

WASHINGTON COUNTY NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Washington County, North Carolina
TABLE OF CONTENTS
For the Year Ended June 30, 2015

INTRODUCTORY SECTION

Letter of Transmittal	1-1
GFOA Certificate of Achievement	1-8
Organizational Chart	1-9
List of Principal Officials	1-10

FINANCIAL SECTION

Independent Auditor's Report	2-1
Management's Discussion and Analysis	2-4
Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
EXHIBIT 1 - Statement of Net Position	2-14
EXHIBIT 2 - Statement of Activities	2-15
<u>Fund Financial Statements:</u>	
EXHIBIT 3 - Balance Sheet – Governmental Funds	2-17
EXHIBIT 4 - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	2-18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Net Position	2-19
EXHIBIT 5 - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	2-20
EXHIBIT 6 - Statement of Net Position – Proprietary Funds	2-23
EXHIBIT 7 - Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	2-24
EXHIBIT 8 - Statement of Cash Flows – Proprietary Funds	2-25
EXHIBIT 9 - Statement of Fiduciary Net Position – Fiduciary Funds	2-26
Notes to the Financial Statements	2-27

Washington County, North Carolina
TABLE OF CONTENTS
For the Year Ended June 30, 2015

Required Supplemental Financial Data:

Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress	2-71
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions	2-72
Notes to the Required Schedules	2-72
Local Government Employees' Retirement System	
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)	2-73
Schedule of the County Contributions	2-74
Register of Deeds' Supplemental Pension Fund	
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)	2-75
Schedule of the County Contributions	2-76

Combining and Individual Fund Statements and Schedules:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual	2-77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Tax Mapping and Revaluation Fund – Budget and Actual	2-84
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Emergency Medical Services – Budget and Actual	2-85
Combining Balance Sheet – Non-major Governmental Funds	2-88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	2-90

Schedules of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual:

Emergency Telephone System Fund	2-92
Drainage Fund	2-93
Airport Fund	2-94
Community Development Block Grants - 2010	2-95
Community Development Block Grants – 2012	2-96
Airport Grant Capital Projects	2-97
Library Project Grant	2-98
Commerce Center Project	2-99

Washington County, North Carolina
TABLE OF CONTENTS
For the Year Ended June 30, 2015

Sanitation Fund	2-101
Water Fund	2-103
Combining Statement of Changes in Assets and Liabilities – Agency Funds	2-105
Component Unit – Washington County Travel and Tourism Authority	
Supplemental Statement of Net Position	2-107
Supplemental Statement of Activities	2-108
Supplemental Balance Sheet	2-109
Supplemental Statement of Revenues, Expenditures, and Changes In Fund Balance	2-110
Supplemental Statement of Revenues, Expenditures, and Changes In Fund Balance – Budget and Actual	2-111
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	2-113
Analysis of Current Tax Levy – County-wide Levy	2-114
Secondary Market Disclosures	2-115
 STATISTICAL SECTION	
Financial Trends:	
SCHEDULE 1 - Net Position by Component	3-2
SCHEDULE 2 - Changes in Net Position	3-3
SCHEDULE 3 - Fund Balances of Governmental Funds	3-5
SCHEDULE 4 - Changes in Fund Balances of Governmental Funds	3-6
Revenue Capacity:	
SCHEDULE 5 - Tax Revenues by Source	3-7
SCHEDULE 6 - Assessed Value and Estimated Actual Value of Taxable Property	3-8
SCHEDULE 7 - Principal Property Taxpayers	3-9
SCHEDULE 8 - Property Tax Levies and Collection	3-10

Washington County, North Carolina
TABLE OF CONTENTS
For the Year Ended June 30, 2015

Debt Capacity:

SCHEDULE 9 - Ratios of General Bonded Debt Outstanding	3-11
SCHEDULE 10 - Direct and Overlapping Governmental Activities Debt	3-12
SCHEDULE 11 - Legal Debt Margin Information	3-13
SCHEDULE 12 - Ratios of Outstanding Debt by Type	3-14
SCHEDULE 13 - Pledged Revenue Coverage	3-15

Demographic and Economic Information:

SCHEDULE 14 - Demographic and Economic Statistics	3-16
SCHEDULE 15 - Principal Employers	3-17

Operating Information:

SCHEDULE 16 - Full-time Equivalent County Government Employees by Function	3-18
SCHEDULE 17 - Water System Major Users	3-19
SCHEDULE 18 - Water System Statistics	3-20
SCHEDULE 19 - Capital Asset Statistics by Function	3-21
SCHEDULE 20 - Operating Indicators by Function / Program	3-22

COMPLIANCE SECTION

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-1
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	4-3
Schedule of Findings and Questioned Costs	4-5
Corrective Action Plan	4-8
Summary Schedules of Prior Audit Findings	4-9
Schedule of Expenditures of Federal and State Awards	4-10
Notes to Schedule of Expenditures of Federal and State Awards	4-16

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.



ADMINISTRATION STAFF:
JERRY W. RHODES
COUNTY MANAGER

JULIE J. BENNETT, CMC,
NCCCC
CLERK TO THE BOARD
jbennett@washcon.org

POST OFFICE BOX 1007
PLYMOUTH, NORTH CAROLINA 27962
OFFICE (252) 793-5823 FAX (252) 793-1183

CURTIS POTTER,
COUNTY ATTORNEY

December 15, 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, 2015 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, 2015 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, 2015 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 (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 second of a planned 20 megawatt solar energy farm in the county. The first phase of the project was 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 2014, 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 17th 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). 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. 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. After its construction, the clinic was leased to the private owner of the Washington County Hospital for a five year term. The private owner filed for Chapter 11 bankruptcy protection and re-emerged from bankruptcy in 2013. During this process, the clinic operated sporadically on a skeletonized basis, and was unable to fully develop in order to meet initial expectations.

In April of 2015 Washington County began an intensive search for a viable partner to provide medical services at the Clinic after the previous tenant requested that their lease be terminated early due to financial hardships. After considerable due diligence including consultations with the Golden LEAF Foundation, the North Carolina Office of Rural Health, and multiple meetings with various private and non-profit entities potentially interested in using the Clinic, the Board of County Commissioners has determined that Roanoke Chowan Community Health Center (“RCCHC”) is by far the most qualified, viable, and preferred partner to achieve its original goals related to the use of the Clinic. RCCHC is a Federally Qualified Health Center based in Ahoskie, North Carolina with a satellite clinic located in Colerain, North Carolina.

RCCHC’s size, available resources, scope of operations, proximity to Washington County, experience serving similar patient populations utilizing a similar clinic based model, strong financial footing, quality leadership, and commitment to including and incorporating the values of each community in its service area within its overall mission and organizational culture, are among the many reasons for this determination.

The main purpose of this partnership will be to utilize the clinic as a point of access for providing primary healthcare, pharmacy, and other critical healthcare services to benefit and improve the health and well-being of the citizens of central and eastern Washington County and surrounding areas which historically suffer from a lack of available basic healthcare services.

The secondary purpose of this partnership will be to utilize the successful operation of the Clinic as an anchor for encouraging community development and fostering economic development opportunities in its vicinity.

Following extensive due diligence, RCCHC has applied to the federal government for a change in its scope of service to serve central and eastern Washington County, and is heavily engaged in seeking extensive grant support to help offset its anticipated startup costs for opening and operating the facility.

On November 18, 2015, Washington County issued a letter of intent supporting the operation of the Washington County Rural Health Clinic by RCCHC. Washington County expects to finalize its lease with RCCHC for the facility in early 2016, and RCCHC is projected a tentative startup date of April, 2016.

Washington County and Beaufort County Community College (“BCCC”) entered into an annually recurring Memorandum of Understanding effective July 1st, 2015 enabling BCCC to utilize a recently constructed state-of-the-art county-owned facility located in the Town of Roper (formerly known as the Windows on the World Building) to provide the citizens of Washington County with a physical point of access for seeking and receiving community college classes and other services offered by BCCC. Such classes include, without limitation, basic skills and CCR/GED classes which are already underway, computer training, vocational training, and an almost limitless variety of potential continuing education and distance-learning/online classes which may be received through the facility depending on community need and interests. In addition to the educational opportunities this arrangement brings for citizens of Washington County and the surrounding areas, the potential economic development benefits of being able to offer custom designed training for prospective employers in the region with interests in certain workforce skills and training which can be offered through BCCC is notably significant. One such need that has already generated a planned curriculum to be offered starting immediately is for Nurse Aide Certification classes.

Washington County and the Northeastern Workforce Development Board (“NWDB”), a division of the Albemarle Commission organized under the direction of the U.S. Economic Development Administration also entered into an annually recurring Memorandum of Understanding effective July 1st, 2015 to utilize space within the same facility for the purpose of providing community services consistent with the mission of the NWDB including workforce development, senior programs, and regional planning.

In addition to the foregoing uses of this facility, Washington County continues to retain the right for itself and the larger community, to continue utilizing the facility for community meetings, elections, and other public purposes. In doing so, the facility is intentionally expected to become a local hub of mutually beneficial community development activity whereby citizens utilizing the facility for any one particular service will be exposed to, and more likely to engage with other potentially beneficial services offered at the same location.

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 were completed. 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 2015-2016 budget totaled \$13,831,453 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 FY 2014-2015 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

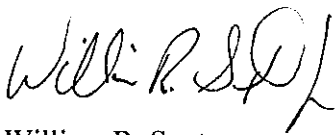
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. Washington County has received this award for nineteen 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 all department heads, employees and the members of the Board of Commissioners for their continued support throughout the past year.

Respectfully submitted,



William R. Sexton
Interim County Manager



Frank S. Milazi
Finance Officer



Government Finance Officers Association

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

Presented to

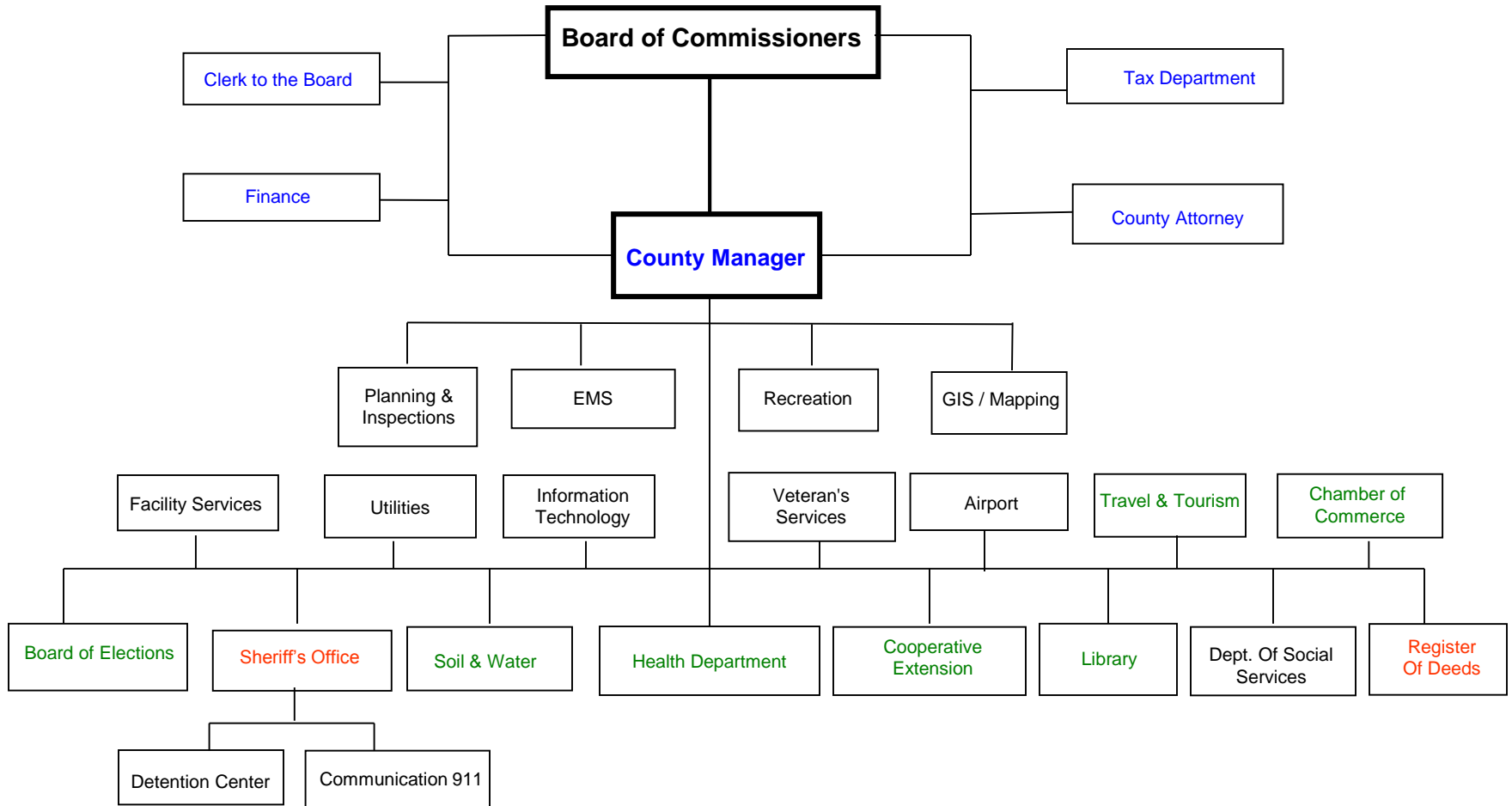
**Washington County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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 2014-2015



Chair
William "Bill" R. Sexton



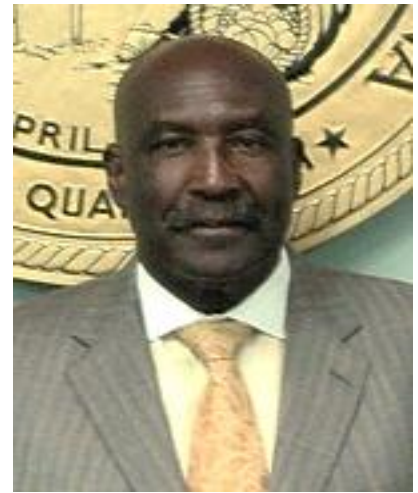
Vice-Chair
D. Cole Phelps



Tracey A. Johnson



Buster Manning



Julius Walker, Jr.



Jerry W. Rhodes
County Manager



Carr, Riggs & Ingram, LLC
3105 Trent Road
New Bern, North Carolina 28563

Mailing Address:
P.O. Box 1547
New Bern, North Carolina 28563-1547

(252) 633-5821
(252) 633-0199 (fax)
www.cricpa.com

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 aggregate 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, 2015, and the related notes to the financial statements, which collectively comprise 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, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Emergency Medical Services 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, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 2-4 through 2-13 and 2-71 through 2-76 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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.

Carly Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 15, 2015

(THIS PAGE LEFT INTENTIONALLY BLANK)



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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Washington County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,239,509 (*net position*).
- The government's total net position increased by \$765,969 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 \$5,073,077 an increase of \$672,873 in comparison with the prior year. Approximately 68 percent of this total amount, or \$3,452,445, is available for spending at the government's discretion (*unassigned fund balance*). This is a 20 percent increase in comparison with prior year. Two major reasons contributed to the increase are the increase in revenue inflow and reduction in expenditures.
- At the end of current fiscal year, unassigned fund balance for the General Fund was \$6,179,562 or 48 percent of total general fund expenditures for the fiscal year, an increase of 30 percent from the prior year.
- Washington County's debt increased by \$197,280 during the current fiscal year. The key factor in this increase was a revolving loan from the North Carolina Department of Environment and Natural Resources for the replacement of water meter throughout the County in the amount of \$559,849.
- Property tax rate remained the same as the previous year at \$0.79 per \$100 valuation.

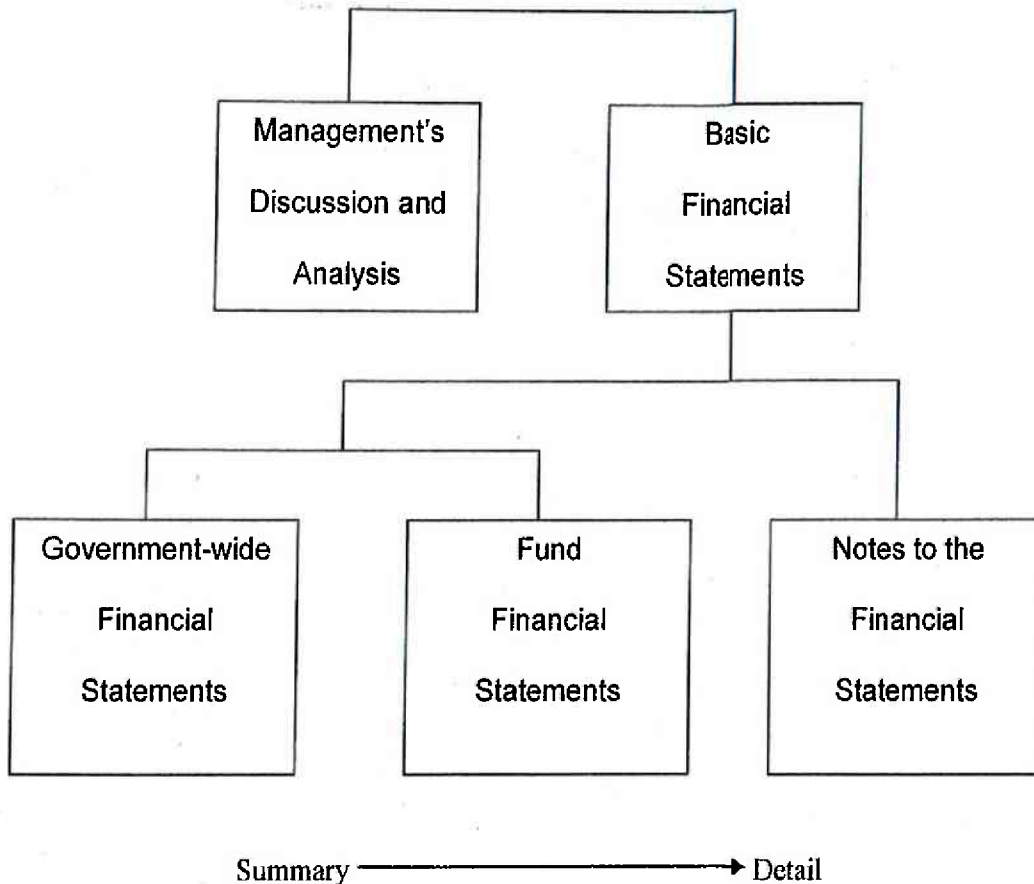
Overview of the Financial Statements

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

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 detail 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 total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide 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.

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.

Management Discussion and Analysis
Washington County June 30, 2015

All funds of Washington County can be divided into three categories: governmental fund, 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 and Emergency Medical Service 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 and Emergency Medical Services 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 Emergency Medical Services 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 Assets 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 five fiduciary funds, of which all 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 2-71 of this report.

Washington County’s Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 6,929,117	\$ 5,812,139	\$ 1,310,785	\$ 853,518	\$ 8,239,902	\$ 6,665,657
Capital assets	11,395,262	11,288,219	7,865,593	8,117,822	19,260,855	19,406,041
Total assets	18,324,379	17,100,358	9,176,378	8,971,340	27,500,757	26,071,698
Total deferred outflows of resources	475,510	381,152	24,469	19,682	499,979	400,834
Long-term liabilities	1,152,555	2,300,514	5,702,172	5,354,821	6,854,727	7,655,335
Other liabilities	199,419	83,176	296,287	207,921	495,706	291,097
Total liabilities	1,351,974	2,383,690	5,998,459	5,562,742	7,350,433	7,946,432
Total deferred inflows of resources	1,344,057	52,560	66,737	-	1,410,794	52,560
Net position:						
Net investment in capital assets	10,768,921	10,500,129	2,794,419	3,405,677	13,563,340	13,905,806
Restricted	1,509,739	1,490,118	-	-	1,509,739	1,490,118
Unrestricted	3,825,198	3,055,013	341,232	22,603	4,166,430	3,077,616
Total net position	\$ 16,103,858	\$ 15,045,260	\$ 3,135,651	\$ 3,428,280	\$ 19,239,509	\$ 18,473,540

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. Washington County’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$19,239,509 (*net position*) as of June 30, 2015. The County’s net position increased by \$765,969 or 4.15 percent for the fiscal year ended June 30, 2015. One of the largest portions \$13,563,340 (70.5%) reflects the County’s net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related still outstanding that was used to acquire those items).

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 \$1,509,739 (7.85%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,166,430 (21.65%) is unrestricted.

Management Discussion and Analysis
Washington County June 30, 2015

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 expenditures

**Washington County Changes in Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	\$ 2,368,705	\$ 2,198,057	\$ 2,294,118	\$ 2,343,509	\$ 4,662,823	\$ 4,541,566
Operating grants and contributions	3,706,445	3,624,158	28,785	-	3,735,230	3,624,158
Capital grants and contributions	625,759	538,658	-	-	625,759	538,658
General revenues						
Property taxes	7,223,836	7,268,699	-	-	7,223,836	7,268,699
Local option sales tax	1,988,910	1,782,190	-	-	1,988,910	1,782,190
Other taxes	188,057	309,692	-	-	188,057	309,692
Grants and contributions not restricted to specific programs	83,564	-	-	-	83,564	-
Investment earnings	1,289	3,893	20	42	1,309	3,935
Miscellaneous	98,319	220,256	(54,623)	-	43,696	220,256
Total revenues	16,284,884	15,945,603	2,268,300	2,343,551	18,553,184	18,289,154
Expenses						
General government	2,401,998	2,435,103	-	-	2,401,998	2,435,103
Public Safety	3,305,752	3,593,039	-	-	3,305,752	3,593,039
Economic and physical development	761,649	637,821	-	-	761,649	637,821
Human services	6,616,692	7,043,400	-	-	6,616,692	7,043,400
Cultural and recreation	295,016	303,999	-	-	295,016	303,999
Education	2,077,253	1,841,359	-	-	2,077,253	1,841,359
Interest on long-term debt	27,926	30,342	-	-	27,926	30,342
Sanitation	-	-	1,259,725	1,077,500	1,259,725	1,077,500
Water	-	-	1,041,204	1,099,089	1,041,204	1,099,089
Total expenses	15,486,286	15,885,063	2,300,929	2,176,589	17,787,215	18,061,652
Increase (decrease) in net position before transfers	798,598	60,540	(32,629)	166,962	765,969	227,502
Transfers	260,000	230,000	(260,000)	(230,000)		
Increase (decrease) in net position	1,058,598	290,540	(292,629)	(63,038)	765,969	227,502
Net position, beginning	15,620,776	15,388,639	4,029,596	4,092,634	19,650,372	19,481,273
Prior period adjustments	(575,516)	(58,403)	(601,316)	-	(1,176,832)	(58,403)
Net position, beginning restated	15,045,260	15,330,236	3,428,280	4,092,634	18,473,540	19,422,870
Net position, ending	\$ 16,103,858	\$ 15,620,776	\$ 3,135,651	\$ 4,029,596	\$ 19,239,509	\$ 19,650,372

Governmental activities: Governmental activities increased the County's net position by \$1,058,598 thereby accounting for 100% of the total growth in the net position of Washington County. Key elements of this increase are as follows:

Management Discussion and Analysis
Washington County June 30, 2015

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

- Increase in sales tax revenues.
- Reduction in expenditures and capital outlay.
- Increase in the tax collection percentage from 92.44% to 94.03%.

Business-type activities: Business-type activities decreased Washington County's net assets by \$292,629 accounting for 100% of the total decrease in the government's net position. Key elements of this decrease are as follows:

- Increase in operating expenses and landfill post-closure car costs.
- Loss on disposal of capital assets for the landfill.

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, Washington County's fund balance available in the General Fund was unassigned fund balance of the General Fund was \$6,305,756, an increase of \$1,532,952 while total fund balance reached \$7,105,456. The Governing Body of Washington County has determined that the county should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 49.02% of general fund expenditures, while total fund balance represents 55.24% of that same amount.

At June 30, 2015, the governmental funds of Washington County reported a combined fund balance of \$5,073,077, a 15.29% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$646,727 or 4.8% 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. At the end of the fiscal year, unrestricted net position of the Sanitation Fund amounted to (\$108,112), and for the Water Fund \$449,344. The decrease in net position for sanitation fund was (\$279,423) and (\$13,206) for the water fund. Other factors concerning the finances of these funds have already been addressed in the discussion of Washington County's business-type activities.

Capital Assets and Debt Administration

Capital assets. Washington County's capital assets for its governmental and business – type activities as of June 30, 2015, totals \$19,260,855 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Replacement of water meters \$585,822
- New roof for library \$307,144
- Runway improvements at airport \$1,536,931
- Computer hardware and software \$31,679
- Vehicles for various departments \$164,014

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,371,800	\$ 2,371,800	\$ 330,158	\$ 330,158	\$ 2,701,958	\$ 2,701,958
Buildings and system	7,560,520	5,888,213	7,357,742	7,009,292	14,918,262	12,897,505
Furniture and equipment	786,946	892,712	128,055	146,672	915,001	1,039,384
Vehicles and motorized equipment	619,373	663,609	49,638	23,047	669,011	686,656
Construction in progress	56,623	1,471,885	-	608,653	56,623	2,080,538
Total	\$ 11,395,262	\$ 11,288,219	\$ 7,865,593	\$ 8,117,822	\$ 19,260,855	\$ 19,406,041

Management Discussion and Analysis
Washington County June 30, 2015

Additional information on the County's capital assets can be found in Note 3 A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2015, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of \$4,540,016, all of which will be repaid from future water revenues.

Washington County's Outstanding Debt
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment purchases	\$ 626,341	\$ 788,090	\$ -	\$ -	\$ 626,341	\$ 788,090
Revenue bonds	-	-	4,540,016	4,712,145	4,540,016	4,712,145
Notes payable - NC DENR	-	-	531,158	-	531,158	-
Total	\$ 626,341	\$ 788,090	\$ 5,071,174	\$ 4,712,145	\$ 5,697,515	\$ 5,500,235

Washington County's total debt increased by \$197,280 during the past fiscal year primarily due to revolving loan proceeds from the North Carolina Department of Environment and Natural Resources for the replacement of water meters throughout the County.

Washington County maintained its Baa bond rating from Moody's Investor Service and A- rating from Standard and Poor's Corporation and Fitch Ratings. 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 \$70,270,750.

Additional information regarding Washington County's long-term debt can be found in Note 3, B 6 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.
- The County's unemployment rate of 8.8% is higher than the state average of 6.1%.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities:

- The total General Fund budget for FY 2016 is \$13,831,453, which represents an increase of \$317,600 for FY 2015.
- Ad valorem tax rate remains at \$0.79; this is the ninth consecutive year taxes have not been increased.
- There was a two percent cost of living adjustment for county employees.
- No new positions were added to the budget for fiscal year 2016.
- School system funding remains the same as previous year at \$1,903,000.
- Appropriations for the Martin Tyrell Washington Health Department increased by \$62,462 or 46%.
- Appropriations for the Washington County Cooperative Extension increased by \$31,900.

Business – Type Activities:

- The water rates for fiscal year 2016 increased by 14% for base charges from \$21 to \$24 per month and 30% for consumption charges from \$10 to \$13 per 1,000 gallons.
- The FY 2016 Water Fund budget totals \$1,291,528 which is the same amount budgeted for FY 2015.
- The FY 2016 Sanitation Fund budget totals \$1,202,421 which represents an increase of \$202,350 from FY 2015.

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. You can also call (252) 793-5823, visit our website at <http://www.washconc.org> or send an email to fmilazi@washconc.org for more information.

Washington County, North Carolina
Statement of Net Position
June 30, 2015

EXHIBIT 1

	Governmental Activities	Business-type Activities	Total	Component Unit	
				Washington County ABC Board	Washington Travel & Tourism Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,064,647	\$ 630,439	\$ 4,695,086	\$ 214,175	\$ 60,091
Receivables (net)	2,201,103	641,649	2,842,752	-	155
Inventories	-	11,313	11,313	92,195	-
Prepaid expenses	-	-	-	2,947	-
Restricted cash and cash equivalents	110,893	-	110,893	-	-
Total current assets	6,376,643	1,283,401	7,660,044	309,317	60,246
Net pension asset	552,474	27,384	579,858	6,311	-
Capital assets:					
Land and construction in progress	2,428,423	330,158	2,758,581	4,692	-
Capital assets, net of depreciation	8,966,839	7,535,435	16,502,274	14,202	-
Total capital assets	11,395,262	7,865,593	19,260,855	18,894	-
Total assets	18,324,379	9,176,378	27,500,757	334,522	60,246
DEFERRED OUTFLOWS OF RESOURCES	475,510	24,469	499,979	5,021	-
LIABILITIES					
Current liabilities:					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 135,713
Accounts payable and accrued liabilities	199,419	164,418	363,837	83,571	11,211
Customer deposits	-	131,869	131,869	-	-
Long-term liabilities					
Due within one year	165,356	236,207	401,563	-	-
Due in more than one year	987,199	5,465,965	6,453,164	79,422	-
Total liabilities	1,351,974	5,998,459	7,350,433	162,993	146,924
DEFERRED INFLOWS OF RESOURCES	1,344,057	66,737	1,410,794	15,075	-
NET POSITION					
Net investment in capital assets	10,768,921	2,794,419	13,563,340	18,894	-
Restricted for:					
Stabilization by State Statute	4,229,030	-	4,229,030	-	155
Register of Deeds	15,301	-	15,301	-	-
Economic and physical development	103,897	-	103,897	-	-
Working capital	-	-	-	51,415	-
Construction purposes	245,524	-	245,524	-	-
Unrestricted	741,185	341,232	1,082,417	91,166	(86,833)
Total net position	\$ 16,103,858	\$ 3,135,651	\$ 19,239,509	\$ 161,475	\$ (86,678)

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, 2015

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,401,998	\$ 141,943	\$ -	\$ -
Public safety	3,305,752	536,146	149,277	-
Economic & physical development	761,649	73,806	200,855	178,234
Human services	6,616,692	1,586,566	3,356,313	-
Cultural and recreation	295,016	30,244	-	273,272
Education	2,077,253	-	-	174,253
Interest on long-term debt	27,926	-	-	-
Total governmental activities	15,486,286	2,368,705	3,706,445	625,759
Business-type activities:				
Sanitation	1,259,725	1,066,140	28,785	-
Water	1,041,204	1,227,978	-	-
Total business-type activities	2,300,929	2,294,118	28,785	-
Total primary government	\$ 17,787,215	\$ 4,662,823	\$ 3,735,230	\$ 625,759
Component unit:				
ABC Board	\$ 668,154	\$ 668,402	\$ -	\$ -
Travel & Tourism Authority	165,563	-	-	-
Total component units	\$ 833,717	\$ 668,402	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local option sales tax				
Other taxes and license				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, previously reported				
Prior period adjustments				
Net position - beginning, restated				
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
\$ (2,260,055)	\$ -	\$ (2,260,055)		
(2,620,329)	-	(2,620,329)		
(308,754)	-	(308,754)		
(1,673,813)	-	(1,673,813)		
8,500	-	8,500		
(1,903,000)	-	(1,903,000)		
(27,926)	-	(27,926)		
<u>(8,785,377)</u>	<u>-</u>	<u>(8,785,377)</u>		
-	(164,800)	(164,800)		
-	186,774	186,774		
-	21,974	21,974		
<u>(8,785,377)</u>	<u>21,974</u>	<u>(8,763,403)</u>		
			\$ 248	\$ -
			-	(165,563)
			<u>248</u>	<u>(165,563)</u>
7,223,836	-	7,223,836	-	-
1,988,910	-	1,988,910	-	-
188,057	-	188,057	-	104,718
83,564	-	83,564	-	-
1,289	20	1,309	212	92
98,319	(54,623)	43,696	472	-
<u>9,583,975</u>	<u>(54,603)</u>	<u>9,529,372</u>	<u>684</u>	<u>104,810</u>
260,000	(260,000)	-	-	-
<u>9,843,975</u>	<u>(314,603)</u>	<u>9,529,372</u>	<u>684</u>	<u>104,810</u>
1,058,598	(292,629)	765,969	932	(60,753)
15,620,776	4,029,596	19,650,372	168,836	(25,925)
(575,516)	(601,316)	(1,176,832)	(8,293)	-
<u>15,045,260</u>	<u>3,428,280</u>	<u>18,473,540</u>	<u>160,543</u>	<u>(25,925)</u>
<u>\$ 16,103,858</u>	<u>\$ 3,135,651</u>	<u>\$ 19,239,509</u>	<u>\$ 161,475</u>	<u>\$ (86,678)</u>

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

Washington County, North Carolina
BALANCE SHEET
Governmental Funds
June 30, 2015

EXHIBIT 3

	General	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,311,235	\$ 17,841	\$ 735,571	\$ 4,064,647
Restricted cash	110,893	-	-	110,893
Receivables, net	1,855,786	294,363	50,954	2,201,103
Due from other funds	3,084,013	-	-	3,084,013
Total assets	\$ 8,361,927	\$ 312,204	\$ 786,525	\$ 9,460,656
LIABILITIES				
Due to other funds	\$ -	\$ 2,281,731	\$ 802,282	\$ 3,084,013
Accounts payable and accrued liabilities	152,324	24,094	23,001	199,419
Total liabilities	152,324	2,305,825	825,283	3,283,432
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	1,104,147	-	-	1,104,147
FUND BALANCES				
Restricted				
Stabilization of State Statute	3,883,713	294,363	50,954	4,229,030
Register of Deeds	15,301	-	-	15,301
Economic and physical development	-	-	103,897	103,897
Construction purposes	-	-	245,524	245,524
Committed				
Tax Revaluation	110,893	-	-	110,893
Unassigned	3,095,549	(2,287,984)	(439,133)	368,432
Total fund balances	7,105,456	(1,993,621)	(38,758)	5,073,077
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,361,927	\$ 312,204	\$ 786,525	\$ 9,460,656

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

Total fund balances - governmental funds	\$ 5,073,077
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,395,262
Net pension asset	552,474
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	392,395
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	
Deferred inflows of resources for taxes receivable	1,056,086
Pension related deferrals	(1,212,881)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(1,152,555)
Net position of governmental funds	\$ 16,103,858

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, 2015

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,401,998	\$ 141,943	\$ -	\$ -
Public safety	3,305,752	536,146	149,277	-
Economic & physical development	761,649	73,806	200,855	178,234
Human services	6,616,692	1,586,566	3,356,313	-
Cultural and recreation	295,016	30,244	-	273,272
Education	2,077,253	-	-	174,253
Interest on long-term debt	27,926	-	-	-
Total governmental activities	15,486,286	2,368,705	3,706,445	625,759
Business-type activities:				
Sanitation	1,259,725	1,066,140	28,785	-
Water	1,041,204	1,227,978	-	-
Total business-type activities	2,300,929	2,294,118	28,785	-
Total primary government	\$ 17,787,215	\$ 4,662,823	\$ 3,735,230	\$ 625,759
Component unit:				
ABC Board	\$ 668,154	\$ 668,402	\$ -	\$ -
Travel & Tourism Authority	165,563	-	-	-
Total component units	\$ 833,717	\$ 668,402	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Local option sales tax				
Other taxes and license				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Total general revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, previously reported				
Prior period adjustments				
Net position - beginning, restated				
Net position - ending				

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	Washington County ABC Board	Washington County Travel & Tourism Authority	
\$ (2,260,055)	\$ -	\$ (2,260,055)			
(2,620,329)	-	(2,620,329)			
(308,754)	-	(308,754)			
(1,673,813)	-	(1,673,813)			
8,500	-	8,500			
(1,903,000)	-	(1,903,000)			
(27,926)	-	(27,926)			
(8,785,377)	-	(8,785,377)			
-	(164,800)	(164,800)			
-	186,774	186,774			
-	21,974	21,974			
(8,785,377)	21,974	(8,763,403)			
			\$ 248	\$ -	
			-	(165,563)	
			248	(165,563)	
7,223,836	-	7,223,836	-	-	
1,988,910	-	1,988,910	-	-	
188,057	-	188,057	-	104,718	
83,564	-	83,564	-	-	
1,289	20	1,309	212	92	
98,319	(54,623)	43,696	472	-	
9,583,975	(54,603)	9,529,372	684	104,810	
260,000	(260,000)	-	-	-	
9,843,975	(314,603)	9,529,372	684	104,810	
1,058,598	(292,629)	765,969	932	(60,753)	
15,620,776	4,029,596	19,650,372	168,836	(25,925)	
(575,516)	(601,316)	(1,176,832)	(8,293)	-	
15,045,260	3,428,280	18,473,540	160,543	(25,925)	
\$ 16,103,858	\$ 3,135,651	\$ 19,239,509	\$ 161,475	\$ (86,678)	

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

Washington County, North Carolina
BALANCE SHEET
Governmental Funds
June 30, 2015

EXHIBIT 3

	General	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,311,235	\$ 17,841	\$ 735,571	\$ 4,064,647
Restricted cash	110,893	-	-	110,893
Receivables, net	1,855,786	294,363	50,954	2,201,103
Due from other funds	3,084,013	-	-	3,084,013
Total assets	\$ 8,361,927	\$ 312,204	\$ 786,525	\$ 9,460,656
LIABILITIES				
Due to other funds	\$ -	\$ 2,281,731	\$ 802,282	\$ 3,084,013
Accounts payable and accrued liabilities	152,324	24,094	23,001	199,419
Total liabilities	152,324	2,305,825	825,283	3,283,432
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	1,104,147	-	-	1,104,147
FUND BALANCES				
Restricted				
Stabilization of State Statute	3,883,713	294,363	50,954	4,229,030
Register of Deeds	15,301	-	-	15,301
Economic and physical development	-	-	103,897	103,897
Construction purposes	-	-	245,524	245,524
Committed				
Tax Revaluation	110,893	-	-	110,893
Unassigned	3,095,549	(2,287,984)	(439,133)	368,432
Total fund balances	7,105,456	(1,993,621)	(38,758)	5,073,077
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,361,927	\$ 312,204	\$ 786,525	\$ 9,460,656

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

Total fund balances - governmental funds	\$ 5,073,077
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,395,262
Net pension asset	552,474
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	392,395
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	
Deferred inflows of resources for taxes receivable	1,056,086
Pension related deferrals	(1,212,881)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(1,152,555)
Net position of governmental funds	\$ 16,103,858

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, 2015

EXHIBIT 4

	General	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 7,346,380	\$ -	\$ 80,874	\$ 7,427,254
Local option sales taxes	1,988,910	-	-	1,988,910
Other taxes and licenses	799	-	187,258	188,057
Unrestricted intergovernmental	83,564	-	-	83,564
Restricted intergovernmental	3,520,332	161,009	650,863	4,332,204
Permits and fees	245,672	-	-	245,672
Sales and services	462,661	1,586,566	73,806	2,123,033
Investment earnings	1,244	-	45	1,289
Miscellaneous	32,656	60,000	-	92,656
Total revenues	13,682,218	1,807,575	992,846	16,482,639
EXPENDITURES				
Current:				
General government	2,339,969	-	-	2,339,969
Public safety	3,172,095	-	93,237	3,265,332
Economic and physical development	132,406	-	437,563	569,969
Human services	4,587,655	2,330,382	-	6,918,037
Cultural and recreation	306,792	-	-	306,792
Capital outlay	-	-	413,703	413,703
Intergovernmental:				
Education	2,077,253	-	-	2,077,253
Debt service:				
Principal	149,626	12,124	-	161,750
Interest	26,833	1,093	-	27,926
Total expenditures	12,792,630	2,343,599	944,503	16,080,731
Excess (deficiency) of revenues over expenditures	889,588	(536,024)	48,343	401,908
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	10,965	-	-	10,965
Transfers from other funds	332,114	-	-	332,114
Transfers to other funds	(70,000)	-	(2,114)	(72,114)
Total other financing sources (uses)	273,079	-	(2,114)	270,965
Net change in fund balance	1,162,667	(536,024)	46,229	672,873
Fund balances - beginning	5,909,789	(1,457,597)	(84,987)	4,367,205
Prior period adjustments	33,000	-	-	33,000
Fund balances - ending	\$ 7,105,456	\$ (1,993,621)	\$ (38,758)	\$ 5,073,077

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, 2015

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	\$	672,873
<p>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.</p>		
Capital outlay expenditures which were capitalized		609,101
Depreciation expense for governmental assets		(496,757)
Basis of assets disposed		(5,302)
		107,042
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		392,395
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		(203,418)
<p>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.</p>		
Principal payments on long-term debt		161,750
Installment purchase obligation issued		-
		161,750
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 - Law Enforcement Officers Separation Allowance		(23,504)
Pension expense		(51,892)
Compensated absences		3,352
		(71,944)
Total changes in net position of governmental activities	\$	1,058,598

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 and Annually Budgeted Major Special Revenue Fund
For the Year Ended June 30, 2015

EXHIBIT 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
REVENUES				
Ad valorem taxes	\$ 6,955,083	\$ 7,844,109	\$ 7,346,380	\$ (497,729)
Local option sales tax	1,792,000	1,792,200	1,988,910	196,710
Other taxes and licenses	-	-	799	799
Unrestricted intergovernmental	678,074	84,000	83,564	(436)
Restricted intergovernmental	2,994,262	3,368,279	3,520,332	152,053
Permits and fees	295,690	244,900	245,672	772
Sales and services	533,744	454,958	462,661	7,703
Investment earnings	5,000	1,000	1,227	227
Miscellaneous	-	33,520	32,656	(864)
Total revenues	13,253,853	13,822,966	13,682,201	(140,765)
EXPENDITURES				
Current:				
General government	2,375,840	2,429,811	2,339,969	89,842
Public safety	3,320,718	3,348,063	3,172,095	175,968
Economic and physical development	142,038	146,285	132,406	13,879
Human services	4,894,324	4,716,412	4,587,655	128,757
Cultural and recreational	334,589	331,337	306,792	24,545
Intergovernmental:				
Education	1,919,359	2,093,612	2,077,253	16,359
Debt service				
Principal	145,961	142,157	149,626	(7,469)
Interest	20,000	20,000	26,833	(6,833)
Total expenditures	13,152,829	13,227,677	12,792,630	435,047
Revenues over (under) expenditures	101,024	595,289	889,571	294,282
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	5,500	10,965	5,465
Installment purchase obligation issued	-	-	-	-
Transfers from other funds	260,000	332,114	332,114	-
Transfers to other funds	(361,024)	(603,000)	(136,000)	467,000
Total other financing sources (uses)	(101,024)	(265,386)	207,079	472,465
Fund balance appropriated	-	(329,903)	-	329,903
Net change in fund balance	\$ -	\$ -	1,096,650	\$ 1,096,650
Fund balances - beginning			5,897,913	
Fund balance - ending			\$ 6,994,563	

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 and Annually Budgeted Major Special Revenue Fund
For the Year Ended June 30, 2015

EXHIBIT 5 (continued)

Emergency Medical Services			
Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	161,009	161,009
-	-	-	-
1,326,790	1,686,790	1,586,566	(100,224)
-	-	-	-
-	-	60,000	60,000
1,326,790	1,686,790	1,807,575	120,785
-	-	-	-
-	-	-	-
-	-	-	-
1,584,814	2,372,998	2,330,382	42,616
-	-	-	-
-	-	-	-
-	-	12,124	(12,124)
-	-	1,093	(1,093)
1,584,814	2,372,998	2,343,599	29,399
(258,024)	(686,208)	(536,024)	150,184
-	-	-	-
-	150,000	-	(150,000)
258,024	500,000	-	(500,000)
-	-	-	-
258,024	650,000	-	(650,000)
-	36,208	-	(36,208)
\$ -	\$ -	(536,024)	\$ (536,024)
		(1,457,597)	
		\$ (1,993,621)	

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, 2015

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		\$ 6,994,563
Tax Mapping and Revaluation Fund		
Investment earnings	17	
Operating expenditures	-	
Transfer from General Fund	66,000	
Fund balance, beginning	11,876	
Prior period adjustment	33,000	
	110,893	
Ending fund balance		\$ 7,105,456

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, 2015

EXHIBIT 6

	Sanitation Fund	Water Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 695,048	\$ 835,872	\$ 1,530,920
Receivables, net	467,552	174,097	641,649
Due from other funds	395,973	-	395,973
Inventories	-	11,313	11,313
Total current assets	1,558,573	1,021,282	2,579,855
Noncurrent assets:			
Net pension asset	5,773	21,611	27,384
Capital assets:			
Land and construction in process	294,294	35,864	330,158
Capital assets, net of depreciation	109,738	7,425,697	7,535,435
Total capital assets	404,032	7,461,561	7,865,593
Total noncurrent assets	409,805	7,483,172	7,892,977
Total assets	1,968,378	8,504,454	10,472,832
DEFERRED OUTFLOWS OF RESOURCES	5,158	19,311	24,469
LIABILITIES			
Current liabilities:			
Cash overdraft	900,481	-	900,481
Accounts payable and accrued liabilities	140,901	23,517	164,418
Customer deposits	-	131,869	131,869
Due to other funds	-	395,973	395,973
Current portion of long-term liabilities	-	236,207	236,207
Total current liabilities	1,041,382	787,566	1,828,948
Noncurrent liabilities			
Compensated absences	7,532	8,832	16,364
Accrued landfill closure and postclosure care	614,634	-	614,634
Long-term debt	-	4,834,967	4,834,967
Total noncurrent liabilities	622,166	4,843,799	5,465,965
Total liabilities	1,663,548	5,631,365	7,294,913
DEFERRED INFLOWS OF RESOURCES	14,068	52,669	66,737
NET POSITION			
Net investment in capital assets	404,032	2,390,387	2,794,419
Unrestricted	(108,112)	449,344	341,232
Total net position	\$ 295,920	\$ 2,839,731	\$ 3,135,651

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, 2015

EXHIBIT 7

	Sanitation Fund	Water Fund	Total
OPERATING REVENUES			
Charges for services	\$ 1,066,140	\$ 1,223,728	\$ 2,289,868
Tap and connection fees	-	4,250	4,250
Total operating revenues	1,066,140	1,227,978	2,294,118
OPERATING EXPENSES			
Landfill and collections	1,193,042	-	1,193,042
Operations and maintenance	-	407,236	407,236
Treatment plant	-	197,330	197,330
Landfill closure and postclosure care	45,601	-	45,601
Depreciation	21,082	253,335	274,417
Total operating expenses	1,259,725	857,901	2,117,626
Operating income (loss)	(193,585)	370,077	176,492
NONOPERATING REVENUES (EXPENSES)			
White goods disposal fee and grants	4,082	-	4,082
Scrap tire tax and grants	18,220	-	18,220
Solid waste disposal tax	6,483	-	6,483
Investment earnings	-	20	20
Gain (loss) on disposal of fixed assets	(54,623)	-	(54,623)
Interest on long-term debt	-	(183,303)	(183,303)
Total nonoperating revenues (expenses)	(25,838)	(183,283)	(209,121)
Income (loss) before transfers	(219,423)	186,794	(32,629)
Transfer to other funds	(60,000)	(200,000)	(260,000)
Change in net position	(279,423)	(13,206)	(292,629)
Total net position, beginning	1,151,181	2,878,415	4,029,596
Restatement - Landfill closure and postclosure care	(569,033)	-	(569,033)
Restatement - pension liability	(6,805)	(25,478)	(32,283)
Total net position, beginning, restated	575,343	2,852,937	3,428,280
Total net position, ending	\$ 295,920	\$ 2,839,731	\$ 3,135,651

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, 2015

EXHIBIT 8

	Sanitation Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,179,623	\$ 1,227,375	\$ 2,406,998
Cash paid for goods and services	(1,023,634)	(270,302)	(1,293,936)
Cash paid to employees for services	(93,951)	(345,543)	(439,494)
Customer deposits received	-	27,062	27,062
Customer deposits returned	-	(25,145)	(25,145)
Net cash provided (used) by operating activities	62,038	613,447	675,485
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase in due to other funds	-	214,521	214,521
Increase in due from other funds	(214,521)	-	(214,521)
Increase in cash overdraft	900,481	-	900,481
Transfer to other funds	(60,000)	(200,000)	(260,000)
Net cash provided (used) by noncapital financing activities	625,960	14,521	640,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Loan proceeds	-	559,849	559,849
Acquisition of capital assets	-	(76,811)	(76,811)
Principal paid on bonds and notes	-	(200,820)	(200,820)
Interest paid on bonds and notes	-	(183,303)	(183,303)
Net cash provided (used) by capital and financing activities	-	98,915	98,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned	-	20	20
Net increase (decrease) in cash and cash equivalents	687,998	726,903	1,414,901
Balances, beginning of year	7,050	108,969	116,019
Balances, ending of year	\$ 695,048	\$ 835,872	\$ 1,530,920
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (193,585)	\$ 370,077	\$ 176,492
Adjustments to reconcile income to cash provided by operations:			
White goods disposal fee and grants	4,082	-	4,082
Scrap tire tax and grants	18,220	-	18,220
Solid waste disposal tax	6,483	-	6,483
Depreciation	21,082	253,335	274,417
Pension expense	587	2,201	2,788
Landfill closure and postclosure care costs	45,601	-	45,601
(Increase) decrease in accounts receivable	84,698	(603)	84,095
(Increase) decrease in inventory	-	442	442
Increase (decrease) in accounts payable	76,517	9,933	86,450
Increase (decrease) in customer deposits	-	1,917	1,917
(Increase) decrease in deferred outflows of resources for pensions	(4,255)	(15,932)	(20,187)
Increase (decrease) in accrued vacation	2,608	(7,923)	(5,315)
Total adjustments	255,623	243,370	498,993
Net cash provided by operating activities	\$ 62,038	\$ 613,447	\$ 675,485

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, 2015

EXHIBIT 9

ASSETS

Cash and cash equivalents

\$ 67,463

LIABILITIES

Miscellaneous liabilities

\$ 67,463

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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Washington County and its discretely presented 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. The Authority was created by Washington County and the County finance officer is the ex officio finance officer of the Authority.	None issued.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 of which is 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 funds:

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.

Emergency Medical Services Fund. This fund accounts for ambulance and transportation services provided by Washington County for the residents of Washington and Tyrell Counties.

The County reports the following major enterprise funds:

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 water operations within the County.

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the 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 are 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, Airport Fund and Community Development Block Grants Fund are reported as non-major special revenue funds. The Commerce Center Project, Airport Grant Capital Projects, and Library Project Grant are reported as non-major 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, 2015

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 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 in 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather program revenues. 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, 2015

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, Emergency Medical Services Fund, the Emergency Telephone, Drainage, Airport Fund 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 departmental level for all annually budgeted funds and at the project 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 of Resources, 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, 2015

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 and, 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.

Washington County Restricted Cash

Governmental Activities

General Fund	Tax revaluation	<u>\$110,893</u>
Total Restricted Cash		<u>\$110,893</u>

4. Ad Valorem Taxes Receivable

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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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 several items that meet this criterion - pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – prepaid taxes, property taxes receivable, and other pension related deferrals.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 sources.

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, proprietary fund and ABC Board statements.

The sick leave policies of the County and Authority provide for an unlimited accumulation of earned sick leave. The ABC Board policy provides for the accumulation of up to 30 days of 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 represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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 or imposed by law.

Restricted for Stabilization by 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, 2015

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. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Assigned Fund Balance - portion of fund balance that the Washington County governing board has budgeted.

Subsequent year’s expenditures - portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$1,000.

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-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Defined Benefit Pension Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$11,030,781 consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 17,205,913
Less accumulated depreciation	(5,810,651)
Net capital assets	11,395,262
Net pension asset	552,474
Contributions to the pension plan in the current fiscal year	392,395
Deferred inflows of resources reported in the government-wide statements but not the fund statements	
Deferred inflows of resources for taxes receivable	1,056,086
Pension related deferrals	(1,212,881)
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	(626,341)
Compensated absences	(414,552)
Net pension obligation	(111,662)
Total adjustment	<u>\$ 11,030,781</u>

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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. The total adjustment of \$385,725 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 609,101
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.	(496,757)
Cost of capital assets disposed of during the year, not recorded in fund statements	(5,302)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	392,395
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	161,750
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 obligation.	(23,504)
County's portion of collective pension expense	(51,892)
Compensated absences	3,352
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase in deferred inflows of resources – taxes receivable - at end of year	(203,418)
Total adjustment	\$ 385,725

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance or Net Position of Individual Funds

For the fiscal year ended June 30, 2015, the following funds had a deficit fund balance:

Emergency Medical Services Fund	\$1,993,621
Emergency Telephone System Fund	73,285
Airport Fund	288,768
Commerce Center Project	13,339
Library Project Grant	13,479
Washington County Tourism Development Authority	86,678

The Emergency Medical Services Fund and Airport Fund were consolidated into the General Fund in previous years. Expenditures exceeded revenues in these funds. Deficits in Capital Project Funds were due to accounts payable recorded at year end. Expenditures will be monitored closely in future years to reinstate fund balance to a positive amount.

B. Excess of Expenditures Over Appropriations

Budgets are adopted at the department level. The Budget Officer is authorized to transfer appropriations between departments up to \$1,000. Any revisions that alter total expenditures of any fund must be approved by the governing board. For the fiscal year ended June 30, 2015, the following expenditures exceeded the authorized appropriations made by the governing board:

Medical Examiner	\$2,500
Sanitation	52,370
EMS – Washington County	23,345
Library Project Grant	24,768
Transfer from General to Tax Mapping	33,000

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

North Carolina General Statute 159 requires that all funds have a balanced budget ordinance. The original budget ordinance for fiscal year 2015 was balanced as required by statute. However, subsequent amendments to the original budget ordinance were not in balance resulting in the final budget for several funds to be out of balance. In future years, all budget ordinances and amendments will be balanced with revenues and other financing sources equal to expenditures and other financing uses as required by North Carolina General Statute 159.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County 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, 2015, the County's deposits had a carrying amount of \$1,423,851 and a bank balance of \$1,639,913. Of the bank balance, \$389,410 was covered by federal depository insurance and \$1,250,503 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2015, Washington County had \$1,450 cash on hand.

At June 30, 2015, the carrying amount of deposits for Washington County ABC Board was \$212,975 and the bank balance was \$126,022. All of the bank balance was covered by federal depository insurance. At June 30, 2015, the Board's petty cash totaled \$1,200.

2. Investments

At June 30, 2015, the County's investment balances were as follows:

At June 30, 2015, Washington County had \$3,372,519 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.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. Assets (continued)

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	\$ 284,039	\$ 93,023	\$ 377,062
2012	309,765	73,568	383,333
2013	1,058,973	156,196	1,215,169
2014	1,090,515	62,704	1,153,219
Total	<u>\$ 2,743,292</u>	<u>\$ 385,491</u>	<u>\$ 3,128,783</u>

4. Receivables

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

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental activities				
General	\$ -	\$ 1,214,048	799,700	\$ 2,013,748
Other governmental	442,329	-	57,803	500,132
Total receivable	<u>442,329</u>	<u>1,214,048</u>	<u>857,503</u>	<u>2,513,880</u>
Allowance for doubtful accounts	(154,815)	(157,962)	-	(312,777)
Total governmental activities	<u>\$ 287,514</u>	<u>\$ 1,056,086</u>	<u>\$ 857,503</u>	<u>\$ 2,201,103</u>
Business-type activities				
Sanitation	499,355	\$ -	\$ 8,197	\$ 507,552
Water	239,908	-	4,189	244,097
Allowance for doubtful accounts	(110,000)	-	-	(110,000)
Total business-type activities	<u>\$ 629,263</u>	<u>\$ -</u>	<u>\$ 12,386</u>	<u>\$ 641,649</u>

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. Assets (continued)

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

Local option sales tax	\$	497,829
Sales tax refund		56,053
NC Division of Motor Vehicles – Vehicle tax		73,812
Grant reimbursements receivable		235,441
White goods disposal tax		916
Scrap tire tax		4,350
Solid waste disposal tax		<u>1,488</u>
Total	\$	<u>869,889</u>

5. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated:				
Construction in Progress	\$ 1,471,885	\$ 428,813	\$ 1,844,075	\$ 56,623
Land	2,371,800	-	-	2,371,800
Total capital assets not being depreciated	3,843,685	428,813	1,844,075	2,428,423
Capital assets being depreciated:				
Buildings	8,064,894	1,844,075	-	9,908,969
Furniture and equipment	2,707,872	53,695	-	2,761,567
Vehicles	2,007,566	126,593	27,205	2,106,954
Total capital assets being depreciated	12,780,332	2,024,363	27,205	14,777,490
Less accumulated depreciation for:				
Buildings	2,176,681	171,768	-	2,348,449
Furniture and equipment	1,815,160	159,461	-	1,974,621
Vehicles	1,343,957	165,528	21,904	1,487,581
Total accumulated depreciation	5,335,798	496,757	21,904	5,810,651
Total capital assets being depreciated, net	<u>7,444,534</u>			<u>8,966,839</u>
Governmental activities capital assets net	<u>\$ 11,288,219</u>			<u>\$ 11,395,262</u>

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

- A. **Assets** (continued)
- 5. **Capital Assets** (continued)

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

General government	\$	129,239
Public safety		173,394
Economic and physical development		28,543
Human services		160,000
Cultural and recreational		<u>5,581</u>
Total depreciation expense	\$	<u><u>496,757</u></u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Sanitation				
Capital assets not being depreciated:				
Construction in Progress	\$ 54,623	\$ -	\$ 54,623	\$ -
Land	294,294	-	-	294,294
Total capital assets not being depreciated	348,917	-	54,623	294,294
Capital assets being depreciated:				
Furniture and equipment	287,444	-	-	287,444
Vehicles	58,879	-	-	58,879
Total capital assets being depreciated	346,323	-	-	346,323
Less accumulated depreciation for:				
Furniture and equipment	160,004	21,082	-	181,086
Vehicles	55,499	-	-	55,499
Total accumulated depreciation	215,503	21,082	-	236,585
Total capital assets being depreciated, net	<u>130,820</u>			<u>109,738</u>
Sanitation capital assets net	<u>\$ 479,737</u>			<u>\$ 404,032</u>
Water				
Capital assets not being depreciated:				
Construction in Progress	\$ 554,030	\$ 31,792	\$ 585,822	\$ -
Land	35,864	-	-	35,864
Total capital assets not being depreciated	589,894	31,792	585,822	35,864
Capital assets being depreciated:				
Plant and distribution systems	10,510,703	585,822	-	11,096,525
Furniture and equipment	192,366	7,600	-	199,966
Vehicles	68,018	37,420	-	105,438
Total capital assets being depreciated	10,771,087	630,842	-	11,401,929
Less accumulated depreciation for:				
Plant and distribution systems	3,501,411	237,372	-	3,738,783
Furniture and equipment	173,134	5,135	-	178,269
Vehicles	48,351	10,829	-	59,180
Total accumulated depreciation	3,722,896	253,336	-	3,976,232
Total capital assets being depreciated, net	<u>7,048,191</u>			<u>7,425,697</u>
Water capital assets net	<u>\$ 7,638,085</u>			<u>\$ 7,461,561</u>
Business-type activities capital assets net	<u>\$ 8,117,822</u>			<u>\$ 7,865,593</u>

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. Assets (continued)

5. Capital Assets (continued)

Construction Commitments

The government has one active construction project as of June 30, 2015 for the installation of water and sewer lines to the County Commerce Center. At June 30, 2015, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Commerce Center Project	\$ <u>41,513</u>	\$ <u>-</u>

Discretely presented component units

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 4,692	\$ -	\$ -	\$ 4,692
Capital assets being depreciated:				
Buildings	68,273	-	-	68,273
Leasehold improvements	2,200	-	-	2,200
Furniture and equipment	79,129	2,361	-	81,490
Total capital assets being depreciated	149,602	2,361	-	151,963
Less accumulated depreciation for:				
Buildings	61,155	1,649	-	62,804
Leasehold improvements	73	220	-	293
Furniture and equipment	70,116	4,548	-	74,664
Total accumulated depreciation	131,344	6,417	-	137,761
Total capital assets being depreciated, net	<u>18,258</u>			<u>14,202</u>
Governmental activities capital assets net	<u>\$ 22,950</u>			<u>\$ 18,894</u>

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities

1. Payables

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

	Vendors		Others		Total
Governmental activities					
General	155,861	\$	(3,537)	\$	152,324
Other governmental	44,601		2,494		47,095
Total governmental activities	\$ 200,462	\$	(1,043)	\$	199,419
Business-type activities					
Sanitation	140,901	\$	-	\$	140,901
Water	21,890		1,627		23,517
Total business-type activities	\$ 162,791	\$	1,627	\$	164,418

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Washington County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$411,510 for the year ended June 30, 2015.

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

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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

- B. Liabilities** (continued)
2. Pension Plan Obligations (continued)

At June 30, 2015, the County reported an asset of \$557,664 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0.09456%, which was an increase of 0.00676% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$56,815. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 60,934
Net difference between projected and actual earnings on pension plan investments	-	1,298,229
Changes in proportion and difference between County contributions and proportionate share of contributions	87,191	-
County contributions subsequent to the measurement date	411,510	-
Total	\$ 498,701	\$ 1,359,163

\$411,510 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$	(317,977)
2017		(317,977)
2018		(317,977)
2019		(318,041)
2020		-
Thereafter		-

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

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

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

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

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 1,892,953	\$ (557,664)	\$ (2,621,004)

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

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, 2014, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>24</u>
Total	<u><u>24</u></u>

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

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

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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

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

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, 2014 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.

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	\$	26,543
Interest on net pension obligation		4,408
Adjustment to annual required contribution		(7,447)
Annual pension cost		23,504
Contributions made		-
Increase (decrease) in net pension obligation		23,504
Net pension obligation, beginning of year		88,158
Net pension obligation, end of year	\$	<u>111,662</u>

3 Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligated
2013	\$ 20,194	0.00%	\$ 69,860
2014	\$ 18,298	0.00%	\$ 88,158
2015	\$ 23,504	0.00%	\$ 111,662

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

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

4. Funded Status and Funding Progress.

As of December 31, 2014, 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 \$149,180. The covered payroll (annual payroll of active employees covered by the plan) was \$770,575, and the ratio of the UAAL to the covered payroll was 19.36%.

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to 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, 2015 were \$61,530 for law enforcement officers and \$216,296 for non-law enforcement employees with the County's contribution being \$36,020 for law enforcement and \$127,802 for non-law enforcement. The employee's contribution was \$25,510 from law enforcement and \$88,494 for non-law enforcement.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,074 for the year ended June 30, 2015.

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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund

At June 30, 2015, the County reported an asset of \$22,192 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .09786%, which was an increase of .02345% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(2,133). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 204	\$ -
Net difference between projected and actual earnings on pension plan investments	-	119
Changes in proportion and difference between County contributions and proportionate share of contributions	-	3,451
County contributions subsequent to the measurement date	1,074	-
Total	\$ 1,278	\$ 3,570

\$1,074 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2016	\$	(1,506)
2017		(1,506)
2018		(325)
2019		(29)
2020		-
Thereafter		-

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund

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

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

2. Pension Plan Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund

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

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ (19,927)	\$ (22,192)	\$ (24,138)

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

e. Other 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

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 (continued)

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.

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, 2015 and 2014, the County paid all annual required contributions to the Plan for post-employment healthcare benefits in the amount of \$317,796 and \$270,678, respectively. The contributions represented 5.49% of covered payroll.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. **Liabilities** (continued)

f. **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Vance County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

g. **Washington County ABC Board Pension Plan**

Please see the separately issued financial report of the Washington County ABC Board for a complete description of the ABC Board pension plan.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. **Liabilities** (continued)

3. Closure and Postclosure Care Costs – Washington County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$614,634 reported as landfill closure and post-closure care liability at June 30, 2015 represents a cumulative amount reported to date based on the use of 79.88% percent of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$154,787 as the remaining estimated capacity is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test, one option under State and federal laws and regulations to help determine if a unit is financially able to meet closure and post-closure care requirements. The County is not currently required to fund the estimated closure costs of this facility based upon its present financial stability. However, if additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	\$ -	\$ 60,934
Register of Deeds	204	
Pensions - difference between projected and actual investment earnings	-	1,298,348
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	87,191	
Register of Deeds		3,451
Contributions to pension plan in 2014-2015 fiscal year	412,584	
Prepaid taxes not yet earned (General)	-	48,061
Taxes receivable, net, less penalties (General)	-	1,056,086
Total	\$ 499,979	\$ 2,466,880

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. **Liabilities** (continued)

5. 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.

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, 2015, 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, 2015 was North Carolina State Health Plan for medical.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. **Liabilities** (continued)

5. **Risk Management** (continued)

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; injuries to employees; and natural disasters. The Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. In accordance with G.S 18B-700(i), each Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety. 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.

6. **Contingent Liabilities**

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

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, 2015

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, 2015.

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, 2015, including interest, are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2016	\$ 165,356	\$ 22,116
2017	144,735	16,179
2018	117,032	11,449
2019	99,218	7,542
2020	50,000	4,410
2021	50,000	2,205
Total	\$ 626,341	\$ 63,901

At June 30, 2015, Washington County had a legal debt margin of \$70,270,750.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed all \$626,341 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to zero.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015 was \$716,790. 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, 2015 was \$3,823,226. 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.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2016	\$ 178,825	\$ 176,607
2017	185,782	169,650
2018	193,009	162,424
2019	200,516	154,915
2020	208,317	147,115
2021-2025	1,169,627	607,532
2026-2030	1,415,521	361,639
2031-2033	988,419	77,877
Total	\$ 4,540,016	\$ 1,857,759

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015, is as follows:

Operating revenues	\$ 1,227,978
Operating expenses *	<u>604,566</u>
Operating income	623,412
Non operating revenues **	<u>20</u>
Income available for debt service	<u>\$ 623,432</u>
Debt service, principal and interest paid	\$ 355,432
 Debt service coverage ratio	 <u>175.40%</u>

* Per rate covenants, this does not include the depreciation expense of \$253,335.

** Per rate covenants, this does not include revenue bond interest paid of \$183,303.

c. Note Payable – North Carolina Department of Environment and Natural Resources

On June 2, 2014, the County signed a promissory note payable to the North Carolina Department of Environment and Natural Resources in the amount of \$573,811. During fiscal year 2015, the County received loan proceeds totaling \$559,849 from the NCDENR Public Drinking Water Revolving Loan fund for the replacement of approximately 2,100 water meters for customers throughout the County. The loan is payable in 20 annual installments of \$28,691 without interest beginning May 1, 2015. The outstanding balance at June 30, 2015 was \$531,158.

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

Year Ending June 30	Business-type activities	
	Principal	Interest
2016	\$ 28,691	\$ -
2017	28,690	-
2018	28,691	-
2019	28,690	-
2020	28,691	-
2021-2025	143,453	-
2026-2030	143,452	-
2031-2033	100,800	-
Total	\$ 531,158	\$ -

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities (continued)

6. Long-Term Obligations (continued)

d. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 788,090	\$ 1	\$ 161,750	\$ 626,341	\$ 165,356
Compensated absences	417,904	-	3,352	414,552	-
Net pension liability LGERS	1,006,362	-	1,006,362	-	-
Net pension obligation	88,158	23,504	-	111,662	-
Governmental activity long-term liabilities	\$ 2,300,514	\$ 23,505	\$ 1,171,464	\$ 1,152,555	\$ 165,356
Business-type activities:					
Water Fund					
Revenue bonds	\$ 4,712,145	\$ -	\$ 172,129	\$ 4,540,016	\$ 207,516
Note payable	-	559,849	28,691	531,158	28,691
Net pension liability LGERS	41,011	-	41,011	-	-
Compensated absences	16,754	-	7,922	8,832	-
Total Water Fund	4,769,910	559,849	249,753	5,080,006	236,207
Sanitation Fund					
Accrued landfill closure and post-closure care costs	569,033	45,601		614,634	-
Net pension liability LGERS	10,954	-	10,954	-	-
Compensated absences	4,924	2,608	-	7,532	-
Total Sanitation Fund	584,911	48,209	10,954	622,166	-
Business-type long-term liabilities	\$ 5,354,821	\$ 608,058	\$ 260,707	\$ 5,702,172	\$ 236,207

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

Compensated absences and net pension obligations for governmental activities 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, 2015

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, 2015, consist of the following:

To the General Fund from the Emergency Telephone System Fund to assist in administrative expenses	\$ 72,114
To the General Fund from the Sanitation Fund to assist in administrative expenses	60,000
To the General Fund from the Water Fund to assist in administrative expenses	200,000
To the Tax Mapping and Revaluation Fund from the General Fund to assist with cost of property revaluation	66,000
To the Airport Fund from the General Fund to assist in operating expenses	<u>70,000</u>
Total	<u>\$ 468,114</u>

Balances due to/from other funds as of June 30, 2015, consist of the following:

Due to the Sanitation Fund from the Water Fund to assist temporary cash flow	<u>\$ 395,973</u>
--	-------------------

D. Net Investment in Capital Assets

	Governmental Activities	Business-type Activities	ABC Board
Capital assets, net of depreciation	\$ 11,395,262	\$ 7,865,593	\$ 18,894
Less: Installment debt	(626,341)	-	-
Revenue bonds	-	(4,540,016)	-
Note payable	-	(531,158)	-
Net investment in capital assets	<u>\$ 10,768,921</u>	<u>\$ 2,794,419</u>	<u>\$ 18,894</u>

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

E. 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-county funds, 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 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	\$	7,105,456
Less:		
Stabilization by state statute		3,883,713
Restricted for Register of Deeds		15,301
Restricted for revaluation		110,893
Remaining Fund Balance	\$	3,095,549

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, 2015. 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. 3rd 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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$135,443 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.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 – JOINT VENTURES (continued)

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$31,500 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 \$8,398 to the Commission during the fiscal year ended June 30, 2015.

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	\$ 126,913	\$ -
Medicaid	15,507,277	8,634,853
NC Health Choice – Children’s Insurance Program	111,892	35,729
Energy assistance	117,370	-
Adoption assistance	139,114	36,064
Adult assistance	-	132,331
Title IV-E, foster care	32,041	9,754
CWS adoption benefits	-	5,309
Food Stamps	5,011,385	-
State Foster Care	-	245
Total	\$ 21,045,992	\$ 8,854,285

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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.

Unemployment Taxes

The County has elected to pay direct costs of employment security benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENT/ PRIOR PERIOD ADJUSTMENTS

Pensions

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$608,516 and \$32,283, respectively.

The Washington County ABC Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the ABC Board to record beginning net pension liability and the effects on net position of contributions made by the ABC Board during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the ABC Board decreased by \$8,293.

Landfill Closure and Post-closure Care Costs

The County has corrected the financial statements to record the beginning liability as of June 30, 2014, for accrued landfill closure and post-closure care costs. As a result, net position for the business-type activities decreased by \$569,033.

Tax Mapping and Revaluation Fund

The County incorrectly posted an interfund transfer from the General Fund to the Tax Mapping and Revaluation Fund in fiscal year 2014 as an expenditure rather than a transfer. As a result, beginning net position and fund balances increased \$33,000, respectively.

Emergency Medical Services and Airport Funds

The County has changed its presentation of the Emergency Medical Services and Airport Funds for the fiscal year 2015. In previous years, these funds were consolidated with the General Fund. For fiscal year 2015, the Emergency Medical Services Funds is presented as a separate major governmental funds and the Airport Fund is presented as a non-major special revenue fund. As a result, the beginning fund balance of the General Fund increased by \$1,730,293 while the beginning fund balance of the Emergency Medical Services Fund and Airport Fund decreased by \$1,457,597 and \$272,696, respectively.

Washington County, North Carolina
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENT/ PRIOR PERIOD ADJUSTMENTS

A summary of prior period adjustments and changes in net position for the fiscal year ended June 30, 2014 is shown below:

	Governmental Activities	Business-type Activities	Total Primary Government	ABC Board
Net position beginning previously reported	\$ 15,620,776	\$ 4,029,596	\$ 19,650,372	\$ 168,836
Prior Period Adjustments				
GASB 68 LGERS Pension	(625,209)	(32,283)	(657,492)	(8,293)
GASB 68 Register of Deeds Pension	16,693	-	16,693	-
Landfill closure and post-closure care	-	(569,033)	(569,033)	
Tax Mapping & Revaluation Fund transfer	33,000	-	33,000	
General Fund	1,730,293	-	1,730,293	
Emergency Medical Services Fund	(1,457,597)	-	(1,457,597)	
Airport Fund	(272,696)	-	(272,696)	-
 Total prior period adjustments	 (575,516)	 (601,316)	 (1,176,832)	 (8,293)
 Net position beginning restated	 \$ 15,045,260	 \$ 3,428,280	 \$ 18,473,540	 \$ 160,543

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
- Schedule of County's Proportionate Share of Net Pension Asset (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- Schedule of County Contributions (ROD)

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued (AAL)		Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll)	UAAAL as a %
		Projected Unit Credit (a)	(b)				of Covered (c Payroll a/c)
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%	
12/31/2014	-	149,180	149,180	0%	770,575	19.36%	

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

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%
2015	26,543	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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed
Remaining amortization period	16 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%

Washington County, North Carolina
Local Government Employees' Retirement System
 Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
 Last Two Fiscal Years *

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.09456%	0.87800%
County's proportion of the net pension liability (asset) \$	\$ (557,664)	\$ 1,058,327
County's covered-employee payroll	\$ 5,785,207	\$ 5,669,505
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.64%	18.67%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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

Washington County, North Carolina
Local Government Employees' Retirement System
 Required Supplementary Information
Schedule of the County Contributions
 Last Two Fiscal Years

	2015	2014
Contractually required contribution	\$ 412,584	\$ 400,834
Contributions in relation to the contractually required contribution	412,584	400,834
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 5,785,207	\$ 5,669,505
Contributions as a percentage of covered-employee payroll	7.13%	7.07%

Washington County, North Carolina
Register of Deeds' Supplemental Pension Fund
 Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
 Last Two Fiscal Years *

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.09786%	0.74410%
County's proportion of the net pension liability (asset) \$	\$ (22,192)	\$ (15,894)
County's covered-employee payroll	\$ 48,916	\$ 50,009
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-45.37%	-31.78%
Plan fiduciary net position as a percentage of the total pension liability	1.9388%	1.9050%

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

Washington County, North Carolina
Register of Deeds' Supplemental Pension Fund
 Required Supplementary Information
Schedule of the County Contributions
 Last Two Fiscal Years

	2015	2014
Contractually required contribution	\$ 1,074	\$ 799
Contributions in relation to the contractually required contribution	1,074	799
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 48,916	\$ 50,009
Contributions as a percentage of covered-employee payroll	2.20%	1.60%

(THIS PAGE LEFT INTENTIONALLY BLANK)

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Taxes		\$ 7,167,391		\$ 7,014,138
Penalties and interest		178,989		178,257
Total	\$ 7,844,109	7,346,380	\$ (497,729)	7,192,395
Local option sales tax				
Article 39 and 44		836,302		708,861
Article 40 one-half of one percent		740,299		678,995
Article 42 one-half of one percent		412,309		394,334
Total	1,792,200	1,988,910	196,710	1,782,190
Other taxes and license				
Occupancy tax		-		48,813
Gross receipts tax		799		307
Total	-	799	799	49,120
Unrestricted intergovernmental				
Beer and wine tax		39,052		36,180
Cable franchise fees		15,256		15,424
Payments in lieu of tax		29,256		12,877
Total	84,000	83,564	(436)	64,481
Restricted intergovernmental				
State grants		465,147		289,269
Federal grants		3,025,206		3,207,604
Court facility fees		21,685		21,179
ABC bottle taxes		8,294		17,600
Total	3,368,279	3,520,332	152,053	3,535,652
Permits and fees				
Building permits		101,797		70,126
Officer and sheriff fees		55,615		54,164
Register of deeds		88,260		91,415
Total	244,900	245,672	772	215,705
Sales and services				
Rental income		31,344		73,189
Concessions		22,339		10,868
Animal adoption fees		1,021		1,122
School resource officer fees		204,622		206,229
Jail fees		173,091		153,287
Senior citizens funds		21,977		45,651
Recreation fees		8,267		12,247
Total	454,958	462,661	7,703	502,593
Investment earnings	1,000	1,227	227	3,888
Miscellaneous				
Administrative reimbursement		3,000		3,000
Miscellaneous		29,656		53,593
Total	33,520	32,656	(864)	56,593
Total revenues	13,822,966	13,682,201	(140,765)	13,402,617

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES				
General government				
Governing board				
Governing board fees		\$ 39,292		\$ 39,226
Operating expenditures		50,703		51,120
Total	\$ 93,781	89,995	\$ 3,786	90,346
Administration				
Salaries and benefits		297,620		280,654
Operating expenditures		22,718		47,256
Capital outlay		-		27,838
Total	333,282	320,338	12,944	355,748
Elections				
Salaries and benefits		57,342		57,075
Operating expenditures		28,200		32,517
Total	93,515	85,542	7,973	89,592
Finance				
Salaries and benefits		394,015		391,654
Operating expenditures		126,362		95,521
Capital outlay		7,184		-
Total	543,851	527,561	16,290	487,175
Tax administration				
Salaries and benefits		225,309		207,779
Operating expenditures		30,983		30,488
Capital outlay		2,815		-
Total	268,370	259,107	9,263	238,267
Legal and professional services				
Contracted services	95,000	93,312	1,688	116,944
Register of deeds				
Salaries and benefits		117,401		110,986
Operating expenditures		18,995		22,888
Total	140,112	136,396	3,716	133,874
Facility services				
Salaries and benefits		239,984		223,264
Operating expenditures		355,391		417,059
Capital outlay		38,718		105,683
Total	657,311	634,093	23,218	746,006
Information technology				
Salaries and benefits		58,911		58,994
Operating expenditures		41,845		40,538
Capital outlay		31,679		-
Total	141,656	132,435	9,221	99,532

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Geographic information				
Salaries and benefits		\$ 50,053		\$ 68,150
Operating expenditures		11,137		12,509
Total	\$ 62,933	61,190	\$ 1,743	80,659
Total general government	2,429,811	2,339,969	89,842	2,438,143
Public safety				
Sheriff				
Salaries and benefits		960,153		989,629
Operating expenditures		207,617		207,186
Public offender housing		4,452		9,363
Grant expenditures		29,008		30,211
Capital outlay - buildings		-		27,838
Capital outlay - vehicles		49,607		22,854
Total	1,349,643	1,250,837	98,806	1,287,081
Communications E911				
Salaries and benefits		308,576		304,075
Operating expenditures		10,226		7,489
Capital outlay		-		-
Total	325,486	318,802	6,684	311,564
CJPP criminal justice				
Operating expenditures	-	-	-	525
Detention center				
Salaries and benefits		528,627		509,542
Operating expenditures		307,134		429,010
Total	857,980	835,761	22,219	938,552
School resource officer - Union				
Salaries and benefits		50,067		49,617
Operating expenditures		933		(5,673)
Total	56,199	51,000	5,199	43,944
School resource officer - Creswell				
Salaries and benefits		46,849		40,730
Operating expenditures		439		1,389
Total	51,444	47,288	4,156	42,119
School resource officer - Pines				
Salaries and benefits		32,492		-
Operating expenditures		1,654		47
Total	48,980	34,146	14,834	47

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
School resource officer - Plymouth				
Salaries and benefits		\$ 48,293		\$ 47,649
Operating expenditures		497		1,755
Total	\$ 54,121	48,790	\$ 5,331	49,404
COPS grant				
Salaries and benefits	440	440	-	51,793
Fire protection				
Assistance to local departments	306,484	306,484	-	283,190
Planning and inspections				
Salaries and benefits		172,971		174,571
Operating expenditures		22,736		20,845
Total	207,286	195,707	11,579	195,416
Medical examiner				
Contracted services	5,000	7,500	(2,500)	5,100
Forestry				
County contribution	85,000	75,340	9,660	75,826
Total public safety	3,348,063	3,172,095	175,968	3,284,561
Economic and physical development				
Cooperative extension service				
Salaries and benefits		56,317		77,690
Voluntary Agriculture Grant		78		1,550
Operating expenditures		23,959		10,522
Total	85,004	80,354	4,650	89,762
Economic development				
Operating expenditures	9,250	5,000	4,250	10,675
Chamber of commerce				
Salaries and benefits	-	(3,838)	3,838	4,832
Soil and water conservation				
Salaries and benefits		46,764		49,385
Operating expenditures		4,126		3,850
Total	52,031	50,890	1,141	53,235
Total economic and physical development	146,285	132,406	13,879	158,504

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Human services				
Contribution to District Health Department	\$ 135,443	\$ 135,443	\$ -	\$ 131,038
Mental health				
East Carolina Behavioral Health	31,500	31,500	-	29,228
Senior citizens center				
Salaries and benefits		83,811		99,936
Operating expenditures		92,220		95,234
Total	199,193	176,031	23,162	195,170
Juvenile justice				
Operating expenditures	82,981	76,167	6,814	81,544
Social services administration				
Salaries and benefits		2,276,660		2,320,687
Operating expenditures		276,121		233,340
Capital outlay		28,300		-
Total	2,584,187	2,581,081	3,106	2,554,027
Social services daycare				
Assistance payments	629,744	614,049	15,695	735,826
Social services economic support				
Assistance payments	533,183	494,204	38,979	472,425
Social services transportation				
Salaries and benefits		184,556		180,237
Operating expenditures		96,386		99,572
Capital outlay		58,978		55,468
Total	364,917	339,920	24,997	335,277
Community alternatives program				
Salaries and benefits		88,223		95,855
Operating expenditures		38,624		46,137
Total	142,047	126,847	15,200	141,992
Veterans service officer				
Salaries and benefits		10,692		10,614
Operating expenditures		1,721		1,656
Total	13,217	12,413	804	12,270
Total human services	4,716,412	4,587,655	128,757	4,688,797

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Cultural and recreation				
Recreation				
Salaries and benefits		\$ 71,818		\$ 79,573
Operating expenditures		50,135		54,765
Capital outlay		14,276		7,366
Total	\$ 153,444	136,229	\$ 17,215	141,704
Library				
Contribution to regional library	177,893	170,563	7,330	170,563
Total culture and recreation	331,337	306,792	24,545	312,267
Education				
Public schools - current	1,603,000	1,603,000	-	1,525,000
Public schools - capital outlay	474,253	474,253	-	300,000
Community college - current	16,359	-	16,359	16,359
Total education	2,093,612	2,077,253	16,359	1,841,359
Debt service				
Principal	142,157	149,626	(7,469)	200,076
Interest	20,000	26,833	(6,833)	30,342
Total debt service	162,157	176,459	(14,302)	230,418
Total expenditures	13,227,677	12,792,630	402,129	12,954,049
Revenues over (under) expenditures	595,289	889,571	294,282	448,568
OTHER FINANCING SOURCES (USES)				
Transfer from Sanitation Fund	60,000	60,000	-	55,000
Transfer from Water Fund	200,000	200,000	-	175,000
Transfer from Emergency Telephone Fund	72,114	72,114	-	76,272
Transfer from Commerce Center Project	-	-	-	25,060
Transfer from Health Clinic Project	-	-	-	13,024
Transfer to Tax Mapping and Revaluation	(33,000)	(66,000)	(33,000)	-
Transfer to Airport Fund	(70,000)	(70,000)	-	(29,055)
Transfer to Emergency Medical Services Fund	(500,000)	-	500,000	-
Installment purchase obligation issued	-	-	-	40,249
Sale of capital assets	5,500	10,965	5,465	7,299
Total other financing sources (uses)	(265,386)	207,079	472,465	362,849

Washington County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 329,903	\$ 1,096,650	\$ 766,747	\$ 811,417
Transfer to fund balance	(329,903)	-	329,903	-
Net change in fund balance	\$ -	1,096,650	\$ 1,096,650	811,417
Fund balance, beginning as previously reported		5,897,913		4,129,278
Prior period adjustment - Airport Fund		-		276,802
Prior period adjustment - EMS Fund		-		738,819
Prior period adjustment - WCTTA		-		(58,403)
Total prior period adjustments		<u>-</u>		<u>957,218</u>
Fund balance, beginning restated		5,897,913		5,086,496
Fund balance, ending		<u>\$ 6,994,563</u>		<u>\$ 5,897,913</u>

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, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
REVENUES				
Investment earnings	\$ -	\$ 17	\$ 17	\$ 5
EXPENDITURES				
General government				
Other operating expenditures	33,000	-	33,000	32,901
Revenues over (under) expenditures	(33,000)	17	33,017	(32,896)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	33,000	66,000	33,000	33,000
Revenues and other sources over (under) expenditures	\$ -	66,017	\$ 66,017	104
Fund balance, beginning as previously reported		11,876		44,772
Prior period adjustment		33,000		-
Fund balance, beginning restated		44,876		44,772
Fund balance, ending		<u>\$ 110,893</u>		<u>\$ 44,876</u>

Washington County, North Carolina
Emergency Medical Services Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Restricted intergovernmental				
Federal grants	\$ -	\$ 161,009	\$ 161,009	\$ -
Sales and services				
EMS fees - Washington County		620,062		557,105
Transport fees - Washington County		413,745		344,614
EMS fees - Tyrrell County		437,167		461,899
Transport fees - Tyrrell County		115,592		171,135
Total	1,686,790	1,586,566	(100,224)	1,534,753
Miscellaneous	-	60,000	60,000	6,000
Total revenues	1,686,790	1,807,575	120,785	1,540,753
EXPENDITURES				
Human services				
EMS - Washington County				
Salaries and benefits		995,365		1,023,915
Operating expenditures		160,433		258,319
Contracted services - Medical Director		19,500		19,500
Contracted services - billing		43,183		30,864
Capital outlay		42,306		206,391
Total	1,237,442	1,260,787	(23,345)	1,538,989
Transport - Washington County				
Salaries and benefits		341,894		169,315
Operating expenditures		54,843		89,538
Contracted services - Medical Director		1,500		(191)
Total	436,727	398,237	38,490	258,662
Total - Washington County	1,674,169	1,659,024	15,145	1,797,651
EMS - Tyrrell County				
Salaries and benefits		430,252		460,507
Operating expenditures		29,074		40,198
Contracted services - Medical Director		2,400		2,400
Contracted services - billing		25,000		16,995
Total	504,290	486,726	17,564	520,100

Washington County, North Carolina
Emergency Medical Services Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
Transport - Tyrrell County				
Salaries and benefits		\$ 127,434		\$ 76,911
Operating expenditures		34,398		42,166
Contracted services - billing		22,800		3,877
Total	\$ 194,539	184,632	\$ 9,907	122,954
 Total - Tyrrell County	 698,829	 671,358	 27,471	 643,054
 Total human services	 2,372,998	 2,330,382	 42,616	 2,440,705
Debt service				
Principal - Washington County	-	12,124	(12,124)	13,217
Interest	-	1,093	(1,093)	-
Total debt service	-	13,217	(13,217)	13,217
 Total expenditures	 2,372,998	 2,343,599	 29,399	 2,453,922
Revenues over (under) expenditures	(686,208)	(536,024)	150,184	(913,169)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	500,000	-	(500,000)	-
Installment purchase obligation issued	150,000	-	(150,000)	194,391
Total other financing sources (uses)	650,000	-	(650,000)	194,391
 Revenues and other financing sources over (under) expenditures and other financing uses	 (36,208)	 (536,024)	 (499,816)	 (718,778)
 Fund balance appropriated	 36,208	 -	 (36,208)	 -
 Net change in fund balance	 \$ -	 (536,024)	 \$ (536,024)	 (718,778)
 Fund balance, beginning as previously reported		 (1,457,597)		 -
Prior period adjustment		 -		 (738,819)
Fund Balance, beginning restated		 (1,457,597)		 (738,819)
Fund balance, ending		 \$ (1,993,621)		 \$ (1,457,597)

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.
- Airport Fund – This fund accounts for operating revenues and expenditures at the County airport facilities.
- Community Development Block Grants – These funds are 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.
- 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, 2015

	Special Revenue Funds				
	Emergency Telephone System Fund	Drainage Fund	Airport Fund	Community Development Block Grant - 2010	Community Development Block Grant - 2012
ASSETS					
Cash and cash equivalents	\$ 380,710	\$ 62,050	\$ -	\$ -	\$ 47,287
Accounts receivable, net	1,065	-	491	49,398	-
Total assets	\$ 381,775	\$ 62,050	\$ 491	\$ 49,398	\$ 47,287
LIABILITIES					
Due to other funds	\$ 454,493	\$ -	\$ 287,525	\$ 35,938	\$ -
Accounts payable	566	5,440	1,735	12,768	-
Total liabilities	455,059	5,440	289,260	48,706	-
FUND BALANCES					
Restricted					
Stabilization by State Statute	1,065	-	491	49,398	-
Economic and physical development	-	56,610	-	-	47,287
Construction projects	-	-	-	-	-
Unassigned	(74,349)	-	(289,260)	(48,706)	-
Total fund balances	(73,284)	56,610	(288,769)	692	47,287
Total liabilities and fund balances	\$ 381,775	\$ 62,050	\$ 491	\$ 49,398	\$ 47,287

Total Non-major Special Revenue Funds	Capital Project Funds				Total Non-major Governmental Funds
	Commerce Center Project	Airport Grant Capital Project	Library Project Grant	Total Non-major Capital Projects	
\$ 490,047	\$ -	245,524	\$ -	\$ 245,524	\$ 735,571
50,954	-	-	-	-	50,954
<u>\$ 541,001</u>	<u>\$ -</u>	<u>\$ 245,524</u>	<u>\$ -</u>	<u>\$ 245,524</u>	<u>\$ 786,525</u>
\$ 777,956	\$ 13,339	\$ -	\$ 10,987	\$ 24,326	\$ 802,282
20,509	-	-	2,492	2,492	23,001
<u>798,465</u>	<u>13,339</u>	<u>-</u>	<u>13,479</u>	<u>26,818</u>	<u>825,283</u>
50,954	-	-	-	-	50,954
103,897	-	-	-	-	103,897
-	-	245,524	-	245,524	245,524
(412,315)	(13,339)	-	(13,479)	(26,818)	(439,133)
<u>(257,464)</u>	<u>(13,339)</u>	<u>245,524</u>	<u>(13,479)</u>	<u>218,706</u>	<u>(38,758)</u>
<u>\$ 541,001</u>	<u>\$ -</u>	<u>\$ 245,524</u>	<u>\$ -</u>	<u>\$ 245,524</u>	<u>\$ 786,525</u>

Washington County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	Emergency Telephone System Fund	Drainage Fund	Airport Fund	Community Development Block Grant - 2010	Community Development Block Grant - 2012
REVENUES					
Ad-valorem taxes	\$ -	\$ 80,874	\$ -	\$ -	\$ -
Other taxes and license	181,210	6,048	-	-	-
Restricted intergovernmental	-	-	-	99,357	100,000
Sales and services	-	-	73,806	-	-
Investment earnings	-	45	-	-	-
Total revenues	181,210	86,967	73,806	99,357	100,000
EXPENDITURES					
Current					
Public safety	93,237	-	-	-	-
Economic and physical development	-	105,146	159,878	119,826	52,713
Capital outlay	-	-	-	-	-
Total expenditures	93,237	105,146	159,878	119,826	52,713
Excess (deficiency) of revenues over expenditures	87,973	(18,179)	(86,072)	(20,469)	47,287
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	(72,114)	-	70,000	-	-
Net change in fund balances	15,859	(18,179)	(16,072)	(20,469)	47,287
Fund balances, beginning	(89,144)	74,789	(272,696)	21,161	-
Fund balances, ending	\$ (73,285)	\$ 56,610	\$ (288,768)	\$ 692	\$ 47,287

Total Non-major Special Revenue Funds	Capital Project Funds				Total Non-major Governmental Funds
	Commerce Center Project	Airport Grant Capital Project	Library Project Grant	Total Non-major Capital Projects	
\$ 80,874	\$ -	\$ -	\$ -	\$ -	\$ 80,874
187,258	-	-	-	-	187,258
199,357	28,174	150,060	273,272	451,506	650,863
73,806	-	-	-	-	73,806
45	-	-	-	-	45
<u>541,340</u>	<u>28,174</u>	<u>150,060</u>	<u>273,272</u>	<u>451,506</u>	<u>992,846</u>
93,237	-	-	-	-	93,237
437,563	-	-	-	-	437,563
-	41,513	87,888	284,302	413,703	413,703
<u>530,800</u>	<u>41,513</u>	<u>87,888</u>	<u>284,302</u>	<u>413,703</u>	<u>944,503</u>
10,540	(13,339)	62,172	(11,030)	37,803	48,343
(2,114)	-	-	-	-	(2,114)
8,426	(13,339)	62,172	(11,030)	37,803	46,229
(265,890)	-	183,352	(2,449)	180,903	(84,987)
<u>\$ (257,464)</u>	<u>\$ (13,339)</u>	<u>\$ 245,524</u>	<u>\$ (13,479)</u>	<u>\$ 218,706</u>	<u>\$ (38,758)</u>

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, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Sales and services	\$ 181,210	\$ 181,210	\$ -	\$ 174,849
EXPENDITURES				
Current				
Public safety				
Operating expenditures		93,237		99,566
Capital outlay		-		109,051
Total expenditures	236,250	93,237	143,013	208,617
Revenues over (under) expenditures	(55,040)	87,973	143,013	(33,768)
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	-	(72,114)	(72,114)	(76,272)
Installment purchase obligations	115,051	-	(115,051)	-
Total other financing sources (uses)	115,051	(72,114)	(187,165)	(76,272)
Revenues and other financing sources over (under) expenditures and other financing uses	60,011	15,859	(44,152)	(110,040)
Transfer to fund balance	(60,011)	-	60,011	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	15,859	\$ 15,859	(110,040)
Fund balance, beginning		(89,144)		20,896
Fund balance, ending		\$ (73,285)		\$ (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, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 80,874	\$ 80,874	\$ -	\$ 79,668
Other taxes and license				
Drainage assessments	7,015	6,048	(967)	6,055
Investment earnings	50	45	(5)	-
Total revenues	87,939	86,967	(972)	85,723
EXPENDITURES				
Current				
Economic and physical development				
Operating expenditures	117,438	105,146	12,292	70,763
Revenues over (under) expenditures	(29,499)	(18,179)	11,320	14,960
Fund balance appropriated	29,499	-	(29,499)	-
Revenues and fund balance appropriated over (under) expenditures	\$ -	(18,179)	\$ (18,179)	14,960
Fund balance, beginning		74,789		59,829
Fund balance, ending		\$ 56,610		\$ 74,789

Washington County, North Carolina
Airport Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Sales and services				
Hanger Rental		\$ 960		\$ 6,500
Airport fuel sales		72,846		129,312
Total	\$ 86,180	73,806	\$ (12,374)	135,812
Investment earnings	-	-	-	-
Total revenues	86,180	73,806	(12,374)	135,812
EXPENDITURES				
Economic and physical development				
Airport operations				
Salaries and benefits		53,309		43,941
Operating expenditures		106,569		116,820
Total expenditures	172,795	159,878	12,917	160,761
Revenues over (under) expenditures	(86,615)	(86,072)	543	(24,949)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	86,325	70,000	(16,325)	29,055
Total other financing sources (uses)	86,325	70,000	(16,325)	29,055
Revenues and other financing sources over (under) expenditures and other financing uses	(290)	(16,072)	(15,782)	4,106
Fund balance appropriated	290	-	(290)	-
Net change in fund balance	\$ -	(16,072)	\$ (16,072)	4,106
Fund balance, beginning as previously reported		(272,696)		-
Prior period adjustment		-		(276,802)
Fund balance, beginning restated		(272,696)		(276,802)
Fund balance, ending		\$ (288,768)		\$ (272,696)

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, 2015

	<u>Project Authorization</u>				<u>Actual</u>		Variance Positive (Negative)
	<u>June 30, 2014</u>	<u>Amendments</u>	<u>June 30, 2015</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
REVENUES							
Restricted intergovernmental							
CDBG-2010	\$ 1,085,941	\$ 49,959	\$ 1,135,900	\$ 622,926	\$ 99,357	\$ 722,283	\$ (413,617)
Talent enhancement	85,000	-	85,000	31,819	-	31,819	(53,181)
Total revenues	1,170,941	49,959	1,220,900	654,745	99,357	754,102	(466,798)
EXPENDITURES							
Economic and physical development							
Administration	126,499	165	126,664	48,669	-	48,669	77,995
Rehabilitation	1,044,442	119,826	1,164,268	584,915	119,826	704,741	459,527
Total expenditures	1,170,941	119,991	1,290,932	633,584	119,826	753,410	537,522
Revenues over (under) expenditures	\$ -	\$ (70,032)	\$ (70,032)	\$ 21,161	(20,469)	\$ 692	\$ 70,724
Fund balance, beginning					<u>21,161</u>		
Fund balance, ending					<u>\$ 692</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, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental CDBG-2012	\$ 100,000	\$ -	100,000	\$ 100,000	\$ -
EXPENDITURES					
Economic and physical development Rehabilitation	100,000	-	52,713	52,713	47,287
Revenues over (under) expenditures	\$ -	\$ -	47,287	\$ 47,287	\$ 47,287
Fund balance, beginning			-		
Fund balance, ending			\$ 47,287		

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, 2015

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2014	Amendments	June 30, 2015	Prior Year	Current Year	Total to Date	
REVENUES							
Restricted intergovernmental							
Aviation grants	\$ 1,374,740	\$ 190,000	\$ 1,564,740	\$ 1,557,452	\$ 150,060	\$ 1,707,512	\$ 142,772
EXPENDITURES							
Construction and improvements	1,449,682	190,000	1,639,682	1,449,042	87,888	1,536,930	102,752
Revenues over (under) expenditures	(74,942)	-	(74,942)	108,410	62,172	170,582	245,524
OTHER FINANCING SOURCES							
Transfer from General Fund	74,942	-	74,942	74,942	-	74,942	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ 183,352	\$ 62,172	\$ 245,524	\$ 245,524
Fund balance, beginning					183,352		
Fund balance, ending					<u>\$ 245,524</u>		

Washington County, North Carolina
Library Project Grant
Schedule of Revenues and Expenditures – Budget and Actual
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental Library Grant	\$ 350,000	\$ 20,394	273,272	\$ 293,666	\$ (56,334)
EXPENDITURES					
Administration	17,535	22,843	17,700	40,543	(23,008)
Construction	332,465	-	266,602	266,602	65,863
Total expenditures	350,000	22,843	284,302	307,145	42,855
Revenues over (under) expenditures	-	(2,449)	(11,030)	(13,479)	(13,479)
OTHER FINANCING USES					
Transfer from General Fund	-	-	-	-	-
Revenues over (under) expenditures and other financing uses	\$ -	\$ (2,449)	(11,030)	\$ (13,479)	\$ (13,479)
Fund balance, beginning			(2,449)		
Fund balance, ending			\$ (13,479)		

Washington County, North Carolina
Commerce Center Project
Schedule of Revenues, and Expenditures – Budget and Actual
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental Commerce Center IDF Grant	\$ 28,173	\$ -	\$ 28,174	\$ 28,174	\$ 1
Total revenues	28,173	-	28,174	28,174	1
EXPENDITURES					
Administration	41,513	-	41,513	41,513	-
Total expenditures	41,513	-	41,513	41,513	-
Revenues over (under) expenditures	(13,340)	-	(13,339)	(13,339)	1
OTHER FINANCING SOURCES AND USES					
Transfer from General Fund	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Revenues and other sources over (under) expenditures	\$ (13,340)	\$ -	(13,339)	\$ (13,339)	\$ 1
Fund balance, beginning			-		
Fund balance, ending			\$ (13,339)		

(THIS PAGE LEFT INTENTIONALLY BLANK)

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, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Solid waste fees		\$ 1,065,359		\$ 1,072,773
Penalties		781		423
Total	\$ 1,302,628	1,066,140	\$ (236,488)	1,073,196
Nonoperating revenues				
White goods disposal fee and grants		4,082		10,470
Scrap tire tax and grants		18,220		28,264
Solid waste disposal tax		6,483		6,114
Total	17,500	28,785	11,285	44,848
Total revenues	1,320,128	1,094,925	(225,203)	1,118,044
EXPENDITURES				
Landfill and collections				
Salaries and benefits		92,891		84,607
Garbage collection fees		908,985		655,810
Landfill fees		90,408		247,776
Scrap tire services		38,279		30,640
Operating expenditures		63,539		36,840
Capital outlay		-		54,623
Total expenditures	1,141,732	1,194,102	(52,370)	1,110,296
Revenues over (under) expenditures	178,396	(99,177)	(277,573)	7,748
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(60,000)	(60,000)	-	(55,000)
Revenues and other sources over (under) expenditures and other uses	118,396	(159,177)	(277,573)	(47,252)
Transfer to fund balance	(118,396)	-	118,396	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(159,177)	\$ (159,177)	(47,252)

Washington County, North Carolina
Enterprise Fund - Sanitation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	2015		Variance Positive (Negative)	2014
	Final Budget	Actual		Actual
Reconciliation from budgetary basis (modified) accrual to full accrual:				
Revenues and other sources over (under) expenditures and other uses		\$ (159,177)		\$ (47,252)
Reconciling items:				
Depreciation		(21,082)		(21,142)
Capital outlay		-		54,623
Contributions made to the pension plan in the current fiscal year		4,255		-
Basis of fixed assets disposed		(54,623)		-
Increase in accrued landfill closure and postclosure care costs		(45,601)		-
Pension expense		(587)		-
(Increase) decrease in compensated absences		(2,608)		(685)
Total reconciling items		<u>(120,246)</u>		<u>32,796</u>
Change in net position		<u>\$ (279,423)</u>		<u>\$ (14,456)</u>

Washington County, North Carolina
Enterprise Fund - Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Water charges		\$ 1,223,728		\$ 1,219,990
Tap and connection fees		4,250		5,475
Total	\$ 1,368,905	1,227,978	\$ (140,927)	1,225,465
Nonoperating revenues				
Investment earnings	25	20	(5)	42
Total	25	20	(5)	42
Total revenues	1,368,930	1,227,998	(140,932)	1,225,507
EXPENDITURES				
Operation and maintenance				
Salaries and benefits		213,640		218,068
Professional services		815		910
Operating expenditures		214,435		208,611
Total	474,947	428,890	46,057	427,589
Treatment plant				
Salaries and benefits		110,249		116,921
Utilities		26,585		26,000
Chemicals		13,520		16,750
Operating expenditures		46,976		65,007
Total	267,533	197,330	70,203	224,678
Capital outlay	166,527	76,811	89,716	580,929
Debt service				
Principal		200,820		204,034
Interest		183,303		203,900
Bond Issuance		-		27,900
Total	384,123	384,123	-	435,834
Total expenditures	1,293,130	1,087,154	116,260	1,669,030
Revenues over (under) expenditures	75,800	140,844	65,044	(443,523)

Washington County, North Carolina
Enterprise Fund - Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2015

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

(continued)

	<u>2015</u>			<u>2014</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	\$ 559,849	\$ 559,849	\$ -	\$ -
Transfer to General Fund	(200,000)	(200,000)	-	(175,000)
Total other financing sources (uses)	359,849	359,849	-	(175,000)
Revenues and other sources over (under) expenditures and other uses	435,649	500,693	65,044	(618,523)
Transfer to fund balance	(435,649)	-	435,649	-
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	<u>\$ -</u>	<u>500,693</u>	<u>\$ 500,693</u>	(618,523)
Reconciliation from budgetary basis to full accrual:				
Reconciling items:				
Depreciation		(253,335)		(222,346)
Loan proceeds		(559,849)		-
Debt principal		200,820		204,034
Capital outlay		76,811		580,929
Contributions made to the pension plan in the current fiscal year		15,932		
Pension expense		(2,201)		
Decrease in compensated absences		7,923		7,324
Total reconciling items		<u>(513,899)</u>		<u>569,941</u>
Change in net position		<u>\$ (13,206)</u>		<u>\$ (48,582)</u>

Washington County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

	Balance 1, 2014	July Additions	Deletions	Balance June 30, 2015
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 34,812	\$ 127,206	\$ 128,003	\$ 34,015
Liabilities				
Miscellaneous liabilities	\$ 34,812	\$ 127,206	\$ 128,003	\$ 34,015
<u>Detention Center</u>				
Assets				
Cash and cash equivalents	\$ 10,390	\$ 14,645	\$ 1,009	\$ 24,026
Liabilities				
Miscellaneous liabilities	\$ 10,390	\$ 14,645	\$ 1,009	\$ 24,026
<u>Motor Vehicle Tax</u>				
Assets				
Cash and cash equivalents	\$ 17,100	\$ 282,111	\$ 289,789	\$ 9,422
Liabilities				
Miscellaneous liabilities	\$ 17,100	\$ 282,111	\$ 289,789	\$ 9,422
<u>Agricultural Agent</u>				
Assets				
Cash and cash equivalents	\$ 5,382	\$ 13,494	\$ 18,876	\$ -
Liabilities				
Miscellaneous liabilities	\$ 5,382	\$ 13,494	\$ 18,876	\$ -
<u>4-H Livestock Show</u>				
Assets				
Cash and cash equivalents	\$ 57,963	\$ 4,091	\$ 62,054	\$ -
Liabilities				
Miscellaneous liabilities	\$ 57,963	\$ 4,091	\$ 62,054	\$ -
<u>Total - All Agency Fund</u>				
Assets				
Cash and cash equivalents	\$ 125,647	\$ 441,547	\$ 499,731	\$ 67,463
Liabilities				
Miscellaneous liabilities	\$ 125,647	\$ 441,547	\$ 499,731	\$ 67,463

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, 2015

ASSETS

Cash and cash equivalents	\$	60,091
Receivables, net		155

Total assets	\$	60,246
--------------	----	--------

LIABILITIES

Cash overdraft	\$	135,713
Accounts payable and accrued liabilities		11,211

Total liabilities		146,924
-------------------	--	---------

NET POSITION

Restricted		
Stabilization of State Statute		155
Unrestricted		(86,833)

Total net position	\$	(86,678)
--------------------	----	----------

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, 2015

Functions/ Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
Governmental activities:		
Economic & physical development	\$ 165,563	\$ (165,563)
General revenues:		
Occupancy taxes		104,718
Investment earnings		92
Total general revenues		104,810
Change in net position		(60,753)
Net position, beginning of year		(25,925)
Net position, end of year		\$ (86,678)

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, 2015

ASSETS		
Cash and cash equivalents	\$	60,091
Receivables, net		155
<hr/>		
Total assets	\$	60,246
<hr/>		
LIABILITIES		
Cash overdraft	\$	135,713
Accounts payable and accrued liabilities		11,211
<hr/>		
Total liabilities		146,924
<hr/>		
FUND BALANCES		
Restricted		
Stabilization of State Statute		155
Unassigned		(86,833)
<hr/>		
Total fund balances		(86,678)
<hr/>		
Total liabilities and fund balances	\$	60,246
<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 Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015

REVENUES		
Occupancy taxes	\$	104,718
Investment earnings		92
<hr/>		
Total revenues		104,810
<hr/>		
EXPENDITURES		
Current:		
Salaries and benefits		53,194
Advertising		63,277
Contracted services		15,000
Grants		29,250
Operating expenditures		4,842
<hr/>		
Total expenditures		165,563
<hr/>		
Net change in fund balance		(60,753)
Fund balances - beginning		(25,925)
<hr/>		
Fund balances - ending	\$	(86,678)
<hr/> <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 Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2015
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2014

	2015			2014
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
REVENUES				
Occupancy taxes	\$ 148,824	\$ 104,718	\$ (44,106)	\$ 82,895
Investment earnings	100	92	8	-
Total revenues	148,924	104,810	(44,098)	82,895
EXPENDITURES				
Current:				
Salaries and benefits	61,958	53,194	8,764	41,393
Advertising	68,000	63,277	4,723	48,198
Contracted services	15,000	15,000	-	35,000
Grants	37,750	29,250	8,500	38,355
Operating expenditures	8,700	4,842	3,858	4,277
Total expenditures	191,408	165,563	25,845	167,223
Revenues over (under) expenditures	(42,584)	(60,753)	(18,169)	(84,328)
Fund balance appropriated	42,584	-	(42,584)	-
Net change in fund balance	\$ -	(60,753)	\$ (60,753)	(84,328)
Fund balances - beginning		(25,925)		58,403
Fund balance - ending		\$ (86,678)		\$ (25,925)

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, 2015

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 7,018,235	\$ 6,598,938	\$ 419,297
2013-2014	541,892	14,544	309,150	247,286
2012-2013	301,033	769	132,215	169,587
2011-2012	188,886	598	72,000	117,484
2010-2011	126,401	248	56,533	70,116
2009-2010	74,280	205	22,186	52,299
2008-2009	46,552	301	9,148	37,705
2007-2008	47,242	271	9,764	37,749
2006-2007	39,674	372	5,693	34,353
2005-2006	32,177	-	4,005	28,172
2004-2005	28,844	120	28,964	-
	<u>\$ 1,426,981</u>	<u>\$ 7,035,663</u>	<u>\$ 7,248,596</u>	<u>1,214,048</u>
				<u>(157,962)</u>
				<u>\$ 1,056,086</u>
<u>Reconciliation with revenues:</u>				
				\$ 7,346,380
Ad valorem taxes - General Fund				80,874
Ad valorem taxes - Drainage Fund				(178,989)
Penalties and interest				(6,256)
Interest NC Tax and Tags				28,465
Fees NC Tax and Tags				(2,336)
Recoveries				36,115
Refunds				(55,657)
Taxes written off				<u>7,248,596</u>
Total collections and credits				<u>\$ 7,248,596</u>

Washington County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2015

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property taxed at current	\$ 885,133,906	0.79	\$ 6,992,568	\$ 6,268,211	\$ 724,357
Penalties	-		7,151	7,151	-
Discoveries	2,370,071		28,756	28,599	157
Abatements	(1,290,342)		(10,240)	(10,221)	(19)
Total property valuation	<u>\$ 886,213,635</u>				
Net levy			\$ 7,018,235	\$ 6,293,740	\$ 724,495
Uncollected taxes at June 30, 2015			419,297	419,269	28
Current year's tax collected			<u>\$ 6,598,938</u>	<u>\$ 5,874,471</u>	<u>\$ 724,467</u>
Current levy collection percentage			<u>94.03%</u>	<u>93.34%</u>	<u>100.00%</u>

Washington County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2015

Secondary Market Disclosures:

Assessed Valuation:		
Assessment Ratio 1		100%
Real Property	\$	683,690,055
Motor Vehicles		91,562,543
Personal Property		66,445,534
Public Service Companies 2		44,515,503
Total Assessed Valuation	\$	886,213,635
Tax Rate per \$100	\$	0.79
Net Levy (includes discoveries, releases and abatements 3	\$	7,018,235

- 1 Percentage of appraised value has been established by statute.
- 2 Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.
- 3 The levy includes interest and penalties.

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 Eight Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities								
Invested in capital assets, net of related debt	\$ 3,354,790	\$ 3,102,394	\$ 6,877,735	\$ 9,296,007	\$ 9,973,378	\$ 10,042,947	\$ 10,500,129	\$ 10,768,921
Restricted	-	-	-	2,579,956	2,140,280	2,115,541	1,490,118	1,509,739
Unassigned	6,899,656	7,386,521	6,365,461	2,159,553	2,055,831	3,230,151	3,630,529	3,825,198
Total government activities net position	\$ 10,254,446	\$ 10,488,915	\$ 13,243,196	\$ 14,035,516	\$ 14,169,489	\$ 15,388,639	\$ 15,620,776	\$ 16,103,858
Business-type activities								
Invested in capital assets, net of related debt	\$ 2,955,531	\$ 3,388,284	\$ 3,245,967	\$ 3,094,715	\$ 2,949,023	\$ 2,809,578	\$ 3,405,677	\$ 2,794,419
Restricted	-	-	-	-	-	-	-	-
Unassigned	1,745,558	1,392,900	1,209,370	1,199,799	1,323,981	1,283,056	623,919	341,232
Total business-type activities net position	\$ 4,701,089	\$ 4,781,184	\$ 4,455,337	\$ 4,294,514	\$ 4,273,004	\$ 4,092,634	\$ 4,029,596	\$ 3,135,651
Primary government								
Invested in capital assets, net of related debt	\$ 6,310,321	\$ 6,490,678	\$ 10,123,702	\$ 12,390,722	\$ 12,922,401	\$ 12,852,525	\$ 13,905,806	\$ 13,563,340
Restricted	-	-	-	2,579,956	2,140,280	2,115,541	1,490,118	1,509,739
Unassigned	8,645,214	8,779,421	7,574,831	3,359,352	3,379,812	4,513,207	4,254,448	4,166,430
Total primary government net position	\$ 14,955,535	\$ 15,270,099	\$ 17,698,533	\$ 18,330,030	\$ 18,442,493	\$ 19,481,273	\$ 19,650,372	\$ 19,239,509

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 Eight Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015
Expenses								
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	\$ 2,401,998
Public Safety	3,144,896	3,351,861	3,455,636	3,697,483	3,481,938	3,378,752	3,593,039	3,305,752
Economic & physical development	823,481	860,774	762,024	506,253	547,287	913,876	637,821	761,649
Human Services	6,575,808	6,167,851	6,002,067	6,221,993	6,386,495	6,469,544	7,043,400	6,616,692
Culture & recreation	337,650	304,343	285,577	296,577	287,368	301,244	303,999	295,016
Education	2,478,733	2,287,629	2,379,286	1,927,016	1,933,526	2,025,011	1,841,359	2,077,253
Interest on long-term debt	70,119	55,019	45,307	28,383	34,657	33,899	30,342	27,926
Total governmental activities expenses	15,236,957	14,977,870	14,918,593	14,703,776	14,777,376	15,366,033	15,885,063	15,486,286
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	1,259,725
Water	1,283,986	1,419,946	1,315,705	1,251,027	1,170,259	1,162,085	1,099,089	1,041,204
Total business-type activities expenses	2,472,223	2,634,771	2,491,248	2,432,018	2,408,772	2,316,179	2,176,589	2,300,929
Total primary government expenses	17,709,180	17,612,641	17,409,841	17,135,794	17,186,148	17,682,212	18,061,652	17,787,215
Program Revenues								
Governmental activities:								
Charges for services:								
General government	199,988	161,584	95,656	147,564	173,429	136,711	176,593	141,943
Public Safety	979,799	522,715	553,977	313,233	356,735	366,389	293,001	536,146
Human Services	517,770	684,147	760,438	676,619	1,181,603	2,142,720	1,534,753	1,586,566
Other activities	14,514	13,969	70,525	50,443	92,986	123,829	193,710	104,050
Operating grants and contributions	3,385,365	3,910,831	4,083,386	3,669,497	3,646,498	3,730,739	3,624,158	3,706,445
Capital grants and contributions	691,051	782,019	1,822,980	2,221,283	607,530	1,121,610	538,658	625,759
Total governmental activities program revenues	5,788,487	6,075,265	7,386,962	7,078,639	6,058,781	7,621,998	6,360,873	6,700,909
Business-type activities:								
Charges for services:								
Sanitation	1,327,938	1,247,312	1,153,178	1,165,285	1,353,316	1,175,330	1,118,044	1,066,140
Water	1,152,085	1,216,220	1,195,455	1,308,358	1,257,013	1,205,318	1,225,465	1,227,978
Operating grants and contributions	-	-	-	-	-	-	-	28,785
Capital grants and contributions	239,387	438,364	-	-	-	-	-	-
Total business-type activities program revenues	2,719,410	2,901,896	2,348,633	2,473,643	2,610,329	2,380,648	2,343,509	2,322,903
Total primary government program revenues	\$ 8,507,897	\$ 8,977,161	\$ 9,735,595	\$ 9,552,282	\$ 8,669,110	\$ 10,002,646	\$ 8,704,382	\$ 9,023,812

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

	2008	2009	2010	2011	2012	2013	2014	2015
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)	\$ (8,785,377)
Business -type activities	247,187	267,125	(142,615)	41,625	201,557	64,469	166,920	21,974
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>	<u>(8,763,403)</u>
General Revenues and Other Changes in Net Position								
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	7,223,836
Sales Taxes	3,005,697	2,371,413	1,644,393	1,677,773	1,708,979	1,715,656	1,782,190	1,988,910
Other taxes and licenses	568,433	37,832	132,456	147,279	323,984	293,785	309,692	188,057
Unassigned grants and contributions	-	-	-	-	-	-	-	83,564
Investment earnings	248,147	99,105	45,667	18,871	20,458	7,095	3,893	1,289
Miscellaneous	88,436	103,042	68,258	45,527	154,665	190,394	220,256	98,319
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	260,000
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>	<u>9,843,975</u>
Business-type activities:								
Investment earnings	52,426	21,185	1,538	964	174	161	42	20
Miscellaneous	-	-	1,680	-	-	-	-	(54,623)
Sale of Capital Assets	-	14,100	-	-	-	-	-	-
Transfers	(184,815)	(222,315)	(186,450)	(203,412)	(223,241)	(245,000)	(230,000)	(260,000)
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>	<u>(314,603)</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>	<u>9,529,372</u>
Change in Net Position								
Governmental activities	888,933	234,469	2,754,281	792,320	133,973	1,219,150	290,540	1,058,598
Business-type activities	114,798	80,095	(325,847)	(160,823)	(21,510)	(180,370)	(63,038)	(292,629)
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>	<u>\$ 765,969</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 Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$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	815,001
Committed	-	-	-	-	-	52,598	39,221	44,722	11,820	110,893
Assigned	-	-	-	-	-	72,498	50,820	-	-	-
Unassigned	2,150,570	4,303,616	4,458,651	4,457,703	2,980,935	1,450,659	814,303	3,435,617	4,751,766	6,179,562
Total General Fund	<u>\$ 3,398,585</u>	<u>\$ 5,841,873</u>	<u>\$ 6,173,588</u>	<u>\$ 5,997,475</u>	<u>\$ 4,520,362</u>	<u>\$ 3,444,984</u>	<u>\$ 2,978,474</u>	<u>\$ 5,131,268</u>	<u>\$ 5,942,789</u>	<u>\$ 7,105,456</u>
All other governmental Funds										
Restricted	\$ 27,828	\$ 349,240	\$ 106,789	\$ 48,974	\$ 28,578	\$ 710,727	\$ 66,150	\$ 130,718	\$ 310,915	\$ 694,738
Committed	-	-	-	-	-	-	-	333,894	-	-
Unassigned reported in										
Capital projects funds	-	-	-	-	769,198	(198,513)	-	-	(2,449)	(26,818)
Special revenue funds	486,511	427,067	429,109	697,638	678,703	145,084	492,384	(1,026,393)	(1,851,050)	(2,700,299)
Total all other Governmental Funds	<u>\$ 514,339</u>	<u>\$ 776,307</u>	<u>\$ 535,898</u>	<u>\$ 746,612</u>	<u>\$ 1,476,479</u>	<u>\$ 657,298</u>	<u>\$ 558,534</u>	<u>\$ (561,781)</u>	<u>\$ (1,542,584)</u>	<u>\$ (2,032,379)</u>
Total - All Governmental Funds	<u>\$ 3,912,924</u>	<u>\$ 6,618,180</u>	<u>\$ 6,709,486</u>	<u>\$ 6,744,087</u>	<u>\$ 5,996,841</u>	<u>\$ 4,102,282</u>	<u>\$ 3,537,008</u>	<u>\$ 4,569,487</u>	<u>\$ 4,400,205</u>	<u>\$ 5,073,077</u>

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

	<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>	<u>2015</u>
Revenues										
Ad valorem Taxes	\$ 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	\$ 7,427,254
Local Option sales taxes	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	1,988,910
Other taxes & licenses	213,658	188,662	253,335	176,815	102,536	453,775	323,984	293,785	309,692	188,057
Unrestricted Intergovernmental			39,242	37,832	11,979	36,577	36,655	33,733	49,057	83,564
Restricted Governmental	4,380,530	3,913,326	4,232,446	4,228,029	5,398,965	5,463,517	4,169,731	4,758,863	4,057,893	4,332,204
Permits & fees	238,786	230,557	326,784	183,699	189,840	214,090	213,070	218,720	231,129	245,672
Sales & services	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	2,123,033
Investment earnings	148,965	175,312	248,147	98,106	46,173	18,871	20,458	7,095	3,893	1,289
Miscellaneous	76,386	85,959	88,436	81,398	81,860	20,602	78,349	111,900	62,593	92,656
Total revenues	14,408,465	14,206,450	15,723,043	15,003,728	15,460,962	15,298,187	14,589,157	16,252,147	15,861,999	16,482,639
Expenditures										
General government	1,974,861	1,708,044	1,771,539	1,979,876	1,974,221	1,965,452	2,194,943	2,105,687	2,438,043	2,339,969
Public safety	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	3,265,332
Economic & physical development	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	569,969
Human Services	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	6,918,037
Culture & recreation	245,073	282,276	349,889	302,313	280,650	291,670	280,998	293,197	335,110	306,792
Education	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	2,077,253
Debt Service- Principal	595,970	585,849	501,479	479,587	825,451	249,154	177,398	108,961	213,293	161,750
Interest	93,475	84,526	58,793	43,693	33,981	17,058	34,657	33,899	30,342	27,926
Capital outlay	-	-	-	-	-	-	-	-	-	413,703
Total expenditures	14,007,354	14,388,599	16,177,499	15,419,469	16,453,020	18,139,330	15,398,658	15,498,507	16,503,221	16,080,731
Excess of revenues over (under) expenditures	401,111	(182,149)	(454,456)	(415,741)	(992,058)	(2,841,143)	(809,501)	753,640	(641,222)	401,908
Other financing sources (uses)										
Transfers in	205,467	240,534	788,984	340,275	326,975	506,218	295,355	317,114	344,356	332,114
Transfer out	(92,467)	(94,320)	(604,169)	(117,960)	(140,525)	(302,806)	(72,114)	(72,114)	(114,355)	(72,114)
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Debt proceeds (Installment purchase)	-	-	-	-	-	693,243	-	91,492	234,640	-
Insurance proceeds	47,000	203,879	261,788	-	43,096	21,350	-	-	-	-
Sale of capital assets	-	474	99,159	321	15,267	28,605	20,986	750	7,299	10,965
Sale of component unit (hospital proceeds)	-	2,536,838	-	227,706	-	-	-	-	-	-
Total other financing sources (uses)	160,000	2,887,405	545,762	450,342	244,813	946,610	244,227	337,242	471,940	270,965
Net change in fund balances	\$ 561,111	\$ 2,705,256	\$ 91,306	\$ 34,601	\$ (747,245)	\$ (1,894,533)	\$ (565,274)	\$ 1,090,882	\$ (169,282)	\$ 672,873
Debt service as a percentage of expenditures	4.92%	4.66%	3.46%	3.39%	5.22%	1.47%	1.38%	0.92%	1.48%	1.18%

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

Fiscal Year Ended June-30	Property Tax	Sales Tax	Gross Receipts Rental Vehicles	Room Occupancy Tax	Cable TV Franchise	Totals
2006	\$5,964,556	\$ 2,530,269	\$ -	\$ 105,220	\$ 13,160	\$8,613,205
2007	5,971,937	2,670,100	-	103,116	15,842	8,760,995
2008	6,152,716	3,005,697 *	744	121,115	17,241	9,297,513
2009	6,075,661	2,257,641	961	91,658	18,272	8,444,193
2010	6,274,048	1,644,393	790	91,458	17,941	8,028,630
2011	6,324,595	1,677,773	935	122,386	16,907	8,142,596
2012	6,421,241	1,708,979	957	126,868	16,821	8,274,866
2013	6,511,255	1,715,656	827	101,614	15,663	8,345,015
2014	7,268,699	1,782,190	307	131,708	15,424	9,198,328
2015	7,223,836	1,988,910	799	104,718	15,256	9,333,519

* 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)

Fiscal Year Ended June 30	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC SERVICE COMPANIES PROPERTY ¹	DEDUCT EXEMPT PROPERTY and DEFERRED BECAUSE OF USE PROPERTY	ASSESSED VALUE	Total Direct Tax Rate
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	
2006	\$ 627,976	\$ 132,927	\$ 23,734	\$ (46,338)	\$ 738,299	\$ 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	132,129	29,437	(47,213)	794,102	0.790
2013	682,215	137,492	36,309	(48,733)	807,283	0.790
2014	832,945	173,586	48,088	(148,444)	906,175	0.790
2015	834,360	155,895	44,516	(148,557)	886,214	0.790

¹Public 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, 2015**

<u>Taxpayer</u>	<u>Type of Business</u>	2014 Assessed Value	Tax Levy	Percentage of Assessed Valuation
Dominion NC Power	Utility	\$ 31,319,023	\$ 247,420	3.53%
Weyerhaeuser Company	Lumber, plywood, and wood	10,156,000	80,232	1.15%
Barnes, Edsel Grayson, Jr., et ux	Logging	6,432,390	50,816	0.73%
JCT, LLC	Swine, agriculture	6,083,704	48,061	0.69%
CAH Acquisition Company #1	Hospital	4,624,341	36,532	0.52%
Porter, James F., Jr. et ux	Real Estate, commercial	4,551,880	35,960	0.51%
Alexander III, Alvah	Agriculture	4,387,386	34,660	0.50%
Mackeys Ferry Sawmill, Inc.	Lumber products	4,237,206	33,474	0.48%
Plymouth Solar	Energy	3,891,447	30,742	0.44%
Carolina Telephone	Utility	3,873,197	30,598	0.44%
Waterside Acquisition	Real Estate, commercial	3,842,480	30,356	0.43%
Newland Family Farms/Newland C	Agriculture	3,543,080	27,990	0.40%
Albemarle Beach Farms	Agriculture	3,412,106	26,956	0.39%
Kanban Industries	Commercial storage/shipping	3,411,100	26,948	0.38%
Piedmont Natural Gas	Energy	3,387,689	26,763	0.38%
Plymouth Hospitality, LLC	Motel	3,326,999	26,283	0.38%
Respass, H. L., Jr., et ux	Agriculture	3,179,364	25,117	0.36%
Kendricks Creek Properties & DOMTAR	Real Estate Pulp and paper	3,100,726 3,070,359	24,496 24,256	0.35% 0.35%
The Carroliton of Plymouth		2,986,700	23,595	0.34%
Daniel G. Kamin; Plymouth Landing	Real Estate, commercial	2,515,700	19,874	0.28%
Totals		\$ 115,332,877	\$ 911,129	
Total Assessed Valuation		\$ 886,213,635		

Source: Washington County Tax Department

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

Fiscal Year Ended June 30	Tax Levy	Total Tax Levy for Fiscal Year	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date		Taxes Receivable	Percentage Uncollected
			Amount	Percentage of Levy		Amount	Percentage of Levy		
2015	2014	\$ 7,018,235	\$ 6,598,938	94.03%	-	\$ 6,598,938	94.03%	\$ 419,297	5.97%
2014	2013	7,165,939	6,624,047	92.44%	247,286	6,918,653	96.55%	247,286	3.45%
2013	2012	6,384,291	5,797,054	90.80%	169,587	6,214,704	97.34%	169,587	2.66%
2012	2011	6,274,268	5,721,808	91.19%	117,484	6,156,784	98.13%	117,484	1.87%
2011	2010	6,206,829	5,700,097	91.84%	70,116	6,136,713	98.87%	70,116	1.13%
2010	2009	6,130,086	5,638,587	91.98%	52,299	6,077,787	99.15%	52,299	0.85%
2009	2008	6,180,783	5,753,272	93.08%	37,705	6,143,078	99.39%	37,705	0.61%
2008	2007	6,030,783	5,526,578	91.64%	37,749	5,993,034	99.37%	37,749	0.63%
2007	2006	6,100,068	5,579,073	91.46%	34,353	6,065,715	99.44%	34,353	0.56%
2006	2005	5,970,215	5,492,482	92.00%	28,172	5,942,043	99.53%	28,172	0.47%

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

Fiscal Year Ended June 30	Population ¹	Assessed Value ²	Gross Debt ³	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
2006	13,418	\$ 738,299	\$ 8,391,128	\$ 5,674,137	\$ 1,361,991	\$ 1,355,000	0.18%	\$ 100.98
2007	13,360	771,240	7,796,534	5,530,869	1,230,665	1,035,000	0.13%	77.47
2008	13,214	762,513	7,226,861	5,375,026	1,126,835	725,000	0.10%	54.87
2009	13,172	781,206	6,591,544	5,291,667	869,877	430,000	0.06%	32.65
2010	13,004	775,075	5,721,971	5,204,450	372,521	145,000	0.02%	11.15
2011	13,004	785,185	6,074,938	5,113,328	961,610	-	0.00%	-
2012	13,004	794,102	5,801,468	5,017,256	784,212	-	0.00%	-
2013	12,736	807,283	5,682,923	4,916,180	766,743	-	0.00%	-
2014	12,920	906,175	5,500,235	4,712,145	788,090	-	0.00%	-
2015	12,826	886,214	5,697,515	5,071,174	626,341	-	0.00%	-

¹U.S. Census Bureau, Office of State Budget and Management

²From Schedule 6

³Amount does include revenue bonds

*Amounts expressed in thousands

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%	\$ -
Subtotal, overlapping debt			\$ -
Washington County Direct Debt			\$ 626,341
Total direct and overlapping debt			\$ 626,341

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 59,013,527	\$ 61,699,162	\$ 61,001,044	\$ 62,496,471	\$ 62,005,991	\$ 62,814,822	\$ 63,528,182	\$ 64,582,638	\$ 72,494,056	\$ 70,897,091
Total net debt applicable to limit	2,716,991	2,265,665	1,851,835	1,299,877	517,521	961,610	784,212	766,743	788,090	626,341
Legal debt margin	\$ 56,296,536	\$ 59,433,497	\$ 59,149,209	\$ 61,196,594	\$ 61,488,470	\$ 61,853,212	\$ 62,743,970	\$ 63,815,895	\$ 71,705,966	\$ 70,270,750
Total net debt applicable to the limit as a percentage of debt limit	4.60%	3.67%	3.04%	2.08%	0.83%	1.53%	1.23%	1.19%	1.09%	0.88%
Assessed value of taxable property										\$886,213,635
Debt limit - 8 percent of assessed value										70,897,091
Gross Debt:										
Outstanding bonded debt:										
General governmental bonds										-
Water Revenue Bonds										4,540,016
NC Department Environment and Natural Resources										531,158
Other:										
Capital leases, installment purchase obligations										626,341
Total Gross Debt										<u>5,697,515</u>
Statutory Deductions:										
Debt included in gross debt incurred or authorized for water										<u>(5,071,174)</u>
Net Debt-Total amount of debt applicable To debt limit										<u>626,341</u>
Legal debt margin										<u><u>\$ 70,270,750</u></u>

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Installment Purchase	Capital Leases	Revenue Bonds	Note Payable			
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%	467
2012	-	784,212	-	5,017,255	-	5,801,467	1.21%	446
2013	-	766,743	-	4,916,180	-	5,682,923	1.12%	446
2014	-	788,090	-	4,712,145	-	5,500,235	1.35%	426
2015	-	626,341	-	4,540,016	531,158	5,697,515	1.37%	444

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			Coverage
				Principal	Interest	Total	
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	1,152,085	802,240	349,845	155,843	275,361	431,204	81%
2009	1,216,220	937,921	278,299	83,359	265,284	348,643	80%
2010	1,195,455	832,892	362,563	87,218	261,159	348,377	104%
2011	1,308,358	773,460	534,898	91,122	256,842	347,964	154%
2012	1,257,013	697,305	559,708	96,073	252,332	348,405	161%
2013	1,205,318	695,129	510,189	101,075	247,577	348,652	146%
2014	1,225,465	644,942	580,523	204,035	203,901	407,936	142%
2015	1,227,978	604,566	623,412	200,820	183,303	384,123	162%

* Operating expenses do not include depreciation

Washington County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ¹	Personal Income ⁴	Per Capita Income ⁴	Final School Enrollment ³	Unemployment Rate ²	Residential/Commercial Number of Units	Construction Value
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	1,803	12	141	16,448,521
2014	12,920	405,324,000	31,825	1,733	7.2	124	5,353,538
2015	12,826	417,050,000	32,782	1,680	8.8	120	33,736,273

Data Sources:

¹U.S. Census Bureau, Office of State Budget and Management²NC Employment Security Commission³Washington County Board of Education⁴Bureau of Economic Analysis, US Department of Commerce, Figures are for prior calendar year

N/A - Not Available

Washington County, North Carolina
Principal Employers
June 30, 2015

<u>Employer</u>	<u>Full-time Equivalent Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Domtar Company	474	1	10.22%
Washington County Schools	248	2	5.35%
Washington County Government	200	3	4.31%
Weyerhaeuser Company	187	4	4.03%
Principle Long Term Care	150	5	3.24%
Home Life Care, Inc.	92	6	1.98%
Washington County Hospital	80	7	1.73%
MTW Health Department	65	8	1.40%
Mackey's Ferry Sawmill	63	9	1.36%
Town of Plymouth	42	10	0.91%
Total	<u>1,601</u>		<u>34.53%</u>

Source: Contacted each employer

*Estimate only

Information from nine years ago not available

Per NC Department of Commerce Division of Employment Security
for the month ended June 30, 2015.

Total County employment	4,636
Total unemployed	450
Total labor force	5,086
Unemployment rate	8.8%

Washington County, North Carolina
Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function /Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	36	30	27	27	26	34	34	29	32	32
Public safety	45	45	46	46	45	56	56	80	82	86
Human Services	57	78	78	83	85	61	61	59	59	72
Economic and physical development	1	2	2	2	2	-	-	-	-	-
Cultural and recreation	1	1	2	2	2	2	2	2	2	2
Water/Sanitation (Business activity)	10	10	11	11	11	10	10	10	8	8
Total	150	166	166	171	171	163	163	180	183	200

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, 2015**

Major Retail Users

<u>Rank</u>	<u>Name</u>	<u>Annual Water Sales (MG)</u>	<u>Revenues</u>	<u>Percentage</u>
1	Pines Elementary	1,772	\$ 17,732	1.45%
2	Wilcohes, LLC	940	\$ 9,412	0.77%
3	Albemarle Beach Farm	572	\$ 5,732	0.47%
4	Wendy's Restaurant	570	\$ 5,712	0.47%
5	Ready Mix Concrete	342	\$ 3,432	0.28%
6	Wash. Co. Resources Ctr.	302	\$ 3,032	0.25%
7	NCDOT Rest Area-Highway 64	256	\$ 2,572	0.21%
8	NC Dept. of Public Safety	216	\$ 2,172	0.18%
9	NCDOT-Highway 94 North	186	\$ 1,872	0.15%
10	NCDA & CS	135	\$ 1,362	0.11%
	Total	5,291	<u>\$ 53,030</u>	<u>4.33%</u>
	Total Water Sales		<u>\$ 1,223,728</u>	<u>100.00%</u>

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

Fiscal Year	Number of Customers	Average Daily Demand (MGD)	Peak Daily Demand (MGD)	Maximum Capacity (MGD)
2015	2,598	431,000	599,000	750,000
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

Washington County, North Carolina
Capital Asset Statistics by Function
Last Seven Fiscal Years

Function / Program	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Public Safety							
# of Stations	2	2	2	2	2	2	3
# of Patrol Units	34	36	37	25	25	25	23
Transportation							
Standard Vans	1	1	1	1	1	1	2
Conversion Vans	5	5	3	3	4	4	-
Lift Vans Buses	2	2	2	2	3	3	5
Minivans	1	1	1	2	2	2	1
# of Standard Vehicles	5	5	7	5	1	1	6
EMS - Ambulances	5	5	7	7	7	8	8
Water (Business Activity)							
Miles of Distribution Line	130	130	130	130	130	140	140
Tank Storage Capacity	750,000	750,000	750,000	750,000	750,000	750,000	750,000
# of Utility Vehicles	7	7	7	8	6	6	8
Facility Services							
# of Maintenance Units	5	5	6	6	5	5	6
Emergency Management							
# of Vehicles	2	2	2	2	1	1	2
Cultural / Recreation							
# of Vehicles	1	1	1	1	1	1	1
# of Buses	1	1	1	2	2	2	2
Landfill							
# of Vehicles	1	1	1	1	2	2	2
County Manager							
# of Vehicles	1	1	1	1	1	1	1

N/A - Data Not Available

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

Function / Program	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Inspections Department							
Building permits issued	255	307	390	207	157	391	368
Sheriff							
Arrests	356	320	276	541	460	219	418
Property Crime (Breaking/Entering)	214	303	290	255	186	1,745	89
Emergency Medical Services							
Calls	1,976	2,014	3,820	2,530	2,497	2,068	3,286
Solid Waste Disposal - County Landfill							
Construction & Demolition (tons)	1,055	417	751	1,675	593	778	793
Land Clearing - Inert Debris (tons)	-	1,223	1,402	4,279	1,317	1,578	1,501
Recycle White Goods (tons)	59	51	169	157	21	45	40
C&D & LCID - contractors portion (tons)	695	427	652	4,172	444	702	408
Department of Social Services							
Adult Assisted Living Facility cases	61	61	60	59	51	54	50
Family and Children's Medicaid (active cases)	2,061	2,079	1,574	2,086	2,239	1,360	1,460
Food and Nutrition Services Program	2,874	3,116	1,580	1,829	1,800	1,827	1,799
Children in Foster Care	15	7	6	10	10	8	13
Community Alternatives Program	77	53	55	55	53	55	57
Child Support caseload	1,449	1,442	1,436	1,394	1,394	1,347	1,319
Disability Medicaid cases	N/A	684	670	676	689	666	678
Adult Medicaid cases	N/A	387	385	373	364	356	425
Library							
Library Items Circulated	43,512	40,358	48,542	47,080	46,122	42,625	47,488
Number of Library Visits	52,075	59,589	60,097	61,484	64,635	59,069	71,729

N/A - Data Not Available

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Federal Awards:					
U.S. Department of Agriculture					
<u>Food and Nutrition Program:</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)					
	10.561	\$ 221,210	\$ -	\$ 221,209	\$ 442,419
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants and Children - Direct Benefit Payments					
	10.557	287,344	-	-	287,344
Total U.S. Department of Agriculture					
		508,554	-	221,209	729,763
U.S. Department of Housing and Urban Development					
Passed-through N.C. Department of Commerce:					
Community Development Block Grant - States Program					
	14.228	172,539	-		172,539
Library Project Grant 12-C-2473					
	14.228	273,272	-	11,030	284,302
Total U.S. Department of Housing and Urban Development					
		445,811	-	11,030	456,841
Department of Transportation					
Passed-through N.C. Department of Transportation:					
Highway Safety Program					
	20.509	68,228	4,264		72,492
Airport Grant					
	20.106	141,311	8,749		150,060
Total U.S. Department of Transportation					
		209,539	13,013	-	222,552

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Environmental Protection Agency					
Passed-through N.C. Department of Environment and Natural Resources					
Capitalization Grants for Drinking Water					
State Revolving Loans					
	66.468	434,041	125,808		559,849
U.S. Department of Health & Human Services					
Administration on Aging					
Aging Cluster:					
Passed-through Albemarle Commission:					
Special Programs for the Aging - Title III B					
	93.044	-	-		-
Administration for Children and Families					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services					
Work First Administration / TANF	93.558	75,105	-	31,917	107,022
Work First Service / TANF	93.558	295,333	-	109,137	404,470
Direct Benefit Payments - TANF	93.558	126,913	-	-	126,913
Family Preservation	93.556	429	-		429
Child Support Enforcement IV-D Administration	93.563	344,056	-	177,241	521,297
Low Income Home Energy Assistance	93.568	117,370	-	-	117,370
Crisis Intervention Payments	93.568	69,158	-	-	69,158
Links	93.674	1,850	463	-	2,313
Permanency Planning	93.645	1,927	-	643	2,570
In Home Services over 60	93.667	3,830	-	547	4,377
Social Services Block Grant	93.667	93,434	10,205	34,546	138,185
Total		1,129,405	10,668	354,031	1,494,104

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Foster Care and Adoption (Note 2)					
Title IV-E Foster Care - Administration	93.658	55,903		55,811	111,714
Title IV-E Child Protection Services	93.658	8,444	20,592	2,223	31,259
Foster Care - Direct Benefits	93.658	32,041	9,754	9,825	51,620
Adoption Assistance - Administration	93.659	9,320	-	9,320	18,640
Adoption Assistance - Direct Benefits	93.659	139,114	36,064	36,065	211,243
Total Foster Care and Adoption (Note 2)		244,822	66,410	113,244	424,476
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	-		80,000
Division of Child Development:					
Child Care and Development Block Grant	93.575	184,415	-		184,415
Child Care and Development Fund - Mandatory	93.596	77,708	-		77,708
Child Care and Development Fund - Match	93.596	175,758	79,658		255,416
Total Child Care Development Fund Cluster		517,881	79,658	-	597,539
Temporary Assistance for Needy Families	93.558	51,436	-		51,436
ARRA- Emergency Contingency Fund for					-
Foster Care Title IV-E	93.658	4,943	2,560		7,503
State Appropriations		-	9,871		9,871
TANF - MOE		-	29,390		29,390
Total Subsidized Child Care Cluster (Note 2)		574,260	121,479	-	695,739

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Health Care Financing Administration					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Medical Assistance Program	93.778	553,167	29,497	189,844	772,508
State Children's Insurance Program	93.767	13,988	606	3,786	18,380
Division of Medical Assistance:					
Direct Benefit Payments - Medicaid	93.778	15,507,277	8,634,853	92,427	24,234,557
Direct Benefit Payments - State Children's Insurance Program	93.767	111,892	35,729		147,621
Total Health Care Financing Administration		16,186,324	8,700,685	286,057	25,173,066
Total U.S. Department of Health and Human Services		18,134,811	8,899,242	753,332	27,787,385
U.S. Department of Homeland Security					
Passed-through N.C. Department of Crime Control and Public Safety:					
Homeland Security	97.067	-	-		-
Public Assistance FEMA	97.036	609	-		609
Emergency Management	97.042	46,197	-		46,197
Total U.S. Department of Homeland Security		46,806	-	-	46,806
Total federal awards		19,779,562	9,038,063	985,571	29,803,196

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

<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>	<u>Local Expenditures</u>	<u>Total Expenditures</u>
State Awards:					
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance:					
Domiciliary Care - Direct Benefit Payments		-	132,331	132,330	264,661
State Foster Care Benefits		-	245	246	491
State Child Welfare / Child Protection Services		-	1,880	-	1,880
County Funded Programs		-	-	428,682	428,682
Non-Allocating County Cost		-	-	240,448	240,448
AFDC Incentive / Program Integrity		-	42	-	42
SFHF Maximization		-	1,503	1,502	3,005
CWS Adoption Benefits		-	5,309	1,769	7,078
Total N.C. Department of Health and Human Services		-	141,310	804,977	946,287
<u>N.C. Department Environment and Natural Resources</u>					
Division of Waste Management:					
Electronics Management		-	988	-	988
Scrap Tire		-	8,149	-	8,149
White Goods		-	6,186	-	6,186
Total N.C. Department of Environment and Natural Resources		-	15,323	-	15,323
<u>N.C. Department of Transportation</u>					
ROAP		-	102,361	-	102,361

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2015

<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>	<u>Local Expenditures</u>	<u>Total Expenditures</u>
<u>N.C. Department of Commerce</u>					
Commerce Center Project Grant - Industrial Developemnt		-	28,174	13,339	41,513
<u>Office of the Governor</u>					
Juvenile Crime Prevention Program		-	75,339		75,339
Total State awards		-	362,507	818,316	1,180,823
Total federal and State awards		\$ 19,779,562	\$ 9,400,570	\$ 1,803,887	\$ 30,984,019

Washington County, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards 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.

(THIS PAGE LEFT INTENTIONALLY BLANK)