</b>	<b>479,737</b>	<b>7,638,085</b>	<b>8,117,822</b>
<b>Total assets</b>	<b>1,220,489</b>	<b>7,932,303</b>	<b>9,152,792</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	64,384	13,585	77,969
Customer deposits	-	129,952	129,952
Due to other funds	-	181,452	181,452
Compensated absences	-	8,880	8,880
Current portion of long-term liabilities	-	172,129	172,129
<b>Total current liabilities</b>	<b>64,384</b>	<b>505,998</b>	<b>570,382</b>
Noncurrent liabilities			
Compensated absences	4,924	7,874	12,798
Long-term debt	-	4,540,016	4,540,016
<b>Total noncurrent liabilities</b>	<b>4,924</b>	<b>4,547,890</b>	<b>4,552,814</b>
<b>Total liabilities</b>	<b>69,308</b>	<b>5,053,888</b>	<b>5,123,196</b>
<b>NET POSITION</b>			
Net investment in capital assets	479,737	2,925,940	3,405,677
Unrestricted	671,444	(47,525)	623,919
<b>Total net position</b>	<b>\$ 1,151,181</b>	<b>\$ 2,878,415</b>	<b>\$ 4,029,596</b>

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**Proprietary Funds**  
For the Year Ended June 30, 2014

EXHIBIT 7

	Sanitation Fund	Water Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,118,044	\$ 1,179,013	\$ 2,297,057
Tap and connection fees	-	46,452	46,452
<b>Total operating revenues</b>	<b>1,118,044</b>	<b>1,225,465</b>	<b>2,343,509</b>
<b>OPERATING EXPENSES</b>			
Landfill and collections	1,056,358	-	1,056,358
Operations and maintenance	-	422,828	422,828
Treatment plant	-	222,114	222,114
Depreciation	21,142	222,346	243,488
<b>Total operating expenses</b>	<b>1,077,500</b>	<b>867,288</b>	<b>1,944,788</b>
Operating income (loss)	40,544	358,177	398,721
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	-	42	42
Bond issuance cost	-	(27,900)	(27,900)
Interest on long-term debt	-	(203,901)	(203,901)
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>(231,759)</b>	<b>(231,759)</b>
Income (loss) before transfers	40,544	126,418	166,962
Transfer to other funds	(55,000)	(175,000)	(230,000)
<b>Change in net position</b>	<b>(14,456)</b>	<b>(48,582)</b>	<b>(63,038)</b>
<b>Total net position, beginning</b>	<b>1,165,637</b>	<b>2,926,997</b>	<b>4,092,634</b>
<b>Total net position, ending</b>	<b>\$ 1,151,181</b>	<b>\$ 2,878,415</b>	<b>\$ 4,029,596</b>

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF CASH FLOWS**  
**Enterprise Fund**  
For the Year Ended June 30, 2014

EXHIBIT 8

	Sanitation Fund	Water Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,059,357	\$ 1,207,131	\$ 2,266,488
Cash paid for goods and services	(958,128)	(300,324)	(1,258,452)
Cash paid to employees for services	(84,607)	(334,988)	(419,595)
Customer deposits received	-	9,235	9,235
Customer deposits returned	-	(2,945)	(2,945)
<b>Net cash provided (used) by operating activities</b>	<b>16,622</b>	<b>578,109</b>	<b>594,731</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase in due to other funds	-	181,452	181,452
Increase in due from other funds	(181,452)	-	(181,452)
Transfer to other funds	(55,000)	(175,000)	(230,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(236,452)</b>	<b>6,452</b>	<b>(230,000)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(54,623)	(580,929)	(635,552)
Principal paid on bonds	-	(204,035)	(204,035)
Interest paid on bonds	-	(203,901)	(203,901)
Bond issuance cost paid	-	(27,900)	(27,900)
<b>Net cash provided (used) by capital and financing activities</b>	<b>(54,623)</b>	<b>(1,016,765)</b>	<b>(1,071,388)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned	-	42	42
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(274,453)</b>	<b>(432,162)</b>	<b>(706,615)</b>
<b>Balances, beginning of year</b>	<b>281,503</b>	<b>541,131</b>	<b>822,634</b>
<b>Balances, ending of year</b>	<b>\$ 7,050</b>	<b>\$ 108,969</b>	<b>\$ 116,019</b>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	40,544	358,177	398,721
Adjustments to reconcile income to cash provided by operations:			
Depreciation	21,142	222,346	243,488
(Increase) decrease in accounts receivable	(58,687)	(18,334)	(77,021)
(Increase) decrease in inventory	-	5,140	5,140
Increase (decrease) in accounts payable	12,938	11,814	24,752
Increase (decrease) in customer deposits	-	6,290	6,290
Increase (decrease) in accrued vacation	685	(7,324)	(6,639)
<b>Total adjustments</b>	<b>(23,922)</b>	<b>219,932</b>	<b>196,010</b>
<b>Net cash provided by operating activities</b>	<b>16,622</b>	<b>\$ 578,109</b>	<b>\$ 594,731</b>

The notes to the financial statements are an integral part of this statement.



Washington County, North Carolina  
**STATEMENT OF FIDUCIARY NET POSITION**  
Fiduciary Funds  
June 30, 2014

EXHIBIT 9

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**ASSETS**

Cash and cash equivalents

\$ 125,647

**LIABILITIES**

Miscellaneous liabilities

\$ 125,647

The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year Ended June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Washington 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. Washington County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Washington County ABC Board (the *Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The Washington County Travel & Tourism Authority has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Comprehensive Annual Financial Report.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Washington County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Washington County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Washington County ABC Board 696 U.S. Hwy. 64 East Plymouth, NC 27962
Washington County Travel & Tourism Authority	Discrete	The Authority exists to promote tourism within the County. The members of the Authority's board are appointed by the county commissioners.	None issued.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, 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 Tax Mapping and Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

The County reports the following major enterprise funds:

*Sanitation Fund.* This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Basis of Presentation, Basis of Accounting** (continued)

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 Municipal Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County, but are not revenues to the County; the Detention Center Fund, which accounts for moneys deposited with the Jail for the benefit of certain individuals; the Agricultural Agent Fund, which accounts for funds that held for the benefit of the agricultural office; and the 4-H Livestock Show Fund, which accounts for funds that are collected and disbursed on behalf of the various livestock shows sponsored by the agricultural office.

*Non-major Funds.* The County maintains seven legally budgeted funds. The Emergency Telephone System Fund, Drainage Fund, and Community Development Block Grants Fund are reported as non-major special revenue funds. The Commerce Center Project, Airport Grant Capital Projects, Health Clinic Construction Project, and Library Project Grant are reported as capital project funds.

**Measurement Focus, Basis of Accounting**

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,

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Basis of Presentation, Basis of Accounting** (continued)

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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the 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 during this period 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 utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone, Drainage, and Tax Mapping and Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Project Special Revenue Fund and the Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

All deposits of the County, Washington County ABC Board, and Washington County Travel & Tourism Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, ABC Board, and Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, ABC Board, and Authority 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, ABC Board, and Authority 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, ABC Board, and Authority'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. The NCCMT Term Portfolio's securities are valued at fair value.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity** (continued)

**2. Cash and Cash Equivalents**

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Washington County ABC Board and Washington County Travel & Tourism Authority 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**

The money in the Tax Mapping and Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowances for Doubtful Accounts**

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

**6. Inventories and Prepaid Items**

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the County's enterprise funds as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds and that of the ABC Board is recorded as an expense as it is consumed or sold.

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

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$5,000 for all capital assets. 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year Ended June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity** (continued)

**7. Capital Assets** (continued)

The County holds title to certain Washington County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Washington County Board of Education.

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

	Years
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment	3

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	Years
Buildings	10-20
Furniture and equipment	10
Vehicles	3-5

**8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no items that meet this criterion. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only one item that meets this category – prepaid taxes.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity** (continued)

**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 source.

**10. Compensated Absences**

The vacation policies of the County, ABC Board, and Authority 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 and proprietary funds.

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

**11. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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 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:

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

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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity** (continued)

**11. Net Position/Fund Balances** (continued)  
**Fund Balances** (continued)

*Restricted by 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 Economic and Physical Development* – portion of fund balance that is restricted by revenue source for economic and physical development expenditures.

*Restricted for Construction Purposes* – portion of fund balance that is restricted for capital project construction purposes.

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

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

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

Washington County does not have a board-approved fund balance policy.

Washington 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$11,253,571 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)	\$ 16,624,017
Less accumulated depreciation	( 5,335,798)
Net capital assets	11,288,219
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,259,504
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	( 788,090)
Compensated absences	( 417,904)
Net pension obligation	( 88,158)
Total adjustment	<u>\$ 11,253,571</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Reconciliation of Government-wide and Fund Financial Statements** (continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$492,822 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 948,136
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.	( 469,607)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	{ 234,640)
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	213,293
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Net pension obligations are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	( 18,298)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	( 22,366)
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 year end	76,304
Total adjustment	\$ 492,822

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Balance of Individual Funds**

The Emergency Telephone System Fund has a deficit fund balance of \$89,144 at year end due to capital outlay needs. Expenditures will be monitored closely in future years to reinstate fund balance to a positive amount.

**NOTE 3 – DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All of the County's, ABC Board's, and Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, ABC Board's, or Authority'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, ABC Board, and Authority 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, ABC Board, or Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, ABC Board, or Authority under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board and Authority have no formal policy regarding custodial risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$2,321,213 and a bank balance of \$3,015,081. Of the bank balance, \$389,237 was covered by federal depository insurance and \$2,625,844 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2014, Washington County had \$1,450 cash on hand,

At June 30, 2014, the carrying amount of deposits for Washington County ABC Board was \$177,068 and the bank balance was \$187,306. All of the bank balance was covered by federal depository insurance. At June 30, 2014, the Board's petty cash totaled \$1,200.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)**

**2. Investments**

At June 30, 2014, the County's investment balances were as follows:

At June 30, 2014, Washington County had \$1,207,114 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a rating of AAAM by Standard and Poor's. The County has no formal policy regarding credit risk.

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

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

Year Levied	Tax	Interest	Total
2011	\$ 275,186	\$ 90,127	\$ 365,313
2012	285,559	67,821	353,380
2013	311,282	45,913	357,195
2014	1,068,121	61,416	1,129,537
Total	\$ 1,940,148	\$ 265,277	\$ 2,205,425

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)**

**A. Assets (continued)**

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
<b>Governmental activities</b>				
General	\$ 675,190	\$ 1,426,981	\$ 494,795	\$ 2,596,966
Other governmental	44,845	-	-	44,845
<b>Total receivable</b>	<b>720,035</b>	<b>1,426,981</b>	<b>494,795</b>	<b>2,641,811</b>
Allowance for doubtful accounts	-	(167,477)	-	(167,477)
<b>Total governmental activities</b>	<b>\$ 720,035</b>	<b>\$ 1,259,504</b>	<b>\$ 494,795</b>	<b>\$ 2,474,334</b>
<b>Business-type activities</b>				
Sanitation	\$ 585,919	\$ -	\$ 6,331	\$ 592,250
Water	243,494	-	-	243,494
Allowance for doubtful accounts	(110,000)	-	-	(110,000)
<b>Total business-type activities</b>	<b>\$ 719,413</b>	<b>\$ -</b>	<b>\$ 6,331</b>	<b>\$ 725,744</b>

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

Local option sales tax	\$ 494,795
White goods disposal tax	971
Scrap tire tax	3,956
Disposal tax	<u>1,404</u>
<b>Total</b>	<b><u>\$ 501,126</u></b>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**A. Assets** (continued)

**5. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities</b>				
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ 1,058,401	\$ 413,484	\$ -	\$ 1,471,885
Land	2,371,800	-	-	2,371,800
<b>Total capital assets not being depreciated</b>	<b>3,430,201</b>	<b>413,484</b>	<b>-</b>	<b>3,843,685</b>
<b>Capital assets being depreciated:</b>				
Buildings	7,948,768	116,126	-	8,064,894
Furniture and equipment	2,534,169	173,703	-	2,707,872
Vehicles	1,769,135	244,823	6,392	2,007,566
<b>Total capital assets being depreciated</b>	<b>12,252,072</b>	<b>534,652</b>	<b>6,392</b>	<b>12,780,332</b>
<b>Less accumulated depreciation for:</b>				
Buildings	2,032,147	144,534	-	2,176,681
Furniture and equipment	1,665,674	149,486	-	1,815,160
Vehicles	1,174,762	175,587	6,392	1,343,957
<b>Total accumulated depreciation</b>	<b>4,872,583</b>	<b>469,607</b>	<b>6,392</b>	<b>5,335,798</b>
Total capital assets being depreciated, net	<u>7,379,489</u>			<u>7,444,534</u>
Governmental activities capital assets net	<u>\$ 10,809,690</u>			<u>\$ 11,288,219</u>

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

General government	\$ 110,701
Public safety	196,993
Economic and physical development	8,050
Human services	151,791
Cultural and recreational	<u>2,072</u>
Total depreciation expense	<u>\$ 469,607</u>



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**A. Assets** (continued)

**5. Capital Assets** (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Sanitation</b>				
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ -	\$ 54,623	\$ -	\$ 54,623
Land	294,294	-	-	294,294
<b>Total capital assets not being depreciated</b>	<b>294,294</b>	<b>54,623</b>	<b>-</b>	<b>348,917</b>
<b>Capital assets being depreciated:</b>				
Furniture and equipment	287,444	-	-	287,444
Vehicles	58,879	-	-	58,879
<b>Total capital assets being depreciated</b>	<b>346,323</b>	<b>-</b>	<b>-</b>	<b>346,323</b>
<b>Less accumulated depreciation for:</b>				
Furniture and equipment	138,862	21,142	-	160,004
Vehicles	55,499	-	-	55,499
<b>Total accumulated depreciation</b>	<b>194,361</b>	<b>21,142</b>	<b>-</b>	<b>215,503</b>
Total capital assets being depreciated, net	<u>151,962</u>			<u>130,820</u>
Sanitation capital assets net	<u>\$ 446,256</u>			<u>\$ 479,737</u>
<b>Water</b>				
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ -	\$ 554,030	\$ -	\$ 554,030
Land	35,864	-	-	35,864
<b>Total capital assets not being depreciated</b>	<b>35,864</b>	<b>554,030</b>	<b>-</b>	<b>589,894</b>
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	10,510,703	-	-	10,510,703
Furniture and equipment	183,766	8,600	-	192,366
Vehicles	87,361	18,299	37,642	68,018
<b>Total capital assets being depreciated</b>	<b>10,781,830</b>	<b>26,899</b>	<b>37,642</b>	<b>10,771,087</b>
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	3,290,889	210,522	-	3,501,411
Furniture and equipment	167,824	5,310	-	173,134
Vehicles	79,479	6,514	37,642	48,351
<b>Total accumulated depreciation</b>	<b>3,538,192</b>	<b>222,346</b>	<b>37,642</b>	<b>3,722,896</b>
Total capital assets being depreciated, net	<u>7,243,638</u>			<u>7,048,191</u>
Water capital assets net	<u>\$ 7,279,502</u>			<u>\$ 7,638,085</u>
Business-type activities capital assets net	<u>\$ 7,725,758</u>			<u>\$ 8,117,822</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**A. Assets** (continued)

**5. Capital Assets** (continued)

**Construction Commitments**

The government has two construction project as of June 30, 2014, one for the County airport and one library improvement project. At June 30, 2014, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Airport Construction Grant	<u>\$ 1,471,885</u>	<u>\$ 482,797</u>

**Discretely presented component units**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,691	\$ -	\$ -	\$ 4,691
<b>Capital assets being depreciated:</b>				
Buildings	68,273	2,200	-	70,473
Furniture and equipment	75,784	3,346	-	79,130
Total capital assets being depreciated	144,057	5,546	-	149,603
<b>Less accumulated depreciation for:</b>				
Buildings	59,506	1,722	-	61,228
Furniture and equipment	66,268	3,848	-	70,116
Total accumulated depreciation	125,774	5,570	-	131,344
Total capital assets being depreciated, net	18,283			18,259
Governmental activities capital assets net	\$ 22,974			\$ 22,950

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	Vendors	Others	Total
Governmental activities			
General	\$ 50,105	\$ 14,131	\$ 64,236
Other governmental	18,940	-	18,940
<b>Total governmental activities</b>	<b>\$ 69,045</b>	<b>\$ 14,131</b>	<b>\$ 83,176</b>
Business-type activities			
Sanitation	\$ 62,756	\$ 1,628	\$ 64,384
Water	12,488	1,097	13,585
<b>Total business-type activities</b>	<b>\$ 75,244</b>	<b>\$ 2,725</b>	<b>\$ 77,969</b>

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* Washington County contribute to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local 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, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute 6% of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 12.47% and 12.68%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.00% of annual covered payroll. The contribution requirements of members and of Washington County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$704,341, \$633,263, and \$646,291, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$4,967, \$4,697, and \$4,794, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**2. Pension Plan Obligations** (continued)

**b. Law Enforcement Officers' Special Separation Allowance**

**1. Plan Description.**

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	23
Total	23

A separate report was not issued for the plan.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting.** The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

**3. Contributions.**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25%-7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**2. Pension Plan Obligations** (continued)

**b. Law Enforcement Officers' Special Separation Allowance** (continued)

**3. Contributions.** (continued)

*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:

Employer annual required contribution	\$ 20,497
Interest on net pension obligation	3,493
Adjustment to annual required contribution	( 5,692)
Annual pension cost	18,298
Contributions made	-
Increase (decrease) in net pension obligation	18,298
Net pension obligation, beginning of year	69,860
Net pension obligation, end of year	<u>\$ 88,158</u>

**3 Year Trend Information**

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligated
2012	\$ 19,702	23.58%	\$ 49,666
2013	\$ 20,194	0.00%	\$ 69,860
2014	\$ 18,298	0.00%	\$ 88,158

**4. Funded Status and Funding Progress.**

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$144,750. The covered payroll (annual payroll of active employees covered by the plan) was \$771,261, and the ratio of the UAAL to the covered payroll was 18.77%

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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**2. Pension Plan Obligations** (continued)

**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 all employees 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 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 5% of each officer's salary, and all amounts contributed are vested immediately. For non-law enforcement employees, the County will match up to 3% of their salaries when employees withhold a minimum of \$20 each month. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$47,744 for law enforcement officers and \$231,338 for non-law enforcement employees with the County's contribution being \$37,526 for law enforcement and \$126,382 for non-law enforcement. The employee's contribution was \$10,218 from law enforcement and \$104,956 for non-law enforcement.

**d. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Washington County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any 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. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**2. Pension Plan Obligations** (continued)

**d. Register of Deeds' Supplemental Pension Fund** (continued)

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S.161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$855

**e. Other Post-Employment Benefits**

**1. Post-Employment Healthcare Benefits**

*Plan Description.* The post-employment healthcare benefits are provided through a cost-sharing multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Major Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section as 919-981-5454.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**2. Pension Plan Obligations** (continued)

**e. Other Post-Employment Benefits** (continued)

**1. Post-Employment Healthcare Benefits**

*Funding Policy.* The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal year ended June 30, 2014 and 2013, the County paid all annual required contributions to the Plan for post-employment healthcare benefits in the amount of \$270,678 and \$256,032, respectively. The contributions represented 4.5% of covered payroll.

**3. Deferred Outflows and Inflows of Resources**

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 52,560
Taxes receivable, net (General)	1,259,504	-
Total	\$ 1,259,504	\$ 52,560



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

B. Liabilities (continued)

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$1 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County carries flood insurance on one building through Fidelity National Property and Casualty Insurance Company. Of the County's assets this building is the only property that is located in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency. The County is eligible to and has purchased flood insurance coverage for the building and contents in the amount of \$67,200.

In accordance with G.S. 159-29, the County's employees who 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 tax collector are individually bonded for \$100,000 each. The Register of Deeds collector is individually bonded for \$50,000. The remaining employees who have access to funds are bonded under a blanket bond for \$250,000.

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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

B. **Liabilities** (continued)

4. **Risk Management** (continued)

The County also participates in the State's Comprehensive Major Medical Plan (also referred to as the State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2014, the County had 179 active participants in the Plan. The Plan provides medical coverage with no lifetime maximum. The Insurance Plan Administrator for the fiscal year ended June 30, 2014 was North Carolina State Health Plan for medical.

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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**5. Contingent Liabilities**

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

**Retiree Health Care and LGERS**

On July 1, 2005, the County joined the North Carolina State Employees Health Plan (SHP) as a participating member. The County chose to cover both its current and retired employees that met their internal requirements for receiving this benefit. The County's internal requirements for retired employees at that time required County employees to have twenty years of service to receive retiree health insurance benefits while State employees under the SHP only needed five years of service to receive retiree health insurance benefits. It was the County's understanding upon joining SHP that the County had the option to keep its internal requirements for retired employees and that the County would pay a set monthly premium for each participating retired employee as opposed to paying a percentage of active payroll as other state agencies did at the time. The County began receiving and paid monthly invoices from the State Health Plan effective July 1, 2005 for the premiums on these retired employees. The Notice of Employer Contribution Rates which the County received from the North Carolina Department of State Treasurer Retirement Services' Division for FY 2005-2006 and FY 2006-2007 did not include any percentage of payroll requirements for retiree health insurance coverage.

During fiscal year 2007-2008, the County became aware that G.S. 135-40, the statute that allowed certain local governments to participate in the SHP, was interpreted to mean that all member units were to pay a percentage of payroll to the LGERS for retiree health coverage. The County paid the premiums for its retiree coverage directly to SHP, based upon a per participant rate, beginning July 1, 2005 until June 30, 2008, in lieu of paying the stated percentage of payroll to LGERS. The net difference of the amount paid to SHP and the accumulated amount due under the percentage of payroll calculation is \$350,336. It is not known at this time if the County will be required to pay this amount to LGERS or when any repayment may occur. Beginning July 1, 2008, the County began paying the required percentage of payroll to LGERS and ceased paying premiums directly to SHP for its retiree coverage.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**6. Long-Term Obligations**

**a. Installment Purchase**

The County has entered into six installment purchase contracts as of June 30, 2014.

The first contract was entered into in February 2007 for a fire truck. The contract calls for 10 annual payments of \$17,012 including interest of 4.07%. The second contract was entered into in September 2010 for the purchase of an ambulance. The contract calls for seven annual installments of \$13,217 including interest of 2.92%. The third contract was entered into in February 2011 for the construction of a building at the Commerce Center. The contract calls for ten annual installments of \$50,000 plus interest at 4.41%. The fourth contract was entered into in May 2011 for the purchase of communication equipment. The contract calls for five annual installments of \$24,351 including interest. The fifth contract was entered into in June 2012 for the purchase of vehicles. The contract calls for five annual installments of \$19,516 including interest of 2.19%. The final contract was entered into in February 2014 for the purchase of vehicles and equipment. The contract calls for five annual installments of \$50,144 including interest at 2.25%.

The future minimum payments of the installment purchases as of June 30, 2014, including interest, are as follows:

Ending June 30	Governmental activities	
	Principal	Interest
2015	\$ 161,751	\$ 27,926
2016	165,356	22,116
2017	144,735	16,183
2018	117,032	11,449
2019	99,216	7,735
2020-2024	100,000	6,615
	<u>\$ 788,090</u>	<u>\$ 92,024</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)

**6. Long-Term Obligations** (continued)

**b. Revenue Bonds**

In October 1995, the County issued a \$1,010,000 water revenue bond with a term of 39 years to finance its water works extension project. On August 26, 2013, the County issued \$776,180 in water revenue advance refunding bonds. The interest rate on the bonds is 3.89% and is payable annually on June 1. The balance due at June 30, 2014 was \$743,966. The revenue bonds, which mature June 2033, are reported in the water fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

In December 2000, the County issued a \$4,849,000 water revenue bond with a term of 40 years to finance its water works extension project. On August 26, 2013, the County issued \$4,140,000 in water revenue advance refunding bonds. The interest rate on the bonds is 3.89% and is payable annually on June 1. The balance due at June 30, 2014 was \$3,968,179. The revenue bonds, which mature June 2033, are reported in the water fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

The future payments of the revenue bond requirements to maturity are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2015	\$ 172,129	\$ 183,302
2016	178,825	176,606
2017	185,782	169,650
2018	193,009	162,423
2019	200,517	154,915
2020-2024	1,125,833	651,327
2025-2029	1,362,519	414,641
2030-2033	1,293,531	128,195
<b>Total</b>	<b>\$ 4,712,145</b>	<b>\$ 2,041,059</b>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**B. Liabilities** (continued)  
**6. Long-Term Obligations** (continued)  
**b. Revenue Bonds** (continued)

The County has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water Revenue Bonds. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 120%. The debt service coverage ratio calculation for the year ended June 30, 2014, is as follows:

Operating revenues	\$ 1,225,465
Operating expenses *	<u>644,942</u>
Operating income	580,523
Non operating revenues **	<u>42</u>
Income available for debt service	<u>\$ 580,565</u>
Debt service, principal and interest paid	\$ 355,432
Debt service coverage ratio	<u>163.34%</u>

\* Per rate covenants, this does not include the depreciation expense of \$222,346.  
\*\* Per rate covenants, this does not include revenue bond interest paid of \$203,901.

**c. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchase	\$ 766,743	\$ 234,640	\$ 213,293	\$ 788,090	\$ 161,751
Compensated absences	395,538	138,746	116,380	417,904	167,000
Net pension obligation	69,860	18,298	-	88,158	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 1,232,141</b>	<b>\$ 391,684</b>	<b>\$ 329,673</b>	<b>\$ 1,294,152</b>	<b>\$ 328,751</b>
<b>Business-type activities:</b>					
Revenue bonds	\$ 4,916,180	\$ -	\$ 204,035	\$ 4,712,145	\$ 172,129
Compensated absences	28,317	4,382	11,021	21,678	8,880
<b>Business-type long-term liabilities</b>	<b>\$ 4,944,497</b>	<b>\$ 4,382</b>	<b>\$ 215,056</b>	<b>\$ 4,733,823</b>	<b>\$ 181,009</b>

Compensated absences and net pension obligations 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Year Ended June 30, 2014

**NOTE 3 – DETAIL NOTES ON ALL FUNDS** (continued)

**C. Interfund Balances and Activity**

Transfers to/from other funds

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

To the General Fund from the Emergency Telephone System Fund to assist in administrative expenses	\$ 76,272
To the General Fund from the Commerce Center Project to close out project fund	25,059
To the General Fund from the Health Clinic Construction to close out project fund	13,024
To the General Fund from the Sanitation Fund to assist in administrative expenses	55,000
To the General Fund from the Water Fund to assist in administrative expenses	<u>175,000</u>
Total	<u>\$ 344,356</u>
Due to the Sanitation Fund from the Water Fund to assist temporary cash flow	<u>\$ 181,452</u>

**D. Fund Balance**

Washington County has a revenue spending policy that provides a policy 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, city 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 is in the best interest of the County.

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

Total fund balance – General Fund	\$ 4,179,496
Less:	
Stabilization by State Statute	1,169,985
Register of Deeds	9,218
Tax Revaluation	<u>11,820</u>
Remaining Fund Balance	<u>\$ 2,988,473</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

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**NOTE 4 – JOINT VENTURES**

The County participates in a joint venture to operate Pettigrew Regional Library with four other local governments. Each participating local government appoints one board member to the five member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$170,563 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 201 E. 3<sup>rd</sup> Street, Plymouth, NC 27962.

The County also participates in a joint venture to operate Martin, Tyrell, Washington Health Department with two other local governments. The County government appoints five board members to the fifteen member board of the Health Department. The County has an ongoing financial responsibility for the joint venture because the Health Department's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$131,038 to the Health Department to supplement its activities. Complete financial statements for the Health Department can be obtained from their offices at Highway 45 N, Plymouth, NC 27962.

The County also participates in a joint venture to operate East Carolina Behavioral Health Center with eighteen other local governments. Each participating local government appoints four board members to the twenty member board of East Carolina Behavioral Health Center. The County has an ongoing financial responsibility for the joint venture because East Carolina Behavioral Health Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in East Carolina Behavioral Health Center, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$29,228 to East Carolina Behavioral Health Center to supplement its activities. Complete financial statements for East Carolina Behavioral Health Center can be obtained from their office at Middle Street, New Bern, NC 28563.

**NOTE 5 – JOINTLY GOVERNED ORGANIZATION**

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The County paid membership fees of \$8,596 to the Commission during the fiscal year ended June 30, 2014.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2014

**NOTE 6 – BENEFIT PAYMENTS ISSUED BY THE STATE**

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

	Federal	State
Temporary assistance to needy families	\$ 212,018	\$ -
Medicaid	14,899,669	8,360,183
NC Health Choice	147,506	46,527
Adoption assistance	115,484	30,126
Adult assistance	-	140,430
Title IV-E, foster care	17,086	4,465
CWS adoption benefits	-	5,229
Food Stamps	5,124,421	-
State Foster Care	-	1,736
Total	\$ 20,516,184	\$ 8,588,696

**NOTE 7 – 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 8 – PRIOR PERIOD ADJUSTMENT**

In accordance with GASB 61, the County has changed its presentation of the Washington Travel & Tourism Authority from a blended presentation to a discretely presented presentation. As a result, beginning net position and fund balances decreased \$58,403, respectively.

### ***Required Supplemental Financial Data***

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

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

Actuarial Valuation Date	Actuarial				Funded Ratio (a/b)	Covered Payroll )	UAAL as a % of Covered (c Payroll a/c)
	Actuarial Value of Assets (a)	Accrued (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)				
12/31/1997	\$ 26,287	\$ 24,159	\$ (2,128)	109%	\$ 292,161	-0.73%	
12/31/1998	27,404	26,578	(826)	103%	299,338	-0.28%	
12/31/1999	-	33,003	33,003	0%	398,044	8.29%	
12/31/2000	-	66,239	66,239	0%	429,643	15.42%	
12/31/2001	-	80,157	80,157	0%	447,915	17.90%	
12/31/2002	-	80,028	80,028	0%	395,721	20.22%	
12/31/2003	-	89,405	89,405	0%	436,133	20.50%	
12/31/2004	-	89,636	89,636	0%	380,530	23.56%	
12/31/2005	-	75,854	75,854	0%	454,330	16.70%	
12/31/2006	-	181,013	181,013	0%	632,728	28.61%	
12/31/2007	-	123,441	123,441	0%	724,484	17.04%	
12/31/2008	-	120,626	120,626	0%	736,846	16.37%	
12/31/2009	-	142,784	142,784	0%	721,220	19.80%	
12/31/2010	-	123,252	123,252	0%	746,867	16.50%	
12/31/2011	-	124,788	124,788	0%	735,654	16.96%	
12/31/2012	-	128,502	128,502	0%	659,535	19.48%	
12/31/2013	-	144,750	144,750	0%	771,261	18.77%	

Washington County, North Carolina  
**Law Enforcement Officers' Special Separation Allowance**  
 Required Supplementary Information  
 Schedule of Employer Contributions

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Year Ended June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 6,246	0%
2002	9,882	0%
2003	11,847	0%
2004	11,740	0%
2005	11,669	0%
2006	10,751	0%
2007	9,171	0%
2008	18,650	112.97%
2009	16,438	128.17%
2010	16,809	125.34%
2011	20,693	59.13%
2012	19,072	23.58%
2013	20,497	0.00%
2014	18,298	0.00%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases *	4.25 - 7.85%

\* Includes inflation at 3%

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Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes			
Taxes		\$ 7,014,138	
Penalties and interest		178,257	
Total	\$ 6,838,109	7,192,395	\$ 354,286
Local option sales tax			
Article 39 and 44		708,861	
Article 40 one-half of one percent		678,995	
Article 42 one-half of one percent		394,334	
Total	1,693,589	1,782,190	88,601
Other taxes and license			
Occupancy tax		48,813	
Gross receipts tax		307	
Total	900	49,120	48,220
Unrestricted intergovernmental			
Beer and wine tax		36,180	
Payments in lieu of tax		12,877	
Total	62,000	49,057	(12,943)
Restricted intergovernmental			
State grants		289,269	
Federal grants		3,207,604	
Court facility fees		21,179	
ABC bottle taxes		17,600	
Total	3,626,069	3,535,652	(90,417)
Permits and fees			
Building permits		70,126	
Officer and sheriff fees		54,164	
Cable franchise fees		15,424	
Register of deeds		91,415	
Total	260,900	231,129	(29,771)
Sales and services			
Rents, concessions, and fees		85,178	
School resource officer fees		206,229	
Jail fees		153,287	
EMS fees - Washington County		901,719	
EMS fees - Tyrrell County		633,034	
Recreation fees		57,898	
Airport sales		135,812	
Total	2,415,414	2,173,157	(242,257)
Investment earnings	5,000	3,888	(1,112)

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

(continued)

Miscellaneous			
Administrative reimbursement		3,000	
Miscellaneous		59,593	
Total	76,560	62,593	(13,967)
Total revenues	14,978,541	15,079,181	100,640
<b>EXPENDITURES</b>			
General government			
Governing board			
Governing board fees		39,226	
Operating expenditures		51,119	
Total	91,951	90,345	1,606
Administration			
Salaries and benefits		280,655	
Operating expenditures		47,256	
Capital outlay		27,838	
Total	330,670	355,749	(25,079)
Elections			
Salaries and benefits		57,075	
Operating expenditures		32,517	
Total	125,736	89,592	36,144
Finance			
Salaries and benefits		391,654	
Operating expenditures		95,521	
Total	506,578	487,175	19,403
Tax administration			
Salaries and benefits		207,779	
Operating expenditures		30,487	
Total	273,098	238,266	34,832
Legal and professional services			
Contracted services	117,686	116,944	742
Register of deeds			
Salaries and benefits		110,986	
Operating expenditures		22,888	
Total	140,746	133,874	6,872
Facility services			
Salaries and benefits		223,264	
Operating expenditures		417,059	
Capital outlay		105,683	
Total	744,117	746,006	(1,889)
Information technology			
Salaries and benefits		58,994	
Operating expenditures		40,538	
Total	111,788	99,532	12,256

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

(continued)

Geographic information			
Salaries and benefits		68,150	
Operating expenditures		12,509	
Total	81,832	80,659	1,173
Total general government	2,524,202	2,438,142	86,060
Public safety			
Sheriff and communications			
Salaries and benefits		1,293,704	
Operating expenditures		282,088	
Capital outlay		22,854	
Total	1,627,111	1,598,646	28,465
CJPP criminal justice			
Operating expenditures	550	525	25
Detention center			
Salaries and benefits		509,542	
Operating expenditures		429,010	
Total	928,935	938,552	(9,617)
School resource officer - Union			
Salaries and benefits	62,554	43,945	18,609
School resource officer - Creswell			
Salaries and benefits		40,730	
Operating expenditures		1,389	
Total	50,887	42,119	8,768
School resource officer - Plymouth			
Salaries and benefits		47,649	
Operating expenditures		1,802	
Total	52,471	49,451	3,020
COPS grant			
Salaries and benefits	53,631	51,793	1,838
Fire protection			
Assistance to local departments	283,099	283,190	(91)
Planning and inspections			
Salaries and benefits		174,571	
Operating expenditures		20,845	
Total	210,069	195,416	14,653
Medical examiner			
Contracted services	5,000	5,100	(100)
Forrestry			
County contribution	80,000	75,826	4,174
Total public safety	3,354,307	3,284,563	69,744



Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

(continued)

Economic and physical development			
Cooperative extension service			
Salaries and benefits		77,690	
Operating expenditures		12,072	
<b>Total</b>	<b>89,534</b>	<b>89,762</b>	<b>(228)</b>
Economic development			
Operating expenditures	16,250	10,675	5,575
Chamber of commerce			
Salaries and benefits	-	4,832	(4,832)
Soil and water conservation			
Salaries and benefits		49,385	
Operating expenditures		3,850	
<b>Total</b>	<b>53,351</b>	<b>53,235</b>	<b>116</b>
Airport operations			
Salaries and benefits		43,941	
Operating expenditures		116,820	
<b>Total</b>	<b>160,752</b>	<b>160,761</b>	<b>(9)</b>
<b>Total economic and physical development</b>	<b>319,887</b>	<b>319,265</b>	<b>622</b>
Human services			
Contribution to District Health Department	131,038	131,038	-
Mental health			
East Carolina Behavioral Health	29,228	29,228	-
EMS			
Salaries and benefits - Washington		1,193,230	
Operating expenditures - Washington		398,029	
Salaries and benefits - Tyrrell		537,418	
Operating expenditures - Tyrrell		105,636	
Capital outlay		206,391	
<b>Total</b>	<b>2,371,831</b>	<b>2,440,704</b>	<b>68,873</b>
Senior citizens center			
Salaries and benefits		99,936	
Operating expenditures		95,234	
<b>Total</b>	<b>198,523</b>	<b>195,170</b>	<b>(3,353)</b>
Juvenile justice			
Operating expenditures	82,803	81,544	(1,259)
Social services administration			
Salaries and benefits		2,320,687	
Operating expenditures		233,340	
<b>Total</b>	<b>2,651,304</b>	<b>2,554,027</b>	<b>(97,277)</b>

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

(continued)

Social services daycare			
Assistance payments	732,386	735,825	3,439
Social services economic support			
Assistance payments	613,953	472,425	(141,528)
Social services transportation			
Salaries and benefits		180,237	
Operating expenditures		99,572	
Capital outlay		55,468	
Total	340,531	335,277	(5,254)
Community alternatives program			
Salaries and benefits		95,855	
Operating expenditures		46,137	
Total	145,968	141,992	(3,976)
Veterans service officer			
Salaries and benefits		10,614	
Operating expenditures		1,656	
Total	12,318	12,270	(48)
Total human services	7,309,883	7,129,500	180,383
Cultural and recreation			
Recreation			
Salaries and benefits		79,614	
Operating expenditures		54,723	
Capital outlay		7,367	
Total	154,924	141,704	13,220
Library			
Contribution to regional library	175,563	170,563	5,000
Total culture and recreation	330,487	312,267	18,220
Education			
Public schools - current		1,525,000	
Public schools - capital outlay		300,000	
Community college - current		16,359	
Total education	1,841,359	1,841,359	-
Debt service			
Principal	240,360	213,293	27,067
Interest	36,838	30,342	6,496
Total debt service	277,198	243,635	33,563
Total expenditures	15,957,323	15,568,731	382,742
Revenues over (under) expenditures	(978,782)	(489,550)	489,232

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

(continued)

**OTHER FINANCING SOURCES (USES)**

Transfer from Sanitation Fund	55,000	55,000	-
Transfer from Water Fund	175,000	175,000	-
Transfer from Emergency Telephone Fund	76,272	76,272	-
Transfer from Commerce Center Project	-	25,060	25,060
Transfer from Health Clinic Project	-	13,024	13,024
Installment purchase obligation issued	300,000	234,640	(65,360)
Sale of capital assets	7,000	7,299	299
<b>Total other financing sources (uses)</b>	<b>613,272</b>	<b>586,295</b>	<b>(26,977)</b>

Revenues and other financing sources over (under) expenditures and other financing uses	(365,510)	96,745	462,255
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Fund balance appropriated	365,510	-	(365,510)
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<b>Net change in fund balance</b>	<b>\$ -</b>	<b>96,745</b>	<b>\$ 96,745</b>
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<b>Fund balance, beginning</b>	<b>4,129,278</b>
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<b>Prior period adjustment</b>	<b>(58,403)</b>
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<b>Fund balance, ending</b>	<b>\$ 4,167,620</b>
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Washington County, North Carolina  
**Tax Mapping and Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 5	\$ 5
<b>EXPENDITURES</b>			
General government			
Other operating expenditures	33,000	32,901	99
Revenues over (under) expenditures	(33,000)	(32,896)	104
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General Fund	33,000	-	(33,000)
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(32,896)</u>	<u>\$ (32,896)</u>
<b>Fund balance, beginning</b>		<u>44,772</u>	
<b>Fund balance, ending</b>		<u>\$ 11,876</u>	

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## **COMBINING STATEMENTS FOR NON-MAJOR FUNDS**

### ***Special Revenue Funds***

- Emergency Telephone System Fund – This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system.
- Drainage Fund – This fund is used to account for special revenues received to improve drainage operations within the County.
- Community Development Block Grants – This fund is used to account for the Community Development Block Grant proceeds that are being used to renovate certain areas within the County.

### ***Capital Project Funds***

- Commerce Center Project – This fund accounts for the construction of a commerce center building.
- Airport Grant Capital Project – This fund accounts for capital improvements at the County airport facilities.
- Health Clinic Construction - This fund accounts for the construction of a new health clinic building.
- Library Project Grant – This fund accounts for capital improvement projects at the library.

Washington County, North Carolina  
**Combining Balance Sheet**  
 Non-major Governmental Funds  
 June 30, 2014

	Special Revenue Funds				Total Non-major Special Revenue Funds
	Emergency Telephone System Fund	Drainage Fund	Community Development Block Grant - 2010	Community Development Block Grant - 2012	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 80,229	\$ 21,150	\$ -	\$ 101,379
Accounts receivable, net	31,613	-	12,779	-	44,392
<b>Total assets</b>	<b>31,613</b>	<b>80,229</b>	<b>33,929</b>	<b>-</b>	<b>145,771</b>
<b>LIABILITIES</b>					
Cash overdraft	120,757	-	-	-	120,757
Accounts payable	-	5,440	12,768	-	18,208
<b>Total liabilities</b>	<b>120,757</b>	<b>5,440</b>	<b>12,768</b>	<b>-</b>	<b>138,965</b>
<b>FUND BALANCES</b>					
Restricted					
Stabilization by State Statute	31,613	-	12,779	-	44,392
Economic and physical development	-	74,789	8,382	-	83,171
Construction projects	-	-	-	-	-
Unassigned	(120,757)	-	-	-	(120,757)
<b>Total fund balances</b>	<b>(89,144)</b>	<b>74,789</b>	<b>21,161</b>	<b>-</b>	<b>6,806</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,613</b>	<b>\$ 80,229</b>	<b>\$ 33,929</b>	<b>\$ -</b>	<b>\$ 145,771</b>

Commerce Center Project	Airport Grant Capital Project	Health Clinic Construction	Library Project Grant	Total Non-major Capital Projects	Total Non-major Governmental Funds
\$ -	\$ 182,899	\$ -	\$ -	\$ 182,899	\$ 284,278
-	453	-	-	453	44,845
-	183,352	-	-	183,352	329,123
-	-	-	1,717	1,717	122,474
-	-	-	732	732	18,940
-	-	-	2,449	2,449	141,414
-	-	-	-	-	44,392
-	-	-	-	-	83,171
-	183,352	-	-	183,352	183,352
-	-	-	(2,449)	(2,449)	(123,206)
-	183,352	-	(2,449)	180,903	187,709
\$ -	\$ 183,352	\$ -	\$ -	\$ 183,352	\$ 329,123



Washington County, North Carolina  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-major Governmental Funds**  
For the Year Ended June 30, 2014

	Special Revenue Funds				Total Non-major Special Revenue Funds
	Emergency Telephone System Fund	Drainage Fund	Community Development Block Grant - 2010	Community Development Block Grant - 2012	
<b>REVENUES</b>					
Other taxes and license	\$ 174,849	\$ 85,723	\$ -	\$ -	\$ 260,572
Restricted intergovernmental	-	-	169,136	38,275	207,411
<b>Total revenues</b>	<b>174,849</b>	<b>85,723</b>	<b>169,136</b>	<b>38,275</b>	<b>467,983</b>
<b>EXPENDITURES</b>					
Current					
Public safety	99,566	-	-	-	99,566
Economic and physical deveopment	-	70,763	-	73,175	143,938
Capital outlay	109,051	-	168,550	-	277,601
<b>Total expenditures</b>	<b>208,617</b>	<b>70,763</b>	<b>168,550</b>	<b>73,175</b>	<b>521,105</b>
Excess (deficiency) of revenues over expenditures	(33,768)	14,960	586	(34,900)	(53,122)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from (to) other funds	(76,272)	-	-	-	(76,272)
<b>Net change in fund balances</b>	<b>(110,040)</b>	<b>14,960</b>	<b>586</b>	<b>(34,900)</b>	<b>(129,394)</b>
Fund balances, beginning	20,896	59,829	20,575	34,900	136,200
<b>Fund balances, ending</b>	<b>\$ (89,144)</b>	<b>\$ 74,789</b>	<b>\$ 21,161</b>	<b>\$ -</b>	<b>\$ 6,806</b>

Commerce Center Project	Airport Grant Capital Project	Health Clinic Construction	Library Project Grant	Total Non-major Capital Projects	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,572
-	294,436	-	20,394	314,830	522,241
-	294,436	-	20,394	314,830	782,813
-	-	-	-	-	99,566
-	-	-	-	-	143,938
-	390,641	-	22,843	413,484	691,085
-	390,641	-	22,843	413,484	934,589
-	(96,205)	-	(2,449)	(98,654)	(151,776)
(25,059)	-	(13,024)	-	(38,083)	(114,355)
(25,059)	(96,205)	(13,024)	(2,449)	(136,737)	(266,131)
25,059	279,557	13,024	-	317,640	453,840
\$ -	\$ 183,352	\$ -	\$ (2,449)	\$ 180,903	\$ 187,709

Washington County, North Carolina  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sales and services	\$ 289,900	\$ 174,849	\$ (115,051)
<b>EXPENDITURES</b>			
Current			
Public safety			
Operating expenditures		99,566	
Capital outlay		109,051	
Total expenditures	213,628	208,617	5,011
Revenues over (under) expenditures	76,272	(33,768)	(110,040)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to General Fund	(76,272)	(76,272)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(110,040)	\$ (110,040)
Fund balance, beginning		20,896	
Fund balance, ending		\$ (89,144)	

Washington County, North Carolina  
**Drainage Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other taxes and license			
Drainage assessments	\$ 79,668	\$ 85,723	\$ 6,055
<b>EXPENDITURES</b>			
Current			
Economic and physical development			
Operating expenditures	79,668	70,763	8,905
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>14,960</b>	<b>\$ 14,960</b>
<b>Fund balance, beginning</b>		<u>59,829</u>	
<b>Fund balance, ending</b>		<u>\$ 74,789</u>	

Washington County, North Carolina  
**Community Development Block Grant - 2010**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
From Inception and For the Year Ended June 30, 2014

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental CDBG-2010	\$ 1,085,941	\$ 453,790	\$ 169,136	\$ 622,926	\$ (463,015)
Talent enhancement	85,000	31,819	-	31,819	(53,181)
<b>Total revenues</b>	<b>1,170,941</b>	<b>485,609</b>	<b>169,136</b>	<b>654,745</b>	<b>(516,196)</b>
<b>EXPENDITURES</b>					
Economic and physical development Administration	126,499	48,669	-	48,669	77,830
Rehabilitation	1,044,442	416,365	168,550	584,915	459,527
<b>Total expenditures</b>	<b>1,170,941</b>	<b>465,034</b>	<b>168,550</b>	<b>633,584</b>	<b>537,357</b>
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 20,575</b>	<b>586</b>	<b>\$ 21,161</b>	<b>\$ 21,161</b>
Fund balance, beginning			<u>20,575</u>		
Fund balance, ending			<u>\$ 21,161</u>		

Washington County, North Carolina  
**Community Development Block Grant - 2012**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
From Inception and For the Year Ended June 30, 2014

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental CDBG-2012	\$ 75,000	\$ 37,500	\$ 38,275	\$ 75,775	\$ 775
<b>EXPENDITURES</b>					
Economic and physical development Rehabilitation	75,000	2,600	73,175	75,775	(775)
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 34,900</b>	<b>(34,900)</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balance, beginning			<u>34,900</u>		
Fund balance, ending			<u>\$ -</u>		

Washington County, North Carolina  
**Airport Grant Capital Projects**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
From Inception and for the Year Ended June 30, 2014

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental Aviation grants	\$ 1,374,740	\$ 1,263,016	\$ 294,436	\$ 1,557,452	\$ 182,712
<b>EXPENDITURES</b>					
Construction and improvements	1,449,682	1,058,401	390,641	1,449,042	640
Revenues over (under) expenditures	(74,942)	204,615	(96,205)	108,410	183,352
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	74,942	74,942	-	74,942	-
Revenues and other sources over (under) expenditures	\$ -	\$ 279,557	(96,205)	\$ 183,352	\$ 183,352
Fund balance, beginning			279,557		
Fund balance, ending			\$ 183,352		

Washington County, North Carolina  
**Health Clinic Construction Project**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
From Inception and for the Year Ended June 30, 2014

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental					
Golden Leaf Grant	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ -
HRSA Grant	633,600	633,600	-	633,600	-
Creswell Rural Center Grant	71,851	71,601	-	71,601	(250)
<b>Total revenues</b>	<b>1,305,451</b>	<b>1,305,201</b>	<b>-</b>	<b>1,305,201</b>	<b>(250)</b>
<b>EXPENDITURES</b>					
Architect and engineer	74,568	75,915	-	75,915	(1,347)
Advertising	2,500	2,500	-	2,500	-
Surveys	19,680	20,342	-	20,342	(662)
Construction	1,208,703	1,193,420	-	1,193,420	15,283
<b>Total expenditures</b>	<b>1,305,451</b>	<b>1,292,177</b>	<b>-</b>	<b>1,292,177</b>	<b>13,274</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>13,024</b>	<b>-</b>	<b>13,024</b>	<b>13,024</b>
<b>OTHER FINANCING USES</b>					
Transfer to General Fund	-	-	(13,024)	(13,024)	(13,024)
<b>Revenues over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ 13,024</b>	<b>(13,024)</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balance, beginning			<u>13,024</u>		
Fund balance, ending			<u>\$ -</u>		



Washington County, North Carolina  
**Commerce Center Project**  
**Schedule of Revenues, and Expenditures – Budget and Actual**  
From Inception and for the Year Ended June 30, 2014

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental					
Golden Leaf Grant	\$ 1,216,461	\$ 1,216,461	\$ -	\$ 1,216,461	\$ -
Interest income	-	71	-	71	71
Total revenues	1,216,461	1,216,532	-	1,216,532	71
<b>EXPENDITURES</b>					
Ads, permits, surveys	32,000	33,744	-	33,744	(1,744)
Soil report	16,889	16,888	-	16,888	1
Professional services	229,655	229,545	-	229,545	110
Construction	1,422,035	1,411,296	-	1,411,296	10,739
Total expenditures	1,700,579	1,691,473	-	1,691,473	9,106
Revenues over (under) expenditures	(484,118)	(474,941)	-	(474,941)	9,177
<b>OTHER FINANCING SOURCES AND USES</b>					
Loan proceeds	484,118	500,000	-	500,000	15,882
Transfer to General Fund	-	-	(25,059)	(25,059)	(25,059)
Total other financing sources and uses	484,118	500,000	(25,059)	474,941	(9,177)
Revenues and other sources over (under) expenditures	\$ (484,118)	\$ (474,941)	(25,059)	\$ -	\$ -
Fund balance, beginning			25,059		
Fund balance, ending			\$ -		

Washington County, North Carolina  
**Library Project Grant**  
**Schedule of Revenues, and Expenditures – Budget and Actual**  
From Inception and for the Year Ended June 30, 2014

	Project Authorization	Actual		Variance Positive (Negative)
		Current Year	Total to Date	
<b>REVENUES</b>				
Restricted intergovernmental CDBG Grant	\$ 500,000	\$ 20,394	\$ 20,394	\$ (479,606)
<b>EXPENDITURES</b>				
Administration	50,000	22,843	22,843	27,157
Construction	455,000	-	-	455,000
Total expenditures	505,000	22,843	22,843	482,157
Revenues over (under) expenditures	(5,000)	(2,449)	(2,449)	2,551
<b>OTHER FINANCING USES</b>				
Transfer from General Fund	5,000	-	-	(5,000)
Revenues over (under) expenditures and other financing uses	\$ -	(2,449)	\$ (2,449)	\$ (2,449)
Fund balance, beginning		-		
Fund balance, ending		\$ (2,449)		

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### ***Enterprise Funds***

- Sanitation Fund – accounts for the County’s solid waste activities.
- Water Fund – accounts for the activities of the County’s water activities, including the associated Capital Project Fund that is used to record capital expenditures.

Washington County, North Carolina  
**Enterprise Fund - Sanitation Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Operating revenues			
Solid waste fees		\$ 1,072,773	
White goods disposal fee and grants		10,470	
Scrap tire tax and grants		28,264	
Solid waste disposal tax		6,114	
Penalties		423	
Total	\$ 1,195,201	1,118,044	\$ (77,157)
Nonoperating revenues			
Investment earnings	200	-	(200)
Total revenues	1,195,401	1,118,044	(77,357)
<b>EXPENDITURES</b>			
Landfill and collections			
Salaries and benefits		84,607	
Garbage collection fees		655,810	
Landfill fees		247,776	
Scrap tire services		30,640	
Operating expenditures		36,840	
Capital outlay		54,623	
Total expenditures	1,140,401	1,110,296	30,105
Revenues over (under) expenditures	55,000	7,748	(47,252)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to General Fund	(55,000)	(55,000)	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(47,252)	\$ (47,252)
<b>Reconciliation from budgetary basis (modified) accrual to full accrual:</b>			
Reconciling items:			
Depreciation		(21,142)	
Capital outlay		54,623	
(Increase) decrease in compensated absences		(685)	
Total reconciling items		32,796	
Change in net position		\$ (14,456)	

Washington County, North Carolina  
**Enterprise Fund - Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Operating revenues			
Water charges		\$ 1,219,990	
Tap and connection fees		5,475	
<b>Total</b>	<b>\$ 1,290,337</b>	<b>1,225,465</b>	<b>\$ (64,872)</b>
Nonoperating revenues			
Investment earnings	-	42	42
<b>Total revenues</b>	<b>1,290,337</b>	<b>1,225,507</b>	<b>(64,830)</b>
<b>EXPENDITURES</b>			
Operation and maintenance			
Salaries and benefits		218,067	
Professional services		910	
Operating expenditures		208,610	
<b>Total</b>	<b>428,626</b>	<b>427,587</b>	<b>1,039</b>
Treatment plant			
Salaries and benefits		116,921	
Utilities		26,000	
Chemicals		16,750	
Operating expenditures		65,008	
<b>Total</b>	<b>227,239</b>	<b>224,679</b>	<b>2,560</b>
Capital outlay	604,280	580,929	23,351
Debt service			
Principal		204,035	
Interest		203,901	
Bond Insurance		27,900	
<b>Total</b>	<b>435,872</b>	<b>435,836</b>	<b>36</b>
<b>Total expenditures</b>	<b>1,696,017</b>	<b>1,669,031</b>	<b>3,635</b>
<b>Revenues over (under) expenditures</b>	<b>(405,680)</b>	<b>(443,524)</b>	<b>(37,844)</b>

Washington County, North Carolina  
**Enterprise Fund - Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Year Ended June 30, 2014

(continued)

<b>OTHER FINANCING SOURCES (USES)</b>			
Capital contributions	552,278	-	(552,278)
Transfer to General Fund	(175,000)	(175,000)	-
<b>Total other financing sources (uses)</b>	<b>377,278</b>	<b>(175,000)</b>	<b>(552,278)</b>
Revenues and other sources over (under) expenditures and other uses	(28,402)	(618,524)	(590,122)
Fund balance appropriated	28,402	-	(28,402)
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	(618,524)	\$ (618,524)
Reconciliation from budgetary basis to full accrual:			
Reconciling items:			
Depreciation		(222,346)	
Debt principal		204,035	
Capital outlay		580,929	
Decrease in compensated absences		7,324	
Total reconciling items		<u>569,942</u>	
Change in net position		<u>\$ (48,582)</u>	

Washington County, North Carolina  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
For the Year Ended June 30, 2014

	Balance	July			Balance
	1, 2013	Additions	Deletions		June 30, 2014
<b><u>Social Services</u></b>					
Assets					
Cash and cash equivalents	\$ 39,693	\$ 148,149	\$ 153,030		\$ 34,812
Liabilities					
Miscellaneous liabilities	\$ 39,693	\$ 148,149	\$ 153,030		\$ 34,812
<b><u>Detention Center</u></b>					
Assets					
Cash and cash equivalents	\$ 10,390	\$ 8,353	\$ 8,353		\$ 10,390
Liabilities					
Miscellaneous liabilities	\$ 10,390	\$ 8,353	\$ 8,353		\$ 10,390
<b><u>Motor Vehicle Tax</u></b>					
Assets					
Cash and cash equivalents	\$ 13,896	\$ 1,143,335	\$ 1,140,131		\$ 17,100
Liabilities					
Miscellaneous liabilities	\$ 13,896	\$ 1,143,335	\$ 1,140,131		\$ 17,100
<b><u>Agricultural Agent</u></b>					
Assets					
Cash and cash equivalents	\$ -	\$ 25,788	\$ 20,406		\$ 5,382
Liabilities					
Miscellaneous liabilities	\$ -	\$ 25,788	\$ 20,406		\$ 5,382
<b><u>4-H Livestock Show</u></b>					
Assets					
Cash and cash equivalents	\$ -	\$ 107,139	\$ 49,176		\$ 57,963
Liabilities					
Miscellaneous liabilities	\$ -	\$ 107,139	\$ 49,176		\$ 57,963
<b><u>Total - All Agency Fund</u></b>					
Assets					
Cash and cash equivalents	\$ 63,979	\$ 1,432,764	\$ 1,371,096		\$ 125,647
Liabilities					
Miscellaneous liabilities	\$ 63,979	\$ 1,432,764	\$ 1,371,096		\$ 125,647



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***Washington County Travel and Tourism Authority***

***Discretely Presented Component Unit***

- Supplemental Statement of Net Position
- Supplemental Statement of Activities
- Supplemental Balance Sheet
- Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance
- Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Washington County, North Carolina  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Net Position**  
June 30, 2014

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<b>ASSETS</b>		
Receivables, net	\$	13,033
<hr/>		
<b>LIABILITIES</b>		
Cash overdraft		29,851
Accounts payable and accrued liabilities		9,107
<hr/>		
Total liabilities		38,958
<hr/>		
<b>NET POSITION</b>		
Restricted		
Stabilization of State Statute		13,033
Unrestricted		(38,958)
<hr/>		
Total net position	\$	(25,925)
<hr/>		

Note: This is a discretely presented component unit that does not issue separate financial statements.

Washington County, North Carolina  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Activities**  
For the Year Ended June 30, 2014

Functions/ Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
<b>Governmental activities:</b>		
Economic & physical development	\$ 167,223	\$ (167,223)
<b>General revenues:</b>		
Occupancy taxes		82,895
Change in net position		(84,328)
Net position, beginning of year		58,403
Net position, end of year		\$ (25,925)

Note: This is a discretely presented component unit that does not issue separate financial statements.

Washington County, North Carolina  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Balance Sheet**  
June 30, 2014

<b>ASSETS</b>	
Receivables, net	\$ 13,033
<b>LIABILITIES</b>	
Cash overdraft	29,851
Accounts payable and accrued liabilities	9,107
Total liabilities	38,958
<b>FUND BALANCES</b>	
Restricted	
Stabilization of State Statute	13,033
Unassigned	(38,958)
Total fund balances	(25,925)
Total liabilities and fund balances	\$ 13,033

Note: This is a discretely presented component unit that does not issue separate financial statements.

Washington County, North Carolina  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Revenues, Expenditures and Changes in Fund Balance**  
For the Year Ended June 30, 2014

<b>REVENUES</b>	
Occupancy taxes	\$ 82,895
<b>EXPENDITURES</b>	
Current:	
Salaries and benefits	41,393
Advertising	48,198
Contracted services	35,000
Grants	38,355
Operating expenditures	4,277
Total expenditures	167,223
Net change in fund balance	(84,328)
Fund balances - beginning	58,403
Fund balances - ending	\$ (25,925)

Note: This is a discretely presented component unit that does not issue separate financial statements.

Washington County, North Carolina  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Budget and Actual**  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Occupancy taxes	\$ 128,764	\$ 128,764	\$ 82,895	\$ (45,869)
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	39,564	39,564	41,393	(1,829)
Advertising	48,000	51,000	48,198	2,802
Contracted services	15,000	15,000	35,000	(20,000)
Grants	35,000	35,000	38,355	(3,355)
Operating expenditures	8,700	8,700	4,277	4,423
<b>Total expenditures</b>	<b>146,264</b>	<b>149,264</b>	<b>167,223</b>	<b>(17,959)</b>
<b>Revenues over (under) expenditures</b>	<b>(17,500)</b>	<b>(20,500)</b>	<b>(84,328)</b>	<b>(63,828)</b>
<b>Fund balance appropriated</b>	<b>17,500</b>	<b>20,500</b>	<b>-</b>	<b>(20,500)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(84,328)</b>	<b>\$ (84,328)</b>
Fund balances - beginning			58,403	
Fund balance - ending			<u>\$ (25,925)</u>	

Note: This is a discretely presented component unit that does not issue separate financial statements.

## ***OTHER SCHEDULES***

This section includes additional information on property taxes

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Analysis of Current Tax Levy-Secondary Market Disclosures
- Ten Largest Taxpayers



Washington County, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2014

Fiscal Year	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 7,165,939	\$ 6,624,047	\$ 541,892
2012-2013	587,237	4,909	291,113	301,033
2011-2012	248,180	1,138	60,432	188,886
2010-2011	158,852	210	32,661	126,401
2009-2010	90,754	51	16,525	74,280
2008-2009	55,088	39	8,575	46,552
2007-2008	55,004	70	7,832	47,242
2006-2007	44,436	67	4,829	39,674
2005-2006	35,432	-	3,255	32,177
2004-2005	31,770	-	2,926	28,844
2003-2004	27,571	-	27,571	-
	<u>\$ 1,334,324</u>	<u>\$ 7,172,423</u>	<u>\$ 7,079,766</u>	1,426,981
				Less: allowance for uncollectible amounts <u>(167,477)</u>
				Ad valorem taxes receivable - net <u>\$ 1,259,504</u>
				<u>Reconcilement with revenues:</u>
				Ad valorem taxes - General Fund \$ 7,192,395
				Penalties and interest (178,257)
				Taxes written off <u>65,628</u>
				Total collections and credits <u>\$ 7,079,766</u>

Washington County, North Carolina  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
For the Year Ended June 30, 2014

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property taxed at current	\$ 903,417,342	0.79	\$ 7,136,997	\$ 6,225,259	\$ 911,738
Penalties	-		7,151	7,151	-
Discoveries	4,243,038		33,520	31,882	1,638
Abatements	(1,484,683)		(11,729)	(8,912)	(2,817)
Total property valuation	<u>\$ 906,175,697</u>				
Net levy			\$ 7,165,939	\$ 6,255,380	\$ 910,559
Uncollected taxes at June 30, 2014			<u>541,892</u>	<u>489,913</u>	<u>51,979</u>
Current year's tax collected			<u>\$ 6,624,047</u>	<u>\$ 5,765,467</u>	<u>\$ 858,580</u>
Current levy collection percentage			<u>92.44%</u>	<u>92.17%</u>	<u>94.29%</u>

Washington County, North Carolina  
 Analysis of Current Tax Levy  
 Count-wide Levy  
 For the Fiscal year Ended June 30, 2014

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**Secondary Market Disclosures:**

Assessed Valuation;	
Assessment Ratio <sup>1</sup>	100%
Real Property	\$696,337,160
Personal Property	161,750,082
Public Service Companies <sup>2</sup>	48,088,455
Total Assessed Valuation	906,175,697
Tax Rate per \$100	0.79
Levy (includes discoveries, releases and abatements) <sup>3</sup>	7,165,939

<sup>1</sup>Percentage of appraised value has been established by statute.

<sup>2</sup>Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>3</sup>The levy includes interest and penalties.

**Washington County, North Carolina  
10 Largest Taxpayers  
June 30, 2014**

<u>Employer</u>	Full-time Equivalent <u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>
Domtar Company	445	1	30%
Washington County Schools	259	2	18%
Washington County Government	183	3	12%
Home Life Care, Inc.	115	4	7%
Principle Long Term Care	106	5	7%
Washington County Hospital	89	6	6%
MTW Health Department	85	7	6%
Weyerhaeuser Company	83	8	6%
Mackey's Ferry Sawmill	73	9	5%
Town of Plymouth	42	10	3%
Total	1,480		

Source: Contacted each employer  
Estimates only

Information from nine years ago not available

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## ***STATISTICAL SECTION***

### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**Washington County, North Carolina**  
**Net Position by Component**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

Schedule 1

	Fiscal Year						
	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>							
Net investment in capital assets	\$ 3,354,790	\$ 3,102,394	\$ 6,877,735	\$ 9,296,007	\$ 9,973,378	\$ 10,042,947	\$ 10,500,129
Restricted	-	-	-	2,579,956	2,140,280	2,115,541	1,490,118
Unassigned	6,899,656	7,386,521	6,365,461	2,159,553	2,055,831	3,230,151	3,630,529
<b>Total government activities net assets</b>	<u>\$ 10,254,446</u>	<u>\$ 10,488,915</u>	<u>\$ 13,243,196</u>	<u>\$ 14,035,516</u>	<u>\$ 14,169,489</u>	<u>\$ 15,388,639</u>	<u>\$ 15,620,776</u>
<b>Business-type activities</b>							
Net investment in capital assets	\$ 2,955,531	\$ 3,388,284	\$ 3,245,967	\$ 3,094,715	\$ 2,949,023	\$ 2,809,578	\$ 3,405,677
Restricted	-	-	-	-	-	-	-
Unassigned	1,745,558	1,392,900	1,209,370	1,199,799	1,323,981	1,283,056	623,919
<b>Total business-type activities net assets</b>	<u>\$ 4,701,089</u>	<u>\$ 4,781,184</u>	<u>\$ 4,455,337</u>	<u>\$ 4,294,514</u>	<u>\$ 4,273,004</u>	<u>\$ 4,092,634</u>	<u>\$ 4,029,596</u>
<b>Primary government</b>							
Net investment in capital assets	\$ 6,310,321	\$ 6,490,678	\$ 10,123,702	\$ 12,390,722	\$ 12,922,401	\$ 12,852,525	\$ 13,905,806
Restricted	-	-	-	2,579,956	2,140,280	2,115,541	1,490,118
Unassigned	8,645,214	8,779,421	7,574,831	3,359,352	3,379,812	4,513,207	4,254,448
<b>Total primary government net position</b>	<u>\$ 14,955,535</u>	<u>\$ 15,270,099</u>	<u>\$ 17,698,533</u>	<u>\$ 18,330,030</u>	<u>\$ 18,442,493</u>	<u>\$ 19,481,273</u>	<u>\$ 19,650,372</u>

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2005.

**Washington County, North Carolina**  
**Changes in Net Position**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

Schedule 2

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>							
Governmental activities:							
General government	\$ 1,806,270	\$ 1,950,393	\$ 1,988,696	\$ 2,026,071	\$ 2,106,105	\$ 2,243,707	\$ 2,435,103
Public Safety	3,144,896	3,351,861	3,455,636	3,697,483	3,481,938	3,378,752	3,593,039
Economic & physical development	823,481	860,774	762,024	506,253	547,287	913,876	637,821
Human Services	6,575,808	6,167,851	6,002,067	6,221,993	6,386,495	6,469,544	7,043,400
Culture & recreation	337,650	304,343	285,577	296,577	287,368	301,244	303,999
Education	2,478,733	2,287,629	2,379,286	1,927,016	1,933,526	2,025,011	1,841,359
Interest on long-term debt	70,119	55,019	45,307	28,383	34,657	33,899	30,342
<b>Total governmental activities expenses</b>	<b>\$ 15,236,957</b>	<b>\$ 14,977,870</b>	<b>\$ 14,918,593</b>	<b>\$ 14,703,776</b>	<b>\$ 14,777,376</b>	<b>\$ 15,366,033</b>	<b>\$ 15,885,063</b>
Business-type activities:							
Sanitation	1,188,237	1,214,825	1,175,543	1,180,991	1,238,513	1,154,094	1,077,500
Water	1,283,986	1,419,946	1,315,705	1,251,027	1,170,259	1,162,085	1,099,089
<b>Total business-type activities expenses</b>	<b>2,472,223</b>	<b>2,634,771</b>	<b>2,491,248</b>	<b>2,432,018</b>	<b>2,408,772</b>	<b>2,316,179</b>	<b>2,176,589</b>
<b>Total primary government expenses</b>	<b>\$ 17,709,180</b>	<b>\$ 17,612,641</b>	<b>\$ 17,409,841</b>	<b>\$ 17,135,794</b>	<b>\$ 17,186,148</b>	<b>\$ 17,682,212</b>	<b>\$ 18,061,652</b>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	\$ 199,988	\$ 161,584	\$ 147,564	\$ 147,564	\$ 173,429	\$ 136,711	\$ 176,593
Public Safety	979,799	522,715	313,233	313,233	356,735	366,389	293,001
Economic & physical development	-	-	-	-	-	75,972	135,812
Human Services	517,770	684,147	676,619	676,619	1,181,603	2,142,720	1,534,753
Other activities	14,514	13,969	50,443	50,443	92,986	47,857	57,898
Operating grants and contributions	3,385,365	3,910,831	-	-	3,646,498	3,730,739	3,624,158
Capital grants and contributions	691,051	782,019	-	-	599,478	1,121,610	538,658
<b>Total governmental activities program revenues</b>	<b>\$ 5,788,487</b>	<b>\$ 6,075,265</b>	<b>\$ 1,187,859</b>	<b>\$ 1,187,859</b>	<b>\$ 6,050,729</b>	<b>\$ 7,621,998</b>	<b>\$ 6,360,873</b>
Business-type activities:							
Charges for services:							
Sanitation	\$ 1,327,938	\$ 1,247,312	\$ 1,165,285	\$ 1,165,285	\$ 1,353,316	\$ 1,175,330	\$ 1,118,044
Water	1,152,085	1,216,220	1,308,358	1,308,358	1,257,013	1,205,318	1,225,465
Capital grants and contributions	239,387	438,364	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>2,719,410</b>	<b>2,901,896</b>	<b>2,473,643</b>	<b>2,473,643</b>	<b>2,610,329</b>	<b>2,380,648</b>	<b>2,343,509</b>
<b>Total primary government program revenues</b>	<b>\$ 8,507,897</b>	<b>\$ 8,977,161</b>	<b>\$ 9,735,595</b>	<b>\$ 3,661,502</b>	<b>\$ 8,661,058</b>	<b>\$ 10,002,646</b>	<b>\$ 8,704,382</b>



**Washington County, North Carolina**  
**Changes in Net Position**  
**Last Five Fiscal Years**  
**(accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (expense) revenue							
Governmental activities	\$ (9,448,470)	\$ (8,902,605)	\$ (7,531,631)	\$ (7,625,137)	\$ (8,718,595)	\$ (7,744,035)	\$ (9,524,190)
Business -type activities	247,187	267,125	(142,615)	41,625	201,557	64,469	166,920
Total primary government net expense	<u>\$ (9,201,283)</u>	<u>\$ (8,635,480)</u>	<u>\$ (7,674,246)</u>	<u>\$ (7,583,512)</u>	<u>\$ (8,517,038)</u>	<u>\$ (7,679,566)</u>	<u>\$ (9,357,270)</u>
<b>General Revenues and Other Changes in Net Position</b>							
Governmental activities:							
Taxes							
Property taxes	\$ 6,152,716	\$ 6,075,661	\$ 6,274,048	\$ 6,324,595	\$ 6,421,241	\$ 6,511,255	\$ 7,268,699
Sales Taxes	3,005,697	2,371,413	1,644,393	1,677,773	1,708,979	1,715,656	1,782,190
Other taxes and licenses	568,433	37,832	132,456	147,279	154,665	293,785	309,692
Investment earnings	248,147	99,105	45,667	18,871	20,458	7,095	3,893
Miscellaneous	88,436	103,042	68,258	45,527	323,984	190,394	220,256
Extraordinary item-sale of component unit	-	227,706	-	-	-	-	-
Special item - land and building donation	-	-	1,934,640	-	-	-	-
Sale of Capital Assets	89,159	-	-	-	-	-	-
Transfers	184,815	222,315	186,450	203,412	223,241	245,000	230,000
Total government activities	<u>\$10,337,403</u>	<u>\$ 9,137,074</u>	<u>\$ 10,285,912</u>	<u>\$ 8,417,457</u>	<u>\$ 8,852,568</u>	<u>\$ 8,963,185</u>	<u>\$ 9,814,730</u>
Business-type activities:							
Investment earnings	\$ 52,426	\$ 21,185	\$ 1,538	\$ 964	\$ 174	\$ 161	\$ 42
Miscellaneous	-	-	1,680	-	-	-	0
Sale of Capital Assets	-	14,100	-	-	-	-	0
Transfers	(184,815)	(222,315)	(186,450)	(203,412)	(223,241)	(245,000)	(230,000)
Total business-type activities	<u>(132,389)</u>	<u>(187,030)</u>	<u>(183,232)</u>	<u>(202,448)</u>	<u>(223,067)</u>	<u>(244,839)</u>	<u>(229,958)</u>
Total Primary government	<u>\$10,205,014</u>	<u>\$ 8,950,044</u>	<u>\$ 10,102,680</u>	<u>\$ 8,215,009</u>	<u>\$ 8,629,501</u>	<u>\$ 8,718,346</u>	<u>\$ 9,584,772</u>
<b>Change in Net Position</b>							
Governmental activities	\$ 888,933	\$ 234,469	\$ 2,754,281	\$ 792,320	\$ 133,973	\$ 1,219,150	\$ 290,540
Business-type activities	114,798	80,095	(325,847)	(160,823)	(21,510)	(180,370)	(63,038)
Total primary government	<u>\$ 1,003,731</u>	<u>\$ 314,564</u>	<u>\$ 2,428,434</u>	<u>\$ 631,497</u>	<u>\$ 112,463</u>	<u>\$ 1,038,780</u>	<u>\$ 227,502</u>

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2005.

**Washington County, North Carolina**  
**Fund Balances of Government Funds**  
**Last Ten Years**  
**(modified accrual basis of accounting)**

Schedule 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund											
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -
Restricted	1,365,765	1,179,682	1,248,015	1,538,257	1,714,937	1,539,772	1,539,427	1,869,229	2,074,130	1,650,929	1,179,203
Committed	-	-	-	-	-	-	-	52,598	39,221	44,722	11,820
Assigned	-	-	-	-	-	-	-	72,498	50,820	-	-
Unassigned	1,353,767	1,855,902	2,150,570	4,303,616	4,458,651	4,457,703	2,980,935	1,450,659	814,303	2,458,399	2,988,473
<b>Total General Fund</b>	<b>\$2,719,532</b>	<b>\$3,035,584</b>	<b>\$3,398,585</b>	<b>\$5,841,873</b>	<b>\$ 6,173,588</b>	<b>\$ 5,997,475</b>	<b>\$ 4,520,362</b>	<b>\$ 3,444,984</b>	<b>\$ 2,978,474</b>	<b>\$ 4,174,050</b>	<b>\$ 4,179,496</b>
All other governmental Funds											
Restricted	\$ 27,270	\$ 117,172	\$ 27,828	\$ 349,240	\$ 106,789	\$ 48,974	\$ 28,578	\$ 710,727	\$ 58,098	\$ 464,612	\$ 310,915
Committed	-	-	-	-	-	-	-	-	-	-	-
Unassigned reported in Special revenue funds	425,962	199,056	486,511	427,067	429,109	697,638	663,074	(53,429)	492,384	(10,772)	(123,206)
<b>Total all other Governmental Funds</b>	<b>\$ 453,232</b>	<b>\$ 316,228</b>	<b>\$ 514,339</b>	<b>\$ 776,307</b>	<b>\$ 535,898</b>	<b>\$ 746,612</b>	<b>\$ 1,476,479</b>	<b>\$ 657,298</b>	<b>\$ 550,482</b>	<b>\$ 453,840</b>	<b>\$ 187,709</b>

**Washington County, North Carolina**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**  
(modified accrual basis of accounting)

Schedule 4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>											
Ad valorem Taxes	\$ 5,613,298	\$ 5,550,970	\$ 5,964,556	\$ 5,971,937	\$ 6,023,843	\$ 6,317,071	\$ 6,251,892	\$ 6,301,406	\$ 6,326,879	\$ 6,423,969	\$ 7,192,395
Local Option sales taxes	2,211,447	2,531,163	2,530,269	2,670,100	3,005,697	2,257,641	1,644,393	1,677,773	1,708,979	1,715,656	1,782,190
Other taxes & licenses	189,676	188,097	213,658	188,662	253,335	176,815	102,536	453,775	323,984	293,785	309,692
Unassigned Intergovernmental								36,577	36,655	33,733	49,057
Restricted Governmental	3,880,368	3,886,980	4,380,530	3,913,326	4,271,688	4,265,861	5,410,944	5,463,517	4,161,679	4,758,863	4,057,893
Permits & fees	196,641	214,526	238,786	230,557	326,784	183,699	189,840	214,090	213,070	218,720	231,129
Sales & services	844,112	1,007,619	855,315	970,597	1,505,113	1,623,137	1,733,324	1,111,576	1,711,052	2,688,426	2,173,157
Investment earnings	29,915	63,676	148,965	175,312	248,147	98,106	46,173	18,871	20,458	7,095	3,893
Miscellaneous	54,873	75,533	76,386	85,959	88,436	81,398	81,860	20,602	78,349	111,900	62,593
<b>Total revenues</b>	<b>13,020,330</b>	<b>13,518,564</b>	<b>14,408,465</b>	<b>14,206,450</b>	<b>15,723,043</b>	<b>15,003,728</b>	<b>15,460,962</b>	<b>15,298,187</b>	<b>14,581,105</b>	<b>16,252,147</b>	<b>15,861,999</b>
<b>Expenditures</b>											
General government	1,536,180	1,832,708	1,974,861	1,708,044	1,771,539	1,979,876	1,974,221	1,965,452	2,194,943	2,105,687	2,471,043
Public safety	2,539,682	2,698,279	2,567,887	3,119,025	3,331,253	3,309,659	3,453,358	3,957,894	3,343,358	3,272,656	3,493,180
Economic & physical development	1,271,959	1,331,058	1,234,356	906,456	1,086,650	857,794	1,318,196	2,274,405	1,142,873	1,066,723	1,022,394
Human Services	5,027,635	5,061,305	5,621,015	5,710,362	6,599,163	6,158,918	6,187,877	7,456,681	6,290,905	6,592,373	7,129,500
Culture & recreation	241,438	252,292	245,073	282,276	349,889	302,313	280,650	291,670	280,998	293,197	335,110
Education	1,572,545	1,641,538	1,674,717	1,992,061	2,478,733	2,287,629	2,379,286	1,927,016	1,933,526	2,025,011	1,841,359
Debt Service- Principal	1,972,462	648,808	595,970	585,849	501,479	479,587	825,451	249,154	177,398	108,961	213,293
Interest	135,289	115,368	93,475	84,526	58,793	43,693	33,981	17,058	34,657	33,899	30,342
Other charges	-	-	-	-	-	-	-	-	948,713	-	-
<b>Total expenditures</b>	<b>14,297,190</b>	<b>13,581,356</b>	<b>14,007,354</b>	<b>14,388,599</b>	<b>16,177,499</b>	<b>15,419,469</b>	<b>16,453,020</b>	<b>18,139,330</b>	<b>16,347,371</b>	<b>15,498,507</b>	<b>16,536,221</b>
Excess of revenues over (under) expenditures	(1,276,860)	(62,792)	(401,111)	(182,149)	(454,456)	(415,741)	(992,058)	(2,841,143)	(1,766,266)	753,640	(674,222)
<b>Other financing sources (uses)</b>											
Transfers in	201,499	189,823	205,467	240,534	788,984	340,275	326,975	506,218	295,355	317,114	344,356
Transfer out	(98,099)	(84,823)	(92,467)	(94,320)	(604,169)	(117,960)	(140,525)	(302,806)	(72,114)	(72,114)	(114,355)
Insurance proceeds	-	-	-	-	-	-	-	-	-	-	-
Debt proceeds (Installment purchase)	-	-	-	-	-	-	-	693,243	-	91,492	234,640
Insurance proceeds	1,614,245	136,325	47,000	203,879	261,788	-	43,096	21,350	-	-	-
Sale of capital assets	23,751	515	-	474	99,159	321	15,267	28,605	20,986	750	7,299
Sale of component unit (hospital proceeds)	-	-	-	2,536,838	-	227,706	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,741,396</b>	<b>241,840</b>	<b>160,000</b>	<b>2,887,405</b>	<b>545,762</b>	<b>450,342</b>	<b>244,812</b>	<b>946,610</b>	<b>244,227</b>	<b>337,242</b>	<b>471,940</b>
<b>Net change in fund balances</b>	<b>\$ 464,536</b>	<b>\$ 179,048</b>	<b>\$ 561,111</b>	<b>\$ 2,705,256</b>	<b>\$ 91,306</b>	<b>\$ 34,601</b>	<b>\$ (747,246)</b>	<b>\$ (1,894,533)</b>	<b>\$ (1,522,039)</b>	<b>\$ 1,090,882</b>	<b>\$ (202,282)</b>
Debt service as a percentage of non capital expenditures	14.74%	5.63%	4.92%	4.74%	3.59%	5.66%	5.59%	1.47%	1.63%	7.0%	1.5%

**Washington County, North Carolina**  
**Governmental Activities Tax Revenues by Source**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

Schedule 5

<b>Fiscal Year Ended June-30</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Intangibles Reimburs- ments</b>	<b>Room Occupancy Tax</b>	<b>Cable TV Franchise</b>	<b>Totals</b>
2004	5,613,298	2,211,447	-	107,202	11,878	7,943,825
2005	5,550,970	2,531,163	-	104,689	11,794	8,198,616
2006	5,964,556	2,530,269	-	105,220	13,160	9,046,861
2007	5,971,937	2,670,100	-	103,116	15,842	8,760,995
2008	6,023,843	3,005,697 <sup>1</sup>	-	121,115	17,241	9,167,896
2009	6,317,071	2,257,641	-	106,554	18,272	8,699,538
2010	6,251,892	1,644,393	-	91,458	17,941	8,005,684
2011	6,301,406	1,677,773	-	122,386	16,907	8,118,472
2012	6,326,879	1,708,979	-	103,641	16,821	8,156,320
2013	6,423,969	1,715,656	-	101,614	11,657	8,252,896
2014	7,268,699	1,782,190	-	82,895	15,424	9,149,208

<sup>1</sup> Includes NC hold harmless monies

*Washington County, North Carolina*  
**Assessed and Estimated Actual Value of Taxable Property**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

Schedule 7

Fiscal Year Ended June 30	REAL PROPERTY  Assessed Value	PERSONAL PROPERTY  Assessed Value	PUBLIC SERVICE COMPANIES PROPERTY <sup>1</sup>  Assessed Value	DEDUCT EXEMPT PROPERTY and DEFERRED BECAUSE OF USE PROPERTY  Assessed Value	ASSESSED VALUE  Assessed Value	Total Direct Tax Rate
2004	430,624	133,754	17,101	(35,494)	545,985	1.015
2005	431,933	132,618	17,101	(34,953)	546,699	1.015
2006	627,976	132,927	23,734	(46,338)	737,669	0.790
2007	642,418	147,669	25,908	(44,755)	771,240	0.790
2008	642,673	137,684	26,232	(44,076)	762,513	0.790
2009	654,991	141,143	28,694	(43,622)	781,206	0.790
2010	654,937	138,417	26,892	(45,171)	775,075	0.790
2011	666,230	135,957	29,437	(46,439)	785,185	0.790
2012	679,749	135,783	29,437	(47,213)	794,102	0.790
2013	682,215	147,437	36,309	(48,733)	817,228	0.790
2014	832,945	168,429	48,088	(148,444)	901,018	0.790

<sup>1</sup>Public Service Companies Property includes real and personal property of utilities, railroads, and airlines, etc.  
 The assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

Washington County, North Carolina  
Principal Property Taxpayers  
June 30, 2013

Schedule 7

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013 Assessed Value</u>	<u>Tax Levy</u>	<u>Percentage of Assessed Valuation</u>
Dominion NC Power	Utility	\$ 34,382,663	\$ 187,841	0.55%
Weyerhaeuser Company	Lumber, plywood, and wood	14,413,310	113,865	0.79%
Barnes, Edsel Grayson, Jr., et ux	Logging	6,570,390	52,551	0.79%
Wov Properties	Real Estate	3,842,480	30,570	0.79%
Albemarle Beach Farms	Agriculture	3,295,761	27,527	0.79%
Porter, James F., Jr. et ux	Real Estate, commercial	4,491,535	36,988	0.79%
Respass, H. L., Jr., et ux	Agriculture	4,231,695	33,419	0.79%
JCT, LLC	Swine, agriculture	5,936,662	46,940	0.79%
CAH Acquisition Company #1	Hospital	4,761,190	37,613	0.79%
Mackeys Ferry Sawmill, Inc.	Lumber products	4,002,281	36,833	0.79%
Carolina Telephone	Utility	4,295,067	37,533	0.79%
Daniel G. Kamin; Plymouth Landing		2,515,700	19,874	0.79%
Alvah Alexander	Agricultural Production	3,728,628	29,886	0.79%
Kendricks Creek Properties &	Real Estate	3,484,426	29,089	0.83%
Plymouth Hospitality, LLC	Motel	3,289,197	25,985	0.79%
DOMTAR	Pulp and paper	3,077,256	24,310	0.79%
Kanban Industries	Commercial storage/shipping	3,411,176	26,948	0.79%
The Cotton of Plymouth Inc.	Agriculture	2,986,700	23,595	0.79%
Plymouth Solar	Energy	3,611,447	28,530	0.79%
<b>Totals</b>		<b>\$ 116,327,564</b>		
<b>Grand total of assessments</b>		<b>\$ 906,175,697</b>		

Source: Washington County Tax Department

**Washington County, North Carolina  
Property Tax Levies and Collections  
Last Ten Years**

Schedule 8

Fiscal Year Ended	Total Tax Levy for	Collected within the <u>Fiscal Year of the Levy</u>		Collections in  <u>Subsequent Years</u>	<u>Total Collections To Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
<u>June 30</u>	<u>Fiscal Year</u>					
2014	7,165,939	6,624,047	92.44%	-	6,624,047	92.44%
2013	6,384,291	5,797,054	90.80%	286,204	6,083,258	95.28%
2012	6,274,268	5,721,808	91.19%	363,574	6,085,382	96.99%
2011	6,206,829	5,700,097	91.84%	380,331	6,080,428	97.96%
2010	6,130,086	5,638,587	91.98%	417,219	6,055,806	98.79%
2009	6,180,783	5,753,272	93.00%	380,959	6,134,231	99.25%
2008	6,030,783	5,526,578	91.64%	456,963	5,983,541	99.22%
2007	6,100,068	5,579,073	91.46%	481,321	6,060,394	99.35%
2006	5,970,215	5,492,482	92.00%	445,556	5,938,038	99.46%
2005	5,556,693	5,073,935	91.31%	453,914	5,527,849	99.48%
2004	5,567,968	5,092,824	91.47%	447,573	5,540,397	99.50%

**Washington County, North Carolina**  
**Ratio of Net General Obligation Bonded Debt to Assessed**  
**Value and Net General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Schedule 9

Fiscal Year Ended June 30	Population <sup>1</sup>	Assessed Value <sup>2</sup>	Gross Debt <sup>3*</sup>	Debt Payable from Enterprise Revenues*	Less Capital Leases and Installment Purchase Obligations*	Net Bonded Debt*	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2004	13,435	545,985	10,040	5,949	2,041	2,050	0.38	153
2005	13,428	546,699	9,422	5,827	1,900	1,695	0.31	126
2006	13,418	737,669	8,412	5,695	1,362	1,355	0.18	99
2007	13,360	771,240	7,797	5,531	1,231	1,035	0.13	77
2008	13,214	762,513	7,227	5,375	1,127	725	0.09	55
2009	13,172	781,206	6,592	5,292	870	430	0.06	33
2010	13,004	775,075	5,722	5,204	373	145	0.02	11
2011	13,004	785,185	6,074	5,113	9,616	-	-	-
2012	13,004	794,102	5,801	5,017	7,842	-	-	-
2013	13,004	817,228	4,944	4,916	7,667	-	-	-
2014	13,004	906,175	4,728	4,712	7,880	-	-	-

<sup>1</sup>U. S. Census Bureau

<sup>2</sup>From Table 12

<sup>3</sup>Amount does include revenue bonds



**Washington County, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Towns	\$ -	100.00%	<u>\$ -</u>
Subtotal, overlapping debt			<u>\$ -</u>
Washington County Direct Debt			<u>\$ 788,090.00</u>
Total direct and overlapping debt			<u><u>\$ 788,090.00</u></u>

Washington County, North Carolina  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Schedule 11

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	43,735,921	59,013,527	61,699,162	61,001,044	62,496,471	62,005,991	72,494,056	62,814,822	64,582,638	72,494,056
Total net debt applicable to limit	<u>3,329,928</u>	<u>2,716,991</u>	<u>2,265,665</u>	<u>1,851,835</u>	<u>1,299,877</u>	<u>517,521</u>	<u>961,610</u>	<u>784,212</u>	<u>766,743</u>	<u>788,090</u>
Legal debt margin	<u>40,405,993</u>	<u>56,296,536</u>	<u>59,433,497</u>	<u>59,149,209</u>	<u>61,196,594</u>	<u>61,488,470</u>	<u>71,705,966</u>	<u>62,743,970</u>	<u>63,815,895</u>	<u>71,705,966</u>
Total net debt applicable to the limit as a percentage of debt limit	7.61%	4.60%	3.67%	3.04%	2.08%	0.83%	1.50%	1.21%	1.19%	1.09%

Assessed value of taxable property 906,175,697

Debt limit - 8 percent of assessed value 72,494,056

Gross Debt:

Outstanding bonded debt:

General governmental bonds -

Water Revenue Bonds 4,712,145

Other:

Capital leases, installment purchase obligations 788,090

Total Gross Debt 5,500,235

Statutory Deductions:

Bonded debt included in gross debt incurred or authorized for water (4,712,145)

Net Debt-Total amount of debt applicable 788,090

To debt limit

**Legal debt margin 71,705,966**

**Washington County, North Carolina**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income<sup>1</sup></u>	<u>Per Capita<sup>1</sup></u>
	<u>General Obligation Bonds</u>	<u>Installment Purchase</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>			
2005	1,695,000	1,617,452	17,476	5,805,869	9,135,797	2.96%	680
2006	1,355,000	1,353,155	8,836	5,674,137	8,391,128	2.72%	625
2007	1,035,000	1,230,665	-	5,530,869	7,796,534	2.30%	584
2008	725,000	1,126,835	-	5,375,026	7,226,861	2.14%	547
2009	430,000	869,877	-	5,291,667	6,591,544	1.95%	500
2010	145,000	372,521	-	5,204,450	5,721,971	1.48%	440
2011	-	961,610	-	5,113,328	6,074,938	1.27%	459
2012	-	784,212	-	5,017,256	5,801,487	1.21%	437
2013	-	766,743	-	4,916,180	5,682,923	1.12%	403
2014	-	788,090	-	4,712,145	5,500,235	1.35%	405

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**Washington County, North Carolina**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Services	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2002	937,479	479,661	457,818	48,034	311,781	359,817	127
2003	1,048,389	481,556	566,833	103,934	307,196	411,130	137
2004	1,078,791	320,583	758,208	111,867	299,029	410,896	185
2005	1,360,302	343,399	1,016,903	121,132	293,731	414,863	245
2006	1,129,782	353,582	776,200	131,732	291,875	423,607	183
2007	1,196,626	422,893	773,733	143,268	285,744	429,012	180
2008	1,185,456	588,999	596,457	155,843	275,361	431,204	138
2009	1,231,748	789,941	441,807	83,359	265,284	348,643	127
2010	1,195,848	693,178	502,670	87,218	261,159	348,377	144
2011	1,308,358	832,892	475,462	91,122	256,842	347,964	136
2012	1,257,013	874,252	2,131,265	96,073	252,332	348,405	136
2013	1,205,318	695,129	510,189	101,075	247,577	348,652	136
2014	1,225,465	644,942	580,523	204,035	203,901	407,936	137

**Washington County**  
**Demographic and Economic Statistics**  
 Last Ten Fiscal Years

Schedule 14

<b>Fiscal Year Ended 30-Jun</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>4</sup></b>	<b>Per Capita Income<sup>4</sup></b>	<b>Final School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>2</sup></b>	<b>Residential/Commercial Number of Units</b>	<b>Construction Value</b>
2004	13,435	288,850,400	21,239	2,270	7.6	182	3,682,274
2005	13,428	308,776,605	22,983	2,370	6.7	104	6,429,502
2006	13,418	316,909,000	23,858	2,317	7.7	165	5,822,466
2007	13,360	338,678,000	26,323	2,223	7.1	152	11,586,788
2008	13,214	385,331,000	29,735	2,180	7.1	144	8,714,795
2009	13,172	N/A	N/A	2,042	12.2	120	4,900,218
2010	13,004	384,383,000	29,133	1,910	11.2	131	4,027,239
2011	13,004	N/A	N/A	1,819	11.8	137	19,521,878
2012	13,004	N/A	N/A	1,807	11.1	184	24,285,112
2013	12,736	386,985,000	29,830.00	1,803	12	141	16,448,521
2014	13,134	405,324.00	31,825.00	1,733	7.2	124	5,353,538

Data Sources:

<sup>1</sup>NC Association of County Commissioners

<sup>2</sup>NC Employment Security Commission

<sup>3</sup>Washington County Board of Education

<sup>4</sup>Bureau of Economic Analysis, US Department of Commerce, Figures are for prior calendar year

**Washington County, North Carolina  
Principal Employers  
June 30, 2014**

Schedule 15

<u>Employer</u>	Full-time Equivalent <u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>
Domtar Company	445	1	30%
Washington County Schools	259	2	18%
Washington County Government	183	3	12%
Home Life Care, Inc.	115	4	8%
Principle Long Term Care	106	5	7%
Washington County Hospital	89	6	6%
MTW Health Department	85	7	6%
Weyerhaeuser Company	83	8	6%
Mackey's Ferry Sawmill	73	9	5%
Town of Plymouth	42	10	3%
Total	<u>1,480</u>		<u>100%</u>

Source: Contacted each employer

\*Estimate only

Information from nine years ago not available

**Washington County**  
**Full-Time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

Schedule I6

<u>Function /Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	35	36	30	27	27	26	34	34	29	32
Public safety	45	45	45	46	46	45	56	56	80	82
Human Services	56	57	78	78	83	85	61	61	59	59
Economic and physical development	1	1	2	2	2	2	0	0	0	0
Cultural and recreation	1	1	1	2	2	2	2	2	2	2
Water/Sanitation (Business activity)	<u>11</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>8</u>
<b>Total</b>	149	150	166	166	171	171	163	163	180	183

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers.

**Washington County, North Carolina  
Water System  
Major Users  
June 30, 2014**

**Major Retail Users**

<u>Rank</u>	<u>Name</u>	<u>Annual Water Sales (MG)</u>		<u>Revenues</u>
1	Pines Elementary	1,612	\$	16,120
2	Wendy's Restaurant	558	\$	5,580
3	Wilcohes, LLC	910	\$	9,100
4	NCDOT Rest Area-Highway 64	47	\$	470
6	Wash. Co. Resources Ctr.	314	\$	3,140
7	Albemarle Beach Farm	365	\$	3,650
8	Ready Mix Concrete	332	\$	3,320
9	Mackeys Ferry Sawmill	25	\$	250
10	NCDOT-Highway 94 North	303	\$	3,030
	<b>Total</b>	<b>4,466</b>	<b>\$</b>	<b>44,660</b>



**Washington County, North Carolina  
Water System Statistics  
Last Eight Fiscal Years**

Schedule 18

<b>Fiscal Year</b>	<b># of Customers</b>	<b>Average Daily Demand (MGD)</b>	<b>Peak Daily Demand (MGD)</b>	<b>Maximum Capacity (MGD)</b>
2014	2,595	378,000	519,000	750,000
2013	2,593	370,000	540,000	750,000
2012	2,581	374,000	517,000	750,000
2011	2,593	405,000	579,000	750,000
2010	2,573	419,000	597,000	750,000
2009	2,579	430,000	560,000	750,000
2008	2,585	364,000	500,000	750,000
2007	2,534	383,000	403,000	750,000
2006	2,523	398,000	564,000	750,000
2005	2,485	442,000	600,000	750,000
2004	2,446	428,000	600,000	750,000

**Schedule 19  
Washington County  
Capital Asset Statistics by Function,  
Last Five Fiscal Years**

Function/Program	<u>Fiscal Year</u>					
	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>						
# Stations	2	2	2	2	2	2
# Patrol Units	34	36	37	25	25	25
<b>Transportation</b>						
Standard Vans	1	1	1	1	1	1
Conversion Vans	5	5	3	3	4	4
Lift Vans Buses	2	2	2	2	3	3
Minivans	1	1	1	2	2	2
# Of Standard Vehicles	5	5	7	5	1	1
EMS-Ambulances	5	5	7	7	0	8
<b>Water (Business Activity)</b>						
Miles of Distribution Line	130	130	7	130	130	140
Tank Storage Capacity	750,000	750,000	750,000	750,000	750,000	750,000
# Of Utility Vehicles	7	7	7	8	6	6
<b>Facility Services</b>						
# Maintenance Units	5	5	6	6	5	5
<b>Emergency Management</b>						
# of Vehicles	2	2	2	2	1	1
<b>Culture/Recreation</b>						
# of Vehicles	1	1	1	1	1	1
# of Buses	1	1	1	2	2	2
<b>Landfill</b>						
# of Vehicles	1	1	1	1	2	2
<b>County Manager</b>						
# of Vehicles	1	1	1	1	1	1

N/A-Not Available

**Washington County, North Carolina**  
 Operating Indicators by Function/Program,  
 Last Four Fiscal Years

Function/Program	Fiscal Year					
	2009	2010	2011	2012	2013	2014
<b>Inspections Department</b>						
Building permits issued	255	307	390	207	157	391
<b>Sheriff</b>						
Arrests	356	320	276	541	460	219
Property Crime (Breaking/Entering)	214	303	290	255	186	1,745
<b>Emergency Medical Services</b>						
Calls	1,976	2,014	3,820	2,530	2,497	2,068
<b>Solid Waste Disposal-County landfill</b>						
Construction & Demolition (tons)	1,055	417	751	1,675	593	778
Land Clearing-Inert Debris (tons)		1,223	1,402	4,279	1317	1,578
Recycle White Goods (tons)	59	51	169	157	21	45
C&D & LCID-contractors portion (tons)	695	427	652	4,172	444	702
<b>Department of Social Services</b>						
Adult Assisted Living Facility cases	61	61	60	59	51	54
Family and Children's Medicaid (active cases)	2,061	2,079	1,574	2,086	2,239	1,360
Food and Nutrition Services Program	2,874	3,116	1,580	1,829	1,800	1,827
Children in Foster Care	15	7	6	10	10	8
Community Alternatives Program	77	53	55	55	53	55
Child Support caseload	1,449	1,442	1,436	1,394	1,394	1,347
Disability Medicaid cases	N/A	664	670	676	689	666
Adult Medicaid cases	N/A	387	385	373	364	356
<b>Library</b>						
Library Items Circulated	43,512	40,358	48,542	47,080	46,122	42,625
Number of Library Visits	52,075	59,589	60,097	61,484	64,635	59,069

N/A-Not Available



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**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Board of County Commissioners  
Washington 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 aggregated remaining fund information of Washington County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises Washington County's basic financial statements, and have issued our report thereon dated January 14, 2015. The financial statements of Washington County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the first 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 consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2014-1] A significant deficiency is a deficiency or 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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*.

#### County's Response to Findings

Washington County's response to the findings identified in our audit are 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

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

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

New Bern, North Carolina  
January 14, 2015



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**Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance in Accordance  
with OMB Circular A-133 and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Washington County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Washington County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Washington County's major federal programs for the year ended June 30, 2014. Washington County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, Washington County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of 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.

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

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

New Bern, North Carolina  
January 14, 2015

Washington County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Year Ended June 30, 2014

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u>  X  </u>	yes	<u>      </u>	no
Significant deficiencies identified that are not considered to be material weaknesses	<u>      </u>	yes	<u>  X  </u>	none reported
Non-compliance material to financial statements noted	<u>      </u>	yes	<u>  X  </u>	no

**Federal Awards**

Internal control over major federal programs:

Material weaknesses identified?	<u>      </u>	yes	<u>  X  </u>	no
Significant deficiencies identified that are not considered to be material weaknesses	<u>      </u>	yes	<u>  X  </u>	none reported
Non-compliance material to federal awards	<u>      </u>	yes	<u>  X  </u>	no

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

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

Identification of major federal programs:

CFDA Numbers	Program Name
93.778	Title XIX – Medicaid
93.575	Subsidized Child Care Cluster
93.596	
93.667	
93.558	
93.558	Temporary Assistance for Needy Families



Washington County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2014

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Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major federal programs.

Dollar threshold used to distinguish between  
Type A and Type B Programs:

\$ 541,734

Auditee qualified as low-risk auditee?

yes  no

---

**Section II. Financial Statement Findings**

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Material Weakness

*2014-1 Unbalanced general ledger*

Criteria: The County is required to maintain a balanced set of general ledger accounts by fund.

Condition: The County upgraded its general ledger accounting software this year in an effort to improve reporting functions.

Effect: The beginning balances were not transferred correctly from the previous accounting software, therefore, leaving the trial balance unbalanced.

Cause: Beginning account balances were not properly verified during the software implementation process.

Recommendation: The finance office staff has corrected the beginning balances to balance the trial balance. However, staff should exercise extreme caution in reviewing future accounting reports to ensure all items are properly reported.

Views of responsible officials: The County agrees with this finding.

---

**Section III. Federal Awards Findings and Questioned Costs**

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None reported.

Washington County, North Carolina  
**CORRECTIVE ACTION PLAN**  
For the Year Ended June 30, 2014

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Material Weakness

*2014-1 Unbalanced general ledger*

Name of contact person: Frank Milazi -- Finance Officer

Corrective Action: The finance office staff has corrected the beginning balances to balance the trial balance. However, staff should exercise extreme caution in reviewing future accounting reports to ensure all items are properly reported.

Proposed Completion Date: The County has implemented the above procedure and corrected the finding.

Washington County, North Carolina  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended June 30, 2014

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*2013-1 Unbalanced budget transfer*

Status: This item has been corrected.

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass- through) Expenditures	State Expenditures
<b>Federal Awards:</b>			
<b>U.S. Department of Agriculture</b>			
<u>Food and Nutrition Program:</u>			
Passed-through N.C. Department of Health and Human Services:			
Division of Social Services:			
Administration:			
Supplemental Nutrition Assistance			
Program Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition			
	10.561	\$ 231,428	\$ -
<b>U.S. Department of Housing and Urban Development</b>			
Passed-through N.C. Department of Commerce:			
Community Development Block Grant - States Program			
	14.228	27,304	-
<b>Department of Transportation</b>			
Passed-through N.C. Department of Transportation:			
Highway Safety Program			
	20.509	71,533	-
Airport Grant			
	20.106	14,081	-
Total			
		85,614	-
<b>U.S. Department of Health &amp; Human Services</b>			
<b>Administration on Aging</b>			
Aging Cluster:			
Passed-through Albemarle Commission:			
Special Programs for the Aging - Title III B			
	93.044	83,040	-
<b>Administration for Children and Families</b>			
Passed-through N.C. Department of Health and Human Services:			
Division of Social Services			
Work First / TANF			
	93.558	395,804	-
Work First / TANF - Direct Benefit Payments			
	93.558	212,018	-
Family Preservation			
	93.556	386	-

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass- through) Expenditures	State Expenditures
Child Support Enforcement	93.563	349,866	-
Low Income Energy Assistance:			
Administration	93.568	189,035	-
State Children's Insurance Program	93.767	11,893	572
Links	93.674	1,280	320
Permanency Planning	93.645	7,057	-
Social Services Block Grant	93.667	89,106	10,205
 Foster Care and Adoption (Note 2)			
Title IV-E Foster Care - Administration	93.658	50,208	17,604
Foster Care - Direct Benefits	93.658	17,086	4,465
Adoption Assistance - Administration	93.659	9,759	-
Adoption Assistance - Direct Benefits	93.659	115,484	30,126
Total Foster Care and Adoption (Note 2)		192,537	52,195
 Division of Child Development:			
Subsidized Child Care (Note 2)			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund - Administration	93.596	80,000	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	180,601	-
Child Care and Development Fund - Mandatory	93.596	156,239	-
Child Care and Development Fund - Match	93.596	133,764	59,297
Total Child Care Development Fund Cluster		550,604	59,297
 Temporary Assistance for Needy Families	93.558	114,880	-
ARRA- Emergency Contingency Fund for			
Foster Care Title IV-E	93.658	6,083	3,183
State Appropriations		-	6,511
TANF - MOE		-	65,067
Total Subsidized Child Care Cluster (Note 2)		671,567	134,058

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass- through) Expenditures</u>	<u>State Expenditures</u>
<b>Health Care Financing Administration</b>			
Passed-through N.C. Department of Health and Human Services:			
Division of Social Services:			
Medical Assistance Program	93.778	393,927	44,888
Division of Medical Assistance:			
Direct Benefit Payments - Medicaid	93.778	14,899,669	8,360,183
Direct Benefit Payments - NC Health Choice	93.767	147,506	46,527
Total U.S. Department of Health and Human Services		<u>17,644,691</u>	<u>8,648,948</u>
<b>U.S. Department of Homeland Security</b>			
Passed-through N.C. Department of Crime Control and Public Safety:			
Homeland Security	97.067	17,421	-
Public Assistance FEMA	97.036	16,024	5,341
Emergency Management	97.042	35,316	-
Total U.S. Department of Homeland Security		<u>68,761</u>	<u>5,341</u>
Total federal awards		<u>18,057,798</u>	<u>8,654,289</u>
<b>State Awards:</b>			
<u>N.C. Department of Health and Human Services</u>			
Division of Social Services:			
State/County Special Assistance:			
Domiciliary Care - Direct Benefit Payments		-	140,430
State Foster Care Benefits		-	1,736
CWS Adoption Benefits		-	5,229
Total N.C. Department of Health and Human Services		<u>-</u>	<u>147,395</u>
<u>N.C. Department of Transportation</u>			
ROAP		-	104,359
<u>N.C. Department of Administration</u>			
Division of Veterans Affairs		-	1,452
<u>Office of the Governor</u>			
Juvenile Crime Prevention Program		-	75,339
Total State awards		<u>-</u>	<u>328,545</u>
Total federal and State awards		<u>\$ 18,057,798</u>	<u>\$ 8,982,834</u>

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2014

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

1. Basis of Presentation

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

2. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.