

**Washington County, North Carolina**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2016**



Washington County, North Carolina  
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For the Year Ended June 30, 2016

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Government Finance Officers Association

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

Presented to

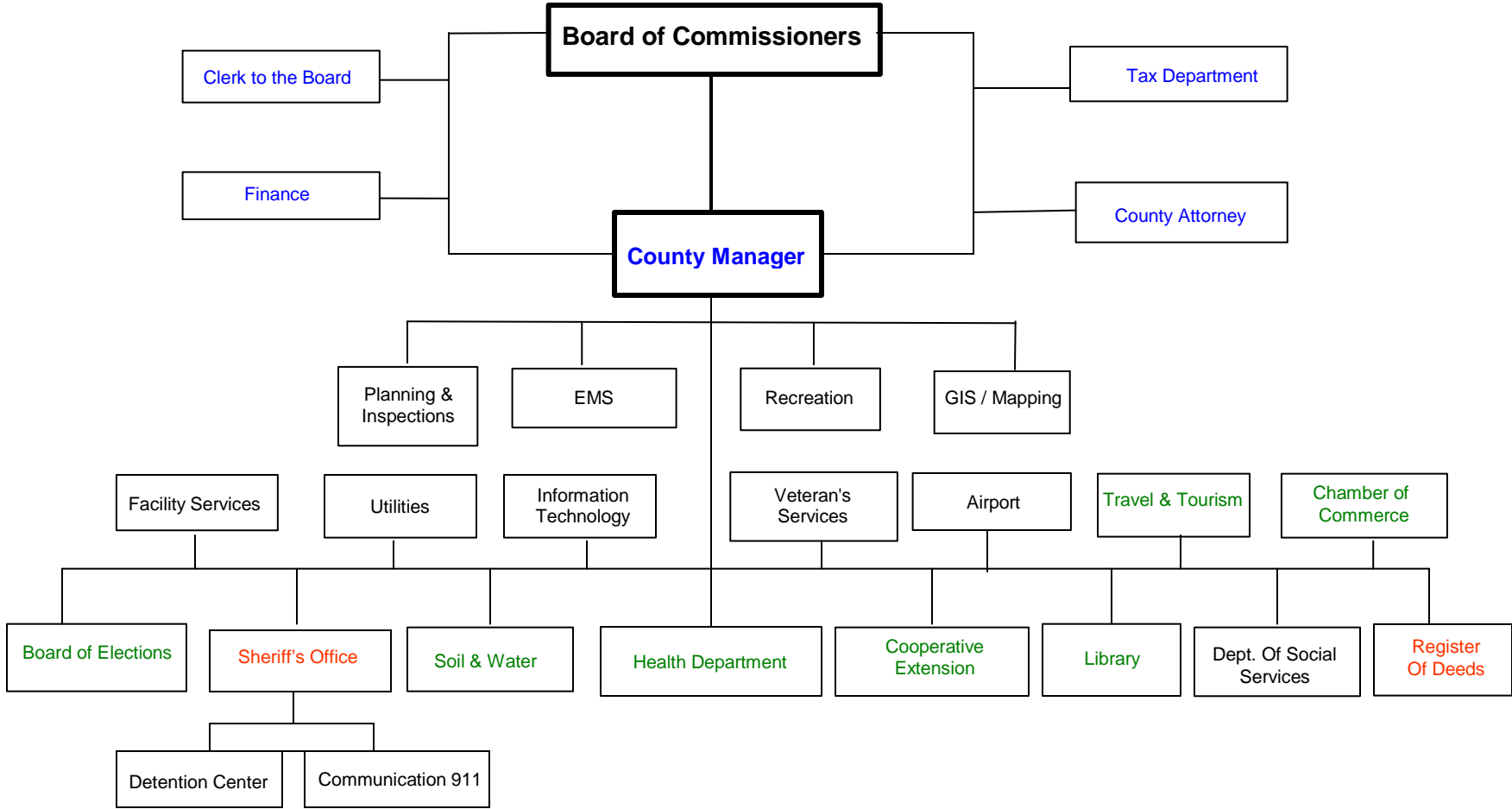
**Washington County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# Washington County Government Organizational Chart



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

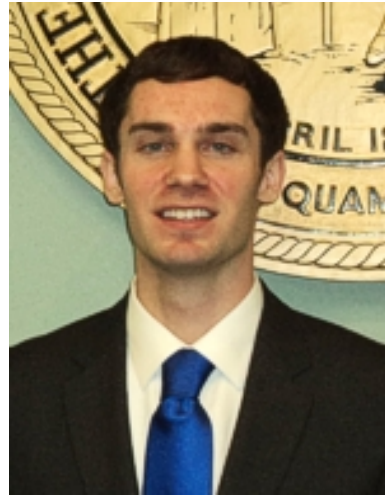


# Washington County Board of Commissioners 2015-2016

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**William "Bill" R. Sexton**



**Chair  
D. Cole Phelps**



**Buster Manning**



**Tracey A. Johnson**



**Vice-Chair  
Julius Walker Jr.**





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## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Washington County, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2016, 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 and the Washington County Travel and Tourism Authority 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, 2016, 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 accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, the Hospital Pension Trust Fund Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of County Contributions on pages 2-4 through 2-13 and 2-78 through 2-85 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and 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 22, 2016 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 22, 2016





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

#### Financial Highlights

- The assets and deferred outflows of resources of Washington County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,079,409 (*net position*).
- The government's total net position increased by \$24,088 primarily due to increased net position in the County's governmental activities and management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, Washington County's governmental funds reported combined ending fund balances of \$6,253,683 an increase of \$1,180,606 in comparison with the prior year. Approximately 32% of this total amount, or \$2,028,244, is available for spending at the government's discretion (*unassigned fund balance*). This is an increase of \$1,659,812 in comparison with prior year. The major reason contributing to the increase are the decreases in due to / from other funds. Approximately 68% or \$4,225,439 of total fund balance is restricted, committed or assigned for a particular purpose.
- At the end of current fiscal year, unassigned fund balance for the General Fund was \$2,084,837 or 15.92% of total general fund expenditures for the fiscal year, an increase of \$1,010,712 or 32.65% from the prior year.
- Washington County's total debt decreased by \$371,475 during the current fiscal year. The key factor in this decrease was principal payments on long-term debt made during the current year. The County did not incur any additional debt in the current fiscal year.
- Property tax rate remained the same as the previous year at \$0.79 per \$100 valuation.

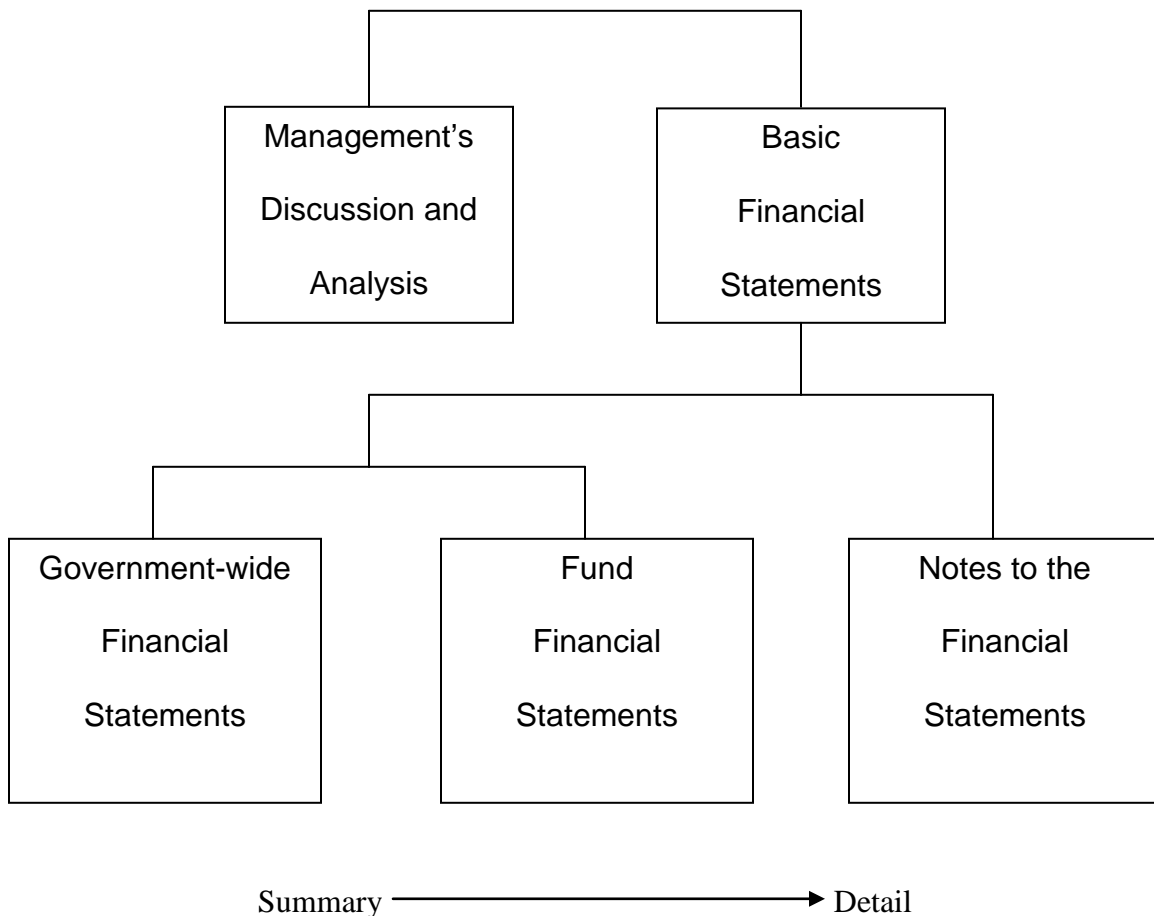
#### Overview of the Financial Statements

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 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 11) 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. Also, the ABC Board is required to distribute its profits to the County. Washington County Travel and Tourism Authority is financially dependent upon occupancy taxes levied by the County, which also appoints its Board members. 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. All funds of Washington County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Washington County adopts an annual budget for its General Fund 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.

Management Discussion and Analysis  
Washington County June 30, 2016

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 four fiduciary funds, one of which is a pension trust fund for reporting purposes and three of which 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 2-29 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 2-78 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 7,349,339	\$ 6,929,117	\$ 1,368,010	\$ 1,310,785	\$ 8,717,349	\$ 8,239,902
Capital assets	11,358,964	11,395,262	7,637,313	7,865,593	18,996,277	19,260,855
Total assets	18,708,303	18,324,379	9,005,323	9,176,378	27,713,626	27,500,757
Total deferred outflows of resources	433,657	475,510	20,974	24,469	454,631	499,979
Long-term liabilities	4,006,560	1,152,555	6,376,107	5,702,172	10,382,667	6,854,727
Other liabilities	169,456	199,419	277,205	296,287	446,661	495,706
Total liabilities	4,176,016	1,351,974	6,653,312	5,998,459	10,829,328	7,350,433
Total deferred inflows of resources	249,729	1,344,057	9,791	66,737	259,520	1,410,794
Net position:						
Net investment in capital assets	10,897,979	10,768,921	2,772,258	2,794,419	13,670,237	13,563,340
Restricted	3,528,676	1,509,739	-	-	3,528,676	1,509,739
Unrestricted	289,560	3,825,198	(409,064)	341,232	(119,504)	4,166,430
Total net position	\$ 14,716,215	\$ 16,103,858	\$ 2,363,194	\$ 3,135,651	\$ 17,079,409	\$ 19,239,509

**Government-Wide Financial Analysis**

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 \$17,079,409 (*net position*) as of June 30, 2016. The County’s net position increased by \$24,088 or 0.14 percent for the fiscal year ended June 30, 2016. One of the largest portions \$13,670,237 (80.04%) reflects the County’s net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt 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 \$3,528,676 (20.66%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$119,504) (-0.70%) is unrestricted.

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

- Prior period adjustment for the net pension liability of the Washington County Hospital Inc. Employees' Pension Plan in the amount of \$2,184,188.
- Increase in estimated landfill closure and post-closure care cost of \$849,633.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget

**Governmental activities:** Governmental activities increased the County's net position by \$796,545 thereby accounting for 100% of the total growth in the net position of Washington County. Key elements of this increase are as follows:

- Increase in the tax collection percentage from 94.03% to 95.97%.

**Business-type activities:** Business-type activities decreased Washington County's net assets by \$772,457 accounting for 100% of the total decrease in the government's net position. Key elements of this decrease are as follows:

- Increase in landfill closure and post-closure care costs.

### **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 unassigned fund balance in the General Fund was \$2,084,837, a decrease of \$1,010,712 while total fund balance fell to \$4,962,671, a decrease of \$2,142,785. The major reason for the decrease in General Fund balance is the transfer of \$3,512,824 to various other funds assist with operating and capital expenditures and to eliminate previous year's deficits in those funds.

**Washington County Changes in Net Position**  
**Figure 3**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 2,078,554	\$ 2,368,705	\$ 2,471,083	\$ 2,294,118	\$ 4,549,637	\$ 4,662,823
Operating grants and contributions	4,053,780	3,706,445	98,971	28,785	4,152,751	3,735,230
Capital grants and contributions	668,636	625,759	-	-	668,636	625,759
General revenues						
Property taxes	7,350,946	7,223,836	-	-	7,350,946	7,223,836
Local option sales tax	1,935,100	1,988,910	-	-	1,935,100	1,988,910
Other taxes	206,265	188,057	-	-	206,265	188,057
Grants and contributions not restricted to specific programs	89,775	83,564	-	-	89,775	83,564
Investment earnings	7,831	1,289	137	20	7,968	1,309
Miscellaneous	98,611	98,319	-	(54,623)	98,611	43,696
Total revenues	16,489,498	16,284,884	2,570,191	2,268,300	19,059,689	18,553,184
Expenses						
General government	2,662,745	2,401,998	-	-	2,662,745	2,401,998
Public Safety	3,438,145	3,305,752	-	-	3,438,145	3,305,752
Economic and physical development	667,906	761,649	-	-	667,906	761,649
Human services	6,666,276	6,616,692	-	-	6,666,276	6,616,692
Cultural and recreation	334,939	295,016	-	-	334,939	295,016
Education	2,160,827	2,077,253	-	-	2,160,827	2,077,253
Interest on long-term debt	22,115	27,926	-	-	22,115	27,926
Sanitation	-	-	2,083,877	1,259,725	2,083,877	1,259,725
Water	-	-	998,771	1,041,204	998,771	1,041,204
Total expenses	15,952,953	15,486,286	3,082,648	2,300,929	19,035,601	17,787,215
Increase (decrease) in net position before transfers	536,545	798,598	(512,457)	(32,629)	24,088	765,969
Transfers	260,000	260,000	(260,000)	(260,000)	-	-
Increase (decrease) in net position	796,545	1,058,598	(772,457)	(292,629)	24,088	765,969
Net position, beginning	16,103,858	15,620,776	3,135,651	4,029,596	19,239,509	19,650,372
Prior period adjustments	(2,184,188)	(575,516)	-	(601,316)	(2,184,188)	(1,176,832)
Net position, beginning restated	13,919,670	15,045,260	3,135,651	3,428,280	17,055,321	18,473,540
Net position, ending	\$ 14,716,215	\$ 16,103,858	\$ 2,363,194	\$ 3,135,651	\$ 17,079,409	\$ 19,239,509

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 26.30% of general fund expenditures, while total fund balance represents 37.90% of that same amount. At June 30, 2016, the governmental funds of Washington County reported a combined fund balance of \$6,253,683, an increase of \$1,180,606 (23.27%) over last year. The primary reason for this increase is a reduction of 2% in expenditures for governmental funds, especially a reduction in expenditures of \$480,617 in the Emergency Medical Services 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. Budget amendments to the General Fund increased expenditures by \$966,698 or 6.99% of the original adopted budget. Increases in transfers to other funds accounted for \$2,890,623 of the increase in the General Fund Budget, for a total increase of \$3,857,321 over the original adopted budget ordinance.

**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 (\$1,115,723), and for the Water Fund \$706,659. The decrease in net position for sanitation fund was (\$989,305), due primarily to an increase in the estimated cost of landfill closure and post-closure care costs. Net position in the Water Fund increased by \$216,848 primarily due to increases in water rates charged to customers. 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, 2016, totals \$18,996,277 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

**Washington County’s Capital Assets  
 (net of depreciation)**

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,371,800	\$ 2,371,800	\$ 330,158	\$ 330,158	\$ 2,701,958	\$ 2,701,958
Buildings and system	7,562,837	7,560,520	7,117,936	7,357,749	14,680,773	14,918,269
Furniture and equipment	711,059	786,946	152,130	128,046	863,189	914,992
Vehicles and motorized equipment	620,304	619,373	37,089	49,640	657,393	669,013
Construction in progress	92,964	56,623	-	-	92,964	56,623
<b>Total</b>	<b>\$ 11,358,964</b>	<b>\$ 11,395,262</b>	<b>\$ 7,637,313</b>	<b>\$ 7,865,593</b>	<b>\$ 18,996,277</b>	<b>\$ 19,260,855</b>

Major capital asset transactions during the year include:

- Purchases of new vehicles \$155,535
- Renovations to the library \$196,160
- Engineering for improvements at airport \$92,964
- Purchase of emergency telephone equipment \$50,838

Management Discussion and Analysis  
Washington County June 30, 2016

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, 2016, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of \$4,361,191, all of which will be repaid from future water revenues.

**Washington County's Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Installment purchases	\$ 460,985	\$ 626,341	\$ -	\$ -	\$ 460,985	\$ 626,341
Revenue bonds	-	-	4,361,191	4,540,016	4,361,191	4,540,016
Notes payable - NC DENR	-	-	503,864	531,158	503,864	531,158
Accrued landfill closure and post-closure care costs	-	-	1,464,267	614,634	1,464,267	614,634
Compensated absences	588,445	414,552	27,948	16,364	616,393	430,916
Net pension liability (LGERS)	387,187	-	18,837	-	406,024	-
Net pension liability (Hospital)	2,434,862	2,184,188	-	-	2,434,862	2,184,188
Net pension obligation (LEOSSA)	135,081	111,662	-	-	135,081	111,662
<b>Total</b>	<b>\$ 4,006,560</b>	<b>\$ 3,336,743</b>	<b>\$ 6,376,107</b>	<b>\$ 5,702,172</b>	<b>\$ 10,382,667</b>	<b>\$ 9,038,915</b>

Washington County's total debt decreased by \$371,475 during the past fiscal year primarily due to principal payments on outstanding debt. The County did not incur any additional debt during the current fiscal year.

Washington County maintained its Baa bond rating from Moody's Investor Service and A- rating from Standard and Poor's Corporation and Fitch Ratings. 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 \$72,197,686.

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 7.2% is higher than the state average of 5.2%. The unemployment rate has decreased from 8.8% in fiscal year 2016.

### **Budget Highlights for the Fiscal Year Ending June 30, 2017**

#### **Governmental Activities:**

- The total General Fund budget for FY 2017 is \$13,624,036, which represents a decrease of \$661,632 from FY 2016.
- Ad valorem tax rate increased by \$0.02 from \$0.79 to \$0.81 per \$100 of assessed value. This is the first increase in the property tax rate in ten years.
- The FY 2017 budget includes appropriated fund balance of \$518,106 in the General Fund.
- School system current expense funding remains the same as the previous year at \$1,603,000.
- The School Capital Outlay Fund appropriation is \$460,500 for future school capital outlay expenditures from the restricted portion of sales tax revenues.
- The budget also includes \$125,000 of state education lottery proceeds to be used for future school capital projects.

#### **Business – Type Activities:**

- There was no increase in the water rates fiscal year 2017. Rates remain the same as fiscal year 2016.
- The FY 2017 Water Fund budget totals \$1,331,009 which represents an increase of \$39,481 from FY 2016.
- The FY 2017 Sanitation Fund budget totals \$1,239,540 which represents a decrease of \$20,468 from FY 2016.

#### **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 [mdixon@washconc.org](mailto:mdixon@washconc.org) for more information.



Washington County, North Carolina  
**Statement of Net Position**  
June 30, 2016

EXHIBIT 1

	Governmental Activities	Business-type Activities	Total	Component Unit	
				Washington County ABC Board	Washington Travel & Tourism Authority
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 4,422,718	\$ 698,837	\$ 5,121,555	\$ 218,983	\$ 60,109
Receivables (net)	2,048,203	533,073	2,581,276	-	13,036
Due from component unit	28,100	-	28,100	-	-
Inventories	-	11,010	11,010	117,740	-
Prepaid expenses	-	-	-	3,114	-
Restricted cash and cash equivalents	821,756	125,090	946,846	-	-
<b>Total current assets</b>	<b>7,320,777</b>	<b>1,368,010</b>	<b>8,688,787</b>	<b>339,837</b>	<b>73,145</b>
Net pension asset	28,562	-	28,562	-	-
Capital assets:					
Land and construction in progress	2,464,764	330,158	2,794,922	4,692	-
Capital assets, net of depreciation	8,894,200	7,307,155	16,201,355	13,313	-
<b>Total capital assets</b>	<b>11,358,964</b>	<b>7,637,313</b>	<b>18,996,277</b>	<b>18,005</b>	<b>-</b>
<b>Total assets</b>	<b>18,708,303</b>	<b>9,005,323</b>	<b>27,713,626</b>	<b>357,842</b>	<b>73,145</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>433,657</b>	<b>20,974</b>	<b>454,631</b>	<b>5,397</b>	<b>-</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 169,456	\$ 152,115	\$ 321,571	\$ 80,494	\$ 29,325
Due to primary government	-	-	-	-	28,100
Customer deposits	-	125,090	125,090	-	-
Long-term liabilities					
Net pension liability - LGERS	387,187	18,837	406,024	4,443	-
Net pension liability - Hospital	2,434,862	-	2,434,862	-	-
Due within one year	144,735	213,774	358,509	-	-
Due in more than one year	1,039,776	6,143,496	7,183,272	86,267	-
<b>Total long-term liabilities</b>	<b>4,006,560</b>	<b>6,376,107</b>	<b>10,382,667</b>	<b>90,710</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,176,016</b>	<b>6,653,312</b>	<b>10,829,328</b>	<b>171,204</b>	<b>57,425</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>249,729</b>	<b>9,791</b>	<b>259,520</b>	<b>2,309</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	10,897,979	2,772,258	13,670,237	18,005	-
Restricted for:					
Stabilization by State Statute	1,902,549	-	1,902,549	-	13,036
Register of Deeds	21,512	-	21,512	-	-
Public Safety	415,027	-	415,027	-	-
Economic and physical development	59,121	-	59,121	-	-
Education	656,044	-	656,044	-	-
Working capital	-	-	-	34,783	-
Construction purposes	474,423	-	474,423	-	-
Unrestricted	289,560	(409,064)	(119,504)	136,938	2,684
<b>Total net position</b>	<b>\$ 14,716,215</b>	<b>\$ 2,363,194</b>	<b>\$ 17,079,409</b>	<b>\$ 189,726</b>	<b>\$ 15,720</b>

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

Washington County, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2016

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 2,662,745	\$ 111,188	\$ -	\$ -
Public safety	3,438,145	491,571	75,359	-
Economic & physical development	667,906	122,646	105,970	150,732
Human services	6,666,276	1,322,130	3,872,451	38,000
Cultural and recreation	334,939	31,019	-	222,077
Education	2,160,827	-	-	257,827
Interest on long-term debt	22,115	-	-	-
Total governmental activities	15,952,953	2,078,554	4,053,780	668,636
Business-type activities:				
Sanitation	2,083,877	1,055,601	98,971	-
Water	998,771	1,415,482	-	-
Total business-type activities	3,082,648	2,471,083	98,971	-
Total primary government	\$ 19,035,601	\$ 4,549,637	\$ 4,152,751	\$ 668,636
Component unit:				
ABC Board	\$ 671,440	\$ 699,431	\$ -	\$ -
Travel & Tourism Authority	157,365	-	124,727	-
Total component units	\$ 828,805	\$ 699,431	\$ 124,727	\$ -
<b>General revenues:</b>				
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					
Governmental Activities	Business-type Activities	Total	Washington County ABC Board	Washington County Travel & Tourism Authority	
\$ (2,551,557)	\$ -	\$ (2,551,557)			
(2,871,215)	-	(2,871,215)			
(288,558)	-	(288,558)			
(1,433,695)	-	(1,433,695)			
(81,843)	-	(81,843)			
(1,903,000)	-	(1,903,000)			
(22,115)	-	(22,115)			
(9,151,983)	-	(9,151,983)			
-	(929,305)	(929,305)			
-	416,711	416,711			
-	(512,594)	(512,594)			
(9,151,983)	(512,594)	(9,664,577)			
			\$ 27,991	\$ -	
			-	(32,638)	
			27,991	(32,638)	
7,350,946	-	7,350,946	-	-	
1,935,100	-	1,935,100	-	-	
206,265	-	206,265	-	133,246	
89,775	-	89,775	-	-	
7,831	137	7,968	260	18	
98,611	-	98,611	-	1,772	
9,688,528	137	9,688,665	260	135,036	
260,000	(260,000)	-	-	-	
9,948,528	(259,863)	9,688,665	260	135,036	
796,545	(772,457)	24,088	28,251	102,398	
16,103,858	3,135,651	19,239,509	161,475	(86,678)	
(2,184,188)	-	(2,184,188)	-	-	
13,919,670	3,135,651	17,055,321	161,475	(86,678)	
\$ 14,716,215	\$ 2,363,194	\$ 17,079,409	\$ 189,726	\$ 15,720	

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

Washington County, North Carolina  
**BALANCE SHEET**  
**Governmental Funds**  
June 30, 2016

EXHIBIT 3

	General	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,798,178	\$ 639,772	\$ 984,768	\$ 4,422,718
Restricted cash	821,756	-	-	821,756
Receivables, net	1,663,864	362,448	21,891	2,048,203
Due from component unit	28,100	-	-	28,100
Due from other funds	681,719	-	-	681,719
Total assets	\$ 5,993,617	\$ 1,002,220	\$ 1,006,659	\$ 8,002,496
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 671,247	\$ 10,472	\$ 681,719
Accounts payable and accrued liabilities	133,308	21,326	14,822	169,456
Total liabilities	133,308	692,573	25,294	851,175
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources	897,638	-	-	897,638
<b>FUND BALANCES</b>				
Restricted				
Stabilization of State Statute	1,518,210	362,448	21,891	1,902,549
Register of Deeds	21,512	-	-	21,512
Public Safety	-	-	415,027	415,027
Economic and physical development	19,762	-	39,359	59,121
Education - school capital outlay	656,044	-	-	656,044
Construction purposes	-	-	474,423	474,423
Committed				
Tax Revaluation	144,200	-	-	144,200
Assigned				
Economic and physical development	-	-	34,457	34,457
Subsequent year's expenditures	518,106	-	-	518,106
Unassigned	2,084,837	(52,801)	(3,792)	2,028,244
Total fund balances	4,962,671	309,647	981,365	6,253,683
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,993,617	\$ 1,002,220	\$ 1,006,659	\$ 8,002,496

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

Total fund balances - governmental funds	\$ 6,253,683
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,358,964
Net pension asset	28,562
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	365,541
Net pension liability - Hospital	(2,434,862)
Net pension liability - LGERS	(387,187)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	
Deferred inflows of resources for taxes receivable	855,473
Pension related deferrals - LGERS	(139,448)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	(1,184,511)
Net position of governmental funds	\$ 14,716,215

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, 2016

EXHIBIT 4

	General	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Ad valorem taxes	\$ 7,551,559	\$ -	\$ -	\$ 7,551,559
Local option sales taxes	1,935,100	-	-	1,935,100
Other taxes and licenses	648	-	205,617	206,265
Unrestricted intergovernmental	89,775	-	-	89,775
Restricted intergovernmental	3,888,385	370,995	463,036	4,722,416
Permits and fees	184,664	-	-	184,664
Sales and services	449,114	1,322,130	122,646	1,893,890
Investment earnings	7,819	-	12	7,831
Miscellaneous	97,911	-	700	98,611
<b>Total revenues</b>	<b>14,204,975</b>	<b>1,693,125</b>	<b>792,011</b>	<b>16,690,111</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,308,618	-	-	2,308,618
Public safety	3,245,556	-	88,942	3,334,498
Economic and physical development	250,329	-	374,166	624,495
Human services	4,635,873	1,849,764	-	6,485,637
Cultural and recreation	319,480	-	-	319,480
Capital outlay	-	-	348,479	348,479
Intergovernmental:				
Education	2,160,827	-	-	2,160,827
Debt service:				
Principal	152,878	12,478	-	165,356
Interest	21,375	740	-	22,115
<b>Total expenditures</b>	<b>13,094,936</b>	<b>1,862,982</b>	<b>811,587</b>	<b>15,769,505</b>
Excess (deficiency) of revenues over expenditures	1,110,039	(169,857)	(19,576)	920,606
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	260,000	2,473,125	1,039,699	3,772,824
Transfers to other funds	(3,512,824)	-	-	(3,512,824)
<b>Total other financing sources (uses)</b>	<b>(3,252,824)</b>	<b>2,473,125</b>	<b>1,039,699</b>	<b>260,000</b>
Net change in fund balance	(2,142,785)	2,303,268	1,020,123	1,180,606
Fund balances - beginning	7,105,456	(1,993,621)	(38,758)	5,073,077
<b>Fund balances - ending</b>	<b>\$ 4,962,671</b>	<b>\$ 309,647</b>	<b>\$ 981,365</b>	<b>\$ 6,253,683</b>

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

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**Governmental Funds**  
For the Year Ended June 30, 2016

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	\$	1,180,606
<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 depreciation exceeded capital outlay in the current period.</p>		
Capital outlay expenditures which were capitalized		464,059
Depreciation expense for governmental assets		(500,357)
		(36,298)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		365,541
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		(200,613)
<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		165,356
		165,356
<p>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.</p>		
Net pension obligation - Law Enforcement Officers Separation Allowance		(23,419)
Pension expense - Washington County Hospital		(250,674)
Pension expense - LGERS		(230,061)
Compensated absences		(173,893)
		(778,047)
Total changes in net position of governmental activities	\$	796,545

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, 2016

EXHIBIT 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>REVENUES</b>				
Ad valorem taxes	\$ 7,683,330	\$ 7,683,330	\$ 7,551,559	\$ (131,771)
Local option sales tax	1,929,725	1,979,725	1,935,100	(44,625)
Other taxes and licenses	-	-	648	648
Unrestricted intergovernmental	182,232	48,000	89,775	41,775
Restricted intergovernmental	3,082,046	3,875,731	3,888,385	12,654
Permits and fees	170,500	234,532	184,664	(49,868)
Sales and services	522,620	418,206	449,114	30,908
Investment earnings	1,000	1,000	7,512	6,512
Miscellaneous	-	45,144	97,911	52,767
Total revenues	13,571,453	14,285,668	14,204,668	(81,000)
<b>EXPENDITURES</b>				
Current:				
General government	2,468,675	2,523,034	2,308,618	214,416
Public safety	3,352,147	3,475,476	3,245,556	229,920
Economic and physical development	167,867	258,220	250,329	7,891
Human services	4,810,435	4,839,036	4,635,873	203,163
Cultural and recreational	311,316	664,316	319,480	344,836
Intergovernmental:				
Education	1,903,000	2,160,827	2,160,827	-
Debt service				
Principal	126,145	183,374	152,878	30,496
Interest	20,000	22,000	21,375	625
Total expenditures	13,159,585	14,126,283	13,094,936	1,031,347
Revenues over (under) expenditures	411,868	159,385	1,109,732	950,347
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	2,000	-	(2,000)
Transfers from other funds	260,000	332,114	260,000	(72,114)
Transfers to other funds	(671,868)	(3,562,491)	(3,545,824)	16,667
Total other financing sources (uses)	(411,868)	(3,228,377)	(3,285,824)	(57,447)
Fund balance appropriated	-	3,068,992	-	(3,068,992)
Net change in fund balance	\$ -	\$ -	(2,176,092)	\$ (2,176,092)
Fund balances - beginning			6,994,563	
Fund balance - ending			\$ 4,818,471	

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, 2016

EXHIBIT 5 (continued)

Emergency Medical Services			
Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
89,649	127,649	370,995	243,346
-	-	-	-
925,000	1,717,826	1,322,130	(395,696)
-	-	-	-
-	-	-	-
1,014,649	1,845,475	1,693,125	(152,350)
-	-	-	-
-	-	-	-
-	-	-	-
1,494,153	2,311,761	1,849,764	461,997
-	-	-	-
-	-	-	-
-	-	12,478	(12,478)
-	13,218	740	12,478
1,494,153	2,324,979	1,862,982	461,997
(479,504)	(479,504)	(169,857)	309,647
-	-	-	-
479,504	2,473,125	2,473,125	-
-	-	-	-
479,504	2,473,125	2,473,125	-
-	(1,993,621)	-	1,993,621
\$ -	\$ -	2,303,268	\$ 2,303,268
		(1,993,621)	
		\$ 309,647	

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, 2016

EXHIBIT 5-A

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

Ending fund balance		\$ 4,818,471
Tax Mapping and Revaluation Fund		
Investment earnings	307	
Transfer from General Fund	33,000	
Fund balance, beginning	110,893	
		144,200
Ending fund balance		\$ 4,962,671

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, 2016

EXHIBIT 6

	Sanitation Fund	Water Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 698,872	\$ 1,071,845	\$ 1,770,717
Receivables, net	349,162	183,911	533,073
Due from other funds	518,327	-	518,327
Inventories	-	11,010	11,010
Restricted cash and cash equivalents	-	125,090	125,090
<b>Total current assets</b>	<b>1,566,361</b>	<b>1,391,856</b>	<b>2,958,217</b>
Noncurrent assets:			
Net pension asset	-	-	-
Capital assets:			
Land and construction in process	294,294	35,864	330,158
Capital assets, net of depreciation	128,044	7,179,111	7,307,155
<b>Total capital assets</b>	<b>422,338</b>	<b>7,214,975</b>	<b>7,637,313</b>
<b>Total noncurrent assets</b>	<b>422,338</b>	<b>7,214,975</b>	<b>7,637,313</b>
<b>Total assets</b>	<b>1,988,699</b>	<b>8,606,831</b>	<b>10,595,530</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,866</b>	<b>16,108</b>	<b>20,974</b>
<b>LIABILITIES</b>			
Current liabilities:			
Cash overdraft	1,071,880	-	1,071,880
Accounts payable and accrued liabilities	135,974	16,141	152,115
Customer deposits	-	125,090	125,090
Due to other funds	-	518,327	518,327
Current portion of long-term liabilities	-	213,774	213,774
<b>Total current liabilities</b>	<b>1,207,854</b>	<b>873,332</b>	<b>2,081,186</b>
Noncurrent liabilities			
Compensated absences	8,188	19,760	27,948
Net pension liability	4,370	14,467	18,837
Accrued landfill closure and postclosure care	1,464,267	-	1,464,267
Long-term debt	-	4,651,281	4,651,281
<b>Total noncurrent liabilities</b>	<b>1,476,825</b>	<b>4,685,508</b>	<b>6,162,333</b>
<b>Total liabilities</b>	<b>2,684,679</b>	<b>5,558,840</b>	<b>8,243,519</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,271</b>	<b>7,520</b>	<b>9,791</b>
<b>NET POSITION</b>			
Net investment in capital assets	422,338	2,349,920	2,772,258
Unrestricted	(1,115,723)	706,659	(409,064)
<b>Total net position</b>	<b>\$ (693,385)</b>	<b>\$ 3,056,579</b>	<b>\$ 2,363,194</b>

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

Washington County, North Carolina  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**Proprietary Funds**  
For the Year Ended June 30, 2016

EXHIBIT 7

	Sanitation Fund	Water Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,055,601	\$ 1,411,892	\$ 2,467,493
Tap and connection fees	-	3,590	3,590
<b>Total operating revenues</b>	<b>1,055,601</b>	<b>1,415,482</b>	<b>2,471,083</b>
<b>OPERATING EXPENSES</b>			
Landfill and collections	1,210,191	-	1,210,191
Operations and maintenance	-	365,735	365,735
Treatment plant	-	196,418	196,418
Landfill closure and postclosure care	849,633	-	849,633
Depreciation	24,053	260,011	284,064
<b>Total operating expenses</b>	<b>2,083,877</b>	<b>822,164</b>	<b>2,906,041</b>
Operating income (loss)	(1,028,276)	593,318	(434,958)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Albemarle Regional Solid Waste Management Authority	12,676	-	12,676
North Carolina Division of Waste Management	57,109	-	57,109
White goods disposal fee and grants	4,313	-	4,313
Scrap tire tax and grants	18,402	-	18,402
Solid waste disposal tax	6,471	-	6,471
Investment earnings	-	137	137
Interest on long-term debt	-	(176,607)	(176,607)
<b>Total nonoperating revenues (expenses)</b>	<b>98,971</b>	<b>(176,470)</b>	<b>(77,499)</b>
Income (loss) before transfers	(929,305)	416,848	(512,457)
Transfer to other funds	(60,000)	(200,000)	(260,000)
<b>Change in net position</b>	<b>(989,305)</b>	<b>216,848</b>	<b>(772,457)</b>
<b>Total net position, beginning</b>	<b>295,920</b>	<b>2,839,731</b>	<b>3,135,651</b>
<b>Total net position, ending</b>	<b>\$ (693,385)</b>	<b>\$ 3,056,579</b>	<b>\$ 2,363,194</b>

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

Washington County, North Carolina  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
For the Year Ended June 30, 2016

EXHIBIT 8

	Sanitation Fund	Water Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,272,962	\$ 1,405,668	\$ 2,678,630
Cash paid for goods and services	(1,121,376)	(264,730)	(1,386,106)
Cash paid to employees for services	(94,448)	(299,436)	(393,884)
Customer deposits received	-	4,191	4,191
Customer deposits returned	-	(10,970)	(10,970)
<b>Net cash provided (used) by operating activities</b>	<b>57,138</b>	<b>834,723</b>	<b>891,861</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase in due to other funds	-	122,354	122,354
Increase in due from other funds	(122,354)	-	(122,354)
Increase in cash overdraft	171,399	-	171,399
Transfer to other funds	(60,000)	(200,000)	(260,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(10,955)</b>	<b>(77,646)</b>	<b>(88,601)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(42,359)	(13,425)	(55,784)
Principal paid on bonds and notes	-	(206,119)	(206,119)
Interest paid on bonds and notes	-	(176,607)	(176,607)
<b>Net cash provided (used) by capital and financing activities</b>	<b>(42,359)</b>	<b>(396,151)</b>	<b>(438,510)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned	-	137	137
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,824</b>	<b>361,063</b>	<b>364,887</b>
Cash and cash equivalents, beginning of year	695,048	835,872	1,530,920
<b>Cash and cash equivalents, end of year</b>	<b>\$ 698,872</b>	<b>\$ 1,196,935</b>	<b>\$ 1,895,807</b>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (1,028,276)	\$ 593,318	\$ (434,958)
Adjustments to reconcile operating income to cash provided by operating activities:			
Non-operating revenues	98,971	-	98,971
Depreciation	24,053	260,011	284,064
Landfill closure and postclosure care costs	849,633	-	849,633
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	118,390	(9,814)	108,576
(Increase) decrease in inventory	-	303	303
(Increase) decrease in net pension asset	5,773	21,611	27,384
(Increase) decrease in deferred outflows of resources	292	3,203	3,495
Increase (decrease) in net pension liability	4,370	14,467	18,837
Increase (decrease) in deferred inflows of resources	(11,797)	(45,149)	(56,946)
Increase (decrease) in accounts payable	(4,927)	(7,376)	(12,303)
Increase (decrease) in customer deposits	-	(6,779)	(6,779)
Increase (decrease) in accrued vacation	656	10,928	11,584
<b>Total adjustments</b>	<b>1,085,414</b>	<b>241,405</b>	<b>1,326,819</b>
<b>Net cash provided by operating activities</b>	<b>\$ 57,138</b>	<b>\$ 834,723</b>	<b>\$ 891,861</b>
Cash and cash equivalents	\$ 698,872	\$ 1,071,845	\$ 1,770,717
Restricted cash and cash equivalents	-	125,090	125,090
<b>Total cash and cash equivalents</b>	<b>\$ 698,872</b>	<b>\$ 1,196,935</b>	<b>\$ 1,895,807</b>

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

Washington County, North Carolina  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Fiduciary Funds – Agency Funds**  
June 30, 2016

EXHIBIT 9

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**ASSETS**

Cash and cash equivalents	\$ 59,792
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**LIABILITIES**

Miscellaneous liabilities	\$ 59,792
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The notes to the financial statements are an integral part of this statement.

Washington County, North Carolina  
**STATEMENT OF FIDUCIARY NET POSITION**  
**Fiduciary Funds – Pension Trust Fund**  
January 1, 2016

EXHIBIT 10

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		<b>Hospital Pension Trust Fund</b>
<hr/>		
<b>ASSETS</b>		
Cash and cash equivalents	\$	186,615
Investments		706,979
Total assets	\$	893,594
<hr/>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$	-
Total liabilities		-
<hr/>		
<b>NET POSITION</b>		
Assets held in trust for pension benefits	\$	893,594
<hr/>		

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

Washington County, North Carolina  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Fiduciary Funds – Pension Trust Fund**  
January 1, 2016

EXHIBIT 11

	<b>Hospital Pension Trust Fund</b>
<hr/>	
<b>Additions:</b>	
Employer contributions	\$ -
<hr/>	
Investment income:	
Interest income	16,479
Dividend income	11,130
Other income	327
Accrued income	(1,750)
Net appreciation (depreciation) in fair value of investments	(38,670)
<b>Total investment income</b>	<b>(12,484)</b>
<hr/>	
<b>Total additions</b>	<b>(12,484)</b>
<hr/>	
<b>Deductions:</b>	
Benefits	223,043
Administrative and investment expenses	20,289
<hr/>	
<b>Total deductions</b>	<b>243,332</b>
<hr/>	
<b>Change in net position</b>	<b>(255,816)</b>
<hr/>	
<b>Net position, beginning</b>	<b>1,149,410</b>
<hr/>	
<b>Net position, ending</b>	<b>\$ 893,594</b>
<hr/>	

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, 2016

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**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, 2016

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

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

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

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

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each 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, 2016

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**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:

*Trust Funds.* Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Hospital Pension Trust Fund accounts for the County's contributions to the pension plan of Washington County Hospital, Inc.,

*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..

*Non-major Funds.* The County maintains seven legally budgeted funds. The Emergency Telephone System Fund, Drainage Fund, Airport Fund, and NC Housing Finance Agency Single Family Rehabilitation and Urgent Repair Program Grants 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there 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 Funds 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 departmental 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).

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

The majority of the County, ABC Board, and Authority’s investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT’s share price. The NCCMT Term Portfolio’s securities are valued at fair value.

**2. Cash and Cash Equivalents**

The County pools moneys from several funds, except the Hospital Pension Trust Fund, 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 at the time of purchase and, which are not limited as to use, to be cash and cash equivalents.

**3. Restricted Assets**

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. 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.

Governmental Activities			
General Fund	Tax revaluation	\$	144,200
	Register of Deeds		21,512
	School Capital Outlay		656,044
Total Governmental Activities		\$	821,756
Business-Type Activities			
Water Fund	Customer deposits	\$	125,090
Total Business-type Activities		\$	125,090
Total Restricted Cash		\$	946,846

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015. 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

**5. Allowances for Doubtful Accounts**

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

**6. Inventories and Prepaid Items**

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the County's enterprise funds as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds and that of the ABC Board is recorded as an expense as it is consumed or sold. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are \$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:

	<u>Years</u>
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment and software	3

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

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

	<u>Years</u>
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.

**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.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

**11. Net Position/Fund Balances**

**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)].

*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 Public Safety* – portion of fund balance that is restricted by revenue source to pay for emergency communications system equipment and expenditures.

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

*Restricted for School Capital* – portion of fund balance that can only be used for School Capital per G.S 159-18-22.

*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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

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

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.

*Assigned for economic development* – portion of fund balance that has been budgeted by the board for airport operating expenditures.

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, 2016

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**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 two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and 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 \$8,462,532 consists of the following:

**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 (\$384,061) is comprised of the following:

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

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

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)	\$ 17,669,972
Less accumulated depreciation	( 6,311,008)
Net capital assets	11,358,964
Net pension asset	28,562
Contributions to the pension plan in the current fiscal year	365,541
Deferred inflows of resources reported in the government-wide statements but not the fund statements	
Deferred inflows of resources for taxes receivable	855,473
Pension related deferrals	( 139,448)
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	( 460,985)
Compensated absences	( 588,445)
Net pension liability	( 2,822,049)
Net pension obligation	( 135,081)
Total adjustment	<u>\$ 8,462,532</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 464,059
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.	( 500,357)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	365,541
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	165,356
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.	( 23,419)
County's portion of collective pension expense - LGERS	( 230,061)
Pension expense – Washington County Hospital	( 250,674)
Compensated absences	( 173,893)
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	<u>( 200,613)</u>
Total adjustment	<u>(\$ 384,061)</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**A. Deficit Fund Balance or Net Position of Individual Funds**

For the fiscal year ended June 30, 2016, the following funds had a deficit fund balance or net position:

Sanitation Fund	\$693,385
Library Project Grant	\$3,305

The deficit in net position of the Sanitation Fund is due to an increase of \$849,633 in the accrued landfill closure and post closure care costs. Construction expenditures in the Library Project Grant exceeded grant revenues by \$3,305. The County will transferred funds from the General Fund to the Library Project Grant fund in fiscal year 2017 to close out this grant project fund. Expenditures will be monitored closely in future years to reinstate fund balance to a positive amount.

**B. Significant Violations of Finance-Related Legal and Contractual Provisions**

North Carolina General Statute 159-31 requires that all deposits be made in board-designed official depositories and also that public funds be secured or collateralized by securities held by the Authority or its' agent in the name of the Authority. The Washington County Travel and Tourism Authority deposited funds from donations and sponsorships for its annual Bear Festival in an account under the name and federal identification number of a business owned by one of its Board Members. The funds were used only to pay expenses of the festival. As of June 30, 2016, this account has been closed, and all remaining funds were transferred to the Washington County Finance Department to pay for festival expenses.

**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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**A. Assets** (continued)

**1. Deposits** (continued)

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, 2016, the County's deposits had a carrying amount of \$2,327,170 and a bank balance of \$2,509,049. Of the bank balance, \$329,512 was covered by federal depository insurance, \$922 was covered by collateral held under the Dedicated Method, and \$1,670,008 in non-interest bearing deposits and \$508,607 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2016, Washington County had \$1,450 cash on hand.

At June 30, 2016, the Washington County Travel and Tourism Authority's deposits had a carrying amount of \$60,109 and a bank balance of \$60,109 all of which was covered by federal depository insurance.

At June 30, 2016, the carrying amount of deposits for Washington County ABC Board was \$217,783 and the bank balance was \$236,630. All of the bank balance was covered by federal depository insurance. At June 30, 2016, the Board's petty cash totaled \$1,200.

**2. Investments**

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

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Fair Value</b>	<b>Less Than 6 Months</b>	<b>6-12 Months</b>
NC Capital Management Trust – Cash Portfolio	Amortized Cost	\$3,799,573	N/A	N/A
Total		\$3,799,573		

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**A. Assets** (continued)

**2. Investments** (continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. The County does not have a formal investment policy.

*Credit Risk.* The County's investments in the North Carolina Capital Management Trust's Cash Portfolio, carried a rating of AAAM by Standard and Poor's as of June 30, 2016. The County has no formal policy regarding credit risk.

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

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

Year Levied	Tax	Interest	Total
2012	\$ 309,766	\$ 101,446	\$ 411,212
2013	1,062,104	252,246	1,314,350
2014	1,097,201	161,835	1,259,036
2015	1,108,786	63,754	1,172,540
Total	<u>\$ 3,577,857</u>	<u>\$ 579,281</u>	<u>\$ 4,157,138</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**A. Assets** (continued)

**4. Receivables**

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

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Total
<b>Governmental activities</b>				
General	\$ 2,192	\$ 1,003,732	808,390	\$ 1,814,314
Other governmental	247,260	-	221,429	468,689
Total receivable	249,452	1,003,732	1,029,819	2,283,003
Allowance for doubtful accounts	(86,541)	(148,259)	-	(234,800)
<b>Total governmental activities</b>	<b>\$ 162,911</b>	<b>\$ 855,473</b>	<b>\$ 1,029,819</b>	<b>\$ 2,048,203</b>
<b>Business-type activities</b>				
Sanitation	393,557	-	\$ 18,130	\$ 411,687
Water	267,156	-	4,755	271,911
Total receivable	660,713	-	22,885	683,598
Allowance for doubtful accounts	(150,525)	-	-	(150,525)
<b>Total business-type activities</b>	<b>\$ 510,188</b>	<b>\$ -</b>	<b>\$ 22,885</b>	<b>\$ 533,073</b>

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

Local option sales tax	\$ 521,185
Sales tax refund	61,133
NC Division of Motor Vehicles – Vehicle tax	76,806
Grant reimbursements receivable	185,018
Town Fire Departments	293
ABC bottle tax	239
Tyrell County – EMS contract	195,079
Scrap tire grant	5,971
White goods disposal tax	1,038
Scrap tire tax	4,338
Solid waste disposal tax	1,603
Total	<u>\$ 1,052,703</u>

The Travel and Tourism Authority’s receivables consist of occupancy taxes collected from local hotels for the month of June in the amount of \$12,369 and sales tax refunds of \$667 due from the North Carolina Department of Revenue. Management expects all accounts receivable to be collected; therefore, no allowance for doubtful accounts has been recorded.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**A. Assets** (continued)

**5. Capital Assets**  
**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities</b>				
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ 56,623	\$ 291,263	\$ 254,922	\$ 92,964
Land	2,371,800	-	-	2,371,800
<b>Total capital assets not being depreciated</b>	<b>2,428,423</b>	<b>291,263</b>	<b>254,922</b>	<b>2,464,764</b>
<b>Capital assets being depreciated:</b>				
Buildings	9,908,969	196,161	-	10,105,130
Furniture and equipment	2,761,567	78,378	-	2,839,945
Vehicles	2,106,954	153,179	-	2,260,133
<b>Total capital assets being depreciated</b>	<b>14,777,490</b>	<b>427,718</b>	<b>-</b>	<b>15,205,208</b>
<b>Less accumulated depreciation for:</b>				
Buildings	2,348,449	193,844	-	2,542,293
Furniture and equipment	1,974,621	154,265	-	2,128,886
Vehicles	1,487,581	152,248	-	1,639,829
<b>Total accumulated depreciation</b>	<b>5,810,651</b>	<b>500,357</b>	<b>-</b>	<b>6,311,008</b>
Total capital assets being depreciated, net	<u>8,966,839</u>			<u>8,894,200</u>
Governmental activities capital assets net	<u>\$ 11,395,262</u>			<u>\$ 11,358,964</u>

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

General government	\$ 140,219
Public safety	156,845
Economic development	38,789
Human services	145,719
Recreation	<u>18,785</u>
<b>Total depreciation expense</b>	<u>\$ 500,357</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**A. Assets** (continued)

**5. Capital Assets** (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Sanitation</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 294,294	\$ -	\$ -	\$ 294,294
Total capital assets not being depreciated	294,294	-	-	294,294
<b>Capital assets being depreciated:</b>				
Furniture and equipment	287,444	42,358	-	329,802
Vehicles	58,879	-	-	58,879
Total capital assets being depreciated	346,323	42,358	-	388,681
<b>Less accumulated depreciation for:</b>				
Furniture and equipment	181,086	24,052	-	205,138
Vehicles	55,499	-	-	55,499
Total accumulated depreciation	236,585	24,052	-	260,637
Total capital assets being depreciated, net	<u>109,738</u>			<u>128,044</u>
Sanitation capital assets net	<u>\$ 404,032</u>			<u>\$ 422,338</u>
<b>Water</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 35,864	\$ -	\$ -	\$ 35,864
Total capital assets not being depreciated	35,864	-	-	35,864
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	11,096,530	-	-	11,096,530
Furniture and equipment	199,966	13,425	-	213,391
Vehicles	105,440	-	-	105,440
Total capital assets being depreciated	11,401,936	13,425	-	11,415,361
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	3,738,781	239,813	-	3,978,594
Furniture and equipment	178,278	7,647	-	185,925
Vehicles	59,180	12,551	-	71,731
Total accumulated depreciation	3,976,239	260,011	-	4,236,250
Total capital assets being depreciated, net	<u>7,425,697</u>			<u>7,179,111</u>
Water capital assets net	<u>\$ 7,461,561</u>			<u>\$ 7,214,975</u>
Business-type activities capital assets net	<u>\$ 7,865,593</u>			<u>\$ 7,637,313</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**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, 2016 for the installation of water and sewer lines to the County Commerce Center. At June 30, 2016, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Commerce Center Project	\$ 50,030	\$ 123,078

**Discretely presented component units**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,692	\$ -	\$ -	\$ 4,692
<b>Capital assets being depreciated:</b>				
Buildings	68,273	-	-	68,273
Leasehold improvements	2,200	-	-	2,200
Furniture and equipment	81,490	-	-	81,490
Total capital assets being depreciated	151,963	-	-	151,963
<b>Less accumulated depreciation for:</b>				
Buildings	62,804	360	-	63,164
Leasehold improvements	293	107	-	400
Furniture and equipment	74,664	422	-	75,086
Total accumulated depreciation	137,761	889	-	138,650
Total capital assets being depreciated, net	14,202			13,313
Governmental activities capital assets net	\$ 18,894			\$ 18,005

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities**

**1. Payables**

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

	Vendors		Others		Total
Governmental activities					
General	175,545	\$	(42,237)	\$	133,308
Other governmental	36,148		-		36,148
<b>Total governmental activities</b>	<b>\$ 211,693</b>	<b>\$</b>	<b>(42,237)</b>	<b>\$</b>	<b>169,456</b>
Business-type activities					
Sanitation	135,974	\$	-	\$	135,974
Water	14,516		1,625		16,141
<b>Total business-type activities</b>	<b>\$ 150,490</b>	<b>\$</b>	<b>1,625</b>	<b>\$</b>	<b>152,115</b>

**2. Pension Plan and Other Postemployment 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](http://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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. 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, 2016, was 7.15% of compensation for law enforcement officers and 6.67% 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 \$382,194 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported a liability of \$406,024 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

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

The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.09047%, which was a decrease of 0.00409% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$244,361. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 95,439
Net difference between projected and actual earnings on pension plan investments	-	115,593
Changes in proportion and difference between County contributions and proportionate share of contributions	69,899	-
County contributions subsequent to the measurement date	382,194	-
Total	\$ 452,093	\$ 211,032

\$382,194 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$	(111,641)
2018		(111,641)
2019		(111,713)
2020		193,862
2021		-
Thereafter		-

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Post Employment Obligations** (continued)

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

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

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

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

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

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

The information below is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Infaltion Protection	6.0%	3.4%
Total	<u>100.0%</u>	

*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)	\$ 2,831,262	\$ 406,024	\$ (1,637,185)

*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.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

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

**1. Plan Description.**

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

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>22</u>
Total	<u><u>22</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, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment 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 on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

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. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the separation allowance for the current year were as follows:

Employer annual required contribution	\$	27,648
Interest on net pension obligation		5,583
Adjustment to annual required contribution	(	9,812)
Annual pension cost		23,419
Contributions made		-
Increase (decrease) in net pension obligation		23,419
Net pension obligation, beginning of year		111,662
Net pension obligation, end of year	\$	135,081

**3 Year Trend Information**

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligated
2014	\$ 18,298	0.00%	\$ 88,158
2015	\$ 23,504	0.00%	\$ 111,662
2016	\$ 23,419	0.00%	\$ 135,081

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

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

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

As of December 31, 2015, 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 \$162,914. The covered payroll (annual payroll of active employees covered by the plan) was \$780,374, and the ratio of the UAAL to the covered payroll was 20.88%.

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, 2016 were \$299,502, which consisted of \$37,403 from the County for law enforcement officers and \$125,625 from the County for non-law enforcement employees. The employee's contribution was \$136,474.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment 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](http://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 \$981 for the year ended June 30, 2016.

***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, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

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

At June 30, 2016, the County reported an asset of \$28,562 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was .12325%, which was an increase of .02539% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(3,896). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 140	\$ 473
Net difference between projected and actual earnings on pension plan investments	1,417	-
Changes in proportion and difference between County contributions and proportionate share of contributions	-	5,850
County contributions subsequent to the measurement date	981	-
Total	\$ 2,538	\$ 6,323

\$981 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ (3,124)
2018	(1,965)
2019	(59)
2020	382
2021	-
Thereafter	-

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment Obligations** (continued)

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

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2015 is 2.2%:

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment 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 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (25,769)	\$ (28,562)	\$ (30,965)

*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, 2016

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

**B. Liabilities** (continued)

**2. Pension Plan and Other Postemployment 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, 2016 and 2015, the County paid all annual required contributions to the Plan for post-employment healthcare benefits in the amount of \$317,859 and \$317,796, respectively. The contributions represented 5.60% of covered payroll.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**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, 2016, the County made contributions to the State for death benefits of \$6,469. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.11% and 0.14% 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, 2016

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

B. **Liabilities** (continued)

**g. Washington County Hospital, Inc. Employees' Pension Plan**

**1. Plan Description.**

Washington County administers a public employee retirement system (the Washington County Hospital, Inc. Employees' Pension Plan), a single-employer defined benefit pension plan that provides retirement benefits to the former employees of Washington County Hospital Inc. Prior to January 1, 2001, the Pension Plan benefit is equal to 0.75% of Final Average Compensation times years of Benefit Service, plus excess percent (as defined below) of Final Average Compensation in excess of one-fifth of Social Security Wages times years of Benefit Service (maximum 35 years):

Year of Birth	Excess Percent
Before 1938	0.75%
1938-1954	0.70%
1955 & After	0.65%

After December 31, 2000, the pension plan benefit is the greater of 1) benefit formula prior to January 1, 2001 as described above, or 2) 0.80% of final average compensation times years of Benefit Service, plus 0.65% of Final average compensation in excess of Covered Compensation times years of Benefit Service (maximum 35 years). The minimum benefit is \$30 per month. Normal retirement age is 65. Final average compensation is the average of the 5 consecutive calendar years of highest compensation of the last 10 calendar years with maximum annual compensation of \$225,000. The maximum annual benefit is \$180,000. Employees may received early retirement benefits at age 55 with 10 years of vesting service. Early retirement benefits are reduced by 1/180<sup>th</sup> (0.5555%) for the fist 60 months and 1/360<sup>th</sup> (0.2777%) for the next 60 months. Upon termination, participants in the pension plan are vested according to the following schedule:

Years of Vesting Service	Vesting Percentage
< 6 years	0%
6 years	10%
7 years	20%
8 years	30%
9 years	40%
10 years or more	100%

The Hospital, a former component unit of Washington County, was sold on April 2, 2007. Under the terms of the sale, Washington County retained the liability for all employee pension benefits. The Pension Plan is frozen effective March 6, 2007, and therefore, all participants are now 100% vested.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

B. **Liabilities** (continued)

g. **Washington County Hospital, Inc. Employees' Pension Plan** (continued)

At January 1, 2016, the Pension Plan's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	110
Active plan members	<u>69</u>
Total	<u><u>179</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 Pension Plan Pension through appropriations in the General Fund operating budget. The County did not appropriate any employer contributions to plan assets in the current fiscal year. Since, the plan was frozen effective March 6, 2007 and there are no active employees, there were no contributions made by employees in the current year. Pension expenditures are made from the Washington County Hospital Pension Trust Fund, which is maintained on the accrual basis of accounting. Benefits and refunds are recognized as deductions from pension assets when due and payable in accordance with the terms of the plan. The Hospital Pension Plan fiscal year begins on January 1 and ends on December 31.

The Hospital Employee's Pension Plan assets are 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.

**3. Contributions.**

The County has assumed the Hospital's liability to provide these retirement benefits to the former employees of Washington County Hospital, Inc. and has chosen to fund the amounts necessary to cover the benefits earned through contributions to the Hospital Pension Trust Fund through appropriations made in the General Fund operating budget. The County did not contribute to the Pension Plan during the current fiscal year. There were no contributions made by employees. The

The annual required contribution for the current year was determined as part of the December 31, 2016 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 0.00% per year. Since the pension plan is frozen, no inflation component was included. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

B. **Liabilities** (continued)

g. **Washington County Hospital, Inc. Employees' Pension Plan** (continued)

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2015 was 20 years.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to the Hospital Pension Plan for the current year were as follows:

Employer actuarially determined contribution	\$	214,798
Interest on net pension obligation		11,181
Adjustment to annual required contribution		( _____ )
Annual required contribution		225,979
Contributions made		_____ -
Increase (decrease) in net pension obligation		225,979
Net pension obligation, beginning of year		_____ 1,136,457
Net pension obligation, end of year	\$	_____ <u>1,362,436</u>

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

As of January 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$3,328,456 and the unfunded actuarial accrued liability (UAAL) was \$2,434,862. The covered payroll (annual payroll of active employees covered by the plan) was \$0, and the ratio of the UAAL to the covered payroll was 100.00%.

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.

For Year Ended December 31	<u>3 Year Trend Information</u>		Net Pension Obligated
	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
2014	\$ 177,348	56.39%	\$ 933,743
2015	\$ 202,714	0.00%	\$ 1,136,457
2016	\$ 225,979	0.00%	\$ 1,362,436

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

B. **Liabilities** (continued)

**3. Closure and Post-closure 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 \$1,464,267 reported as landfill closure and post-closure care liability at June 30, 2016 represents a cumulative amount reported to date based on the use of 82.38% percent of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$313,156 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 2016. 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 that is one option under State and federal laws and regulations that 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	\$ 140	\$ 95,912
Pensions - difference between projected and actual investment earnings	1,417	115,593
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	69,899	5,850
Contributions to pension plan subsequent to the measurement date	383,175	
Prepaid taxes not yet earned (General)	-	42,165
Taxes receivable, net, less penalties (General)	-	855,473
<b>Total</b>	<b>\$ 454,631</b>	<b>\$ 1,114,993</b>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**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 two self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$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 \$500,000 per occurrence, workers' compensation coverage up to the statutory limits. These pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property and auto physical damage. For workers' compensation there is a per occurrence retention of \$750,000.

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 and Travel and Tourism Authority'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 is individually bonded for \$50,000. The remaining employees who have access to funds are bonded under a blanket bond for \$500,000.

The County and Travel and Tourism Authority carry 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, 2016, 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, 2016 was North Carolina State Health Plan for medical.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**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, 2016

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

**B. Liabilities** (continued)

**6. Long-Term Obligations**

**a. Installment Purchase**

The County has entered into five installment purchase contracts as of June 30, 2016.

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 \$13,218 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 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, 2016, including interest, are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
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
<b>Total</b>	<b>\$ 460,985</b>	<b>\$ 41,785</b>

At June 30, 2016, Washington County had a legal debt margin of \$72,197,686.

**Debt Related to Capital Activities** – Of the total Governmental Activities debt listed all \$460,985 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, 2016

**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, 2016 was \$688,557. 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, 2016 was \$3,672,634. 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
2017	\$ 185,782	\$ 169,650
2018	193,009	162,424
2019	200,516	154,915
2020	208,317	147,115
2021	216,420	139,012
2022-2026	1,215,126	562,034
2027-2031	1,470,585	306,575
2032-2033	671,436	39,427
<b>Total</b>	<b>\$ 4,361,191</b>	<b>\$ 1,681,152</b>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**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 110%. The debt service coverage ratio calculation for the year ended June 30, 2016, is as follows:

Operating revenues	\$	1,415,482
Operating expenses *		822,164
Operating income		593,318
Non operating revenues **		137
Income available for debt service	\$	593,455
Debt service, principal and interest paid	\$	382,726
Debt service coverage ratio		155.06%

\* Per rate covenants, this does not include the depreciation expense of \$260,011.

\*\* Per rate covenants, this does not include revenue bond interest paid of \$176,607.

**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 \$27,992 without interest beginning May 1, 2015. The outstanding balance at June 30, 2016 was \$503,864.

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

Year Ending June 30	Business-type activities	
	Principal	Interest
2017	\$ 27,992	\$ -
2018	27,993	-
2019	27,992	-
2020	27,993	-
2021	27,992	-
2022-2026	139,962	-
2027-2031	139,962	-
2032-2034	83,978	-
<b>Total</b>	<b>\$ 503,864</b>	<b>\$ -</b>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**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, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchase	\$ 626,341	\$ -	\$ 165,356	\$ 460,985	\$ 144,735
Compensated absences	414,552	173,893	-	588,445	-
Net pension liability LGERS	-	387,187	-	387,187	-
Net pension liability Hospital	2,184,188	250,674	-	2,434,862	-
Net pension obligation LEOSA	111,662	23,419	-	135,081	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 3,336,743</b>	<b>\$ 835,173</b>	<b>\$ 165,356</b>	<b>\$ 4,006,560</b>	<b>\$ 144,735</b>
<b>Business-type activities:</b>					
<b>Water Fund</b>					
Revenue bonds	\$ 4,540,016	\$ -	\$ 178,825	\$ 4,361,191	\$ 185,782
Note payable	531,158	-	27,294	503,864	27,992
Net pension liability LGERS	-	14,467	-	14,467	-
Compensated absences	8,832	10,928	-	19,760	-
<b>Total Water Fund</b>	<b>5,080,006</b>	<b>25,395</b>	<b>206,119</b>	<b>4,899,282</b>	<b>213,774</b>
<b>Sanitation Fund</b>					
Accrued landfill closure and post-closure care costs	614,634	849,633	-	1,464,267	-
Net pension liability LGERS	-	4,370	-	4,370	-
Compensated absences	7,532	656	-	8,188	-
<b>Total Sanitation Fund</b>	<b>622,166</b>	<b>854,659</b>	<b>-</b>	<b>1,476,825</b>	<b>-</b>
<b>Business-type long-term liabilities</b>	<b>\$ 5,702,172</b>	<b>\$ 880,054</b>	<b>\$ 206,119</b>	<b>\$ 6,376,107</b>	<b>\$ 213,774</b>

The LGERS had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

Compensated absences 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.

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

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**B. Liabilities** (continued)

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

**d. Long-Term Obligation Activity**

	Beginning Balance	Increases	Decreases	Ending Balance
Net pension liability	\$ -	\$ 4,443	\$ -	\$ 4,443
OPEB obligation	79,422	6,845	-	86,267
Total ABC Board	\$ 79,422	\$ 11,288	\$ -	\$ 90,710

**C. Interfund Balances and Activity**

Transfers to/from other funds

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

To the General Fund from the Water Fund to assist in administrative expenses	\$ 200,000
To the General Fund from the Sanitation Fund to assist in administrative expenses	60,000
To the Airport Capital Project Fund from the General Fund to match grant proceeds	9,340
To the Tax Mapping and Revaluation Fund from the General Fund to assist with cost of property revaluation	33,000
To the Drainage Fund from the General Fund to match to assist in operating expenses	20,594
To the Commerce Center Capital Project Fund from the General Fund to match grant proceeds	186,850
To the Emergency Medical Services Fund from the General Fund to assist in operating expenses	2,473,125
To the Emergency Telephone Fund from the General Fund to assist in operating expenses	446,384
To the Airport Fund from the General Fund to assist in operating expenses	376,531
Total	<u>\$ 3,805,824</u>

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**C. Interfund Balances and Activity** (continued)

Balances due to/from other funds as of June 30, 2016, consist of the following:

Due to the Sanitation Fund from the Water Fund to assist temporary cash flow	\$ 518,327
Due to General Fund from Emergency Medical Services Fund to assist temporary cash flow	671,247
Due to General Fund from Commerce Center Capital Project Fund to assist temporary cash flow	6,680
Due to General Fund from Library Project Grant Fund to assist temporary cash flow	<u>3,792</u>
Total	<u>\$1,200,046</u>

Balances due to/from component units as of June 30, 2016, consist of the following:

Due to General Fund from Washington County Travel and Tourism Authority to assist temporary cash flow	\$ <u>28,100</u>
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**D. Net Investment in Capital Assets**

	Governmental Activities	Business-type Activities	ABC Board
Capital assets, net of depreciation	\$ 11,358,964	\$ 7,637,313	\$ 18,005
Less: Installment debt	(460,985)	-	-
Revenue bonds	-	(4,361,191)	-
Note payable	-	(503,864)	-
Net investment in capital assets	<u>\$ 10,897,979</u>	<u>\$ 2,772,258</u>	<u>\$ 18,005</u>

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**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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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

**E. Fund Balance** (continued)

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

Total fund balance - General Fund	\$ 4,962,671
Less:	
Stabilization by state statute	1,518,210
Restricted for Register of Deeds	21,512
Restricted for economic and physical development	19,762
Restricted for education - school capital outlay	656,044
Restricted for revaluation	144,200
Appropriated Fund Balance in 2017 budget	518,106
Remaining Fund Balance	<u><u>\$ 2,084,837</u></u>

**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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$172,684 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 201 E. 3<sup>rd</sup> Street, Plymouth, NC 27962.

The County also participates in a joint venture to operate Martin, Tyrell, Washington Health Department with two other local governments. The County government appoints five board members to the fifteen member board of the Health Department. The County has an ongoing financial responsibility for the joint venture because the Health Department's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$197,905 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, 2016

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**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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$30,000 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 \$10,501 to the Commission during the fiscal year ended June 30, 2016.

The County, in conjunction with seven other counties, established the Albemarle Regional Solid Waste Management Authority. The participating governments established the Authority to provide environmentally sound, cost effective management of solid waste, including storage, collection, transporting, separation, processing, recycling, and disposal of solid waste in order to protect the public health, safety and welfare. Each participating county appoints one member to the Authority's Governing Board. The Authority also serves the municipalities within its member counties. The County paid membership fees of \$45,694 to the Authority during the fiscal year ended June 30, 2016.

**NOTE 6 – 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.

Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

**NOTE 7 – 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	\$ 129,508	\$ -
Medicaid	16,848,536	9,361,618
NC Health Choice – Children’s Insurance Program	142,705	7,921
Energy assistance	81,541	-
Adoption assistance	144,598	36,941
Adult assistance	-	149,671
Title IV-E, foster care	41,150	13,491
CWS adoption benefits	-	5,231
Food Stamps	4,809,187	-
SFHF Maximization	-	11,646
State Foster Care	-	5,583
Total	\$ 22,197,225	\$ 9,592,102

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

**Washington County Hospital Inc. Employees’ Pension Plan**

The Washington County Board of Commissioners approved a resolution on November 7, 1994, to replace the Board of Trustees of the Washington County Hospital and to exercise direct control over the operation of the Washington County Hospital by assuming the role and responsibilities of the existing Board of Trustees. The Board of County Commissioners also dismissed the administrator of the Hospital and appointed the County Manager as Interim Administrator of the Hospital. On April 2, 2007, Washington County sold the Hospital to CAH Acquisition Company for \$3,529,931. The sale of the Hospital was recorded as the sale of a component unit in Washington County’s annual audit report for the fiscal year ended June 30, 2007. Per the terms of the asset purchase agreement, the County as seller retained certain liabilities of the Hospital including any liability under the Employee Plans relating to pension benefits. The retained liabilities shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by the sellers. Pension benefits accruals under the Hospital Pension Plan were frozen effective March 6, 2007 and all participants in the Hospital Pension Plan are 100% vested as of the same date. As of January 1, 2015, the actuarial accrued liability for the Washington County Hospital, Inc. Employees’ Pension Plan was \$3,333,598 and the unfunded actuarially accrued liability was \$2,184,188. The net pension obligation as of January 1, 2015 was \$1,136,457. As a result, the beginning net position of the governmental activities of Washington County decreased by \$2,184,188 to include the net unfunded actuarially accrued pension liability of the Washington County Hospital, Inc. Employees Pension Plan.



Washington County, North Carolina  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2016

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**NOTE 9 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVETNS**

On October 8, 2016, Hurricane Matthew caused record flooding in many Towns and Counties in Eastern North Carolina, including Washington County. The President has declared many North Carolina counties to be eligible for federal disaster relief from the Federal Emergency Management Agency (FEMA). As of the date of these financial statements, Washington County is not aware of any major damage to County owned property due to flooding from the hurricane. The actual amount of damage, estimated costs of repairs, and any potential reimbursement from FEMA cannot be estimated at this time. Washington County has one building that is covered by flood insurance.



### ***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 Funding Progress for the Washington County Hospital, Inc. Employees' Pension Plan
- Schedule of Employer Contributions for the Washington County Hospital, Inc. Employees' Pension Plan
- Notes to the Required Schedules for the Washington County Hospital, Inc. Employees' Pension Plan
- Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Liability (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) (b-a)	Funded Ratio (a/b)	Covered Payroll )	UAAAL as a % of Covered
		Projected Unit Credit (a)	(b)				(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%	
12/31/2015	-	162,914	162,914	0%	780,374	20.88%	

Washington County, North Carolina  
**Washington County Hospital Inc. Employee's Pension Plan**  
 Required Supplementary Information  
 Schedule of Funding Progress

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued (AAL)		Funded Ratio (a/b)	Covered Payroll )	UAAL as a % of Covered (c Payroll (b- a/c)	
		Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)				
1/1/2014	\$ 1,197,005	\$ 2,972,054	1,775,049	40.28%	-	100.00%	
1/1/2015	1,149,410	3,333,598	2,184,188	34.48%	-	100.00%	
1/1/2016	893,594	3,328,456	2,434,862	26.85%	-	100.00%	

Plan benefit accruals are frozen effective March 6, 2007.

Washington County, North Carolina  
**Washington County Hospital Inc. Employee's Pension Plan**  
 Required Supplementary Information  
 Schedule of Employer Contributions

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Year Ended December 30	Annual Required Contribution	Percentage Contributed
2014	\$ 177,348	56.39%
2015	202,714	0.00%
2016	225,979	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	1/1/2016
Actuarial cost method	Unit Credit Cost Method
Amortization method	Level dollar closed
Remaining amortization period	20 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	7.00%
Projected salary increases *	0.00%

\* Includes inflation at 0%

Plan benefit accruals are frozen effective March 6, 2007.

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 Three Fiscal Years \*

	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) %	0.09047%	0.09456%	0.87800%
County's proportion of the net pension liability (asset) \$	\$ 406,024	\$ (557,664)	\$ 1,058,327
County's covered-employee payroll	\$ 5,785,207	\$ 5,669,505	\$ 5,669,505
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.02%	-9.84%	18.67%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	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 Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 382,194	\$ 411,341	\$ 400,834
Contributions in relation to the contractually required contribution	<u>382,194</u>	<u>411,341</u>	<u>400,834</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 5,676,046	\$ 5,785,207	\$ 5,669,505
Contributions as a percentage of covered-employee payroll	6.73%	7.11%	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 Three Fiscal Years \*

	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) %	0.12325%	0.09786%	0.74410%
County's proportion of the net pension liability (asset) \$	\$ (28,562)	\$ (22,192)	\$ (15,894)
County's covered-employee payroll	\$ 48,916	\$ 50,009	\$ 50,009
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-58.39%	-44.38%	-31.78%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

\* 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 Three Fiscal Years

	<u>2016</u>		<u>2015</u>		<u>2014</u>
Contractually required contribution	\$ 981	\$	986	\$	799
Contributions in relation to the contractually required contribution	981		986		799
Contribution deficiency (excess)	\$ -	\$	-	\$	-
County's covered-employee payroll	\$ 50,142	\$	48,916	\$	50,009
Contributions as a percentage of covered-employee payroll	1.96%		2.02%		1.60%

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Ad valorem taxes				
Taxes		\$ 7,397,537		\$ 7,248,265
Penalties and interest		154,022		178,989
Total	\$ 7,683,330	7,551,559	\$ (131,771)	7,427,254
Local option sales tax				
Article 39 and 44		751,678		836,302
Article 40 one-half of one percent		768,951		740,299
Article 42 one-half of one percent		414,471		412,309
Total	1,979,725	1,935,100	(44,625)	1,988,910
Other taxes and license				
Gross receipts tax		648		799
Total	-	648	648	799
Unrestricted intergovernmental				
Beer and wine tax		35,636		39,052
ABC profit distribution		24,839		-
Cable franchise fees		14,428		15,256
Payments in lieu of tax		14,872		29,256
Total	48,000	89,775	41,775	83,564
Restricted intergovernmental				
State grants		745,374		465,147
Federal grants		3,121,566		3,025,206
Court facility fees		18,433		21,685
ABC bottle taxes		3,012		8,294
Total	3,875,731	3,888,385	12,654	3,520,332
Permits and fees				
Building permits		45,325		101,797
Officer and sheriff fees		63,506		55,615
Register of deeds		75,833		88,260
Total	234,532	184,664	(49,868)	245,672
Sales and services				
Rental income		14,910		31,344
Concessions		15,333		22,339
Animal adoption fees		907		1,021
School resource officer fees		216,006		204,622
Jail fees		165,827		173,091
Election fees		1,055		-
Tax collection fees		4,057		-
Senior citizens funds		23,174		21,977
Recreation fees		7,845		8,267
Total	418,206	449,114	30,908	462,661
Investment earnings	1,000	7,512	6,512	1,227
Miscellaneous				
Administrative reimbursement		3,000		3,000
Miscellaneous		94,911		29,656
Total	45,144	97,911	52,767	32,656
<b>Total revenues</b>	<b>14,285,668</b>	<b>14,204,668</b>	<b>(81,000)</b>	<b>13,763,075</b>

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>EXPENDITURES</b>				
General government				
Governing board				
Governing board fees		\$ 39,309		\$ 39,292
Operating expenditures		50,101		50,703
Total	\$ 92,459	89,410	\$ 3,049	89,995
Administration				
Salaries and benefits		272,697		297,620
Operating expenditures		17,877		22,718
Total	312,335	290,574	21,761	320,338
Elections				
Salaries and benefits		72,891		57,342
Operating expenditures		33,769		28,200
Total	138,358	106,660	31,698	85,542
Finance				
Salaries and benefits		369,445		394,015
Operating expenditures		129,732		126,362
Capital outlay		-		7,184
Total	560,663	499,177	61,486	527,561
Tax administration				
Salaries and benefits		230,660		225,309
Operating expenditures		31,396		30,983
Capital outlay		-		2,815
Total	268,061	262,056	6,005	259,107
Legal and professional services				
Contribution to Hospital Pension		-		50,000
Contracted services		15,250		43,312
Total	20,000	15,250	4,750	93,312
Register of deeds				
Salaries and benefits		116,277		117,401
Operating expenditures		19,067		18,995
Total	142,043	135,344	6,699	136,396
Facility services				
Salaries and benefits		250,964		239,984
Operating expenditures		489,098		355,391
Capital outlay		-		38,718
Total	809,743	740,062	69,681	634,093
Information technology				
Salaries and benefits		59,494		58,911
Operating expenditures		34,983		41,845
Capital outlay		9,362		31,679
Total	109,839	103,839	6,000	132,435

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
Geographic information				
Salaries and benefits		\$ 50,785		\$ 50,053
Operating expenditures		15,461		11,137
<b>Total</b>	<b>\$ 69,533</b>	<b>66,246</b>	<b>\$ 3,287</b>	<b>61,190</b>
<b>Total general government</b>	<b>2,523,034</b>	<b>2,308,618</b>	<b>214,416</b>	<b>2,339,969</b>
Public safety				
Sheriff				
Salaries and benefits		1,006,508		960,153
Operating expenditures		153,392		207,617
Public offender housing		4,452		4,452
Grant expenditures		-		29,008
Capital outlay		56,852		49,607
<b>Total</b>	<b>1,339,417</b>	<b>1,221,204</b>	<b>118,213</b>	<b>1,250,837</b>
Communications E911				
Salaries and benefits		329,908		308,576
Operating expenditures		10,637		10,226
<b>Total</b>	<b>374,031</b>	<b>340,545</b>	<b>33,486</b>	<b>318,802</b>
Detention center				
Salaries and benefits		557,573		528,627
Operating expenditures		236,067		307,134
Capital outlay		11,797		-
<b>Total</b>	<b>817,522</b>	<b>805,437</b>	<b>12,085</b>	<b>835,761</b>
School resource officer - Union				
Salaries and benefits		48,552		50,067
Operating expenditures		1,832		933
<b>Total</b>	<b>55,514</b>	<b>50,384</b>	<b>5,130</b>	<b>51,000</b>
School resource officer - Creswell				
Salaries and benefits		48,087		46,849
Operating expenditures		1,694		439
<b>Total</b>	<b>52,145</b>	<b>49,781</b>	<b>2,364</b>	<b>47,288</b>
School resource officer - Pines				
Salaries and benefits		47,982		32,492
Operating expenditures		2,485		1,654
<b>Total</b>	<b>53,445</b>	<b>50,467</b>	<b>2,978</b>	<b>34,146</b>

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
School resource officer - Plymouth				
Salaries and benefits		\$ 49,337		\$ 48,293
Operating expenditures		2,251		497
Total	\$ 54,902	51,588	\$ 3,314	48,790
COPS grant				
Salaries and benefits	-	-	-	440
Fire protection				
Assistance to local departments	329,758	329,758	-	306,484
Planning and inspections				
Salaries and benefits		185,179		172,971
Operating expenditures		81,135		22,736
Total	309,003	266,314	42,689	195,707
Medical examiner				
Contracted services	7,050	7,050	-	7,500
Forestry				
County contribution	82,689	73,028	9,661	75,340
Total public safety	3,475,476	3,245,556	229,920	3,172,095
Economic and physical development				
Cooperative extension service				
Salaries and benefits		99,749		56,317
Voluntary Agriculture Grant		-		78
Operating expenditures		11,995		23,959
Total	118,797	111,744	7,053	80,354
Washington County Travel and Tourism Authority				
Contribution to Travel and Tourism Authority	86,769	86,769	-	-
Chamber of commerce				
Salaries and benefits	-	-	-	(3,838)
Operating expenditures	-	-	-	5,000
Total	-	-	-	1,162
Soil and water conservation				
Salaries and benefits		47,400		46,764
Operating expenditures		4,416		4,126
Total	52,654	51,816	838	50,890
Total economic and physical development	258,220	250,329	7,891	132,406

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
Human services				
Contribution to District Health Department	\$ 197,905	\$ 197,905	\$ -	\$ 135,443
Mental health				
East Carolina Behavioral Health	30,000	30,000	-	31,500
Senior citizens center				
Salaries and benefits		97,425		83,811
Operating expenditures		86,174		92,220
Total	213,304	183,599	29,705	176,031
Juvenile justice				
Operating expenditures	92,540	92,540	-	76,167
Social services administration				
Salaries and benefits		2,288,592		2,276,660
Operating expenditures		174,464		276,121
Capital outlay		12,733		28,300
Total	2,542,138	2,475,789	66,349	2,581,081
Social services daycare				
Assistance payments	719,460	711,658	7,802	614,049
Social services economic support				
Assistance payments	541,189	530,166	11,023	494,204
Social services transportation				
Salaries and benefits		183,667		184,556
Operating expenditures		81,835		96,386
Capital outlay		1,705		58,978
Total	337,947	267,207	70,740	339,920
Community alternatives program				
Salaries and benefits		94,830		88,223
Operating expenditures		40,215		38,624
Total	151,633	135,045	16,588	126,847
Veterans service officer				
Salaries and benefits		10,580		10,693
Operating expenditures		1,384		1,721
Total	12,920	11,964	956	12,414
<b>Total human services</b>	<b>4,839,036</b>	<b>4,635,873</b>	<b>203,163</b>	<b>4,587,656</b>

Washington County, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
Cultural and recreation				
Recreation				
Salaries and benefits		\$ 76,980		\$ 71,818
Operating expenditures		47,885		50,135
Capital outlay		21,931		14,276
Total	\$ 491,632	146,796	\$ 344,836	136,229
Library				
Contribution to regional library	172,684	172,684	-	170,563
Total culture and recreation	664,316	319,480	344,836	306,792
Education				
Public schools - current	1,603,000	1,603,000	-	1,603,000
Public schools - capital outlay	557,827	557,827	-	474,253
Total education	2,160,827	2,160,827	-	2,077,253
Debt service				
Principal	183,374	152,878	30,496	149,626
Interest	22,000	21,375	625	26,833
Total debt service	205,374	174,253	31,121	176,459
Total expenditures	14,126,283	13,094,936	1,030,509	12,792,630
Revenues over (under) expenditures	159,385	1,109,732	950,347	970,445
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from Sanitation Fund	60,000	60,000	-	60,000
Transfer from Water Fund	200,000	200,000	-	200,000
Transfer from Emergency Telephone Fund	72,114	-	(72,114)	72,114
Transfer to Tax Mapping and Revaluation	(33,000)	(33,000)	-	(66,000)
Transfer to Airport Fund	(376,531)	(376,531)	-	(70,000)
Transfer to Airport Capital Project Fund	(26,007)	(9,340)	16,667	-
Transfer to Drainage Fund	(20,594)	(20,594)	-	(80,874)
Transfer to Commerce Center Capital Project Fund	(186,850)	(186,850)	-	-
Transfer to Emergency Telephone Fund	(446,384)	(446,384)	-	-
Transfer to Emergency Medical Services Fund	(2,473,125)	(2,473,125)	-	-
Sale of capital assets	2,000	-	(2,000)	10,965
Total other financing sources (uses)	(3,228,377)	(3,285,824)	(57,447)	126,205
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (3,068,992)	\$ (2,176,092)	\$ 892,900	\$ 1,096,650
Fund balance appropriated	3,068,992	-	(3,068,992)	-
Net change in fund balance	\$ -	(2,176,092)	\$ (2,176,092)	1,096,650
<b>Fund balance, beginning</b>		6,994,563		5,897,913
<b>Fund balance, ending</b>		\$ 4,818,471		\$ 6,994,563



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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 307	\$ 307	\$ 17
<b>EXPENDITURES</b>				
General government				
Other operating expenditures	33,000	-	33,000	-
Revenues over (under) expenditures	(33,000)	307	33,307	17
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	33,000	33,000	-	66,000
Revenues and other sources over (under) expenditures	\$ -	33,307	\$ 33,307	66,017
<b>Fund balance, beginning</b>		<u>110,893</u>		<u>44,876</u>
<b>Fund balance, ending</b>		<u>\$ 144,200</u>		<u>\$ 110,893</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Restricted intergovernmental				
Federal grants	\$ 89,649	\$ 332,995	\$ 243,346	\$ 161,009
Tyrrell County ambulance	38,000	38,000	-	-
Total	127,649	370,995	243,346	161,009
Sales and services				
EMS fees - Washington County		329,255		620,062
Transport fees - Washington County		152,346		413,745
EMS fees - Tyrrell County		139,727		317,167
Transport fees - Tyrrell County		4,576		115,592
Transport contract - Tyrrell County		250		-
Tyrrell County EMS contract		695,976		120,000
Total	1,717,826	1,322,130	(395,696)	1,586,566
Miscellaneous	-	-	-	60,000
Total revenues	1,845,475	1,693,125	(152,350)	1,807,575
<b>EXPENDITURES</b>				
Human services				
EMS - Washington County				
Salaries and benefits		878,964		995,365
Operating expenditures		89,938		160,433
Contracted services - Medical Director		19,500		19,500
Contracted services - billing		26,693		43,183
Capital outlay		-		42,306
Total	1,197,268	1,015,095	182,173	1,260,787
Transport - Washington County				
Salaries and benefits		210,352		341,893
Operating expenditures		27,541		54,841
Contracted services - Medical Director		13,868		1,500
Total	283,667	251,761	31,906	398,237
Total - Washington County	1,480,935	1,266,856	214,079	1,659,024
EMS - Tyrrell County				
Salaries and benefits		394,890		430,252
Operating expenditures		31,534		29,074
Contracted services - Medical Director		2,640		2,400
Contracted services - billing		-		25,000
Capital outlay		38,000		-
Total	633,249	467,064	166,185	486,726

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
Transport - Tyrrell County				
Salaries and benefits		\$ 82,089		\$ 127,434
Operating expenditures		20,999		34,398
Contracted services - billing		12,756		22,800
Total	\$ 197,577	115,844	\$ 81,733	184,632
<b>Total - Tyrrell County</b>	<b>830,826</b>	<b>582,908</b>	<b>247,918</b>	<b>671,358</b>
<b>Total human services</b>	<b>2,311,761</b>	<b>1,849,764</b>	<b>461,997</b>	<b>2,330,382</b>
Debt service				
Principal - Washington County	-	12,478	(12,478)	12,124
Interest	13,218	740	12,478	1,093
Total debt service	13,218	13,218	-	13,217
<b>Total expenditures</b>	<b>2,324,979</b>	<b>1,862,982</b>	<b>461,997</b>	<b>2,343,599</b>
<b>Revenues over (under) expenditures</b>	<b>(479,504)</b>	<b>(169,857)</b>	<b>309,647</b>	<b>(536,024)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	2,473,125	2,473,125	-	-
Total other financing sources (uses)	2,473,125	2,473,125	-	-
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>1,993,621</b>	<b>2,303,268</b>	<b>309,647</b>	<b>(536,024)</b>
<b>Transfer to fund balance</b>	<b>(1,993,621)</b>	<b>-</b>	<b>1,993,621</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>2,303,268</b>	<b>\$ 2,303,268</b>	<b>(536,024)</b>
<b>Fund Balance, beginning</b>		<b>(1,993,621)</b>		<b>(1,457,597)</b>
<b>Fund balance, ending</b>		<b>\$ 309,647</b>		<b>\$ (1,993,621)</b>



## **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.
- North Carolina Housing Finance Agency Single Family Rehabilitation Loan Pool – This fund is used to account for grant expenditures for the rehabilitation of single family homes within the County.
- North Carolina Housing Finance Agency Urgent Repair Program - This fund is used to account for grant expenditures for the repair low income homes within the County.

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

- Commerce Center Project – This fund accounts for the construction of water and sewer lines to the 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, 2016

	Special Revenue Funds					
	Emergency Telephone System Fund	Drainage Fund	Airport Fund	NCHFA Family Rehabilitaton Loan Pool	Single Finance Agency Urgent Repair Program	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 415,027	\$ 28,467	34,939	25,186	\$ -	-
Accounts receivable, net	17,528	-	673	-	-	-
<b>Total assets</b>	<b>\$ 432,555</b>	<b>\$ 28,467</b>	<b>\$ 35,612</b>	<b>\$ 25,186</b>	<b>\$ -</b>	<b>-</b>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	-
Accounts payable	-	-	482	14,294	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>482</b>	<b>14,294</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Restricted						
Stabilization by State Statute	17,528	-	673	-	-	-
Public safety	415,027	-	-	-	-	-
Economic and physical development	-	28,467	-	10,892	-	-
Construction projects	-	-	-	-	-	-
Assigned						
Economic and physical development	-	-	34,457	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>432,555</b>	<b>28,467</b>	<b>35,130</b>	<b>10,892</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 432,555</b>	<b>\$ 28,467</b>	<b>\$ 35,612</b>	<b>\$ 25,186</b>	<b>\$ -</b>	<b>-</b>

Capital Project Funds						
Total Non-major Special Revenue Funds	Commerce Center Project	Airport Grant Capital Project	Library Project Grant	Total Non-major Capital Projects	Total Non-major Governmental Funds	
\$ 503,619	\$ 186,850	294,299	\$ -	\$ 481,149	\$ 984,768	
18,201	-	3,203	487	3,690	21,891	
<u>\$ 521,820</u>	<u>\$ 186,850</u>	<u>\$ 297,502</u>	<u>\$ 487</u>	<u>\$ 484,839</u>	<u>\$ 1,006,659</u>	
\$ -	\$ 6,680	\$ -	\$ 3,792	\$ 10,472	\$ 10,472	
14,776	46	-	-	46	14,822	
<u>14,776</u>	<u>6,726</u>	<u>-</u>	<u>3,792</u>	<u>10,518</u>	<u>25,294</u>	
18,201	-	3,203	487	3,690	21,891	
415,027	-	-	-	-	415,027	
39,359	-	-	-	-	39,359	
-	180,124	294,299	-	474,423	474,423	
34,457	-	-	-	-	34,457	
-	-	-	(3,792)	(3,792)	(3,792)	
<u>507,044</u>	<u>180,124</u>	<u>297,502</u>	<u>(3,305)</u>	<u>474,321</u>	<u>981,365</u>	
<u>\$ 521,820</u>	<u>\$ 186,850</u>	<u>\$ 297,502</u>	<u>\$ 487</u>	<u>\$ 484,839</u>	<u>\$ 1,006,659</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, 2016

	Special Revenue Funds				
	Emergency Telephone System Fund	Drainage Fund	Airport Fund	NCHFA Family Rehabilitation Loan Pool	Single NC Housing Finance Agency Urgent Repair Program
<b>REVENUES</b>					
Other taxes and license	\$ 199,237	\$ 6,380	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-	105,970	-
Sales and services	-	-	122,646	-	-
Investment earnings	-	12	-	-	-
Miscellaneous	-	-	700	-	-
<b>Total revenues</b>	<b>199,237</b>	<b>6,392</b>	<b>123,346</b>	<b>105,970</b>	<b>-</b>
<b>EXPENDITURES</b>					
Current					
Public safety	88,942	-	-	-	-
Economic and physical development	-	55,129	175,979	95,771	47,287
Capital outlay	50,838	-	-	-	-
<b>Total expenditures</b>	<b>139,780</b>	<b>55,129</b>	<b>175,979</b>	<b>95,771</b>	<b>47,287</b>
Excess (deficiency) of revenues over expenditures	59,457	(48,737)	(52,633)	10,199	(47,287)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from (to) other funds	446,384	20,594	376,531	-	-
<b>Net change in fund balances</b>	<b>505,841</b>	<b>(28,143)</b>	<b>323,898</b>	<b>10,199</b>	<b>(47,287)</b>
Fund balances, beginning	(73,285)	56,610	(288,768)	692	47,287
<b>Fund balances, ending</b>	<b>\$ 432,556</b>	<b>\$ 28,467</b>	<b>\$ 35,130</b>	<b>\$ 10,891</b>	<b>\$ -</b>



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	
\$ 205,617	\$ -	\$ -	\$ -	\$ -	\$ 205,617
105,970	15,130	135,602	206,334	357,066	463,036
122,646	-	-	-	-	122,646
12	-	-	-	-	12
700	-	-	-	-	700
<u>434,945</u>	<u>15,130</u>	<u>135,602</u>	<u>206,334</u>	<u>357,066</u>	<u>792,011</u>
88,942	-	-	-	-	88,942
374,166	-	-	-	-	374,166
50,838	8,517	92,964	196,160	297,641	348,479
<u>513,946</u>	<u>8,517</u>	<u>92,964</u>	<u>196,160</u>	<u>297,641</u>	<u>811,587</u>
(79,001)	6,613	42,638	10,174	59,425	(19,576)
<u>843,509</u>	<u>186,850</u>	<u>9,340</u>	<u>-</u>	<u>196,190</u>	<u>1,039,699</u>
764,508	193,463	51,978	10,174	255,615	1,020,123
(257,464)	(13,339)	245,524	(13,479)	218,706	(38,758)
<u>\$ 507,044</u>	<u>\$ 180,124</u>	<u>\$ 297,502</u>	<u>\$ (3,305)</u>	<u>\$ 474,321</u>	<u>\$ 981,365</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Sales and services	\$ 207,802	\$ 199,237	\$ (8,565)	\$ 181,210
<b>EXPENDITURES</b>				
Current				
Public safety				
Operating expenditures		88,942		93,237
Capital outlay		50,838		-
<b>Total expenditures</b>	<b>632,910</b>	<b>139,780</b>	<b>493,130</b>	<b>93,237</b>
Revenues over (under) expenditures	(425,108)	59,457	484,565	87,973
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund *	446,384	446,384	-	-
Transfer to General Fund **	(21,276)	-	21,276	(72,114)
<b>Total other financing sources (uses)</b>	<b>425,108</b>	<b>446,384</b>	<b>21,276</b>	<b>(72,114)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	505,841	\$ 505,841	15,859
<b>Fund balance, beginning</b>		<b>(73,285)</b>		<b>(89,144)</b>
<b>Fund balance, ending</b>		<b>\$ 432,556</b>		<b>\$ (73,285)</b>

\* The General Fund transferred \$446,384 to the Emergency Telephone Fund in the fiscal year ended June 30, 2016 to assist with operating expenditures and purchases of equipment.

\*\* The Emergency Telephone Fund transferred \$72,114 to the General Fund in the fiscal year ended June 30, 2015 for payment of debt service expenditures on emergency telephone equipment.

Washington County, North Carolina  
**Drainage Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Other taxes and license				
Drainage assessments	\$ -	\$ 6,380	\$ 6,380	\$ 6,048
Investment earnings	-	12	12	45
<b>Total revenues</b>	<b>-</b>	<b>6,392</b>	<b>6,392</b>	<b>6,093</b>
<b>EXPENDITURES</b>				
Current				
Economic and physical development				
Operating expenditures	60,569	55,129	5,440	105,146
Revenues over (under) expenditures	(60,569)	(48,737)	11,832	(99,053)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	20,594	20,594	-	80,874
Total other financing sources (uses)	20,594	20,594	-	80,874
Revenues and other financing sources over (under) expenditures and other financing uses	(39,975)	(28,143)	11,832	(18,179)
Fund balance appropriated	39,975	-	(39,975)	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>(28,143)</b>	<b>\$ (28,143)</b>	<b>(18,179)</b>
<b>Fund balance, beginning</b>		<b>56,610</b>		<b>74,789</b>
<b>Fund balance, ending</b>		<b>\$ 28,467</b>		<b>\$ 56,610</b>

Washington County, North Carolina  
**Airport Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	<b>2016</b>			<b>2015</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>REVENUES</b>				
Sales and services				
Hanger Rental		\$ 6,760		\$ 960
Airport fuel sales		115,886		72,846
Total	\$ 95,000	122,646	\$ 27,646	73,806
Contributions	700	700	-	-
<b>Total revenues</b>	<b>95,700</b>	<b>123,346</b>	<b>27,646</b>	<b>73,806</b>
<b>EXPENDITURES</b>				
Economic and physical development				
Airport operations				
Salaries and benefits		54,056		53,309
Operating expenditures		121,923		106,569
Total expenditures	472,231	175,979	296,252	159,878
Revenues over (under) expenditures	(376,531)	(52,633)	323,898	(86,072)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from General Fund	376,531	376,531	-	70,000
<b>Total other financing sources (uses)</b>	<b>376,531</b>	<b>376,531</b>	<b>-</b>	<b>70,000</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>323,898</b>	<b>\$ 323,898</b>	<b>(16,072)</b>
<b>Fund balance, beginning</b>		<b>(288,768)</b>		<b>(272,696)</b>
<b>Fund balance, ending</b>		<b>\$ 35,130</b>		<b>\$ (288,768)</b>

Washington County, North Carolina  
**North Carolina Housing Finance Agency Single Family Rehabilitation Loan Pool**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
From Inception and For the Year Ended June 30, 2016

	Project Authorization			Actual			Variance Positive (Negative)
	June 30, 2015	Amendments	June 30, 2016	Prior Year	Current Year	Total to Date	
<b>REVENUES</b>							
Restricted intergovernmental NC Housing Finance Agency	\$ 49,959	\$ 105,970	\$ 155,929	\$ 49,398	\$ 105,970	\$ 155,368	\$ (561)
Total revenues	49,959	105,970	155,929	49,398	105,970	155,368	(561)
<b>EXPENDITURES</b>							
Economic and physical development Administration	165	-	165	-	-	-	165
Rehabilitation	49,794	105,970	155,764	48,706	95,771	144,477	11,287
Total expenditures	49,959	105,970	155,929	48,706	95,771	144,477	11,452
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 692	10,199	\$ 10,891	\$ 10,891
Fund balance, beginning					692		
Fund balance, ending					\$ 10,891		

Washington County, North Carolina  
**North Carolina Housing Finance Agency Urgent Repair Program**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
From Inception and For the Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental NC Housing Finance Agency	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
<b>EXPENDITURES</b>					
Economic and physical development Rehabilitation	100,000	52,713	47,287	100,000	-
Revenues over (under) expenditures	\$ -	\$ 47,287	(47,287)	\$ -	\$ -
Fund balance, beginning			<u>47,287</u>		
Fund balance, ending			<u>\$ -</u>		

Washington County, North Carolina  
**Airport Grant Capital Projects**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
From Inception and for the Year Ended June 30, 2016

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2015	Amendments	June 30, 2016	Prior Year	Current Year	Total to Date	
<b>REVENUES</b>							
Restricted intergovernmental							
Aviation grants	\$ 1,564,740	\$ 84,058	\$ 1,648,798	\$ 1,707,512	\$ 135,602	\$ 1,843,114	\$ 194,316
<b>EXPENDITURES</b>							
Construction and improvements	1,639,682	93,398	1,733,080	1,536,930	92,964	1,629,894	103,186
Revenues over (under) expenditures	(74,942)	(9,340)	(84,282)	170,582	42,638	213,220	297,502
<b>OTHER FINANCING SOURCES</b>							
Transfer from General Fund	74,942	9,340	84,282	74,942	9,340	84,282	-
Revenues and other sources over (under) expenditures	\$ -	\$ -	\$ -	\$ 245,524	\$ 51,978	\$ 297,502	\$ 297,502
Fund balance, beginning					245,524		
Fund balance, ending					<u>\$ 297,502</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, 2016

	<u>Project Authorization</u>				<u>Actual</u>			Variance Positive (Negative)
	June 30, 2015	Amendments	June 30, 2016	Prior Year	Current Year	Total to Date		
<b>REVENUES</b>								
Restricted intergovernmental Library Grant	\$ 350,000	\$ 206,334	\$ 556,334	\$ 293,666	\$ 206,334	\$ 500,000	\$ (56,334)	
<b>EXPENDITURES</b>								
Administration	17,535	22,000	39,535	40,543	20,892	61,435	(21,900)	
Construction	332,465	184,334	516,799	266,602	175,268	441,870	74,929	
Total expenditures	350,000	206,334	556,334	307,145	196,160	503,305	53,029	
Revenues over (under) expenditures	-	-	-	(13,479)	10,174	(3,305)	(3,305)	
<b>OTHER FINANCING USES</b>								
Transfer from General Fund	-	-	-	-	-	-	-	
Revenues over (under) expenditures and other financing uses	\$ -	\$ -	\$ -	\$ (13,479)	10,174	\$ (3,305)	\$ (3,305)	
Fund balance, beginning					(13,479)			
Fund balance, ending					\$ (3,305)			



Washington County, North Carolina  
**Commerce Center Project**  
**Schedule of Revenues, and Expenditures – Budget and Actual**  
From Inception and for the Year Ended June 30, 2016

	Project Authorization			Actual			Variance Positive (Negative)
	June 30, 2015	Amendments	June 30, 2016	Prior Year	Current Year	Total to Date	
<b>REVENUES</b>							
Restricted intergovernmental Commerce Center IDF Grant	\$ 28,173	\$ 1,231,377	\$ 1,259,550	\$ 28,174	\$ 15,130	\$ 43,304	\$ (1,216,246)
Total revenues	28,173	1,231,377	1,259,550	28,174	15,130	43,304	(1,216,246)
<b>EXPENDITURES</b>							
Administration	41,513	123,487	165,000	41,513	8,517	50,030	114,970
Construction	-	1,281,400	1,281,400	-	-	-	1,281,400
Total expenditures	41,513	1,404,887	1,446,400	41,513	8,517	50,030	1,396,370
Revenues over (under) expenditures	(13,340)	(173,510)	(186,850)	(13,339)	6,613	(6,726)	180,124
<b>OTHER FINANCING SOURCES AND USES</b>							
Transfer from General Fund	-	186,850	186,850	-	186,850	186,850	-
Total other financing sources and uses	-	186,850	186,850	-	186,850	186,850	-
Revenues and other sources over (under) expenditures	\$ (13,340)	\$ 13,340	\$ -	\$ (13,339)	193,463	\$ 180,124	\$ 180,124
Fund balance, beginning					(13,339)		
Fund balance, ending					\$ 180,124		



### ***Enterprise Funds***

- Sanitation Fund – This fund accounts for the County’s solid waste activities, including the Landfill Closure and Post-closure costs which may be needed when the Landfill operation is closed and subsequent monitoring..
- Water Fund – This fund accounts for the activities of the County’s water activities..

### ***Agency Funds***

- Social Services Trust Fund
- Detention Center – Inmates Trust Fund
- Motor Vehicle Tax Fund

Washington County, North Carolina  
**Enterprise Fund - Sanitation Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Operating revenues				
Solid waste fees		\$ 1,055,351		\$ 1,041,385
Penalties		250		781
Total	\$ 1,175,511	1,055,601	\$ (119,910)	1,042,166
Nonoperating revenues				
Albemarle Regional Solid Waste Management Authority		12,676		-
North Carolina Division of Waste Management		57,109		23,974
White goods disposal fee and grants		4,313		4,082
Scrap tire tax and grants		18,402		18,220
Solid waste disposal tax		6,471		6,483
Total	84,497	98,971	14,474	52,759
Total revenues	1,260,008	1,154,572	(105,436)	1,094,925
<b>EXPENDITURES</b>				
Landfill and collections				
Salaries and benefits		94,448		92,891
Garbage collection fees		721,496		908,985
Landfill fees		262,954		90,408
Scrap tire services		32,230		38,279
Albemarle Regional Solid Waste Management Authority		45,694		-
Operating expenditures		54,075		63,539
Capital outlay		42,358		-
Total expenditures	1,253,778	1,253,255	523	1,194,102
Revenues over (under) expenditures	6,230	(98,683)	(104,913)	(99,177)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to General Fund	(60,000)	(60,000)	-	(60,000)
Revenues and other sources over (under) expenditures and other uses	(53,770)	(158,683)	(104,913)	(159,177)
Fund balance appropriated	53,770	-	(53,770)	-
Revenues and other sources over (under) expenditures and other uses	\$ -	(158,683)	\$ (158,683)	(159,177)

Washington County, North Carolina  
**Enterprise Fund - Sanitation Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016		Variance Positive (Negative)	2015
	Final Budget	Actual		Actual
<b>Reconciliation from budgetary basis (modified) accrual to full accrual:</b>				
Revenues and other sources over (under) expenditures and other uses		\$ (158,683)		\$ (159,177)
Reconciling items:				
Depreciation		(24,053)		(21,082)
Capital outlay		42,358		-
Contributions made to the pension plan in the current fiscal year		4,091		4,255
Basis of fixed assets disposed		-		(54,623)
Increase in accrued landfill closure and postclosure care costs		(849,633)		(45,601)
Pension expense		(2,729)		(587)
(Increase) decrease in compensated absences		(656)		(2,608)
Total reconciling items		<u>(830,622)</u>		<u>(120,246)</u>
Change in net position		<u>\$ (989,305)</u>		<u>\$ (279,423)</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Operating revenues				
Water charges		\$ 1,411,892		\$ 1,223,728
Tap and connection fees		3,590		4,250
Total	\$ 1,291,528	1,415,482	\$ 123,954	1,227,978
Nonoperating revenues				
Investment earnings	-	137	137	20
Total	-	137	137	20
Total revenues	1,291,528	1,415,619	124,091	1,227,998
<b>EXPENDITURES</b>				
Operation and maintenance				
Salaries and benefits		183,761		213,640
Professional services		20,317		815
Bad debts		18,000		-
Operating expenditures		138,597		214,435
Total	453,476	360,675	92,801	428,890
Treatment plant				
Salaries and benefits		115,675		110,249
Utilities		24,799		26,585
Chemicals		17,327		13,520
Operating expenditures		38,617		46,976
Total	226,417	196,418	29,999	197,330
Capital outlay	13,425	13,425	-	76,811
Debt service				
Principal		206,119		200,820
Interest		176,607		183,303
Total	398,210	382,726	15,484	384,123
Total expenditures	1,091,528	953,244	138,284	1,087,154
Revenues over (under) expenditures	200,000	462,375	262,375	140,844

Washington County, North Carolina  
**Enterprise Fund - Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

(continued)

	2016			2015
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	\$ -	\$ -	\$ -	\$ 559,849
Transfer to General Fund	(200,000)	(200,000)	-	(200,000)
<b>Total other financing sources (uses)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>	<b>359,849</b>
Revenues and other sources over (under) expenditures and other uses	-	262,375	262,375	500,693
Transfer to fund balance		-	-	-
Revenues, other sources and appropriated fund balance over (under) expenditures and other uses	\$ -	262,375	\$ 262,375	500,693
Reconciliation from budgetary basis to full accrual:				
Reconciling items:				
Depreciation		(260,011)		(253,335)
Loan proceeds		-		(559,849)
Debt principal		206,119		200,820
Capital outlay		13,425		76,811
Contributions made to the pension plan in the current fiscal year		13,543		15,932
Pension expense		(7,675)		(2,201)
Decrease in compensated absences		(10,928)		7,923
Total reconciling items		<u>(45,527)</u>		<u>(513,899)</u>
Change in net position		<u>\$ 216,848</u>		<u>\$ (13,206)</u>

Washington County, North Carolina  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
For the Year Ended June 30, 2016

	Balance 1, 2015	July Additions	Deletions	Balance June 30, 2016
<u>Social Services</u>				
Assets				
Cash and cash equivalents	\$ 34,015	\$ 4,311	\$ 14,226	\$ 24,100
Liabilities				
Miscellaneous liabilities	\$ 34,015	\$ 4,311	\$ 14,226	\$ 24,100
<u>Detention Center</u>				
Assets				
Cash and cash equivalents	\$ 24,026	\$ 36,755	\$ 34,056	\$ 26,725
Liabilities				
Miscellaneous liabilities	\$ 24,026	\$ 36,755	\$ 34,056	\$ 26,725
<u>Motor Vehicle Tax</u>				
Assets				
Cash and cash equivalents	\$ 9,422	\$ 336,014	\$ 336,469	\$ 8,967
Liabilities				
Miscellaneous liabilities	\$ 9,422	\$ 336,014	\$ 336,469	\$ 8,967
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 67,463	\$ 377,080	\$ 384,751	\$ 59,792
Liabilities				
Miscellaneous liabilities	\$ 67,463	\$ 377,080	\$ 384,751	\$ 59,792



***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, 2016

<b>ASSETS</b>		
Cash and cash equivalents	\$	60,109
Receivables, net		13,036
<hr/>		
Total assets		73,145
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities		29,325
Due to primary government		28,100
<hr/>		
Total liabilities		57,425
<hr/>		
<b>NET POSITION</b>		
Restricted		
Stabilization of State Statute		13,036
Unrestricted		2,684
<hr/>		
Total net position	\$	15,720
<hr/>		

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

Washington County, North Carolina  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Activities**  
For the Year Ended June 30, 2016

Functions/ Programs	Expenses	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental activities:</b>			
Economic & physical development	\$ 157,365	\$ 124,727	\$ (32,638)
<b>General revenues:</b>			
Occupancy taxes			133,246
Investment earnings			18
Miscellaneous			1,772
<b>Total general revenues</b>			<b>135,036</b>
Change in net position			102,398
Net position, beginning of year			(86,678)
Net position, end of year			\$ 15,720

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, 2016

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**ASSETS**

Cash and cash equivalents	\$	60,109
Receivables, net		13,036
<hr/>		
Total assets	\$	73,145

**LIABILITIES**

Accounts payable and accrued liabilities	\$	29,325
Due to primary government		28,100
<hr/>		
Total liabilities		57,425

**FUND BALANCES**

Restricted		
Stabilization of State Statute		13,036
Unassigned		2,684
<hr/>		
Total fund balances		15,720
<hr/>		
Total liabilities and fund balances	\$	73,145

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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, 2016

**REVENUES**

Occupancy taxes	\$	133,246
Restricted intergovernmental revenues		
Contribution from Washington County		86,769
Bear Festival sponsorships		37,958
Investment earnings		18
Miscellaneous		1,772
<hr/>		
Total revenues		<u>259,763</u>

**EXPENDITURES**

Current:		
Salaries and benefits		29,398
Advertising		29,088
Contracted services		3,750
Grants		24,664
Bear Festival expenditures		64,203
Operating expenditures		6,262
<hr/>		
Total expenditures		<u>157,365</u>
Net change in fund balance		102,398
Fund balances - beginning		<u>(86,678)</u>
Fund balances - ending	\$	<u><u>15,720</u></u>

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

	2016			2015
	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>REVENUES</b>				
Occupancy taxes	\$ 166,407	\$ 133,246	\$ (33,161)	\$ 104,718
Restricted intergovernmental revenues				
Contribution from Washington County	86,769	86,769	-	-
Bear Festival sponsorships	33,461	37,958	(4,497)	-
Investment earnings	-	18	(18)	92
Miscellaneous	-	1,772	(1,772)	-
Total revenues	286,637	259,763	(39,448)	104,810
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	52,657	29,398	23,259	53,194
Advertising	39,635	29,088	10,547	63,277
Contracted services	15,000	3,750	11,250	15,000
Grants	33,205	24,664	8,541	29,250
Bear Festival expenditures	50,506	64,203	(13,697)	-
Operating expenditures	8,865	6,262	2,603	4,842
Total expenditures	199,868	157,365	42,503	165,563
Revenues over (under) expenditures	86,769	102,398	15,629	(60,753)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to fund balance	(86,769)	-	86,769	-
Net change in fund balance	\$ -	102,398	\$ 102,398	(60,753)
Fund balances - beginning		(86,678)		(25,925)
Fund balance - ending		\$ 15,720		\$ (86,678)

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

Washington County, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 7,182,538	\$ 6,893,232	\$ 289,306
2014-2015	419,297	132,077	313,289	238,085
2013-2014	247,286	595	123,919	123,962
2012-2013	169,587	923	76,076	94,434
2011-2012	117,484	983	50,791	67,676
2010-2011	70,116	715	20,098	50,733
2009-2010	52,299	312	10,060	42,551
2008-2009	37,705	344	4,713	33,336
2007-2008	37,749	273	5,072	32,950
2006-2007	34,353	570	4,224	30,699
2005-2006	28,172	-	28,172	-
	<u>\$ 1,214,048</u>	<u>\$ 7,319,330</u>	<u>\$ 7,529,646</u>	<u>1,003,732</u>
				<u>(148,259)</u>
				<u>\$ 855,473</u>
<u>Reconciliation with revenues:</u>				
				\$ 7,551,559
Ad valorem taxes - General Fund				(154,022)
Penalties and interest				(5,838)
Interest NC Tax and Tags				25,796
Fees NC Tax and Tags				(3,331)
Recoveries				71,643
Refunds				43,839
Taxes written off				<u>43,839</u>
				<u>\$ 7,529,646</u>
Total collections and credits				<u>\$ 7,529,646</u>



Washington County, North Carolina  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
For the Year Ended June 30, 2016

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property taxed at current	\$ 846,742,381	0.79	\$ 6,688,398	\$ 5,941,237	\$ 747,161
Penalties	-		8,406	8,406	-
Discoveries	62,040,635		490,121	490,121	-
Abatements	(549,627)		(4,387)	(4,387)	-
Total property valuation	<u>\$ 908,233,389</u>				
Net levy			\$ 7,182,538	\$ 6,435,377	\$ 747,161
Uncollected taxes at June 30, 2016			289,306	289,306	-
Current year's tax collected			<u>\$ 6,893,232</u>	<u>\$ 6,146,071</u>	<u>\$ 747,161</u>
Current levy collection percentage			<u>95.97%</u>	<u>95.50%</u>	<u>100.00%</u>

Washington County, North Carolina  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
For the Year Ended June 30, 2016

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**Secondary Market Disclosures:**

Assessed Valuation:		
Assessment Ratio 1		100%
Real Property	\$	684,060,774
Motor Vehicles		94,687,231
Personal Property		70,129,568
Public Service Companies 2		<u>59,355,816</u>
Total Assessed Valuation	\$	908,233,389
Tax Rate per \$100	\$	0.79
Net Levy (includes discoveries, releases and abatements) 3	<u>\$</u>	<u>7,182,538</u>

- 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 Nine Fiscal Years**  
**(accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	\$ 10,897,979
Restricted	-	-	-	2,579,956	2,140,280	2,115,541	1,490,118	1,509,739	3,528,676
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	289,560
Total governmental activities net position	<u>\$ 10,254,446</u>	<u>\$ 10,488,915</u>	<u>\$ 13,243,196</u>	<u>\$ 14,035,516</u>	<u>\$ 14,169,489</u>	<u>\$ 15,388,639</u>	<u>\$ 15,620,776</u>	<u>\$ 16,103,858</u>	<u>\$ 14,716,215</u>
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	\$ 2,772,258
Restricted	-	-	-	-	-	-	-	-	-
Unassigned	1,745,558	1,392,900	1,209,370	1,199,799	1,323,981	1,283,056	623,919	341,232	(409,064)
Total business-type activities net position	<u>\$ 4,701,089</u>	<u>\$ 4,781,184</u>	<u>\$ 4,455,337</u>	<u>\$ 4,294,514</u>	<u>\$ 4,273,004</u>	<u>\$ 4,092,634</u>	<u>\$ 4,029,596</u>	<u>\$ 3,135,651</u>	<u>\$ 2,363,194</u>
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	\$ 13,670,237
Restricted	-	-	-	2,579,956	2,140,280	2,115,541	1,490,118	1,509,739	3,528,676
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	(119,504)
Total primary government net position	<u>\$ 14,955,535</u>	<u>\$ 15,270,099</u>	<u>\$ 17,698,533</u>	<u>\$ 18,330,030</u>	<u>\$ 18,442,493</u>	<u>\$ 19,481,273</u>	<u>\$ 19,650,372</u>	<u>\$ 19,239,509</u>	<u>\$ 17,079,409</u>

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>									
Governmental activities:									
General government	\$ 1,806,270	\$ 1,950,393	\$ 1,988,696	\$ 2,026,071	\$ 2,106,105	\$ 2,243,707	\$ 2,435,103	\$ 2,401,998	\$ 2,662,745
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	3,438,145
Economic & physical development	823,481	860,774	762,024	506,253	547,287	913,876	637,821	761,649	667,906
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	6,666,276
Culture & recreation	337,650	304,343	285,577	296,577	287,368	301,244	303,999	295,016	334,939
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	2,160,827
Interest on long-term debt	70,119	55,019	45,307	28,383	34,657	33,899	30,342	27,926	22,115
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	15,952,953
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	2,083,877
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	998,771
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	3,082,648
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	19,035,601
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	199,988	161,584	95,656	147,564	173,429	136,711	176,593	141,943	111,188
Public Safety	979,799	522,715	553,977	313,233	356,735	366,389	293,001	536,146	491,571
Human Services	517,770	684,147	760,438	676,619	1,181,603	2,142,720	1,534,753	1,586,566	1,322,130
Other activities	14,514	13,969	70,525	50,443	92,986	123,829	193,710	104,050	153,665
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	4,053,780
Capital grants and contributions	691,051	782,019	1,822,980	2,221,283	607,530	1,121,610	538,658	625,759	668,636
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	6,800,970
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	1,055,601
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	1,415,482
Operating grants and contributions	-	-	-	-	-	-	-	28,785	98,971
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	2,570,054
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	\$ 9,371,024

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
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)	\$ (9,151,983)
Business -type activities	247,187	267,125	(142,615)	41,625	201,557	64,469	166,920	21,974	(512,594)
Total primary government net expense	(9,201,283)	(8,635,480)	(7,674,246)	(7,583,512)	(8,517,038)	(7,679,566)	(9,357,270)	(8,763,403)	(9,664,577)
<b>General Revenues and Other Changes in Net Position</b>									
Governmental activities:									
Taxes									
Property taxes	6,152,716	6,075,661	6,274,048	6,324,595	6,421,241	6,511,255	7,268,699	7,223,836	7,350,946
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	1,935,100
Other taxes and licenses	568,433	37,832	132,456	147,279	323,984	293,785	309,692	188,057	206,265
Unassigned grants and contributions	-	-	-	-	-	-	-	83,564	89,775
Investment earnings	248,147	99,105	45,667	18,871	20,458	7,095	3,893	1,289	7,831
Miscellaneous	88,436	103,042	68,258	45,527	154,665	190,394	220,256	98,319	98,611
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	260,000
Total government activities	10,337,403	9,137,074	10,285,912	8,417,457	8,852,568	8,963,185	9,814,730	9,843,975	9,948,528
Business-type activities:									
Investment earnings	52,426	21,185	1,538	964	174	161	42	20	137
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)	(260,000)
Total business-type activities	(132,389)	(187,030)	(183,232)	(202,448)	(223,067)	(244,839)	(229,958)	(314,603)	(259,863)
Total Primary government	10,205,014	8,950,044	10,102,680	8,215,009	8,629,501	8,718,346	9,584,772	9,529,372	9,688,665
<b>Change in Net Position</b>									
Governmental activities	888,933	234,469	2,754,281	792,320	133,973	1,219,150	290,540	1,058,598	796,545
Business-type activities	114,798	80,095	(325,847)	(160,823)	(21,510)	(180,370)	(63,038)	(292,629)	(772,457)
Total primary government	\$ 1,003,731	\$ 314,564	\$ 2,428,434	\$ 631,497	\$ 112,463	\$ 1,038,780	\$ 227,502	\$ 765,969	\$ 24,088

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$1,538,257	\$ 1,714,937	\$ 1,539,772	\$ 1,539,427	\$ 1,869,229	\$ 2,074,130	1,650,929	1,179,203	3,899,014	2,215,528
Committed	-	-	-	-	52,598	39,221	44,722	11,820	110,893	144,200
Assigned	-	-	-	-	72,498	50,820	-	-	-	518,106
Unassigned	4,303,616	4,458,651	4,457,703	2,980,935	1,450,659	814,303	3,435,617	4,751,766	3,095,549	2,084,837
Total General Fund	<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>	<u>\$ 4,962,671</u>
All other governmental Funds										
Restricted	\$ 349,240	\$ 106,789	\$ 48,974	\$ 28,578	\$ 710,727	\$ 66,150	\$ 130,718	\$ 310,915	\$ 694,738	\$ 1,313,148
Committed	-	-	-	-	-	-	333,894	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	34,457
Unassigned reported in										
Capital projects funds	-	-	-	769,198	(198,513)	-	-	(2,449)	(26,818)	(3,792)
Special revenue funds	427,067	429,109	697,638	678,703	145,084	492,384	(1,026,393)	(1,851,050)	(2,700,299)	(52,801)
Total all other Governmental Funds	<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>	<u>\$ 1,291,012</u>
Total - All Governmental Funds	<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>	<u>\$ 6,253,683</u>

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

	<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>	<u>2016</u>
<b>Revenues</b>										
Ad valorem Taxes	\$ 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	\$ 7,551,559
Local Option sales taxes	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	1,935,100
Other taxes & licenses	188,662	253,335	176,815	102,536	453,775	323,984	293,785	309,692	188,057	206,265
Unrestricted Intergovernmental		39,242	37,832	11,979	36,577	36,655	33,733	49,057	83,564	89,775
Restricted Governmental	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	4,722,416
Permits & fees	230,557	326,784	183,699	189,840	214,090	213,070	218,720	231,129	245,672	184,664
Sales & services	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	1,893,890
Investment earnings	175,312	248,147	98,106	46,173	18,871	20,458	7,095	3,893	1,289	7,831
Miscellaneous	85,959	88,436	81,398	81,860	20,602	78,349	111,900	62,593	92,656	98,611
<b>Total revenues</b>	<b>14,206,450</b>	<b>15,723,043</b>	<b>15,003,728</b>	<b>15,460,962</b>	<b>15,298,187</b>	<b>14,589,157</b>	<b>16,252,147</b>	<b>15,861,999</b>	<b>16,482,639</b>	<b>16,690,111</b>
<b>Expenditures</b>										
General government	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	2,308,618
Public safety	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	3,334,498
Economic & physical development	906,456	1,086,650	857,794	1,318,196	2,274,405	1,142,873	1,066,723	1,022,394	569,969	624,495
Human Services	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	6,485,637
Culture & recreation	282,276	349,889	302,313	280,650	291,670	280,998	293,197	335,110	306,792	319,480
Education	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	2,160,827
Debt Service- Principal	585,849	501,479	479,587	825,451	249,154	177,398	108,961	213,293	161,750	165,356
Interest	84,526	58,793	43,693	33,981	17,058	34,657	33,899	30,342	27,926	22,115
Capital outlay	-	-	-	-	-	-	-	-	413,703	348,479
<b>Total expenditures</b>	<b>14,388,599</b>	<b>16,177,499</b>	<b>15,419,469</b>	<b>16,453,020</b>	<b>18,139,330</b>	<b>15,398,658</b>	<b>15,498,507</b>	<b>16,503,221</b>	<b>16,080,731</b>	<b>15,769,505</b>
Excess of revenues over (under) expenditures	(182,149)	(454,456)	(415,741)	(992,058)	(2,841,143)	(809,501)	753,640	(641,222)	401,908	920,606
<b>Other financing sources (uses)</b>										
Transfers in	240,534	788,984	340,275	326,975	506,218	295,355	317,114	344,356	332,114	2,733,125
Transfer out	(94,320)	(604,169)	(117,960)	(140,525)	(302,806)	(72,114)	(72,114)	(114,355)	(72,114)	(2,473,125)
Debt proceeds (Installment purchase)	-	-	-	-	693,243	-	91,492	234,640	-	-
Insurance proceeds	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	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,887,405</b>	<b>545,762</b>	<b>450,342</b>	<b>244,813</b>	<b>946,610</b>	<b>244,227</b>	<b>337,242</b>	<b>471,940</b>	<b>270,965</b>	<b>260,000</b>
<b>Net change in fund balances</b>	<b>\$ 2,705,256</b>	<b>\$ 91,306</b>	<b>\$ 34,601</b>	<b>\$ (747,245)</b>	<b>\$(1,894,533)</b>	<b>\$ (565,274)</b>	<b>\$ 1,090,882</b>	<b>\$ (169,282)</b>	<b>\$ 672,873</b>	<b>\$ 1,180,606</b>
 Debt service as a percentage of total expenditures	4.66%	3.46%	3.39%	5.22%	1.47%	1.38%	0.92%	1.48%	1.18%	1.19%



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

<b>Fiscal Year Ended June-30</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Gross Receipts Rental Vehicles</b>	<b>Room Occupancy Tax</b>	<b>Cable TV Franchise</b>	<b>Totals</b>
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
2016	7,350,946	1,935,100	648	133,246	14,428	9,434,368

\* 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)

	REAL PROPERTY	PERSONAL PROPERTY	PUBLIC SERVICE COMPANIES PROPERTY <sup>1</sup>	DEDUCT EXEMPT PROPERTY and DEFERRED BECAUSE OF USE PROPERTY	TOTAL ASSESSSED VALUE	Total Direct Tax Rate
Fiscal Year Ended June 30	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Assessed Value	
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
2016	836,456	164,816	59,356	(152,395)	908,233	0.790

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

**Washington County, North Carolina**  
**Principal Property Taxpayers**  
**June 30, 2016**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Assessed Value</u>	<u>Tax Levy</u>	<u>Percentage of Assessed Valuation</u>
Dominion NC Power	Utility	\$ 39,128,802	\$ 309,118	4.31%
Weyerhaeuser Company	Lumber, plywood, and wood	10,156,000	80,232	1.12%
Barnes, Edsel Grayson, Jr., ET UX JCT, LLC	Logging	6,432,390	50,816	0.71%
CAH Acquisition Company #1	Swine, agriculture	6,083,704	48,061	0.67%
Porter, James F. Jr. & Melina Q. Alexander III, Alvah	Hospital	4,624,341	36,532	0.51%
Mackeys Ferry Sawmill, Inc.	Real Estate, commercial	4,551,880	35,960	0.50%
Creswell Alligood Solar, Inc.	Agriculture	4,387,386	34,660	0.48%
Plymouth Solar, LLC	Lumber products	4,237,206	33,474	0.47%
Waterside Acquisition Partners	Energy	4,189,534	33,097	0.46%
Newland Family Farms, LLC	Energy	3,891,447	30,742	0.43%
Carolina Telephone	Real Estate, commercial	3,842,480	30,356	0.42%
Albemarle Beach Farms, Inc.	Agriculture	3,543,080	27,990	0.39%
Kanban Industries, Inc.	Utility	3,431,006	27,105	0.38%
Plymouth Hospitality, LLC	Agriculture	3,412,106	26,956	0.38%
Respass, H. L., Jr., ET UX	Commercial storage/shipping	3,411,100	26,948	0.38%
Kendricks Creek Properties & DOMTAR Paper Company, LLC	Motel	3,326,999	26,283	0.37%
Norfolk Southern	Agriculture	3,179,364	25,117	0.35%
The Carroliton of Plymouth	Real Estate	3,100,726	24,496	0.34%
Piedmont Natural Gas	Pulp and paper	3,070,359	24,256	0.34%
Daniel G. Kamin: Plymouth Landing	Railroad	3,046,838	24,070	0.34%
	Energy	2,986,700	23,595	0.33%
	Real Estate, commercial	2,938,721	23,216	0.32%
		2,515,700	19,874	0.28%
<b>Totals</b>		<b>\$ 129,487,869</b>	<b>\$ 1,022,954</b>	<b>14.26%</b>
<b>Total Assessed Valuation</b>		<b>\$ 908,233,389</b>		

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		
2007	2006	\$ 6,100,068	\$ 5,579,073	91.46%	\$ 490,296	\$ 6,069,369	99.50%	\$ 30,699	0.50%
2008	2007	6,030,783	5,526,578	91.64%	471,255	5,997,833	99.45%	32,950	0.55%
2009	2008	6,180,783	5,753,272	93.08%	394,175	6,147,447	99.46%	33,336	0.54%
2010	2009	6,130,086	5,638,587	91.98%	448,948	6,087,535	99.31%	42,551	0.69%
2011	2010	6,206,829	5,700,097	91.84%	455,999	6,156,096	99.18%	50,733	0.82%
2012	2011	6,274,268	5,721,808	91.19%	484,784	6,206,592	98.92%	67,676	1.08%
2013	2012	6,384,291	5,797,054	90.80%	492,803	6,289,857	98.52%	94,434	1.48%
2014	2013	7,165,939	6,624,047	92.44%	417,930	7,041,977	98.27%	123,962	1.73%
2015	2014	7,018,235	6,598,938	94.03%	181,212	6,780,150	96.61%	238,085	3.39%
2016	2015	7,182,538	6,893,232	95.97%	-	6,893,232	95.97%	289,306	4.03%

**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 <sup>1</sup>	Assessed Value <sup>2</sup>	Gross Debt <sup>3</sup>	Debt Payable from Enterprise Revenues	Less Capital Leases and Installment Purchase Obligations	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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	0.09%	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	794,102	6,074,938	5,113,328	961,610	-	0.00%	-
2012	13,004	807,283	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%	-
2016	12,679	908,233	5,326,040	4,865,055	460,985	-	0.00%	-

<sup>1</sup>U.S. Census Bureau, Office of State Budget and Management

<sup>2</sup>From Schedule 6

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

\*Amounts expressed in thousands

**Washington County, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**

<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			\$ 460,985
Total direct and overlapping debt			\$ 460,985

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 72,658,671
Total net debt applicable to limit	2,265,665	1,851,835	1,299,877	517,521	961,610	784,212	766,743	788,090	626,341	460,985
Legal debt margin	\$ 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	\$ 72,197,686
Total net debt applicable to the limit as a percentage of debt limit	3.67%	3.04%	2.08%	0.83%	1.53%	1.23%	1.19%	1.09%	0.88%	0.63%
Assessed value of taxable property										\$908,233,389
Debt limit - 8 percent of assessed value										72,658,671
Gross Debt:										
Outstanding bonded debt:										
General governmental bonds										-
Water Revenue Bonds										4,361,191
NC Department Environment and Natural Resources										503,864
Other:										
Capital leases, installment purchase obligations										460,985
Total Gross Debt										<u>5,326,040</u>
Statutory Deductions:										
Debt included in gross debt incurred or authorized for water										<u>(4,865,055)</u>
Net Debt-Total amount of debt applicable To debt limit										<u>460,985</u>
<b>Legal debt margin</b>										<u><u>\$ 72,197,686</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 <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Installment Purchase	Capital Leases	Revenue Bonds	Note Payable			
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
2016	-	460,985	-	4,361,191	503,864	5,326,040	1.31%	420

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	
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%
2016	1,415,482	822,164	593,318	206,119	176,607	382,726	155%

\* Operating expenses do not include depreciation

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

Fiscal Year Ended June 30	Population <sup>1</sup>	Personal Income <sup>4</sup>	Per Capita Income <sup>4</sup>	Final School Enrollment <sup>3</sup>	Unemployment Rate <sup>2</sup>	Residential/Commercial Number of Units	Construction Value
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	12.0%	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
2016	12,679	405,667,000	32,755	1,622	7.2%	332	5,519,216

## Data Sources:

<sup>1</sup>U.S. Census Bureau, Office of State Budget and Management<sup>2</sup>NC Employment Security Commission<sup>3</sup>Washington County Board of Education<sup>4</sup>Bureau of Economic Analysis, US Department of Commerce, Figures are for prior calendar year

N/A - Not Available

**Washington County, North Carolina**  
**Principal Employers**  
**June 30, 2016**

<u>Employer</u>	<u>Full-time Equivalent Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Domtar Company	474	1	10.19%
Washington County Schools	248	2	5.33%
Washington County Government	200	3	4.30%
Weyerhaeuser Company	187	4	4.02%
Principle Long Term Care	150	5	3.22%
Home Life Care, Inc.	92	6	1.98%
Washington County Hospital	80	7	1.72%
MTW Health Department	65	8	1.40%
Mackey's Ferry Sawmill	63	9	1.35%
Town of Plymouth	42	10	0.90%
 Total	 <u>1,601</u>		 <u>34.41%</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	4,653
Total unemployed	363
Total labor force	5,016
Unemployment rate	7.2%

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

<b>Function /Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General government	30	27	27	26	34	34	29	32	32	32
Public safety	45	46	46	45	56	56	80	82	86	86
Human Services	78	78	83	85	61	61	59	59	72	72
Economic and physical development	2	2	2	2	-	-	-	-	-	-
Cultural and recreation	1	2	2	2	2	2	2	2	2	2
Water/Sanitation (Business activity)	<u>10</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>8</u>	<u>8</u>	<u>8</u>
<b>Total</b>	166	166	171	171	163	163	180	183	200	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 Water Users**  
**June 30, 2016**

**Major Retail Users**

<b>Rank</b>	<b>Name</b>	<b>Annual Water Sales (MG)</b>	<b>Revenues</b>	<b>Percentage</b>
1	<b>Pines Elementary</b>	2,017	\$ 27,971	1.98%
2	<b>Wilcohes, LLC</b>	806	\$ 10,718	0.76%
3	<b>Wendy's Restaurant</b>	621	\$ 8,457	0.60%
4	<b>Albemarle Beach Farm</b>	415	\$ 6,929	0.49%
5	<b>Wash. Co. Resources Ctr.</b>	392	\$ 5,972	0.42%
6	<b>Ready Mix Concrete</b>	284	\$ 4,638	0.33%
7	<b>NCDOT Rest Area-Highway 64</b>	284	\$ 4,588	0.32%
8	<b>NCDOT-Highway 94 North</b>	182	\$ 4,458	0.32%
9	<b>NC Dept. of Public Safety</b>	144	\$ 3,591	0.25%
10	<b>NCDA &amp; CS</b>	22	\$ 1,266	0.09%
	<b>Total</b>	5,167	<b>\$ 78,588</b>	<b>5.57%</b>
	<b>Total Water Sales</b>		<b>\$ 1,411,892</b>	<b>100.00%</b>

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

<b>Fiscal Year</b>	<b>Number of Customers</b>	<b>Average Daily Demand (MGD)</b>	<b>Peak Daily Demand (MGD)</b>	<b>Maximum Capacity (MGD)</b>
2016	2,561	412,000	586,000	750,000
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

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

Function / Program	Fiscal Year							
	2009	2010	2011	2012	2013	2014	2015	2016
<b>Public Safety</b>								
# of Stations	2	2	2	2	2	2	3	3
# of Patrol Units	34	36	37	25	25	25	23	30
<b>Transportation</b>								
Standard Vans	1	1	1	1	1	1	2	2
Conversion Vans	5	5	3	3	4	4	-	-
Lift Vans Buses	2	2	2	2	3	3	5	5
Minivans	1	1	1	2	2	2	1	1
# of Standard Vehicles	5	5	7	5	1	1	6	4
EMS - Ambulances	5	5	7	7	7	8	8	7
<b>Water (Business Activity)</b>								
Miles of Distribution Line	130	130	130	130	130	140	140	140
Tank Storage Capacity	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
# of Utility Vehicles	7	7	7	8	6	6	8	8
<b>Facility Services</b>								
# of Maintenance Units	5	5	6	6	5	5	6	6
<b>Emergency Management</b>								
# of Vehicles	2	2	2	2	1	1	2	2
<b>Cultural / Recreation</b>								
# of Vehicles	1	1	1	1	1	1	1	2
# of Buses	1	1	1	2	2	2	2	2
<b>Landfill</b>								
# of Vehicles	1	1	1	1	2	2	2	2
<b>County Manager</b>								
# of Vehicles	1	1	1	1	1	1	1	1

N/A - Data Not Available

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

Function / Program	Fiscal Year							
	2009	2010	2011	2012	2013	2014	2015	2016
<b>Inspections Department</b>								
Building permits issued	255	307	390	207	157	391	368	332
<b>Sheriff</b>								
Arrests	356	320	276	541	460	219	418	537
Property Crime (Breaking/Entering)	214	303	290	255	186	1,745	89	452
<b>Emergency Medical Services</b>								
Calls	1,976	2,014	3,820	2,530	2,497	2,068	3,286	2,367
<b>Solid Waste Disposal - County Landfill</b>								
Construction & Demolition (tons)	1,055	417	751	1,675	593	778	793	1,012
Land Clearing - Inert Debris (tons)	-	1,223	1,402	4,279	1,317	1,578	1,501	1,410
Recycle White Goods (tons)	59	51	169	157	21	45	40	60
C&D & LCID - contractors portion (tons)	695	427	652	4,172	444	702	408	469
<b>Department of Social Services</b>								
Adult Assisted Living Facility cases	61	61	60	59	51	54	50	60
Family and Children's Medicaid (active cases)	2,061	2,079	1,574	2,086	2,239	1,360	1,460	1,679
Food and Nutrition Services Program	2,874	3,116	1,580	1,829	1,800	1,827	1,799	1,691
Children in Foster Care	15	7	6	10	10	8	13	8
Community Alternatives Program	77	53	55	55	53	55	57	56
Child Support caseload	1,449	1,442	1,436	1,394	1,394	1,347	1,319	1,295
Disability Medicaid cases	N/A	684	670	676	689	666	678	751
Adult Medicaid cases	N/A	387	385	373	364	356	425	1,806
<b>Library</b>								
Library Items Circulated	43,512	40,358	48,542	47,080	46,122	42,625	47,488	22,282
Number of Library Visits	52,075	59,589	60,097	61,484	64,635	59,069	71,729	62,161

N/A - Data Not Available





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

To the Board of County Commissioners  
Washington County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Washington County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises Washington County's basic financial statements, and have issued our report thereon dated December 22, 2016. The financial statements of Washington County ABC Board and Washington County Travel and Tourism Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to a material weakness. [2016-1]

A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. [2016-2]

#### Compliance and Other Matters

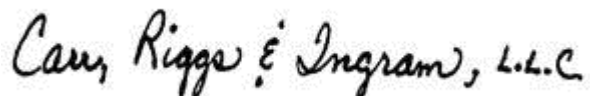
As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2016-1].

#### County's Response to Findings

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

#### Purpose of this Report

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

Handwritten signature in cursive script that reads "Cary Riggs & Ingram, L.L.C."

Goldsboro, North Carolina  
December 22, 2016



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**Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act**

To the Board of County Commissioners  
Washington County, North Carolina

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

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

## Report on Internal Control Over Compliance

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

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

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

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

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

Goldsboro, North Carolina  
December 22, 2016

Washington County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2016

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes      X   no

Identification of major federal programs:

CFDA Numbers	Program Name
93.778	Title XIX – Medicaid

Washington County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2016

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

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

\$ 621,368

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes     X  no

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**Section II. Financial Statement Findings**

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Material Weaknesses

*2016-1 Unauthorized Bank Account*

Criteria: North Carolina General Statute 159-31 requires that all deposits be made in board-designed official depositories and also that public funds be secured or collateralized by securities held by the government or its' agent in the name of the government.

Condition: The Finance Officer of Washington County also serves as Finance Officer of The Washington County Travel and Tourism Authority. The Chairman of the Board of Directors of the Authority deposited funds from donations and sponsorships for its annual Bear Festival in an account under the name and federal identification number of a business owned by one of its Board Members.

Effect: The funds were not deposited in an official board designated depository and were not properly collateralized as required by state statute. The funds were temporarily held in the name of a private business rather than in the name of the Washington County Travel and Tourism Authority or Washington County.

Cause: The Chairman of the Board of Directors acted without the approval of the Board of Directors of the Authority or the County Commissioners in opening this bank account.

Recommendation: All funds should be received and deposited to the proper bank account by the Washington County Finance Office, which provides bookkeeping services for the Travel and Tourism Authority. The unauthorized bank account should be closed. County and Authority funds should only be deposited in bank accounts approved by the Washington County Board of Commissioners.

Views of responsible officials: The County and the Authority agree with this finding. The funds were used only to pay expenses of the festival. As of June 30, 2016, this account has been closed, and all remaining funds were transferred to the Washington County Finance Department to pay for festival expenses

Washington County, North Carolina  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2016

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Significant Deficiencies

*2016–2 Cash Receipts – Recreation Department*

Criteria: Cash receipts should be reconciled and deposited daily to the County's bank account.

Condition: The Recreation Department receives fees for participation in various sporting and recreational activities from local citizens and also for insurance coverage for such participation. Although immaterial in amount, these funds were not turned into the Finance Department and deposited on a daily basis along with other cash receipts. Also, the Recreation Department used several receipts books with numerous receipts voided for various reasons. The County did not maintain control over the receipt books or reconcile receipts to amount deposited to the County's bank account. The recreation department also allowed children to participate in sports with only partial payment of the required fees.

Effect: The possibility exists that not all recreation cash receipts were properly accounted for and that receipts could be voided in error and funds misappropriated.

Cause: The Recreation Department has only one employee, so there is a lack of segregation of duties and supervision over cash receipts. Also, the department should have only one, not multiple receipts books, at a time so that the sequential number of receipts can be easily verified.

Recommendation: The County should collect recreation receipts at the Finance or Tax Office rather than at the recreation department. The recreation director has many other duties and is often unavailable during normal business hours. Collecting recreation funds at the County's central office not only provides the opportunity for greater control, supervision and segregation of duties, but would also be more convenient for citizens as the central office is open each day during normal business hours. Receipt books should be kept in a locked cabinet, office or safe, and only one receipt book used at a time. Also any voided receipts should be approved and initialed by another employee or supervisor.

Views of responsible officials: The County agrees with this finding. Effective in fiscal year 2017, fees for insurance and participation in recreation department activities will be collected at the County's central office by either the Finance, Water or Tax Departments.

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

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None reported.

Washington County, North Carolina  
**CORRECTIVE ACTION PLAN**  
For the Year Ended June 30, 2016

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**Section II. Financial Statement Findings**

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Material Weaknesses

*2016-1 Unauthorized Bank Account*

Name of contact person: Missy Dixon – Finance Officer

Corrective Action: The unauthorized bank account has been closed as of June 30, 2016. All remaining funds were transferred to the Finance Department and deposited in the County's bank account for the benefit of the Travel and Tourism Authority. All funds were used to pay expenses of the Travel and Tourism Authority's annual Bear Festival. The County Finance Officer will also serve will serve as Finance Officer of the Travel and Tourism Authority. All funds received by the Authority will be turned in directly to the County's Finance Department. The County will deposit and disburse all funds received from the Authority in accordance with the Authority's annual budget and provide monthly reports to the Authority's Board of Directors on funds received and disbursed by the County on behalf of the Authority.

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

Significant Deficiencies

*2016-2 Cash Receipts – Recreation Department*

Name of contact person: Missy Dixon – Finance Officer

Corrective Action: All cash receipts for participation in recreational activities will be collected at the Washington County central office rather than the recreation department. The Finance Department will provide a report of cash receipts and registered participants for sporting and recreational activities to the Recreation Director. Receipts books will be kept in a locked file cabinet. Cash receipts books will be reconciled to the daily deposit and general ledger revenue accounts. Any void receipt will require the approval of an employee's supervisor and the voided receipt must be signed or initialed and the reason for voiding the receipt must be documented.

Proposed Completion Date: October 31, 2016.



Washington County, North Carolina  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended June 30, 2016

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**Section II. Financial Statement Findings**

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*2015-1 Unbalanced general ledger*

Status: This item has been corrected.

*2015-2 Unbalanced budget amendments*

Status: This item has been corrected.

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
<b>Federal Awards:</b>						
<b>U.S. Department of Agriculture</b>						
<u>Food and Nutrition Program:</u>						
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561		\$ 262,110	\$ -	\$ 262,110	\$ 524,220
Division of Public Health:						
Special Supplemental Nutrition Program for Women, Infants and Children - Direct Benefit Payments	10.557		287,357	-	-	287,357
Total U.S. Department of Agriculture			549,467	-	262,110	811,577
<b>U.S. Department of Housing and Urban Development</b>						
Passed-through N.C. Department of Commerce:						
Community Development Block Grant - States Program						
2012 Catalyst Washington Library Renovations	14.228	12-C-2473	206,334	-	(10,174)	196,160
Passed-through N.C. Housing Finance Agency						
Community Development Block Grant - States Program						
Urgent Repair Program	14.228		47,287	-	-	47,287
Home Investment Partnership Program						
2014 Single Family Rehabilitation Loan Pool	14.239		105,970	-	-	105,970
Total U.S. Department of Housing and Urban Development			359,591	-	(10,174)	349,417

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
<b>U.S. Department of Transportation</b>						
Passed-through N.C. Department of Transportation:						
Formula Grants for Rural Areas - Community Transportation Service	20.509	36233.107	\$ 211,289	\$ 18,999	\$ 7,456	\$ 237,744
Airport Improvement Program - State / Federal Block Grant	20.106	36237.40.11.1	84,058	-	9,340	93,398
Total U.S. Department of Transportation			295,347	18,999	16,796	331,142
<b>U.S. Department of Health &amp; Human Services</b>						
Division of Aging and Adult Services:						
Social Services Block Grant (SSBG) In Home Services	93.667		2,589	-	370	2,959
Social Services Block Grant (SSBG) In Home Services over 60	93.667		4,296	-	614	4,910
Total Social Service Block Grant (SSBG) - In Home Services			6,885	-	984	7,869
Division of Social Services:						
<u>Temporary Assistance for Needy Families Cluster</u>						
Temporary Assistance for Needy Families (TANF) / Wok First Admin	93.558		97,987	-	26,317	124,304
Temporary Assistance for Needy Families (TANF) / Wok First Service	93.558		239,560	-	110,279	349,839
TANF / Work First - Direct Benefits Payments	93.558		129,508	-	-	129,508
Total TANF Cluster			467,055	-	136,596	603,651
<u>Foster Care and Adoption Cluster (Note 3)</u>						
Title IV-E Foster Care - Administration	93.658		61,487		61,487	122,974
Title IV-E Child Protection Services	93.658		15,018	7,821	4,802	27,641
Foster Care Title IV-E - Direct Benefit Payment	93.658		29,004	7,418	7,419	43,841
Title IV-E Admin County Paid To	93.658		12,146	6,073	6,073	24,292
Adoption Assistance - Administration	93.659		2,038	-	2,038	4,076
Adoption Assistance - Direct Benefit Payments	93.659		144,598	36,941	36,941	218,480
Total Foster Care and Adoption Cluster (Note 3)			264,291	58,253	118,760	441,304

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Child Support Enforcement IV-D Administration	93.563		\$ 323,593	\$ -	\$ 166,699	\$ 490,292
Family Preservation	93.556		1,039	-		1,039
Refugee and Entrant Assistance - State Administered Program	93.566		75	-	-	75
Low-Income Home Energy Assistance						
Administration	93.568		14,317	-	-	14,317
Energy Assistance Payments - Direct Benefit Payments	93.568		81,541	-	-	81,541
Crisis Intervention Payments	93.568		81,041	-	-	81,041
Total Low-Income Home Energy Assistance			176,899	-	-	176,899
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645		4,892	-	1,631	6,523
SSBG - Other Services and Training	93.667		91,808	9,866	33,891	135,565
Links	93.674		230	58	-	288
<u>Administration for Children and Families</u>						
Subsidized Child Care (Note 3)						
<u>Child Care Development Fund Cluster:</u>						
Division of Social Services:						
Child Care Development Fund - Administration	93.596		82,404	-		82,404
Division of Child Development:						
Child Care and Development Block Grant	93.575		280,224	-		280,224
Child Care and Development Fund - Mandatory	93.596		83,935	-		83,935
Child Care and Development Fund - Match	93.596		67,347	23,707		91,054
Total Child Care Development Fund Cluster			513,910	23,707	-	537,617

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
Temporary Assistance for Needy Families	93.558		\$ 60,715	\$ -		\$ 60,715
ARRA- Emergency Contingency Fund for						-
Foster Care Title IV-E	93.658		6,032	3,097		9,129
State Appropriations			-	33,219		33,219
TANF - MOE			-	90,336		90,336
Total Subsidized Child Care Cluster (Note 3)			580,657	150,359	-	731,016
Passed-through N.C. Department of Health and Human Services:						
Division of Medical Assistance:						
Direct Benefit Payments - Medical Assistance Program	93.778		16,848,536	9,361,618	-	26,210,154
Division of Social Services:						
Administratoin - Medical Assistance Program	93.778		460,177	-	157,881	618,058
Medical Assistance Program	93.778		4,147	-	4,147	8,294
Medical Assistance Program - Vehicle Expense	93.778		11,529	5,890	-	17,419
Medical Assistance Program - Transportaiton Administration	93.778		20,911	20,912	-	41,823
Medical Assistance Program - Transportaiton Service	93.778		46,981	24,000	-	70,981
Total Medical Assistance Program			17,392,281	9,412,420	162,028	26,966,729
Division of Medical Assistance:						
Direct Benefit Payments - State Children's Insurance Program	93.767		142,705	7,921	-	150,626
Division of Social Services:						
Administration - State Children's Insurance Program - NC Health Choice	93.767		14,744	557	96	15,397
Total State Children's Insurance Program - NC Health Choice			157,449	8,478	96	166,023
Total U.S. Department of Health and Human Services			19,467,154	9,639,434	620,685	29,727,273

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
<b>U.S. Department of Homeland Security</b>						
Passed-through N.C. Department of Public Safety						
Division of Emergency Management						
Homeland Security	97.067		\$ 373	\$ -	\$ -	\$ 373
LEPC Regional Hazard Mitigation Plan	97.039		1,799	-	-	1,799
Emergency Management	97.042		38,542	-	-	38,542
Total U.S. Department of Homeland Security			40,714	-	-	40,714
Total federal awards			20,712,273	9,658,433	889,417	31,260,123
<b>State Awards:</b>						
<u>N.C. Department of Health and Human Services</u>						
Division of Social Services:						
State/County Special Assistance:						
Domiciliary Care - Direct Benefit Payments			-	149,671	149,671	299,342
State Foster Care Benefits			-	5,583	5,583	11,166
State Child Welfare / Child Protection Services			-	15,328	-	15,328
County Funded Programs			-	-	475,412	475,412
Non-Allocating County Cost			-	-	219,822	219,822
Work First Non-Reimbursable			-	-	9,079	9,079
AFDC Incentive / Program Integrity			-	408	-	408
SFHF Maximization			-	11,646	11,646	23,292
CWS Adoption Benefits			-	5,231	1,743	6,974
Total N.C. Department of Health and Human Services			-	187,867	872,956	1,060,823

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
<u>N.C. Department Environmental Quality</u>						
Division of Waste Management:						
Electronics Management			\$ -	\$ 1,221	\$ -	\$ 1,221
Scrap Tire Program			-	17,767	-	17,767
White Goods Management Program			-	38,121	-	38,121
Total N.C. Department of Environment and Natural Resources			-	57,109	-	57,109
<u>N.C. Department of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP - Elderly and Disabled Transportation Assistance Program			-	46,636		46,636
ROAP - Rural General Public Program			-	18,319		18,319
ROAP - Work First Transitional Employment			-	3,985		3,985
Total ROAP Cluster			-	68,940	-	68,940
<u>N.C. Department of Public Administration</u>						
Veterans Service			-	1,907	-	1,907
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	257,827	-	257,827
<u>N.C. Department of Commerce</u>						
Commerce Center Project Grant - Industrial Development Fund		U-445	-	15,130	(6,613)	8,517
<u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Program			-	75,537		75,537
Total State awards			-	664,317	866,343	1,530,660
Total federal and State awards			\$ 20,712,273	\$ 10,322,750	\$ 1,755,760	\$ 32,790,783

Washington County, North Carolina  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 For the Year Ended June 30, 2016

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

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

3. Cluster of Programs

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.

4. Loans Outstanding

Washington County had the following loan balances outstanding at June 30, 2016 for loans that the grantor / pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2016 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Drinking Water State Revolving Loan	66.468	H-LRX-F-10-1675	\$503,864