

**EDGECOMBE COUNTY  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

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**EDGECOMBE COUNTY  
NORTH CAROLINA**

**LIST OF PRINCIPAL  
OFFICIALS**

**JUNE 30, 2013**

**BOARD OF COUNTY  
COMMISSIONERS**

LEONARD WIGGINS  
Chairman

JONATHAN K. FELTON  
Vice-Chairman

WILLIAM WOOTEN

EVELYN POWELL

VIOLA S. HARRIS

DONALD C. BOSWELL

E. WAYNE HINES

**COUNTY OFFICIALS**

LORENZO CARMON  
County Manager

JAMES KNIGHT  
Sheriff

CAROLYNE HEDGEPEETH  
Clerk of the Board

ART BRADLEY  
Cooperative Extension  
Director

ROBIN CARPENTER  
Register of Deeds

MINTON BEACH  
Emergency Services  
Director

MICHAEL CUMMINGS  
Solid Waste Supervisor

JAMES PRICE  
Maintenance Supervisor

MAHLON DELOATCH  
County Attorney

JOANNE J. HARRELL  
Director of Fiscal Services

KAREN LACHAPELLE  
Health Director

JERRY W. SPRUELL  
Director of Elections

LORENZO CARMON  
Interim Social Services Director

OLA PITTMAN  
Planning and Inspections  
Director

GLORIA LYNDAKER  
Tax Collector

CINDY COKER  
Tax Assessor

MICHAEL C. MATTHEWS  
Water and Sewer Director

DEBORAH COLEY  
Aging Director

LARRY FLOWERS  
Information Resources Director

STEPHEN BERNARD  
Veterans Service Officer

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# EDGECOMBE COUNTY, NORTH CAROLINA

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Edgecombe County  
Tarboro, North Carolina

### **Report On the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Edgecombe County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We 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 the Edgecombe County ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, 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 unit, each major fund, and the aggregate remaining fund information of Edgecombe County, North Carolina, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, and the other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Edgecombe County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2014 on our consideration of Edgecombe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that 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 Edgecombe County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 16, 2014

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## Management's Discussion and Analysis

As management of Edgecombe County, we offer readers of Edgecombe County's financial statements this narrative overview and analysis of the financial activities of Edgecombe County for the fiscal year ended June 30, 2013. 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.

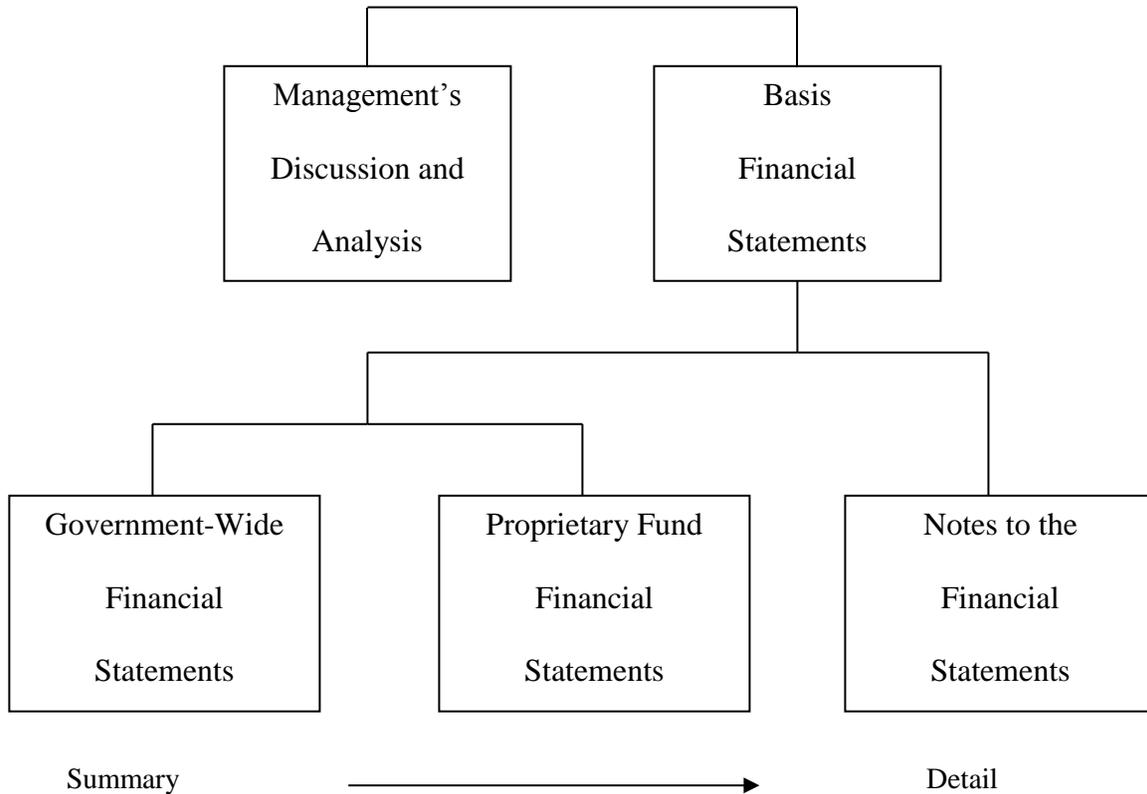
### Financial Highlights

- The assets and deferred outflows of resources of Edgecombe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$65,867,484 (*net position*).
- The government's total net position increased by \$309,500. The business-type activities decreased by \$69,138. The governmental activities had an increase of \$378,638.
- As of the close of the current fiscal year, Edgecombe County's governmental funds reported combined ending fund balances of \$14,488,451, a decrease of \$1,738,645 in comparison with the prior year. Approximately 32.5 percent of this total amount, or \$4,714,884, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,041,671, or 6.4 percent of total General Fund expenditures for the fiscal year.
- Edgecombe County's total long-term debt obligations increased by \$9,381,013. The County paid off approximately \$13 million during the year, but also incurred \$3.6 million in Bond Anticipation Notes for District 4 and \$19.255 million Limited Obligation Bonds to pay off various General Fund and Water and Sewer Districts debt in order to save a net present value of approximately \$1.4 million. \$9,780,000 of the Limited Obligation Bonds was used to purchase the General Obligation Bonds of the Water and Sewer Districts. The investment in these bonds is reported as other assets in the Statement of Net Position.
- Edgecombe County maintains bond ratings from Moody's and Standard & Poor's of A3 and A+, respectively.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Edgecombe 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 Edgecombe County.

**Required Components of Annual Financial Report**  
**Figure 1**



### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 9) are the **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, 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 and other post-employment benefits.

## **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 they have 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 unit. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Edgecombe County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County. The County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

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. Edgecombe County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Edgecombe County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## **Governmental Funds**

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

## Management Discussion and Analysis Edgecombe County, North Carolina

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

### **Proprietary Funds**

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

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Edgecombe County has one fiduciary fund, which is an agency fund.

### **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.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Edgecombe County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes to the financial statements.

Management Discussion and Analysis  
 Edgecombe County, North Carolina

**Government-Wide Financial Analysis**

**Edgecombe County's Net Position  
 Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Assets:</b>						
Current and other assets	\$ 27,123,502	\$ 27,942,868	\$ 15,559,963	\$ 5,774,718	\$ 42,683,465	\$ 33,717,586
Capital assets	39,161,132	40,192,920	46,069,945	41,909,611	85,231,077	82,102,531
Total assets	<u>66,284,634</u>	<u>68,135,788</u>	<u>61,629,908</u>	<u>47,684,329</u>	<u>127,914,542</u>	<u>115,820,117</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>272,500</u>	<u>-</u>	<u>272,500</u>	<u>-</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	25,411,937	24,059,958	31,279,678	17,480,473	56,691,615	41,540,431
Other liabilities	3,574,008	7,132,998	1,900,199	1,412,187	5,474,207	8,545,185
Total liabilities	<u>28,985,945</u>	<u>31,192,956</u>	<u>33,179,877</u>	<u>18,892,660</u>	<u>62,165,822</u>	<u>50,085,616</u>
<b>Deferred Inflows of Resources</b>	<u>153,736</u>	<u>176,517</u>	<u>-</u>	<u>-</u>	<u>153,736</u>	<u>176,517</u>
<b>Net Position:</b>						
Net investment in capital assets	16,415,933	16,492,653	28,080,692	27,277,274	44,496,625	43,769,927
Restricted	4,656,510	11,251,485	-	250,248	4,656,510	11,501,733
Unrestricted	16,072,510	9,022,177	641,839	1,264,147	16,714,349	10,286,324
Total net position	<u>\$ 37,144,953</u>	<u>\$ 36,766,315</u>	<u>\$ 28,722,531</u>	<u>\$ 28,791,669</u>	<u>\$ 65,867,484</u>	<u>\$ 65,557,984</u>

Management Discussion and Analysis  
Edgecombe County, North Carolina

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$65,867,484 as of June 30, 2013. The County's net position increased by \$309,500 for the fiscal year ended June 30, 2013. One of the largest portions (68.5%) reflects the County's net investment in capital assets (e.g. land, buildings, equipment, and water distribution systems). Edgecombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Edgecombe 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 Edgecombe County's net position (7.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,076,349 is unrestricted.

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

- Increased property tax and other tax revenues of 1.5%
- Overall decrease in expenses, including approximately \$1 million reduction in the human services expenses due to reduction in program costs in the department of social services
- Lower debt costs attributable to early pay off of installment debt through the issuance of limited obligation bonds

Management Discussion and Analysis  
Edgecombe County, North Carolina

**Edgecombe County's Changes in Net Position**  
**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 7,420,455	\$ 6,950,901	\$ 5,060,708	\$ 5,900,669	\$ 12,481,163	\$ 12,851,570
Grants and contributions:						
Operating	15,494,114	15,413,592	-	3,475	15,494,114	15,417,067
Capital	1,126,692	1,833,834	918,202	1,917,300	2,044,894	3,751,134
General Revenues:						
Property taxes	28,349,770	28,379,958	-	-	28,349,770	28,379,958
Other taxes	4,732,126	4,648,698	-	-	4,732,126	4,648,698
Grants and contributions not restricted to specific program						
	660,914	675,069	-	-	660,914	675,069
Other	130,244	23,316	7,657	1,280	137,901	24,596
Total revenues	<u>57,914,315</u>	<u>57,925,368</u>	<u>5,986,567</u>	<u>7,822,724</u>	<u>63,900,882</u>	<u>65,748,092</u>
<b>Expenses:</b>						
General Government	6,173,964	5,594,312	-	-	6,173,964	5,594,312
Public Safety	14,031,237	14,055,195	-	-	14,031,237	14,055,195
Transportation	61,619	63,511	-	-	61,619	63,511
Economic and Physical						
Development	2,134,737	1,656,741	-	-	2,134,737	1,656,741
Human Services	20,753,209	21,983,197	-	-	20,753,209	21,983,197
Culture and Recreation	604,950	608,739	-	-	604,950	608,739
Education	12,954,144	13,060,349	-	-	12,954,144	13,060,349
Interest on						
long-term debt	821,817	937,988	-	-	821,817	937,988
Landfill	-	-	2,596,011	2,406,161	2,596,011	2,406,161
Water and Sewer	-	-	3,459,694	3,236,411	3,459,694	3,236,411
Total expenses	<u>57,535,677</u>	<u>57,960,032</u>	<u>6,055,705</u>	<u>5,642,572</u>	<u>63,591,382</u>	<u>63,602,604</u>
Increase (decrease) in net position	378,638	(34,664)	(69,138)	2,180,152	309,500	2,145,488
Net position, July 1	36,766,315	38,417,884	28,791,669	27,121,266	65,557,984	65,539,150
Prior period adjustment	-	(1,616,905)	-	(509,749)	-	(2,126,654)
Net position, July 1 (restated)	36,766,315	36,800,979	28,791,669	26,611,517	65,557,984	63,412,496
Net position, June 30	<u>\$ 37,144,953</u>	<u>\$ 36,766,315</u>	<u>\$ 28,722,531</u>	<u>\$ 28,791,669</u>	<u>\$ 65,867,484</u>	<u>\$ 65,557,984</u>

### **Governmental Activities**

Governmental activities increased the County's net position by \$378,638. During the year, the County sold Limited Obligation Bonds in order to consolidate debt and to save approximately \$1.4 million over time.

### **Business-Type Activities**

Business-type activities decreased Edgecombe County's net position by \$69,138. This decrease is attributed to operating losses in the Landfill Fund when charges for services dropped as hurricane cleanup wrapped up, but operational expenses increased. The Water and Sewer Fund experienced a slight increase in operating income from increases in operating revenues.

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

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

### **Governmental Funds**

The focus of Edgecombe County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Edgecombe 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 Edgecombe County. At the end of the current fiscal year, Edgecombe County's fund balance unassigned in the General Fund was \$4,041,671, or 6.4% of General Fund expenditures. The County's fund balance available for appropriation in the General Fund is \$11,403,145, while total fund balance reached \$14,214,549. Available fund balance represents 18.1% of General Fund expenditures, while total fund balance represents 22.5% of that same amount.

At June 30, 2013, the governmental funds of Edgecombe County reported a combined fund balance of \$14,488,451, a 10.7% decrease from last year of which 3.0% was due to expenditures on the Human Services Building.

### **General Fund Budgetary Highlights**

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$2,182,108.

Budgets are educated projections of expected operations in a coming year. At the time the budget is prepared there are many unknowns. Some expenditures are determined by the number of citizens that utilize the service, which could be more or less than expected or an unforeseen need that arises during the year that was not expected during the budget process. Also revenues budgeted in certain programs depends on the expenditures eligible for reimbursement in the various programs. In these cases, the actual revenue received may be less but in turn, the expenditures are less also.

### **Proprietary Funds**

Edgecombe County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$(1,173,032) and those for the Water and Sewer Districts equaled \$1,814,871. The total change in net position for both funds was a decrease of \$494,807 in the Solid Waste Fund and an increase of \$425,669 in the Water and Sewer Districts. Other factors concerning the finances of these two funds have already been addressed in the discussion of Edgecombe County's business-type activities.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

Edgecombe County's capital assets for its governmental and business-type activities as of June 30, 2013 totals \$85,231,077 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, water distribution equipment and lines, and vehicles.

Capital asset transactions were kept to a minimum over the past year. Major capital asset transactions during the year include:

- Vehicles for various departments
- Additions to water and sewer distribution system
- Water and sewer equipment

**Edgecombe County's Capital Assets  
 (Net of depreciation)  
 Figure 4**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land	\$ 3,800,723	\$ 3,800,723	\$ 921,907	\$ 921,907	\$ 4,722,630	\$ 4,722,630
Buildings and improvements	33,644,998	26,951,080	1,608,719	1,666,068	35,253,717	28,617,148
Machinery and equipment	1,266,944	1,401,345	2,220,332	203,685	3,487,276	1,605,030
Plant and distribution systems	-	-	36,578,945	33,158,229	36,578,945	33,158,229
Vehicles and motorized equipment	448,467	613,661	1,059,857	529,961	1,508,324	1,143,622
Construction in progress	-	7,426,111	3,680,185	5,429,761	3,680,185	12,855,872
<b>Total capital assets</b>	<b>\$ 39,161,132</b>	<b>\$ 40,192,920</b>	<b>\$ 46,069,945</b>	<b>\$ 41,909,611</b>	<b>\$ 85,231,077</b>	<b>\$ 82,102,531</b>

Additional information on the County's capital assets can be found in Note III of the basic financial statements.

Management Discussion and Analysis  
Edgecombe County, North Carolina

**Long-Term Debt**

As of June 30, 2013, Edgecombe County had total bonded debt outstanding of \$19,050,000, all of which is backed by the full faith and credit of the County.

**Edgecombe County's Outstanding Debt  
Long-Term Debt Obligations  
Figure 5**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General						
obligation bonds	\$ 9,270,000	\$ 9,930,000	\$ 9,780,000	\$ 10,220,000	\$ 19,050,000	\$ 20,150,000
Limited						
obligation bonds	6,931,800	-	12,323,200	-	19,255,000	-
Bond anticipation note	-	-	3,615,000	-	3,615,000	-
Revenue bonds	-	-	638,000	1,802,000	638,000	1,802,000
Notes payable	3,004,116	3,685,449	654,640	2,540,704	3,658,756	6,226,153
Installment purchases	3,112,675	11,770,265	-	-	3,112,675	11,770,265
Total long-term debt	<u>\$ 22,318,591</u>	<u>\$ 25,385,714</u>	<u>\$ 27,010,840</u>	<u>\$ 14,562,704</u>	<u>\$ 49,329,431</u>	<u>\$ 39,948,418</u>

Edgecombe County's total long-term debt obligations increased by \$9,381,013. The County paid off approximately \$13 million during the year, but also incurred \$3.6 million in Bond Anticipation Notes for District 4 and \$19.255 million Limited Obligation Bonds to pay off various General Fund and Water and Sewer Districts debt in order to save a net present value of approximately \$1.4 million. \$9,780,000 of the Limited Obligation Bonds was used to purchase the General Obligation Bonds of the Water and Sewer Districts. The investment in these bonds is reported as other assets in the Statement of Net Position.

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 Edgecombe County is \$225,925,281. The County has \$885,000 in bonds authorized but un-issued for Water and Sewer District No. 4 at June 30, 2013.

Additional information regarding Edgecombe County's long-term debt can be found in Note III of the basic financial statements.

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

The following key economic indicators reflect the current economic climate of the County.

- Although the County's Unemployment rate is 14% the trend is down from the historical average of 16%.
- Although there have not been any major economic development announcements, we have had small growth and just as important there have been no major industry closings within the County.

### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

#### **Governmental Activities**

In the 2013-2014 Budget Ordinance, Edgecombe County maintained the County tax rate at 86 cents per \$100 value. The total budget for the General Fund was decreased from the previous year by .8% for a total General Fund budget of \$58,032,913 and a fund balance appropriation of \$5,370,870, of which \$401,075 is from restricted fund balance for school debt service, leaving a \$4,969,785 appropriation from general funds.

#### **Business-Type Activities**

The water and sewer rates in the County were increased 5.0%. With continued construction on the fourth and final district, this is an opportunity for the County to not only serve its citizens but boost economic development with the water infrastructure to support industry. Rates for solid waste tipping fees will also increase by \$1.00 per ton to \$48.50/ton. The County has completed the Landfill Gas Project that will convert gas from the landfill into electricity to be sold back to our local EMC. As in the Governmental Activities, we are looking for different ways to reduce expenditures and operate more efficiently.

#### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Fiscal Services, Edgecombe County, PO Box 10, Tarboro, North Carolina 27886. You can also call 252-641-7840, visit our website [www.edgecombecountync.gov](http://www.edgecombecountync.gov) or send an email to [jharrell@co.edgecombe.nc.us](mailto:jharrell@co.edgecombe.nc.us) for more information.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Edgecombe County ABC Board
<b>Assets:</b>				
Current Assets:				
Cash and cash equivalents	\$ 14,126,464	\$ 2,919,164	\$ 17,045,628	\$ 617,152
Receivables (net)	7,893,258	494,979	8,388,237	-
Due from other governments	3,010,773	613,729	3,624,502	-
Due from component unit	30,813	-	30,813	-
Capital lease receivable	107,217	-	107,217	-
Inventories	-	-	-	455,583
Prepaid items	58,374	-	58,374	13,459
Total current assets	<u>25,226,899</u>	<u>4,027,872</u>	<u>29,254,771</u>	<u>1,086,194</u>
Restricted Assets:				
Cash and cash equivalents	847,694	1,752,091	2,599,785	-
Total restricted assets	<u>847,694</u>	<u>1,752,091</u>	<u>2,599,785</u>	<u>-</u>
Other Assets:				
Capital lease receivable - long-term	1,048,909	-	1,048,909	-
Investment in water bonds	-	9,780,000	9,780,000	-
Total other assets	<u>1,048,909</u>	<u>9,780,000</u>	<u>10,828,909</u>	<u>-</u>
Capital Assets:				
Land, improvements, and construction in progress	3,800,723	4,602,092	8,402,815	-
Other capital assets, net of depreciation	35,360,409	41,467,853	76,828,262	735,524
Total capital assets	<u>39,161,132</u>	<u>46,069,945</u>	<u>85,231,077</u>	<u>735,524</u>
Total assets	<u>66,284,634</u>	<u>61,629,908</u>	<u>127,914,542</u>	<u>1,821,718</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>272,500</u>	<u>272,500</u>	<u>-</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Edgecombe County ABC Board
<b>Liabilities:</b>				
Current Liabilities:				
Accounts payable and accrued expenses	3,326,149	409,093	3,735,242	181,776
Due to primary government	-	-	-	30,813
Accrued interest payable	247,859	35,837	283,696	-
Long-term liabilities, current portion	3,369,846	4,538,582	7,908,428	-
Liabilities to be paid				
from restricted assets	-	1,455,269	1,455,269	-
Total current liabilities	6,943,854	6,438,781	13,382,635	212,589
Long-Term Liabilities:				
Due in more than one year	22,042,091	26,741,096	48,783,187	61,476
Total liabilities	28,985,945	33,179,877	62,165,822	274,065
<b>Deferred Inflows of Resources</b>	153,736	-	153,736	-
<b>Net Position</b>				
Net investment in capital assets	16,415,933	28,080,692	44,496,625	735,524
Restricted for:				
Stabilization by State Statute	2,935,804	-	2,935,804	-
Public Safety	106,760	-	106,760	-
Education	1,226,244	-	1,226,244	-
Capital Project	42,198	-	42,198	-
Debt Service	153,782	-	153,782	-
Economic Development	191,722	-	191,722	-
Other purposes	-	-	-	824,030
Unrestricted	16,072,510	641,839	16,714,349	(11,901)
Total Net Position	\$ 37,144,953	\$ 28,722,531	\$ 65,867,484	\$ 1,547,653

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

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**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 6,173,964	\$ 986,221	\$ 2,235,562	\$ -
Public Safety	14,031,237	2,931,772	1,360,629	-
Transportation	61,619	-	-	-
Economic and Physical Development	2,134,737	922,827	-	-
Human Services	20,753,209	2,579,635	11,897,923	-
Cultural and Recreation	604,950	-	-	-
Education	12,954,144	-	-	1,126,692
Interest on long-term debt	821,817	-	-	-
Total Governmental Activities	57,535,677	7,420,455	15,494,114	1,126,692
Business-Type Activities:				
Landfill	2,596,011	2,100,181	-	-
Water and Sewer	3,459,694	2,960,527	-	918,202
Total Business-type Activities	6,055,705	5,060,708	-	918,202
Total Primary Government	\$ 63,591,382	\$ 12,481,163	\$ 15,494,114	\$ 2,044,894
Component Unit: ABC Board	\$ 3,255,299	\$ 3,304,802	\$ -	\$ -

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Total General Revenues

Change in Net Position

Net Position - beginning - previously stated

Prior period adjustment

Net Position - beginning - restated

Net Position - ending

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental</b>	<b>Business-type</b>		<b>Edgecombe</b>
<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>County</b>
			<b>ABC Board</b>
\$ (2,952,181)	\$ -	\$ (2,952,181)	
(9,738,836)	-	(9,738,836)	
(61,619)	-	(61,619)	
(1,211,910)	-	(1,211,910)	
(6,275,651)	-	(6,275,651)	
(604,950)	-	(604,950)	
(11,827,452)	-	(11,827,452)	
(821,817)	-	(821,817)	
<u>(33,494,416)</u>	<u>-</u>	<u>(33,494,416)</u>	
-	(495,830)	(495,830)	
-	419,035	419,035	
-	<u>(76,795)</u>	<u>(76,795)</u>	
<u>(33,494,416)</u>	<u>(76,795)</u>	<u>(33,571,211)</u>	
			<u>\$ 49,503</u>
28,349,770	-	28,349,770	-
4,390,019	-	4,390,019	-
342,107	-	342,107	-
660,914	-	660,914	-
14,878	7,657	22,535	497
115,366	-	115,366	-
<u>33,873,054</u>	<u>7,657</u>	<u>33,880,711</u>	<u>497</u>
378,638	(69,138)	309,500	50,000
38,588,429	29,301,418	67,889,847	1,497,653
<u>(1,822,114)</u>	<u>(509,749)</u>	<u>(2,331,863)</u>	
<u>36,766,315</u>	<u>28,791,669</u>	<u>65,557,984</u>	<u>1,497,653</u>
<u>\$ 37,144,953</u>	<u>\$ 28,722,531</u>	<u>\$ 65,867,484</u>	<u>\$ 1,547,653</u>

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

EDGECOMBE COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Major Funds			Total Governmental Funds
	General Fund	Human Services Building Capital Project	Nonmajor Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 13,605,323	\$ 243,349	\$ 277,792	\$ 14,126,464
Receivables, net	4,292,154	-	253,552	4,545,706
Taxes receivable	5,121,846	-	200,590	5,322,436
Prepaid items	58,374	-	-	58,374
Restricted assets - cash	847,694	-	-	847,694
<b>Total assets</b>	<b>\$ 23,925,391</b>	<b>\$ 243,349</b>	<b>\$ 731,934</b>	<b>\$ 24,900,674</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,896,136	\$ 201,151	\$ 228,862	\$ 3,326,149
<b>Total liabilities</b>	<b>2,896,136</b>	<b>201,151</b>	<b>228,862</b>	<b>3,326,149</b>
<b>Deferred Inflows of Resources</b>	<b>6,814,706</b>	<b>-</b>	<b>271,368</b>	<b>7,086,074</b>
<b>Fund Balances:</b>				
<b>Non-spendable:</b>				
Prepays	58,374	-	-	58,374
<b>Restricted:</b>				
Stabilization by State Statute	2,753,030	-	182,774	2,935,804
Public Safety	-	-	106,760	106,760
Education	1,226,244	-	-	1,226,244
Capital projects	-	42,198	-	42,198
Debt service	153,782	-	-	153,782
Economic Development	-	-	191,722	191,722
<b>Committed:</b>				
Tax Revaluation	693,912	-	-	693,912
<b>Assigned:</b>				
Subsequent year's expenditures	5,287,536	-	-	5,287,536
Unassigned	4,041,671	-	(249,552)	3,792,119
<b>Total fund balances</b>	<b>14,214,549</b>	<b>42,198</b>	<b>231,704</b>	<b>14,488,451</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 23,925,391</b>	<b>\$ 243,349</b>	<b>\$ 731,934</b>	<b>\$ 24,900,674</b>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Total**  
**Governmental**  
**Funds**  

---

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance - governmental funds	\$ 14,488,451
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,161,132
Investment in long-term capital lease receivable is not available to pay current period expenditures and is deferred in the funds.	1,156,126
Other long-term assets are not available to pay current period expenditures and, therefore, are unavailable in the funds.	1,066,702
Liabilities for earned but unavailable revenues in fund statements.	6,932,338
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(25,659,796)</u>
Net position of governmental activities	<u><u>\$ 37,144,953</u></u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Human Services Building Capital Project</u>	<u>Nonmajor Governmental Funds</u>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 26,768,933	\$ -	\$ 860,170	\$ 27,629,103
Local option sales tax	3,693,126	-	696,893	4,390,019
Other taxes and licenses	75,025	-	267,082	342,107
Unrestricted intergovernmental	660,914	-	-	660,914
Restricted intergovernmental	16,620,806	-	923,953	17,544,759
Permits and fees	702,900	-	-	702,900
Sales and services	5,825,531	-	-	5,825,531
Investment earnings	14,587	291	-	14,878
Miscellaneous	115,366	-	-	115,366
Total revenues	<u>54,477,188</u>	<u>291</u>	<u>2,748,098</u>	<u>57,225,577</u>
<b>Expenditures:</b>				
Current:				
General Government	5,950,471	-	-	5,950,471
Public Safety	12,324,590	-	1,114,418	13,439,008
Transportation	61,619	-	-	61,619
Economic and				
Physical Development	1,243,713	-	887,916	2,131,629
Human Services	20,476,249	-	-	20,476,249
Cultural and Recreational	604,670	-	-	604,670
Capital outlay	-	493,712	-	493,712
Intergovernmental:				
Education	11,620,478	-	696,893	12,317,371
Debt service:				
Principal	9,998,923	-	-	9,998,923
Interest and other charges	848,978	-	-	848,978
Total expenditures	<u>63,129,691</u>	<u>493,712</u>	<u>2,699,227</u>	<u>66,322,630</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Human Services Building Capital Project</u>	<u>Nonmajor Governmental Funds</u>	
Excess of revenues over (under) expenditures	(8,652,503)	(493,421)	48,871	(9,097,053)
<b>Other Financing Sources (Uses)</b>				
Transfers from (to) other funds	337,232	-	(337,232)	-
Limited obligation bonds issued	6,931,800	-	-	6,931,800
Premium on bonds	426,608	-	-	426,608
Total other financing sources and uses	<u>7,695,640</u>	<u>-</u>	<u>(337,232)</u>	<u>7,358,408</u>
Net change in fund balances	(956,863)	(493,421)	(288,361)	(1,738,645)
<b>Fund Balances:</b>				
Beginning - previously stated	15,810,180	535,619	590,843	16,936,642
Prior period adjustment	<u>(638,768)</u>	<u>-</u>	<u>(70,778)</u>	<u>(709,546)</u>
Beginning - restated	<u>15,171,412</u>	<u>535,619</u>	<u>520,065</u>	<u>16,227,096</u>
Fund balances - ending	<u>\$ 14,214,549</u>	<u>\$ 42,198</u>	<u>\$ 231,704</u>	<u>\$ 14,488,451</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u><b>Total Governmental Funds</b></u>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
Net changes in fund balances - total governmental funds	\$ (1,738,645)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,031,788)
Collection of capital lease principal reflected as revenue	(103,245)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	791,983
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.	2,640,515
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:	
Compensated absences	(25,279)
Net pension obligations	1,151
Accrued interest	27,161
Other post-employment benefits	(183,215)
	(183,215)
Total changes in net position of governmental activities	\$ 378,638

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over/Under</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 25,897,968	\$ 25,976,618	\$ 26,768,933	\$ 792,315
Local option sales tax	3,650,000	3,650,000	3,693,126	43,126
Other taxes and licenses	58,000	70,000	75,025	5,025
Unrestricted intergovernmental	645,000	645,000	660,914	15,914
Restricted intergovernmental	15,070,092	17,255,914	16,620,806	(635,108)
Permits and fees	638,075	493,000	702,900	209,900
Sales and services	6,597,722	6,773,897	5,825,531	(948,366)
Investment earnings	-	-	14,587	14,587
Miscellaneous	250,500	125,036	115,366	(9,670)
Total revenues	<u>52,807,357</u>	<u>54,989,465</u>	<u>54,477,188</u>	<u>(512,277)</u>
<b>Expenditures</b>				
Current:				
General Government	6,805,311	7,045,716	5,950,471	1,095,245
Public Safety	10,808,485	12,873,283	12,324,590	548,693
Transportation	61,619	61,619	61,619	-
Economic and				
Physical Development	943,772	1,684,513	1,243,713	440,800
Human Services	23,065,521	23,320,812	20,476,249	2,844,563
Cultural and Recreational	604,450	604,450	604,670	(220)
Intergovernmental:				
Education	12,610,027	12,610,027	11,620,478	989,549
Debt Service:				
Principal retirement	2,762,371	23,203,192	9,998,923	13,204,269
Interest and other charges	859,062	859,062	848,978	10,084
Total Expenditures	<u>58,520,618</u>	<u>82,262,674</u>	<u>63,129,691</u>	<u>19,132,983</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2013**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over/Under</b>
Revenues Over (Under) Expenditures	(5,713,261)	(27,273,209)	(8,652,503)	18,620,706
<b>Other Financing Sources (Uses):</b>				
Transfers from (to) other funds	-	(154,000)	187,232	341,232
Limited obligation bonds issued	-	20,440,021	6,931,800	(13,508,221)
Premium on bonds	-	-	426,608	426,608
Appropriated fund balance	5,713,261	6,987,188	-	(6,987,188)
Total other financing sources (uses)	5,713,261	27,273,209	7,545,640	(19,727,569)
Net change in fund balance	\$ -	\$ -	(1,106,863)	\$ (1,106,863)
<b>Fund Balance:</b>				
Beginning of year, July 1 - previously stated			15,266,268	
Prior period adjustment			(638,768)	
Beginning of year, July 1 - restated			14,627,500	
End of year, June 30			13,520,637	
Legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Transfer-in from General Fund			150,000	
Fund Balance, Beginning			543,912	
Fund Balance, Ending (Exhibit 4)			\$ 14,214,549	

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Water and Sewer Operations</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 557,797	\$ 2,361,367	\$ 2,919,164
Receivables, net	322,341	230,138	552,479
Total Current Assets	<u>880,138</u>	<u>2,591,505</u>	<u>3,471,643</u>
Non-Current Assets:			
Restricted Assets:			
Cash and cash equivalents	1,752,091	-	1,752,091
Accounts receivable	556,229	-	556,229
Investment in water bonds	9,780,000	-	9,780,000
Total Restricted Assets	<u>12,088,320</u>	<u>-</u>	<u>12,088,320</u>
Capital Assets:			
Land, improvements, and construction in progress	3,708,477	893,615	4,602,092
Capital assets (net)	37,822,242	3,645,611	41,467,853
Total Capital Assets	<u>41,530,719</u>	<u>4,539,226</u>	<u>46,069,945</u>
Total Non-Current Assets	<u>53,619,039</u>	<u>4,539,226</u>	<u>58,158,265</u>
Total Assets	<u>54,499,177</u>	<u>7,130,731</u>	<u>61,629,908</u>
<b>Deferred Outflows of Resources:</b>			
Unamortized bond refunding charges	272,500	-	272,500

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Water and Sewer Operations</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Liabilities:</b>			
Current Liabilities:			
Liabilities to be Paid from Restricted Assets:			
Accounts payable	1,338,705	-	1,338,705
Customer deposits	116,564	-	116,564
Accounts payable	101,296	307,797	409,093
Accrued vacation	16,806	17,016	33,822
Accrued interest	35,837	-	35,837
Notes payable	-	77,760	77,760
Bond anticipation note payable	3,615,000	-	3,615,000
Revenue bonds payable	9,000	-	9,000
Limited obligation bonds payable	608,000	-	608,000
General obligation bonds payable	195,000	-	195,000
Total Current Liabilities	<u>6,036,208</u>	<u>402,573</u>	<u>6,438,781</u>
Non-Current Liabilities:			
Accrued landfill closure and postclosure care costs	-	3,419,011	3,419,011
Accrued OPEB	15,574	13,843	29,417
Accrued vacation	21,305	6,870	28,175
Notes payable	-	576,880	576,880
Revenue bonds payable	629,000	-	629,000
Limited obligation bonds payable	12,473,613	-	12,473,613
General obligation bonds payable	9,585,000	-	9,585,000
Total Non-Current Liabilities	<u>22,724,492</u>	<u>4,016,604</u>	<u>26,741,096</u>
Total Liabilities	<u>28,760,700</u>	<u>4,419,177</u>	<u>33,179,877</u>
<b>Net Position:</b>			
Net investment in capital assets	24,196,106	3,884,586	28,080,692
Unrestricted	1,814,871	(1,173,032)	641,839
Total Net Position	<u>\$ 26,010,977</u>	<u>\$ 2,711,554</u>	<u>\$ 28,722,531</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water and Sewer Operations</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services and other	\$ 2,960,527	\$ 2,100,181	\$ 5,060,708
<b>Operating Expenses:</b>			
Salaries and employee benefits	430,062	824,362	1,254,424
Water purchases	1,068,107	-	1,068,107
Landfill operations	-	1,491,994	1,491,994
Water operations	433,240	-	433,240
Depreciation	859,978	268,111	1,128,089
Total Operating Expenses	<u>2,791,387</u>	<u>2,584,467</u>	<u>5,375,854</u>
Operating Income (Loss)	<u>169,140</u>	<u>(484,286)</u>	<u>(315,146)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest and investment revenue	6,634	1,023	7,657
Bad debt expense	-	(11,544)	(11,544)
Interest expense	(668,307)	-	(668,307)
Total Non-Operating Revenue (Expenses)	<u>(661,673)</u>	<u>(10,521)</u>	<u>(672,194)</u>
Income (Loss) Before Contributions	(492,533)	(494,807)	(987,340)
Capital contributions	<u>918,202</u>	<u>-</u>	<u>918,202</u>
Change in Net Position	<u>425,669</u>	<u>(494,807)</u>	<u>(69,138)</u>
Total Net Position, beginning, original	25,585,308	3,716,110	29,301,418
Prior period adjustment	-	(509,749)	(509,749)
Total Net Position, beginning, restated	<u>25,585,308</u>	<u>3,206,361</u>	<u>28,791,669</u>
Total Net Position, ending	<u>\$ 26,010,977</u>	<u>\$ 2,711,554</u>	<u>\$ 28,722,531</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water and Sewer Operations</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 3,015,884	\$ 2,077,234	\$ 5,093,118
Cash paid for goods and services	(1,523,328)	(1,659,352)	(3,182,680)
Cash paid to employees for services	(424,977)	(821,593)	(1,246,570)
Net Cash Provided (Used)			
By Operating Activities	<u>1,067,579</u>	<u>(403,711)</u>	<u>663,868</u>
<b>Cash Flows from Non-Capital Activities:</b>			
Repayments to/from other funds	<u>(480,222)</u>	<u>-</u>	<u>(480,222)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(2,902,351)	(1,084,098)	(3,986,449)
Bond/Debt issuance	26,476,613	-	26,476,613
Payment to refunded bond escrow agent	(10,052,500)	-	(10,052,500)
Principal paid on bond maturities and equipment contracts	(3,444,704)	(45,360)	(3,490,064)
Interest paid on bond maturities and equipment contracts	(702,102)	-	(702,102)
Capital contributions - grants	<u>918,202</u>	<u>-</u>	<u>918,202</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>10,293,158</u>	<u>(1,129,458)</u>	<u>9,163,700</u>
<b>Cash Flows from Investing Activities:</b>			
Investment in water bonds	(9,780,000)	-	(9,780,000)
Interest on investments	<u>6,634</u>	<u>1,023</u>	<u>7,657</u>
Net Cash Provided (Used) by Investing Activities	<u>(9,773,366)</u>	<u>1,023</u>	<u>(9,772,343)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,107,149	(1,532,146)	(424,997)
<b>Cash and Cash Equivalents:</b>			
Beginning of year, July 1	1,202,739	3,893,513	5,096,252
End of year, June 30	<u>\$ 2,309,888</u>	<u>\$ 2,361,367</u>	<u>\$ 4,671,255</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Water and Sewer Operations</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 169,140	\$ (484,286)	\$ (315,146)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	859,978	268,111	1,128,089
Changes in Assets and Liabilities:			
Decrease (increase) in accounts receivable	61,383	(22,947)	38,436
Increase (decrease) in accounts payable and accrued liabilities	(16,896)	(164,589)	(181,485)
Increase (decrease) in customer deposits	(6,026)	-	(6,026)
Total Adjustments	<u>898,439</u>	<u>80,575</u>	<u>979,014</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,067,579</u>	<u>\$ (403,711)</u>	<u>\$ 663,868</u>

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

**EDGECOMBE COUNTY, NORTH CAROLINA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	<b>Agency Fund</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 103,867
 <b>Liabilities and Net Position:</b>	
Liabilities:	
Miscellaneous liabilities	\$ 73,437
Intergovernmental payable - Schools	27,429
Intergovernmental payable - State of North Carolina	3,001
Total Liabilities	\$ 103,867

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**I. Summary of Significant Accounting Policies**

The accounting policies of Edgecombe County and its component unit 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 seven-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 discretely presented component unit, a legally separate entity for which the County is financially accountable.

Edgecombe County Water Districts (the "Districts") exist to provide and maintain a water system for the County residents within the districts. The Districts are combined and reported as an enterprise fund in the County's financial statements. The County entered into an agreement during fiscal year 2006, with each existing District and which will encompass additional Districts as they are created, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. In consideration for this agreement, along with related accrued interest payable, the County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes. The County maintains the Districts' assets, provides water and sewer operations, and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Edgecombe County Water Operations Fund. The Board of County Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts.

Edgecombe 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.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The Edgecombe County ABC Board, which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

<b>Component Unit</b>	<b>Reporting Method</b>	<b>Criteria for Inclusion</b>	<b>Separate Financial Statements</b>
Edgecombe County Water District No. 1	Blended	Under State Law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board for the District.	None issued.
Edgecombe County Water District No. 2	Blended	Under State Law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board for the District.	None issued.
Edgecombe County Water District No. 3	Blended	Under State Law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board for the District.	None issued.
Edgecombe County Water District No. 4	Blended	Under State Law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board for the District.	None issued.
Edgecombe County Water District No. 5	Blended	Under State Law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board for the District.	None issued.
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.
Edgecombe 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.	Edgecombe County ABC Board 404 W. Wilson Street Tarboro, NC 27886

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**Government-Wide Statements**

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

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

**Fund Financial Statements**

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

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Human Services Building Capital Project Fund.** This fund accounts for the various renovation projects being funded by an \$8 million dollar installment purchase agreement executed in February 2011.

The County reports the following major enterprise funds:

**Water and Sewer Operations and Capital Projects Fund.** These funds are used to account for the operations of Edgecombe Water and Sewer and the Water and Sewer Capital Projects within the County. Water Capital Projects funds are consolidated with the operations fund for financial reporting purposes.

**Solid Waste Fund.** This fund accounts for the operations of the County's Solid Waste and Landfill activities and related capital projects. The Landfill Gas Capital Project Fund accounts for the County's new system to convert gas at the landfill to electricity. The Landfill Closure and Post-Closure Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the closure and post-closure care costs that will be incurred by the landfill in the future. The Landfill Closure and Post-Closure Reserve Fund and the Landfill Gas Capital Project Fund are consolidated with the operations fund for financial reporting purposes.

The County reports the following fund type:

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. The Agency Fund is used to account for assets the County holds on behalf of others. The County maintains the following agency funds: The Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Edgecombe County Board of Education and the Nash Rocky Mount Schools Board of Education; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the NC Department of Motor Vehicles; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

**Nonmajor Funds.** The County maintains three annually budgeted funds. The Fire Districts Fund, Industrial Sites Development Fund, and Emergency Telephone System Fund are reported as nonmajor special revenue funds. The Schools Capital Project and School Bond Capital Project Funds are reported as nonmajor capital project funds. The Public Safety Grant Fund, CDBG Scattered Sites Project Fund, CDBG Grant Fund, and the Economic Development and Housing Recovery Fund are reported as grant projects funds and multi-year budgets are adopted upon project approval.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**C. 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, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. 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.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Edgecombe County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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.

**D. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Schools Capital Outlay Fund, Revaluation Fund, Fire Districts Fund, Industrial Sites Development Fund, Emergency Telephone System Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for School Bond Capital Project Fund, Community Development Block Grant–Scattered Site Fund, the Public Safety Grant Fund, Community Development Block Grant Fund, Economic Development and Housing Recovery Fund, and the Enterprise Capital Projects Fund, which are consolidated with the enterprise operating funds for reporting purposes.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all the annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, there was a material amendment to record the issuance of the Limited Obligation Bonds and several immaterial amendments to the original budget. 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.

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

**1. Deposits and Investments**

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

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

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

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

The unexpended bond proceeds of the School Bonds and unexpended installment proceeds of the Human Services Building Capital Project and unexpended debt proceeds of the water capital project funds as well as certain grants receivable are classified as restricted assets within the respective funds because their use is completely restricted to

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the purpose for which the debt or grant was originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation fund is also classified as a restricted asset because its use is restricted per North Carolina General Statute 153A-150.

**4. Other Assets**

*Capital Lease Receivable.* The County's capital lease receivable is recorded at the present value of future lease payments, and interest is recognized as received in the government-wide statements. In the fund statements, all payments are recognized as income as they are received.

*Investment in Water Bonds.* During 2013, the County issued limited obligation bonds, partially for the purpose of purchasing the general obligation bonds of the County's water districts. The County's investment in the water bonds of the Water and Sewer Districts are recorded at amortized cost.

**5. 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, 2012.

**6. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectable 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.

**7. Inventories and Prepaid Items**

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The cost of the inventory carried in 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.

**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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The County holds title to certain Edgecombe County Board of Education properties that have been included in capital assets. The properties have been deeded to the County to permit installment purchase financing and 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, once 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 County.

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

<u>Asset Class</u>	<u>Years</u>
Buildings	31-50
Improvements	25
Furniture and equipment	10
Vehicles	3-5
Computer equipment	3

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

<u>Asset Class</u>	<u>Years</u>
Buildings	20
Furniture and equipment	10
Vehicles	3-5
Leasehold improvements	10-20

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net 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 one item that meets this criterion – deferred cost of refunding. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only one item that meets the criterion for this category – prepaid taxes.

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**10. Long-Term Obligations**

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

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

**11. Compensated Absences**

The vacation policies of the County and the ABC Board provide for the accumulation of up to thirty days earned vacation leave for regular employees and forty-five days for law enforcement officers, with such leave being fully vested when earned. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

**12. Net Position/Fund Balances**

**Net Position**

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

**Fund Balances**

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

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The governmental fund types classify fund balances as follows:

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

Prepays - portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

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

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for Education – portion of fund balance that is restricted by revenue source for education expenditures.

Restricted for Capital Projects – portion of fund balance that is restricted by revenue source for capital expenditures.

Restricted for Debt Service – portion of fund balance that is restricted bond proceeds issued for the purpose of refunding existing debt of the County.

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for Economic Development

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

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

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

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

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

The County has no established spending policy for programs with multiple revenue sources. The Finance Officer's practice is to expend fund balance with restricted classification 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 the policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not adopted any minimum fund balance policy for the General Fund but monitors the percentage of fund balance to budgeted expenditures closely. The current unassigned fund balance equals 6.40% of General Fund expenditures.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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**F. Reconciliation of Government-wide and Fund Financial Statements**

- 1.** Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$22,656,502 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
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).	\$ 78,974,099
Less accumulated depreciation	<u>(39,812,967)</u>
Net capital assets	39,161,132
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	1,066,702
Investment in long-term capital lease receivable deferred in the fund statements.	1,156,126
Liabilities for deferred inflow of resources reported in the fund statements and not the government-wide	6,932,338
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are, therefore, not recorded in the fund statements:	
Bonds, leases, and installment financing	(22,745,199)
Compensated absences	(1,522,552)
Accrued interest payable	(247,859)
Net pension obligation	(262,869)
Other post-employment benefits	<u>(881,317)</u>
Total Adjustment	<u>\$ 22,656,502</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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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 - total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. There are several elements of that total adjustment of \$2,117,283 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements, but capitalized as assets in the Statement of Activities	\$ 691,651
Collection of capital lease principal	(103,245)
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.	(1,723,439)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the Statement of Activities. It effects only the governmental-wide Statement of Net Position.	(7,358,408)
Principal payments on debt owed and other decreases in 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.	9,998,923
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.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	27,161
Compensated absences and pension obligations are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(24,128)
Other post-employment benefits and pension costs	(183,215)
Property tax and other revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	<u>791,983</u>
Total adjustment	<u>\$ 2,117,283</u>

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**II. Stewardship, Compliance, and Accountability**

**A. Deficit Fund Balance**

For the fiscal year ended June 30, 2013, the Community Development Block Grant Fund carried a deficit fund balance of \$66,778. The project expenditures were made in anticipation of grant reimbursements. However, the grant revenues were not available for current use and were, therefore, deferred in the fund statements. The deficit will be corrected upon the receipt of the grant funds.

**B. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2013, the Water and Sewer Operations Fund expended \$2,936,258 for debt service over appropriations for this purpose. In addition, the issuance of debt and payment to refunding bond escrow agent were not budgeted in the Water and Sewer Fund. An interfund transfer to the General Fund from the School Bond Capital Project Fund was not budgeted. The excess expenditures were in regards to a complex debt issuance and refunding transaction which was authorized by the Board and originally budgeted in the General Fund. In the future, the Budget Officer will determine that debt issuance transactions and transfers are properly accounted for during the budget process.

**III. Detail Notes On All Funds**

**A. Assets**

**1. Deposits**

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

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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. Neither the County nor the ABC Board has any formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$2,058,794 and a bank balance of \$3,075,879. Of the bank balance, \$250,000 was covered by federal depository insurance, \$38,330 in non-interest-bearing deposits and \$2,787,549 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2013, Edgecombe County had \$3,025 cash on hand.

At June 30, 2013, the carrying amount of deposits for Edgecombe County ABC Board was \$614,427 and the bank balance was \$657,602. Of the bank balance, \$316,613 was covered by federal depository insurance and \$340,989 was insured under the Pooling Method. At June 30, 2013, the ABC Board has \$2,725 cash on hand.

**2. Investments**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>Over 1 Year</u>
NC Capital Management Trust:				
Term portfolio *	\$ 4,895,815	\$ -	\$ 4,895,815	\$ -
Cash portfolio	<u>12,791,646</u>	<u>12,791,646</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 17,687,461</u></u>	<u><u>\$ 12,791,646</u></u>	<u><u>\$ 4,895,815</u></u>	<u><u>\$ -</u></u>

\*Because the NCCMT Term Portfolio had a duration of .3 years, it was presented as an investment with a maturity of 1-6 months.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment practice limits at least half of the County's investment portfolio to maturities of less than 12 months.

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*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2013. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under the NC G.S. 159-30 as amended.

The Water Fund owns General Obligation Bonds in the amount of \$9,780,000 which were issued in the current year from the Water Districts. These bonds are considered to be investments and should be included in the County's investments.

At June 30, 2013, the ABC Board had no investments.

**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.

<b>Year Levied</b>	<b>Tax</b>	<b>Interest *</b>	<b>Total</b>
2012	\$ 1,785,340	\$ -	\$ 1,785,340
2011	1,760,390	101,222	1,861,612
2010	1,706,237	250,670	1,956,907
2009	<u>1,629,761</u>	<u>387,068</u>	<u>2,016,829</u>
Total	<u>\$ 6,881,728</u>	<u>\$ 738,960</u>	<u>\$ 7,620,688</u>

\* (Interest figured through fiscal year-end June 30, 2013.)

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**4. Receivables**

Receivables at the government-wide level at June 30, 2013, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 773,943	\$ 8,262,509	\$ 2,757,221	\$ 30,813	\$ 11,824,486
Other Governmental	-	200,590	253,552	-	454,142
Total Receivables	<u>773,943</u>	<u>8,463,099</u>	<u>3,010,773</u>	<u>30,813</u>	<u>12,278,628</u>
Allowance for Doubtful Accounts	<u>(78,784)</u>	<u>(1,265,000)</u>	<u>-</u>	<u>-</u>	<u>(1,343,784)</u>
 Total Governmental Activities	 <u>\$ 695,159</u>	 <u>\$ 7,198,099</u>	 <u>\$ 3,010,773</u>	 <u>\$ 30,813</u>	 <u>\$ 10,934,844</u>
 <b>Business-Type Activities:</b>					
Landfill	\$ 281,193	\$ 619,823	\$ 57,500	\$ -	\$ 958,516
Water and Sewer	<u>690,048</u>	<u>-</u>	<u>556,229</u>	<u>-</u>	<u>1,246,277</u>
Total Receivables	<u>971,241</u>	<u>619,823</u>	<u>613,729</u>	<u>-</u>	<u>2,204,793</u>
Allowance for Doubtful Accounts	<u>(538,135)</u>	<u>(557,950)</u>	<u>-</u>	<u>-</u>	<u>(1,096,085)</u>
 Total Business-Type Activities	 <u>\$ 433,106</u>	 <u>\$ 61,873</u>	 <u>\$ 613,729</u>	 <u>\$ -</u>	 <u>\$ 1,108,708</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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The due from other governments that is owed to the County governmental and business-type activities consists of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
N.C. Department of Revenue	\$ -	\$ 31,010
N.C. Department of Environment and Natural Resources	-	26,490
Sales and Use Tax	778,549	-
Other Miscellaneous	823,564	-
Admin. Reimbursement	1,096,859	-
Child Day Care	185,319	-
911 Fees	22,257	-
Other Grants - Economic Development	104,225	-
Other Grants - Water and Sewer	-	556,229
Total	\$ 3,010,773	\$ 613,729

**5. Capital Lease Receivable**

The County entered into an agreement for the purchase of an industrial building currently occupied by OSSID LLC for \$1,375,000. The purchase was financed by the county with two notes from North Carolina's Eastern region. A capital lease agreement was executed with OSSID LLC equal to the debt service payments, taxes, and insurance costs annually for the term of the notes. Under the lease agreement, OSSID LLC has the option to purchase the building for \$1 at the end of the lease or earlier for a price equal to the amount corresponding to the month within which the date of exercise occurs. The purpose of the transaction was for economic Development.

The future minimum lease payments receivable as of June 30, 2013 were as follows:

		\$ 149,000
2014		149,000
2015		149,000
2016		149,000
2017		149,000
2018		149,000
Thereafter		614,750
Total		1,359,750
Less Amount Representing Interest		(203,624)
Total		\$ 1,156,126

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**6. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>Governmental Activities</b>				
Capital Assets not				
Being Depreciated:				
Land	\$ 3,800,723	\$ -	\$ -	\$ 3,800,723
Construction in progress	7,426,111	493,712	7,919,823	-
Total	<u>11,226,834</u>	<u>493,712</u>	<u>7,919,823</u>	<u>3,800,723</u>
Capital Assets				
Being Depreciated:				
Buildings and Improvements	21,653,545	7,919,823	-	29,573,368
Special Item - Schools	37,125,668	-	-	37,125,668
Equipment	5,059,406	118,684	-	5,178,090
Vehicles and motor equipment	3,426,222	79,255	209,226	3,296,251
Total	<u>67,264,841</u>	<u>8,117,762</u>	<u>209,226</u>	<u>75,173,377</u>
Less Accumulated				
Depreciation for:				
Buildings and Improvements	10,486,136	589,132	-	11,075,268
Special Item - Schools	21,341,997	636,773	-	21,978,770
Equipment	3,658,061	253,085	-	3,911,146
Vehicles and motor equipment	2,812,561	244,449	209,226	2,847,784
Total	<u>38,298,755</u>	<u>\$ 1,723,439</u>	<u>\$ 209,226</u>	<u>39,812,968</u>
Total Capital Assets				
Being Depreciated, Net	<u>28,966,086</u>			<u>35,360,409</u>
<b>Governmental Activities:</b>				
<b>Capital Assets, Net</b>	<u>\$ 40,192,920</u>			<u>\$ 39,161,132</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$ 216,895
Public Safety	718,805
Economic and Physical Development	613
Human Services	150,353
Education	<u>636,773</u>
Total	<u>\$ 1,723,439</u>

**Special Item – Schools**

During 2006, General Obligation Bonds of \$9.37 million were issued for renovation projects on four schools. The titles of these four schools were transferred to the County through an agreement with the Edgecombe County School Board. The title to Phillips School was transferred to the County during the year 2009. This will facilitate accounting for the renovation projects and enable the County to request a refund of sales tax related to the construction. The cost of the schools and the accumulated depreciation were adjustments to the capital assets for the County. Once the bond debt is repaid, the title for the schools will revert back to the Edgecombe County School Board.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-Type Activities</b>				
<b>Solid Waste:</b>				
Capital Assets not Being Depreciated:				
Land	\$ 893,615	\$ -	\$ -	\$ 893,615
Construction in progress	1,402,635	798,519	2,201,154	-
<b>Total</b>	<b>2,296,250</b>	<b>798,519</b>	<b>2,201,154</b>	<b>893,615</b>
 Capital Assets Being Depreciated:				
Buildings and improvements	1,737,239	-	-	1,737,239
Furniture and maintenance Equipment	352,555	2,201,154	-	2,553,709
Vehicles	1,443,301	285,579	15,493	1,713,387
<b>Total</b>	<b>3,533,095</b>	<b>2,486,733</b>	<b>15,493</b>	<b>6,004,335</b>
 Less Accumulated Depreciation for:				
Buildings and improvements	688,225	39,024	-	727,249
Special item - schools Equipment	302,854	155,475	-	458,329
Vehicles	1,115,027	73,612	15,493	1,173,146
<b>Total</b>	<b>2,106,106</b>	<b>\$ 268,111</b>	<b>\$ 15,493</b>	<b>2,358,724</b>
 Total Capital Assets Being Depreciated, Net				
	1,426,989			3,645,611
 <b>Solid Waste Capital Assets, Net</b>				
	<b>\$ 3,723,239</b>			<b>\$ 4,539,226</b>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>Business-Type Activities (continued)</b>				
<b>Water and Sewer Operations:</b>				
Capital Assets not				
Being Depreciated:				
Land	\$ 28,292	\$ -	\$ -	\$ 28,292
Construction in progress	4,027,126	4,150,489	4,497,430	3,680,185
<b>Total</b>	<u>4,055,418</u>	<u>4,150,489</u>	<u>4,497,430</u>	<u>3,708,477</u>
Capital Assets				
Being Depreciated:				
Plant and				
Distribution systems	38,590,255	4,190,294	-	42,780,549
Buildings and improvements	916,262	-	-	916,262
Furniture and maintenance				
Equipment	327,104	-	-	327,104
Vehicles	296,876	360,972	-	657,848
<b>Total</b>	<u>40,130,497</u>	<u>4,551,266</u>	<u>-</u>	<u>44,681,763</u>
Less Accumulated				
Depreciation for:				
Plant and				
Distribution systems	5,432,026	769,578	-	6,201,604
Buildings and improvements	299,208	18,325	-	317,533
Special item - schools		-		
Equipment	173,120	29,032	-	202,152
Vehicles	95,189	43,043	-	138,232
<b>Total</b>	<u>5,999,543</u>	<u>\$ 859,978</u>	<u>\$ -</u>	<u>6,859,521</u>
Total Capital Assets				
Being Depreciated, Net	<u>34,130,954</u>			<u>37,822,242</u>
<b>Water and Sewer Operations</b>				
Capital Assets, Net	<u>\$ 38,186,372</u>			<u>\$ 41,530,719</u>
<b>Business-Type Activities</b>				
Capital Assets, Net	<u>\$ 41,909,611</u>			<u>\$ 46,069,945</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Construction Commitments**

The government has active construction projects as of June 30, 2013 for the Water Distribution System and Human Services Building. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water Distribution System	<u>\$ 3,434,488</u>	<u>\$ 3,335,332</u>

**Discretely Presented Component Units**

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Buildings	\$ 1,089,362	\$ 616,118	\$ 473,244
Furniture and equipment	273,024	166,762	106,262
Land	148,525	-	148,525
Motor vehicles	46,390	38,897	7,493
Total	<u>\$ 1,557,301</u>	<u>\$ 821,777</u>	<u>\$ 735,524</u>

**Net Investment in Capital Assets**

The net investment in capital assets at June 30, 2013 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	<u>\$ 39,161,132</u>	<u>\$ 46,069,945</u>
Total debt, gross	22,745,199	27,769,253
Long-term debt for non-capital assets	-	(9,780,000)
Total capital debt	<u>22,745,199</u>	<u>17,989,253</u>
Net investment in capital assets	<u>\$ 16,415,933</u>	<u>\$ 28,080,692</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2013 were as follows:

	<u>Vendors</u>	<u>Accured Interest</u>	<u>Claims Incurred, But Not Reported</u>	<u>Total</u>
<b>Governmental</b>				
<b>Activities:</b>				
General	\$ 1,819,816	\$ 247,859	\$ 1,076,320	\$ 3,143,995
Other governmental	430,013	-	-	430,013
Total governmental activities	<u>\$ 2,249,829</u>	<u>\$ 247,859</u>	<u>\$ 1,076,320</u>	<u>\$ 3,574,008</u>
<b>Business-Type</b>				
<b>Activities:</b>				
Solid Waste	\$ 307,797	\$ -	\$ -	\$ 307,797
Water and Sewer District	1,440,001	35,837	-	1,475,838
Total business-type activities	<u>\$ 1,747,798</u>	<u>\$ 35,837</u>	<u>\$ -</u>	<u>\$ 1,783,635</u>

**2. Pension Plan Obligations**

**Local Governmental Employees' Retirement System**

Plan Description

Edgecombe County and the ABC Board contribute to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.99% and for 7.04% July-Sept and 7.05% Oct-June, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.74% of annual covered payroll. The contribution requirements of members and of Edgecombe County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$1,064,212, \$1,086,313, and \$978,705, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$14,277, \$17,079, and \$18,154, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

**Law Enforcement Officers' Special Separation Allowance**

Plan Description

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	53
Total	64

A separate report was not issued for the plan.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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*Summary of Significant Accounting Policies*

*Basis of Accounting*

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

*Method Used to Value Investments*

No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Contributions*

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

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

*Annual Pension Cost and Net Pension Obligation*

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

Annual required contribution	\$	106,097
Interest on net pension obligation		13,201
Adjustment to annual required contribution		(16,430)
Annual pension cost		102,868
Contributions made		104,019
Increase (decrease) in net pension obligation		(1,151)
Net pension obligation:		
Beginning of year		264,020
End of year	\$	262,869

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Three-Year Trend Information			
For Year Ended June 30	Annual Pension APC (Cost)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 109,311	87.73%	\$ 272,736
2012	102,109	108.54%	264,020
2013	102,868	101.12%	262,869

***Funded Status and Funding Progress***

As of December 31, 2012, 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 \$1,056,391. The covered payroll (annual payroll of active employees covered by the plan) was \$2,078,658 and the ratio of the UAAL to the covered payroll was 50.82% percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present 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.

**Supplemental Retirement Income Plan for Law Enforcement Officers**

***Plan Description***

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

**Funding Policy**

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$106,306, which consisted of \$106,306 from the County and \$ 0 from the law enforcement officers.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Registers of Deeds' Supplemental Pension Fund**

*Plan Description*

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (the Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy*

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$3,134.

**Other Post-Employment Benefits**

*Plan Description*

Under a County resolution, Edgecombe County provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. The County pays the full cost of coverage for these benefits. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The HCB Plan is available to qualified retirees at 100% until the age of 65 or until Medicare eligible, whichever is sooner. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

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Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	26	11
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	404	53
 Total	430	64

***Funding Policy***

The County pays the full cost for the healthcare benefits paid to qualified retirees under a County ordinance, which may be amended by the Board. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 3.25% of annual covered payroll. For the current year, the County contributed \$276,012 or 1.74% of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

***Summary of Significant Accounting Policies***

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

***Annual OPEB Cost and Net OPEB Obligation.***

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$	460,284
Interest on net OPEB obligation		20,589
Adjustment to annual required contribution		17,763
Annual OPEB cost (expense)		463,110
Contributions made		276,012
Increase (decrease) in net OPEB obligation		187,098
Net OPEB obligation:		
Beginning of year		723,636
End of year	\$	910,734

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2013 were as follows:

<b>For Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$ 463,110	59.59%	\$ 910,734
2012	463,110	54.89%	723,636
2011	445,405	56.32%	514,714

***Funded Status and Funding Progress***

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$6,370,361. The covered payroll (annual payroll of active employees covered by the plan) was \$15,858,614, and the ratio of UAAL to the covered payroll was 40.2 percent.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3 percent inflation assumption. The medical cost trend rate varied between 9.50 and 5.00 percent. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2011, was 30 years.

**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 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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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for employees not engaged in law enforcement and for law enforcement officers. Due to a surplus, the Local Governmental Employees' Retirement System (LGERS) Board of Trustees voted to grant temporary relief, effective July 1, 2012 for the employer Death Benefit Plan contribution based on the number of years the employer has contributed to the Death Benefit Plan as of December 31, 2010. The Death Benefit relief for Edgecombe County was granted for three years beginning July 1, 2012.

**3. Closure and Post-Closure Care Costs - Edgecombe County Solid Waste Facility**

Federal and State laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill stopped accepting municipal solid waste on January 1, 1998.

The County is also permitted to accept construction and demolition waste on top of a closed landfill site for maximum period of five years or until maximum capacity has been reached. The estimated closure and post-closure liability at June 30, 2013 is \$3,419,011 and includes costs accrued for closure of the original landfill and a cumulative amount reported to date based on the use of 45% of the construction and demolition landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,262,114 over the remaining life.

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. However, the County has also elected to establish a reserve fund that accumulates resources through annual contributions for the payment of closure and post-closure care costs. At June 30, 2013, those funds are held in investments with a cost and market value of \$1,504,565. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or 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.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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**4. Deferred Outflows and Inflows of Resources**

The amount of deferred outflows of resources is a charge on refunding of debt of \$272,500.

Deferred Inflows of Resources at year-end is composed of the following elements:

	<b>Unearned Revenue</b>	<b>Unavailable Revenue</b>
Prepaid taxes not yet earned (General)	\$ 153,736	\$ -
Property taxes receivable (net) (General)	-	5,121,846
Other taxes receivable (net) (General)		808,959
Taxes receivable (net) (Special Revenue)	-	200,590
Other deferred revenue (General)	-	730,165
Other deferred revenue (Special Revenue)	-	70,778
	\$ 153,736	\$ 6,932,338
Total		

**5. Risk Management**

The County 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 County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is 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 has purchased adequate flood insurance coverage with a \$25,000 deductible per flood occurrence.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the Tax Collector are each individually bonded for \$500,000 and 100,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

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The County's general obligation bonds payable at June 30, 2013 comprise the following individual issues:

	<u><b>Balance</b></u> <u><b>6-30-2013</b></u>
General Obligation Bonds:	
Serviced by the County's General Fund:	
\$9,370,000 School Bonds - February 1, 2006; due in annual principal payments of \$250,000 to \$550,000 and semi-annual interest payments of 3.45% to 4%; payable August 1 and February 1	\$ 6,365,000
\$3,430,000 2010 School Bonds - March 9, 2010; due in annual principal payments of \$170,000 to \$175,000 and semi-annual interest payments of 3.00% to 4.25%; payable April 1 and October 1	<u>2,905,000</u>
	<u>9,270,000</u>
Serviced by Water and Sewer District #1:	
\$2,350,000 Series 2013 General Obligation Refunding Bond; due in annual installments of \$60,000 to \$120,000 (beginning 2014), plus interest @ 2 - 5% through June 2038	2,350,000
Serviced by Water and Sewer District #2:	
\$3,450,000 Series 2013 General Obligation Refunding Bond; due in annual installments of \$65,000 to \$165,000 (beginning 2014), plus interest @ 2 - 5% through June 2042	3,450,000
Serviced by Water and Sewer District #3:	
\$265,000 Series 2013 General Obligation Refunding Bond; due in annual installments of \$5,000 to \$25,000 (beginning 2014; plus interest @ 2 - 5% through June 2043	265,000
Serviced by Water and Sewer District #5:	
\$3,715,000 Series 2013 General Obligation Refunding Bond; due in annual installments of \$65,000 to \$210,000 (beginning 2014); plus interest @2 - 5% through June 2043	<u>3,715,000</u>
	<u>9,780,000</u>
Total General Obligation Bonds	<u><u>\$ 19,050,000</u></u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
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The County's limited obligation debt at June 30, 2013 comprises the following:

	<b>Balance</b> <b>6-30-2013</b>
Limited Obligation Bonds Payable:	
\$19,255,000 Limited Obligation Series 2013; due in annual installments of \$220,000 to \$1,010,000 (beginning 2014); plus interest @ 2 - 5% through June 2043	    <u>\$ 19,255,000</u>

The County's financing debt at June 30, 2013 comprises the following:

	<b>Balance</b> <b>6-30-2013</b>
Notes Payable:	
\$760,000 Note Payable - June 22, 2007; due in quarterly principal and interest payments of \$23,284 through June 2017; interest @ 4.125%; payable on September 1, December 1, March 1, and June 1	     \$ 339,609
\$990,000 Note Payable - April 15, 2011; due in semi-annual principal and interest payments of \$50,871.79 through March 1, 2023; interest @ 3.5%; payable September 1 and March 1	     847,899
\$385,000 Note Payable - April 15, 2011; due in semi-annual principal and interest payments of \$22,981.12 through March 1, 2021; interest @ 3.5%; payable September 1 and March 1	     316,608
\$2,000,000 Note Payable - April 2012; due in annual principal payments of \$500,000 through January 1, 2016; no interest	     <u>1,500,000</u>
	<u>3,004,116</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	<b>Balance</b> <b>6-30-2013</b>
Installment Purchases:	
\$500,000 Installment Agreement - October 15, 2008; due in semi-annual principal and interest payments of \$55,010 through October 2014; interest @ 3.55%; payable October 1 and April 1	54,051
\$9,500,000 Installment Agreement - November 10, 1997; due in semi-annual principal and interest payments of \$362,750 through December 2017; interest @ 4.25%; payable on December 1 and June 1	2,943,265
\$121,750 Installment Agreement; due in annual principal and interest payments of \$7,366 through September 14, 2038; interest @ 4.375%; payable on September 14	115,359
	3,112,675
Total	\$ 6,116,791

The County's Solid Waste financing debt at June 30, 2013 is comprised of the following:

	<b>Balance</b> <b>6-30-2013</b>
Solid Waste Notes Payable:	
\$700,000 Edgecombe Martin County Electric Membership Corporation; due in monthly principal payments of \$6,480; no interest; payable the 1st of each month beginning December 1, 2012	\$ 654,640

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The following table summarizes the annual requirements to amortize all long-term debt outstanding (excluding bond anticipation notes, compensated absence, accrued separation allowance, enterprise revenue bonds payables, and closure/post closure accrual):

Year	<b>Business-Type Activities</b>		
	<b>General</b>		<b>Limited</b>
	<b>Obligation</b>	<b>Notes</b>	<b>Obligation</b>
	<b>Bonds</b>	<b>Payable</b>	<b>Bonds</b>
2013-2014	\$ 195,000	\$ 77,760	\$ 608,000
2014-2015	210,000	77,760	611,200
2015-2016	215,000	77,760	611,200
2016-2017	220,000	77,760	611,200
2017-2018	225,000	77,760	611,200
2018-2022	1,005,000	265,840	2,403,200
2022-2026	1,200,000	-	2,300,800
2026-2030	1,425,000	-	1,033,600
2030-2034	1,640,000	-	1,190,400
2034-2038	1,800,000	-	1,289,600
2038-2042	1,425,000	-	912,000
2042-2046	220,000	-	140,800
<b>Total</b>	<b>\$ 9,780,000</b>	<b>\$ 654,640</b>	<b>\$ 12,323,200</b>

Year	<b>Governmental Activities</b>			
	<b>Notes</b>	<b>Installment</b>	<b>General</b>	<b>Limited</b>
	<b>Payable</b>	<b>Purchases</b>	<b>Obligation</b>	<b>Obligation</b>
	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>
2013-2014	\$ 688,243	\$ 663,159	\$ 660,000	\$ 342,000
2014-2015	695,418	635,270	660,000	343,800
2015-2016	702,869	662,560	660,000	343,800
2016-2017	208,011	691,019	660,000	343,800
2017-2018	123,946	357,953	660,000	343,800
2018-2022	492,440	12,259	2,640,000	1,351,800
2022-2026	93,189	14,550	2,650,000	1,294,200
2026-2030	-	17,269	680,000	581,400
2030-2034	-	20,496	-	669,600
2034-2038	-	24,327	-	725,400
2038-2042	-	13,813	-	513,000
2042-2046	-	-	-	79,200
<b>Total</b>	<b>\$ 3,004,116</b>	<b>\$ 3,112,675</b>	<b>\$ 9,270,000</b>	<b>\$ 6,931,800</b>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013-2014	\$ 2,353,402	\$ 781,723	\$ 880,760	\$ 670,441	\$ 3,234,162	\$ 1,452,164
2014-2015	2,334,488	720,406	898,960	745,186	3,233,448	1,465,592
2015-2016	2,369,229	650,703	903,960	720,400	3,273,189	1,371,103
2016-2017	1,902,830	579,542	908,960	695,464	2,811,790	1,275,006
2017-2018	1,485,699	511,066	913,960	757,528	2,399,659	1,268,594
2018-2022	4,496,499	1,605,807	3,674,040	2,691,216	8,170,539	4,297,023
2022-2026	4,051,939	942,229	3,500,800	2,242,290	7,552,739	3,184,519
2026-2030	1,278,669	459,841	2,458,600	1,694,404	3,737,269	2,154,245
2030-2034	690,096	284,008	2,830,400	1,141,160	3,520,496	1,425,168
2034-2038	749,727	170,242	3,089,600	653,708	3,839,327	823,950
2038-2042	526,813	65,210	2,337,000	235,904	2,863,813	301,114
2042-2046	79,200	3,168	360,800	5,632	440,000	8,800
<b>Total</b>	<b>\$ 22,318,591</b>	<b>\$ 6,773,945</b>	<b>\$ 22,757,840</b>	<b>\$ 12,253,333</b>	<b>\$ 45,076,431</b>	<b>\$ 19,027,278</b>

At June 30, 2013, Edgecombe County Water and Sewer District No. 4 had bonds authorized but unissued of \$885,000.

The County's legal debt margin was \$225,925,281 at June 30, 2013.

**Limited Obligation Bonds**

On May 1, 2013, the County Water Districts issued individual refunding bonds in the amount of \$9,780,000 for each of the Water Revenue Bonds being refinanced. The County then issued Limited Obligation Bonds ("LOBs") to purchase these bonds, as well as to refinance several Installment Purchase Contracts; the County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service is due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments between 2% and 5% over the life of the term. As of June 30, 2013, the balance of the bonds was \$19,255,000. The reader should note that this debt issuance is entirely offset by the Water District's Refunding 2013 Bonds as detailed below under the General Obligation Indebtedness section.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**General Obligations Indebtedness**

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Edgecombe County Water Districts issue general obligation bonds to provide funds for acquisition and construction of major water system capital improvements. These bonds, which are recorded in Water District Funds, are collateralized by the full faith, credit and taxing power of the District. Principal and interest payment are appropriated when due.

**Advance Refundings – Water Districts:**

On May 1, 2013, the County issued \$2,350,000 general obligation refunding bonds, Series, 2013, in Water District No. 1 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of extinguishing the USDA/Rural Development Water Bonds, Series 2001A in the amount of \$2,203,000 and series 2001B in the amount of \$248,000. As a result, these general obligation bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$618,863 and resulted in an economic gain of \$411,620.

On May 1, 2013, the County issued \$3,450,000 general obligation refunding bonds, Series, 2013, in Water District No. 2 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of extinguishing the Water, Series A and Series B general obligation bonds in the amount of \$2,395,000 and \$1,144,500, respectively. As a result, these bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 29 years by \$556,625 and resulted in an economic gain of \$342,629.

On May 1, 2013, the County issued \$265,000 general obligation refunding bonds, Series, 2013, in Water District No. 3 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of extinguishing the 2005 Water Bonds in the amount of \$272,000. As a result, these bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 30 years by \$187,655 and resulted in an economic gain of \$142,561.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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On May 1, 2013, the County issued \$3,715,000 general obligation refunding bonds, Series, 2013, in Water District No. 5 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of extinguishing the Water, Series 2009 general obligation bonds in the amount of \$3,790,000. As a result, these bonds are considered paid, and the refunded bonds are considered to be defeased. The liabilities for the debt will be removed from the Statement of Net Position in the fiscal year ending June 30, 2013. This advance refunding was undertaken to reduce total debt service payments over the next 30 years by \$904,525 and resulted in an economic gain of \$294,600.

**Revenue Bonds**

In December 2011, the County issued \$638,000 of Water & Sewer Revenue Bonds to finance sewer lines for Water & Sewer District No. 5. At 3% interest, the interest on the bonds is payable annually on June 1. The revenue bonds, which mature through June 1, 2051, are reported on the Edgecombe Water & Sewer District No 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system.

The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. 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:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 9,000	\$ 19,140
2015	9,000	18,870
2016	10,000	18,600
2017	10,000	18,300
2018	10,000	18,000
2019-2023	57,000	85,170
2024-2028	66,000	76,140
2029-2033	76,000	65,640
2034-2038	89,000	53,460
2039-2043	124,000	45,390
2044-2048	122,000	19,590
2049-2052	<u>56,000</u>	<u>2,520</u>
Total	<u>\$ 638,000</u>	<u>\$ 440,820</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The County has pledged future water & sewer customer revenues net of specified operating expense from Water District No. 5 to repay the Series 2012 Revenue Bonds. The Bond Order requires the Net Revenues for each fiscal year be no less than 110% of the revenue bond debt service requirements and no less than 100% of the debt service requirements of any General Obligation bonds and installment financing obligations of the District. The debt service coverage ratio for the year ended June 30, 2013, is as follows:

Revenues	\$ 651,315
Operating expenses *	<u>446,672</u>
Net revenues	<u>\$ 204,643</u>
Debt service, principal and interest paid (Revenue Bond only)	<u>\$ 19,140</u>
Debt service coverage ratio	<u>1,069%</u>
Debt service, principal and interest paid (GO Bonds and installment financing)	<u>\$ 194,517</u>
Debt service coverage ratio	<u>105%</u>

\* Per rate covenants, this does not include the depreciation expense of \$234,574.

**Bond Anticipation Notes – Proprietary Fund**

\$3,615,000 Water General Obligation Bond Anticipation Note issued on October 30, 2012 and maturing on July 24, 2013; interest at 1.00% for Water District 4 water line construction. Upon maturity, the note was reissued with a maturity date of December 18, 2013.

**Debt Related to Capital Activities**

Of the total Governmental Activities debt listed, \$1,504,116 relates to assets to which the County does not hold title.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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, 2013:

	<b>Balance July 1, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2013</b>	<b>Current Portion of Balance</b>
<b>Governmental</b>					
<b>Activities:</b>					
General					
obligation debt	\$ 9,930,000	\$ -	\$ (660,000)	\$ 9,270,000	\$ 660,000
Notes payable	3,685,449	-	(681,333)	3,004,116	688,243
Installment					
purchase	11,770,265	-	(8,657,590)	3,112,675	663,159
Limited					
obligation debt	-	6,931,800	-	6,931,800	342,000
Premium on debt	-	426,608	-	426,608	-
Compensated					
absences	1,497,273	25,279	-	1,522,552	1,016,444
Unfunded					
Special					
Separation					
Allowance	264,020	102,868	(104,019)	262,869	-
OPEB	698,102	459,227	(276,012)	881,317	-
Total					
Governmental					
Activities	<u>\$ 27,845,109</u>	<u>\$ 7,945,782</u>	<u>\$ (10,102,942)</u>	<u>\$ 25,411,937</u>	<u>\$ 3,369,846</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>	<u>Current Portion of Balance</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Districts:</b>					
General					
obligation debt	\$ 10,220,000	\$ 9,780,000	\$ (10,220,000)	\$ 9,780,000	\$ 195,000
Limited					
obligation debt	-	12,323,200	-	12,323,200	608,000
Bond anticipation note	-	3,615,000	-	3,615,000	3,615,000
Revenue bonds	1,802,000	-	(1,164,000)	638,000	9,000
Notes payable	1,840,704	-	(1,840,704)	-	-
Premium on debt	-	758,413	-	758,413	-
Compensated					
absences	35,082	3,029	-	38,111	16,806
OPEB	13,518	2,056	-	15,574	-
<b>Total Water and Sewer Districts</b>					
	<u>13,911,304</u>	<u>26,481,698</u>	<u>(13,224,704)</u>	<u>27,168,298</u>	<u>4,443,806</u>
<b>Solid Waste Fund:</b>					
Notes payable	700,000	-	(45,360)	654,640	77,760
Accrued landfill closure and post-closure					
care costs	3,320,302	98,709	-	3,419,011	-
Compensated					
absences	22,944	942	-	23,886	17,016
OPEB	12,016	1,827	-	13,843	-
<b>Total Landfill</b>					
	<u>4,055,262</u>	<u>101,478</u>	<u>(45,360)</u>	<u>4,111,380</u>	<u>94,776</u>
<b>Total Business-Type Activities</b>					
	<u>\$ 17,966,566</u>	<u>\$ 26,583,176</u>	<u>\$ (13,270,064)</u>	<u>\$ 31,279,678</u>	<u>\$ 4,538,582</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance July 1, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2013</b>	<b>Current Portion of Balance</b>
<b>Discretely Presented Component Units:</b>					
Compensated					
absences	\$ 23,396	\$ -	\$ (3,955)	\$ 19,441	\$ -
OPEB	<u>34,779</u>	<u>7,256</u>	<u>-</u>	<u>42,035</u>	<u>-</u>
 Total Discretely Presented Component Units	 <u>\$ 58,175</u>	 <u>\$ 7,256</u>	 <u>\$ (3,955)</u>	 <u>\$ 61,476</u>	 <u>\$ -</u>

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

**Conduit Debt Obligation**

Edgecombe County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, there was one series of industrial revenue bonds outstanding. The Company for whom they were issued, is in bankruptcy and it is impossible to determine what the unpaid balance is at June 30, 2013.

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2013, consist of the following:

From the School Capital Project Fund to the General Fund	\$ 337,232
From the General Fund to the Revaluation Fund (to accumulate resources for the octennial revaluation of real property)	<u>(150,000)</u>
Total	<u>\$ 187,232</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**D. Fund Balance**

Currently Edgecombe County does not have a revenue spending policy.

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	\$ 14,214,549
Less:	
Non-spendable - Prepays	58,374
Stabilization	2,753,030
Appropriated Fund Balance 2014 budget	5,287,536
Tax Revaluation	693,912
Debt Service	153,782
Education	1,226,244
Remaing Fund Balance	\$ 4,041,671

**IV. Joint Ventures**

The County, in conjunction with the Town of Tarboro, participates in the Tarboro-Edgecombe Airport Authority. Each participating government appoints three members to the six-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the Town are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$6,385 for operations and \$8,334 for capital outlay to the Airport during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Airport can be obtained from the Airport's administrative offices of the Town of Tarboro, PO Box 220, Tarboro, North Carolina 27886.

The County also participates in a joint venture to operate the Edgecombe Memorial Library and Braswell Memorial Library along with local municipalities. The County Board of Commissioners appoints three board members to the six-member boards of the Libraries. The County has an ongoing financial responsibility for the joint venture because the Libraries' continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in the Libraries, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$540,795 to the Libraries to supplement its activities. Complete financial statements for the Libraries can be obtained from the Libraries' offices at 909 Main Street, Tarboro, North Carolina 27886 and 727 N. Grace Street, Rocky Mount, North Carolina, respectively.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The County, in conjunction with the State of North Carolina and the Edgecombe County Board of Education, participates in a joint venture to operate the Edgecombe County Community College. Each of the participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$ 1,386,000 for operations and \$250,000 for capital outlay to the community college during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2010. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 2009 W. Wilson Street Ext., Tarboro, North Carolina 27886.

**V. Jointly Governed Organization**

The County, in conjunction with the City of Wilson, City of Rocky Mount, County of Wilson, and County of Nash, participates in the Rocky Mount - Wilson Regional Airport Authority. Each participating City appoints two members and each participating County appoints one member to the seven-member board. The Airport is a joint venture established to facilitate economic expansion within the region and improve the quality of life for its citizens. The County has an ongoing financial responsibility for the Airport because it and the other participants are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$ 46,900 for operations and \$ 0 for capital outlay to the Airport during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at 250 Airport Drive, Elm City, North Carolina 27822.

**The Beacon Center**

The County, in conjunction with Wilson, Nash, and Greene Counties, participates in a joint venture to operate The Beacon Center, a local management entity of Mental Health, Developmental Disabilities, and Substance Abuse Services. The Board of County Commissioners of each participating county appoints one county commissioner to the Beacon Center Board. The appointed commissioners then appoint the remaining sixteen members of the Beacon Center Board. Each participant in the joint venture makes an annual appropriation to the Beacon Center, but the majority of its funding comes from other sources. During the fiscal year ended June 30, 2013, the County contributed \$18,903 to the Beacon Center. None of the participating governments have an equity interest in the Beacon Center, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the Beacon Center may be obtained from the Center's offices at 500 Nash Medical Arts Mall, Rocky Mount, North Carolina 27804.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Effective July 1, 2012, The Beacon Center, Eastpointe Human Services and Southeastern Regional Mental Health, Developmental Disabilities and Substance Abuse Services and the Counties of Bladen, Columbus, Duplin, Edgecombe, Greene, Lenoir, Nash, Robeson, Sampson, Scotland, Wayne and Wilson merged Beacon and Southeastern Regional into Eastpointe (New Catchment Area). This merger took place in order to operate as an LME/MCO under North Carolina's 1915(b)/(c) Medicaid Waiver Program as a single prepaid inpatient health plan for mental health, developmental disabilities and substance abuse services beginning no later than January 1, 2013, and to continue to manage the provision of high quality, cost-effective behavioral health services to consumers who are citizens of Bladen, Columbus, Duplin, Edgecombe, Green, Lenoir, Nash, Robeson, Sampson, Scotland, Wayne and Wilson Counties. Following the merger, Eastpointe, as the surviving LME/MCO entity is governed by an Area Board. The Area Board consists of up to twenty-seven (27) members, with the ability to increase its membership as needed. The number of directors on the Area Board, their Qualifications and the Area Board's organization is consistent with the provisions of N.C. General Statute §122C-118.1, as it may be hereinafter amended, or of any successor statute governing organization and membership of the governing board of an LME. The three counties in the New Catchment Area with the largest population each have three (3) representatives on the Area Board. Each other county in the New Catchment Area have two (2) representatives on the Area Board. The identification of the counties, which have such population for this purpose shall be re-examined every three (3) years based on any changes in population. The population numbers used will be those published by the N.C. Department of Health and Human Services.

As of July 1, 2012, Edgecombe County has two representatives on the board. Each participant in the joint venture will make an annual appropriation with the majority of funding coming from other sources. None of the participating governments have an equity interest in Eastpointe, so no equity interest will be reflected in the financial statements. Further information regarding the LME/MCO can be obtained from Eastpointe's Corporate office at 514 East Main Street, P.O. Box 369, Beulaville, N.C. 28518.

The County participates in a joint venture with the Town of Tarboro to operate the Edgecombe County Cultural Arts Council, Inc. The County appoints thirteen of the nineteen board members to the Board of Arts Council. Neither participating government has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2013. The County contributed \$ 35,431 to the Arts Council during the year ended June 30, 2013. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

The County participates in a joint venture with the City of Rocky Mount and Nash County to operate the Down East Home Consortium, (the "DEHC"). The agreement commenced on June 30, 1996, and covered three consecutive fiscal years. After the initial period, the members of the DEHC chose to continue as a consortium and must notify HUD when it has dissolved. The participating governments mutually agree that Rocky Mount shall act as the lead entity. Each of the entities appoints one member of the three-member DEHC Home Coordinating committee. Each participating government shall receive a percentage of the home funds based on a proration of the population. Each participating government shall be responsible for providing matching funds required by federal regulations for any home funds allocated and accepted for use by that government. For fiscal year June 30, 2013 the County made no contributions to DEHC.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The County participates in a joint venture with Nash County, the Town of Tarboro, and the City of Rocky Mount to operate Carolinas Gateway Partnership, Inc. The partnership's bylaws state that private sector funds are matched on an equal basis by the public partners. For fiscal year June 30, 2013, the County contributed \$140,570 to support the partnership.

**VI. 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, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 844,110	\$ -
Low Income Home Energy Assistance	247,000	-
Independent Living	14,633	-
Medicaid	68,779,668	39,078,359
Special Supp. Nutrition Program for WIC	1,504,095	-
Title IV-E, Adoption Subsidy	435,855	114,946
Foster Care Subsidy	74,921	19,554
State/County Special Assistance for Adults	-	717,102
CWS Adoption Subsidy	-	307,273
	<hr/>	<hr/>
Total	<u>\$ 71,900,282</u>	<u>\$ 40,237,234</u>

**VII. 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 monies 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 monies.

**Operating Leases**

The County is obligated under operating leases to make monthly payments ranging from \$55 to \$4,440 through June 2015. Lease expenditures for the fiscal year ended June 30, 2013 totaled \$177,553. Under these leases, minimum lease payments for the fiscal year ending June 30, 2013 total \$177,553.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**VIII. Additional Disclosures Concerning Water District Presentation  
(Exhibits F-1, F-2)**

USDA has requested that each water & sewer district within the County be presented separately as opposed to being consolidated into one water district operating fund. However, the County did not have each of the district's separated out into individual funds, so adequate information was not available to provide separate schedules for each district. In addition, there was no separate budget prepared for each water district. In consultation with the USDA, the County has decided not to report these water districts in separate funds at this time, but rather to break the districts out based on usage and other measures and report the information on Exhibits F-1 and F-2.

**IX. Change In Accounting Principles**

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures.

**X. Prior Period Adjustments**

During the current fiscal year, the County determined that the amount reported for governmental activities taxes and accounts receivable in the previous fiscal year were overstated by \$1,822,114. Of this amount, \$638,768 in the General Fund and \$70,778 in the CDBG Grant Fund affected the governmental fund statements because revenues which were earned but not available should have been deferred in the previous fiscal year. The remaining \$1,112,568 adjustment to governmental activities net position was due to errors in calculations of the allowance for doubtful accounts and interest receivable. In addition, a \$509,749 adjustment was required in the Solid Waste Fund to correct errors in the calculation of the allowance for doubtful accounts.

**XI. Significant Subsequent Event**

Water & Sewer District 5 sold \$675,000 Bond Anticipation Notes on December 19, 2013 to finance the New Hope Church Road Sewer Project.

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b - a)/c)</b>
12/31/94	\$ -	\$ 204,738	\$ 204,738	\$ -	\$ 976,889	20.96%
12/31/95	-	246,470	246,470	-	1,048,731	23.50%
12/31/96	-	332,050	332,050	-	1,088,328	30.51%
12/31/97	-	347,380	347,380	-	1,108,039	31.35%
12/31/98	-	352,569	352,569	-	1,182,195	29.82%
12/31/99	-	391,485	391,485	-	1,394,619	28.07%
12/31/00	-	642,145	642,145	-	1,384,109	46.39%
12/31/01	-	634,387	634,387	-	1,533,872	41.36%
12/31/02	-	655,749	655,749	-	1,549,290	42.33%
12/31/03	-	743,010	743,010	-	1,600,376	46.43%
12/31/04	-	873,911	873,911	-	1,625,775	53.75%
12/31/05	-	817,612	817,612	-	1,784,149	45.83%
12/31/06	-	815,976	815,976	-	1,859,394	43.88%
12/31/07	-	948,719	948,719	-	1,958,095	48.45%
12/31/08	-	936,905	936,905	-	1,973,902	47.46%
12/31/09	-	1,142,606	1,142,606	-	2,049,359	55.75%
12/31/10	-	1,040,758	1,040,758	-	2,148,725	48.44%
12/31/11	-	1,044,561	1,044,561	-	2,009,960	51.97%
12/31/12	-	1,056,391	1,056,391	-	2,078,658	50.82%

**EDGECOMBE COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2004	\$ 90,553	58.17%
2005	77,630	90.65%
2006	86,223	90.43%
2007	79,336	101.09%
2008	81,461	98.52%
2009	93,512	92.06%
2010	93,944	93.71%
2011	109,311	87.73%
2012	106,097	98.04%

**Notes to the Required Schedules:**

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

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	N/A

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**OTHER POST-EMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/08	\$ -	\$ 5,226,254	\$ 5,226,254	\$ -	\$ 14,811,257	35.29%
12/31/09	-	5,865,377	5,865,377	-	14,276,424	41.08%
12/31/11	-	6,370,361	6,370,361	-	15,858,614	40.17%

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**OTHER POST-EMPLOYMENT BENEFITS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2009	\$ 378,961	52.80%
2010	379,944	62.90%
2011	514,714	56.30%
2012	460,284	59.97%

**Notes to the Required Schedules:**

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	9.5 to 5%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad Valorem Taxes:			
Taxes	\$ 25,531,618	\$ 26,241,472	\$ 709,854
Penalties and interest	445,000	527,461	82,461
Total Ad Valorem Taxes	<u>25,976,618</u>	<u>26,768,933</u>	<u>792,315</u>
Local Option Sales Taxes:			
Article 39 one percent	1,300,000	1,032,797	(267,203)
Article 40 one - half of one percent	1,900,000	2,065,790	165,790
Article 42 one - half of one percent	450,000	464,595	14,595
Article 46 sales tax	-	129,944	129,944
Total Local Option Sales Taxes	<u>3,650,000</u>	<u>3,693,126</u>	<u>43,126</u>
Other Taxes and Licenses:			
Animal tax	12,000	11,589	(411)
Franchise tax	50,000	55,038	5,038
Privilege licenses	5,000	5,368	368
Gross receipt tax	3,000	3,030	30
Total Other Taxes and Licenses	<u>70,000</u>	<u>75,025</u>	<u>5,025</u>
Unrestricted Intergovernmental:			
Hold Harmless Provision	493,000	493,399	399
NC Department of Motor Vehicles	72,000	77,173	5,173
Beer and wine tax	80,000	90,342	10,342
Total Unrestricted Intergovernmental	<u>645,000</u>	<u>660,914</u>	<u>15,914</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues (continued):</b>			
Restricted Intergovernmental:			
General Fund	702,318	2,235,562	1,533,244
Health Department	2,401,424	2,202,940	(198,484)
Department of Social Services	10,561,046	9,694,983	(866,063)
NC Lottery	1,800,000	1,126,692	(673,308)
Court facility fees	75,000	55,070	(19,930)
Medicaid Revenues - Rescue Squad	1,650,000	1,227,275	(422,725)
Nash County - Veteran Services Officer	49,126	59,381	10,255
ABC bottle taxes	17,000	18,903	1,903
Total Restricted Intergovernmental	<u>17,255,914</u>	<u>16,620,806</u>	<u>(635,108)</u>
Permits and Fees:			
Building and zoning permits	50,000	61,429	11,429
Election fees	-	125	125
Register of Deeds	230,000	318,797	88,797
Sheriff, Jail, and other law fees	173,000	261,279	88,279
Legal fee reimbursement	40,000	61,270	21,270
Total Permits and Fees	<u>493,000</u>	<u>702,900</u>	<u>209,900</u>
Sales and Services:			
Rents, concessions, and fees	480,122	688,867	208,745
Inmate housing	2,500,000	2,607,938	107,938
Health fees	3,629,700	2,419,310	(1,210,390)
Social Services fees	145,075	89,009	(56,066)
Vehicle tax collection fees	19,000	20,407	1,407
Total Sales and Services	<u>6,773,897</u>	<u>5,825,531</u>	<u>(948,366)</u>
Investment earnings	<u>-</u>	<u>14,587</u>	<u>14,587</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues (continued):</b>			
Miscellaneous:			
Other	100,000	94,877	(5,123)
Donations	1,030	1,070	40
Insurance claims	24,006	19,419	(4,587)
Total Miscellaneous	<u>125,036</u>	<u>115,366</u>	<u>(9,670)</u>
Total Revenues	<u>54,989,465</u>	<u>54,477,188</u>	<u>(512,277)</u>
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Salaries and employee benefits	99,820	91,172	8,648
Other operating expenditures	194,410	187,501	6,909
Dues and meetings	15,000	16,374	(1,374)
Total Governing Body	<u>309,230</u>	<u>295,047</u>	<u>14,183</u>
Administration:			
Salaries and employee benefits	374,236	375,670	(1,434)
Other operating expenditures	98,500	72,289	26,211
Total Administration	<u>472,736</u>	<u>447,959</u>	<u>24,777</u>
Elections:			
Salaries and employee benefits	261,867	230,783	31,084
Other operating expenditures	112,159	98,547	13,612
Total Elections	<u>374,026</u>	<u>329,330</u>	<u>44,696</u>
Finance:			
Salaries and employee benefits	340,040	338,107	1,933
Audit	50,500	50,500	-
Other operating expenditures	143,400	113,703	29,697
Total Finance	<u>533,940</u>	<u>502,310</u>	<u>31,630</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
General Government (continued):			
Tax Collector:			
Salaries and employee benefits	256,089	243,496	12,593
Other operating expenditures	288,289	242,575	45,714
Total Tax Collector	<u>544,378</u>	<u>486,071</u>	<u>58,307</u>
Department of Motor Vehicles			
Salaries and employee benefits	117,404	115,122	2,282
Other operating expenditures	8,693	5,972	2,721
Total Department of Motor Vehicles	<u>126,097</u>	<u>121,094</u>	<u>5,003</u>
Tax Assessor:			
Salaries and employee benefits	384,854	363,494	21,360
Other operating expenditures	274,405	188,321	86,084
Total Tax Assessor	<u>659,259</u>	<u>551,815</u>	<u>107,444</u>
Legal:			
Contracted services	144,000	141,651	2,349
Data Processing:			
Salaries and employee benefits	236,400	233,845	2,555
Other operating expenditures	355,000	350,608	4,392
Total Data Processing	<u>591,400</u>	<u>584,453</u>	<u>6,947</u>
Register of Deeds:			
Salaries and employee benefits	224,100	222,206	1,894
Other operating expenditures	216,750	137,885	78,865
Children's trust fund	1,800	1,290	510
Domestic violence fund	8,500	7,740	760
Total Register of Deeds	<u>451,150</u>	<u>369,121</u>	<u>82,029</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
General Government (continued):			
Public Buildings:			
Salaries and employee benefits	403,200	362,803	40,397
Other operating expenditures	90,000	55,085	34,915
Utilities	993,700	614,665	379,035
Maintenance	639,000	522,450	116,550
Capital outlay	75,000	-	75,000
Total Public Buildings	<u>2,200,900</u>	<u>1,555,003</u>	<u>645,897</u>
Court Facilities:			
Rent - Courts of Justice	16,800	16,800	-
Law library	20,000	11,366	8,634
Juvenile detention	52,000	43,554	8,446
Total Court Facilities	<u>88,800</u>	<u>71,720</u>	<u>17,080</u>
Central Services:			
Insurance and other	529,800	461,301	68,499
Copy machine rental	20,000	33,596	(13,596)
Total Central Services	<u>549,800</u>	<u>494,897</u>	<u>54,903</u>
Total General Government	<u>7,045,716</u>	<u>5,950,471</u>	<u>1,095,245</u>
Public Safety:			
Sheriff:			
Salaries and employee benefits	3,396,342	3,357,397	38,945
Other operating expenditures	1,009,064	1,000,576	8,488
Narcotics control	32,000	28,487	3,513
Capital outlay	244,944	240,102	4,842
Total Sheriff	<u>4,682,350</u>	<u>4,626,562</u>	<u>55,788</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Public Safety (continued):			
Jail:			
Salaries and employee benefits	2,604,780	2,587,140	17,640
Other operating expenditures	1,534,709	1,327,164	207,545
Capital outlay	607	55,607	(55,000)
Total Jail	<u>4,140,096</u>	<u>3,969,911</u>	<u>170,185</u>
Fire:			
Forest fire contracts	95,180	94,528	652
Workman's compensation	15,000	11,968	3,032
Assistance to local fire departments	103,615	102,752	863
Total Fire	<u>213,795</u>	<u>209,248</u>	<u>4,547</u>
Emergency Management Coordinator:			
Salaries and employee benefits	234,650	238,779	(4,129)
Other operating expenditures	55,100	54,707	393
Total Emergency Mgmt Coordinator	<u>289,750</u>	<u>293,486</u>	<u>(3,736)</u>
E911:			
Salaries and employee benefits	24,006	-	24,006
Other operating expenditures	6,750	3,172	3,578
Total E911	<u>30,756</u>	<u>3,172</u>	<u>27,584</u>
Communications:			
Salaries and employee benefits	466,405	492,535	(26,130)
Other operating expenditures	186,094	175,030	11,064
Capital outlay	34,100	19,205	14,895
Total Communications	<u>686,599</u>	<u>686,770</u>	<u>(171)</u>
Rescue Squads:			
Medicaid revenues - Rescue	1,671,000	1,405,694	265,306
Contracted services	864,000	864,000	-
	<u>2,535,000</u>	<u>2,269,694</u>	<u>265,306</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Public Safety (continued):			
Medical Examiner:			
Fees	7,000	5,100	1,900
Autopsies	35,000	22,000	13,000
Total Medical Examiner	<u>42,000</u>	<u>27,100</u>	<u>14,900</u>
Animal Control:			
Salaries and employee benefits	117,236	115,824	1,412
Other operating expenditures	27,464	18,787	8,677
Total Animal Control	<u>144,700</u>	<u>134,611</u>	<u>10,089</u>
Inspections:			
Salaries and employee benefits	91,037	93,470	(2,433)
Other operating expenditures	17,200	10,566	6,634
Total Inspections	<u>108,237</u>	<u>104,036</u>	<u>4,201</u>
Total Public Safety	<u>12,873,283</u>	<u>12,324,590</u>	<u>548,693</u>
Transportation:			
Contribution to regional airport	61,619	61,619	-
Economic and Physical Development:			
Water and Sewer Projects:			
Other operating expenditures	526,228	248,215	278,013
Agricultural Extension:			
Contractual Services	281,129	249,322	31,807
Other operating expenditures	85,690	77,396	8,294
Total Agricultural Extension	<u>366,819</u>	<u>326,718</u>	<u>40,101</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Economic and Physical Development (continued):			
Soil and Water Conservation:			
Salaries and employee benefits	149,037	149,785	(748)
Other operating expenditures	11,127	9,151	1,976
Total Soil & Water Conservation	<u>160,164</u>	<u>158,936</u>	<u>1,228</u>
Economic Development:			
Industrial Incentive	22,500	14,601	7,899
Carolina Gateway Partnership	140,569	140,570	(1)
Rocky Mount/Edgecombe County			
Community Development Corporation	22,530	16,898	5,632
Ready to Work Youth Development 2012	141,893	126,773	15,120
Land/right of way	20,100	20,050	50
Contractual services	46,520	27,213	19,307
Total Economic Development	<u>394,112</u>	<u>346,105</u>	<u>48,007</u>
Planning:			
Salaries and employee benefits	186,890	128,058	58,832
Other operating expenditures	50,300	35,681	14,619
Capital outlay			-
Total Planning	<u>237,190</u>	<u>163,739</u>	<u>73,451</u>
Total Economic and Physical Development	<u>1,684,513</u>	<u>1,243,713</u>	<u>440,800</u>
Human Services:			
Veterans Service Officer:			
Salaries and employee benefits	95,070	91,772	3,298
Other operating expenditures	3,300	3,585	(285)
Total Veterans Service Officer	<u>98,370</u>	<u>95,357</u>	<u>3,013</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services (continued):			
Other:			
Youth services	232,853	237,561	(4,708)
Misc. Human Services	52,095	46,949	5,146
Total Other	<u>284,948</u>	<u>284,510</u>	<u>438</u>
Health Department:			
Administration:			
Salaries and employee benefits	157,441	148,256	9,185
Other operating expenditures	57,289	56,292	997
Total Administration	<u>214,730</u>	<u>204,548</u>	<u>10,182</u>
Maternal and Child Health:			
Salaries and employee benefits	457,612	467,760	(10,148)
Other operating expenditures	107,117	106,505	612
Total Maternal and Child Health	<u>564,729</u>	<u>574,265</u>	<u>(9,536)</u>
Family Planning:			
Salaries and employee benefits	430,804	463,337	(32,533)
Other operating expenditures	123,751	104,415	19,336
Total Family Planning	<u>554,555</u>	<u>567,752</u>	<u>(13,197)</u>
866 Healthy Communities:			
Salaries and employee benefits	17,932	21,418	(3,486)
Other operating expenditures	754	592	162
Total 866 Healthy Communities	<u>18,686</u>	<u>22,010</u>	<u>(3,324)</u>
Maternal Care Coordination:			
Salaries and employee benefits	177,439	179,666	(2,227)
Other operating expenditures	44,308	28,299	16,009
Total Maternal Care Coordination	<u>221,747</u>	<u>207,965</u>	<u>13,782</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services (continued):			
Health Department (continued):			
School Nurse Initiative Program:			
Salaries and employee benefits	270,814	266,420	4,394
Other operating expenditures	5,551	5,552	(1)
Total School Nurse Initiative Program	<u>276,365</u>	<u>271,972</u>	<u>4,393</u>
School Health:			
Salaries and employee benefits	176,428	172,450	3,978
Other operating expenditures	3,556	3,407	149
Total School Health	<u>179,984</u>	<u>175,857</u>	<u>4,127</u>
Healthy Start:			
Salaries and employee benefits	167,064	122,269	44,795
Other operating expenditures	17,918	7,428	10,490
Total Healthy Start	<u>184,982</u>	<u>129,697</u>	<u>55,285</u>
Environmental Health:			
Salaries and employee benefits	335,741	327,710	8,031
Other operating expenditures	30,522	28,694	1,828
Total Environmental Health	<u>366,263</u>	<u>356,404</u>	<u>9,859</u>
Tuberculosis:			
Salaries and employee benefits	83,799	81,459	2,340
Other operating expenditures	10,794	10,038	756
Total Tuberculosis	<u>94,593</u>	<u>91,497</u>	<u>3,096</u>
Adult Health Services:			
Salaries and employee benefits	124,826	173,919	(49,093)
Other operating expenditures	57,233	47,213	10,020
Total Adult Health Services	<u>182,059</u>	<u>221,132</u>	<u>(39,073)</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services: (continued)			
Health Department (continued):			
Health Works:			
Salaries and employee benefits	47,726	48,674	(948)
Other operating expenditures	14,802	14,409	393
Total Health Works	<u>62,528</u>	<u>63,083</u>	<u>(555)</u>
Home Health Services:			
Salaries and employee benefits	711,532	761,854	(50,322)
Other operating expenditures	368,112	369,015	(903)
Total Home Health Services	<u>1,079,644</u>	<u>1,130,869</u>	<u>(51,225)</u>
Health Promotion:			
Salaries and employee benefits	5,508	4,416	1,092
Other operating expenditures	697	612	85
Total Health Promotion	<u>6,205</u>	<u>5,028</u>	<u>1,177</u>
Child Service Coordination			
Salaries and employee benefits	139,636	139,796	(160)
Other operating expenditures	16,629	12,940	3,689
Total Child Service Coordination	<u>156,265</u>	<u>152,736</u>	<u>3,529</u>
Immunization Action Plan:			
Salaries and employee benefits	55,077	59,825	(4,748)
Other operating expenditures	7,643	7,643	-
Total Immunization Action Plan	<u>62,720</u>	<u>67,468</u>	<u>(4,748)</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services: (continued)			
Health Department (continued):			
Communicable Disease:			
Salaries and employee benefits	245,163	235,914	9,249
Other operating expenditures	14,625	12,309	2,316
Total Communicable Disease	<u>259,788</u>	<u>248,223</u>	<u>11,565</u>
Comprehensive Breast:			
Salaries and employee benefits	21,042	27,551	(6,509)
Other operating expenditures	13,500	10,433	3,067
Total Comprehensive Breast	<u>34,542</u>	<u>37,984</u>	<u>(3,442)</u>
Breast Health Initiative:			
Salaries and employee benefits	11,634	10,176	1,458
Other operating expenditures	33,170	12,047	21,123
Total Breast Health Initiative	<u>44,804</u>	<u>22,223</u>	<u>22,581</u>
AIDS:			
Salaries and employee benefits	10,415	10,415	-
HIV/STD Prevention Risk Reduction:			
Salaries and employee benefits	59,341	62,980	(3,639)
Other operating expenditures	30,659	30,547	112
Total HIV/STD Prevention Risk Reduction	<u>90,000</u>	<u>93,527</u>	<u>(3,527)</u>
Hospice:			
Salaries and employee benefits	321,816	38,838	282,978
Other operating expenditures	115,946	12,932	103,014
Total Hospice	<u>437,762</u>	<u>51,770</u>	<u>385,992</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services: (continued)			
Health Department (continued):			
WIC:			
Salaries and employee benefits	370,991	367,919	3,072
Other operating expenditures	43,369	33,826	9,543
Total WIC	<u>414,360</u>	<u>401,745</u>	<u>12,615</u>
Special Programs:			
Salaries and employee benefits	277,115	243,448	33,667
Other operating expenditures	164,840	101,761	63,079
Total Special Programs	<u>441,955</u>	<u>345,209</u>	<u>96,746</u>
Dental Program:			
Salaries and employee benefits	134,704	149,709	(15,005)
Other operating expenditures	258,175	294,316	(36,141)
Duke Endowment Grant	9,000	9,000	-
Total Dental Program	<u>401,879</u>	<u>453,025</u>	<u>(51,146)</u>
Nurse Family - North Hampton Grant:			
Salaries and employee benefits	4,000	2,858	1,142
Other operating expenditures	1,000	643	357
Total Nurse Family - North Hampton Grant	<u>5,000</u>	<u>3,501</u>	<u>1,499</u>
Diabetes:			
Salaries and employee benefits	63,593	46,942	16,651
Other operating expenditures	2,550	2,395	155
Total Diabetes	<u>66,143</u>	<u>49,337</u>	<u>16,806</u>
BT Preparedness:			
Salaries and employee benefits	45,277	45,276	1
Other operating expenditures	6,072	6,072	-
Total BT Preparedness	<u>51,349</u>	<u>51,348</u>	<u>1</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services (continued):			
Health Department (continued):			
Other Grants:			
Other operating expenditures	21,633	372	21,261
University Health System Grant:			
Salaries and employee benefits	35,778	35,371	407
Other operating expenditures	19,662	13,014	6,648
Total University Health System Grant	55,440	48,385	7,055
826 Title X HIV Services:			
Salaries and employee benefits	23,680	26,873	(3,193)
Other operating expenditures	22,571	22,565	6
Total 826 Title X HIV Services	46,251	49,438	(3,187)
Adolescent Reproductive - State:			
Salaries and employee benefits	6,521	11,467	(4,946)
Other operating expenditures	-	-	-
Total Adolescent Reproductive - State	6,521	11,467	(4,946)
Region 9 Transformation:			
Other operating expenditures	11,180	1,402	9,778
Total Health Department	6,625,077	6,121,654	503,423
Mental Health:			
Assist to the Beacon Center	18,000	18,903	(903)
Aging:			
Salaries and employee benefits	44,276	46,685	(2,409)
Family caregiver	21,102	9,334	11,768
Other operating expenditures	13,877	2,918	10,959
Total Aging	79,255	58,937	20,318

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Human Services (continued):			
Social Services:			
Administration:			
Salaries and employee benefits	7,656,121	7,052,285	603,836
Other operating expenditures	1,047,188	800,859	246,329
Total Administration	<u>8,703,309</u>	<u>7,853,144</u>	<u>850,165</u>
Public Assistance:			
Assistance payments	<u>7,511,853</u>	<u>6,043,744</u>	<u>1,468,109</u>
Total Social Services	<u>16,215,162</u>	<u>13,896,888</u>	<u>2,318,274</u>
Total Human Services	<u>23,320,812</u>	<u>20,476,249</u>	<u>2,844,563</u>
Cultural and Recreational:			
Contribution to local library	540,795	540,795	-
Cultural Arts Council	35,431	35,431	-
School recreation	28,224	28,444	(220)
Total Cultural and Recreational	<u>604,450</u>	<u>604,670</u>	<u>(220)</u>
Education:			
Public Schools:			
Current	9,174,027	9,174,027	-
Building capital fund (PSBCF)	800,000	-	800,000
NC Lottery allocations	1,000,000	810,451	189,549
Community Colleges:			
Current	1,386,000	1,386,000	-
Capital Outlay	250,000	250,000	-
Total Education	<u>12,610,027</u>	<u>11,620,478</u>	<u>989,549</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures (continued):</b>			
Debt Service:			
Principal retirement	23,203,192	9,998,923	13,204,269
Interest and other charges	859,062	848,978	10,084
Total Debt Service	<u>24,062,254</u>	<u>10,847,901</u>	<u>13,214,353</u>
Total Expenditures	<u>82,262,674</u>	<u>63,129,691</u>	<u>19,132,983</u>
Revenues Over (Under) Expenditures	<u>(27,273,209)</u>	<u>(8,652,503)</u>	<u>18,620,706</u>
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
Revaluation	(154,000)	(150,000)	4,000
School Bond Capital Project	-	337,232	337,232
Limited obligation bonds issued	20,440,021	6,931,800	(13,508,221)
Premium on bonds	-	426,608	426,608
Appropriated fund balance	6,987,188	-	(6,987,188)
Total Other Financing Sources (Uses)	<u>27,273,209</u>	<u>7,545,640</u>	<u>(19,727,569)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,106,863)</u>	<u>\$ (1,106,863)</u>
<b>Fund Balance:</b>			
Beginning of year, July 1- previously stated		15,266,268	
Prior period adjustment		(638,768)	
Beginning of year, July 1 - restated		<u>14,627,500</u>	
End of year, June 30		<u>\$ 13,520,637</u>	

**EDGECOMBE COUNTY, NORTH CAROLINA  
HUMAN SERVICES BUILDING CAPITAL PROJCT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Investment Income	\$ 9,670	\$ 4,260	\$ 291	\$ 4,551	\$ (5,119)
<b>Expenditures:</b>					
Renovations:					
Construction	5,959,102	5,683,077	221,273	5,904,350	54,752
Engineering	441,705	399,973	49,951	449,924	(8,219)
Note payoff	1,000,000	1,000,000	-	1,000,000	-
Furnishings	608,863	385,591	222,488	608,079	784
Total expenditures	<u>8,009,670</u>	<u>7,468,641</u>	<u>493,712</u>	<u>7,962,353</u>	<u>47,317</u>
Revenues Over (Under) Expenditures	(8,000,000)	(7,464,381)	(493,421)	(7,957,802)	42,198
Other Financing Sources:					
Installment loan issuance	<u>8,000,000</u>	<u>8,000,000</u>	<u>-</u>	<u>8,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 535,619</u>	<u>(493,421)</u>	<u>\$ 42,198</u>	<u>\$ 42,198</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>535,619</u>		
End of year, June 30			<u>\$ 42,198</u>		

**EDGECOMBE COUNTY, NORTH CAROLINA  
REVALUATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		<b>Variance Over/Under</b>
	<b>Budget</b>	<b>Actual</b>	
Other Financing Sources:			
Transfer In:			
General Fund	\$ -	\$ 150,000	\$ 150,000
Net change in fund balance	<u>\$ -</u>	<u>150,000</u>	<u>\$ 150,000</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>543,912</u>	
End of year, June 30		<u>\$ 693,912</u>	

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**EDGECOMBE COUNTY, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

**Special Revenue Funds**

	<b>CDBG Scattered Sites Project Fund</b>	<b>Fire Districts Fund</b>	<b>Industrial Sites Development Fund</b>	<b>Emergency Telephone System</b>	<b>Public Safety Grant Fund</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 12,651	\$ 137,114	\$ 85,002	\$ -
Accounts receivable, net	19,264	-	-	22,257	-
Taxes receivable, net	-	200,590	-	-	-
<b>Total assets</b>	<b>\$ 19,264</b>	<b>\$ 213,241</b>	<b>\$ 137,114</b>	<b>\$ 107,259</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 19,264	\$ 12,651	\$ -	\$ 499	\$ -
<b>Total liabilities</b>	<b>19,264</b>	<b>12,651</b>	<b>-</b>	<b>499</b>	<b>-</b>
Deferred Inflows of Resources	-	200,590	-	-	-
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Stabilization by State Statute	19,264	-	-	22,257	-
Public Safety	-	-	-	106,760	-
Economic Development	-	-	137,114	-	-
<b>Unassigned</b>	<b>(19,264)</b>	<b>-</b>	<b>-</b>	<b>(22,257)</b>	<b>-</b>
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>137,114</b>	<b>106,760</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 19,264</b>	<b>\$ 213,241</b>	<b>\$ 137,114</b>	<b>\$ 107,259</b>	<b>\$ -</b>

CDBG Grant Fund	Economic Development and Housing Recovery Fund	Total Nonmajor Special Revenue Funds	Capital Outlay Funds		Total Nonmajor Capital Outlay Funds	Total Nonmajor Governmental Funds
			Schools Capital Project Fund	School Bond Capital Project Fund		
\$ -	\$ 43,025	\$ 277,792	\$ -	\$ -	\$ -	\$ 277,792
70,778	14,183	126,482	127,070	-	127,070	253,552
-	-	200,590	-	-	-	200,590
<u>\$ 70,778</u>	<u>\$ 57,208</u>	<u>\$ 604,864</u>	<u>\$ 127,070</u>	<u>\$ -</u>	<u>\$ 127,070</u>	<u>\$ 731,934</u>
\$ 66,778	\$ 2,600	\$ 101,792	\$ 127,070	\$ -	\$ 127,070	\$ 228,862
<u>66,778</u>	<u>2,600</u>	<u>101,792</u>	<u>127,070</u>	<u>-</u>	<u>127,070</u>	<u>228,862</u>
70,778	-	271,368	-	-	-	271,368
-	14,183	55,704	127,070	-	127,070	182,774
-	-	106,760	-	-	-	106,760
-	54,608	191,722	-	-	-	191,722
(66,778)	(14,183)	(122,482)	(127,070)	-	(127,070)	(249,552)
<u>(66,778)</u>	<u>54,608</u>	<u>231,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,704</u>
<u>\$ 70,778</u>	<u>\$ 57,208</u>	<u>\$ 604,864</u>	<u>\$ 127,070</u>	<u>\$ -</u>	<u>\$ 127,070</u>	<u>\$ 731,934</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>				
	<b>CDBG Scattered Sites Fund</b>	<b>Fire Districts Fund</b>	<b>Industrial Sites Development Fund</b>	<b>Emergency Telephone System</b>	<b>Public Safety Grant Fund</b>
<b>Revenues</b>					
Ad valorem taxes	\$ -	\$ 860,170	\$ -	\$ -	\$ -
Local option sales tax	-	-	-	-	-
Restricted intergovernmental	94,883	-	-	-	1,126
Other taxes and licenses	-	-	-	267,082	-
Total revenues	<u>94,883</u>	<u>860,170</u>	<u>-</u>	<u>267,082</u>	<u>1,126</u>
<b>Expenditures</b>					
Public Safety	-	860,170	-	253,122	1,126
Education	-	-	-	-	-
Economic and Physical Development	94,883	-	-	-	-
Total expenditures	<u>94,883</u>	<u>860,170</u>	<u>-</u>	<u>253,122</u>	<u>1,126</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	13,960	-
<b>Other Financing Sources (Uses)</b>					
Transfers to/from other funds	-	-	-	-	-
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,960</u>	<u>-</u>
<b>Fund Balances:</b>					
Beginning of year, July 1					
- previously reported	-	-	137,114	92,800	-
Prior period adjustment	-	-	-	-	-
Beginning of year, July 1 - restated	<u>-</u>	<u>-</u>	<u>137,114</u>	<u>92,800</u>	<u>-</u>
End of year, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,114</u>	<u>\$ 106,760</u>	<u>\$ -</u>

CDBG Grant Fund	Economic Development and Housing Recovery Fund	Total Nonmajor Special Revenue Funds	Capital Outlay Funds		Total Nonmajor Capital Outlay Funds	Total Nonmajor Governmental Funds
			Schools Capital Project Fund	School Bond Capital Project Fund		
\$ -	\$ -	\$ 860,170	\$ -	\$ -	\$ -	\$ 860,170
-	-	-	696,893	-	696,893	696,893
750,000	77,944	923,953	-	-	-	923,953
-	-	267,082	-	-	-	267,082
<u>750,000</u>	<u>77,944</u>	<u>2,051,205</u>	<u>696,893</u>	<u>-</u>	<u>696,893</u>	<u>2,748,098</u>
-	-	1,114,418	-	-	-	1,114,418
-	-	-	696,893	-	696,893	696,893
758,000	35,033	887,916	-	-	-	887,916
<u>758,000</u>	<u>35,033</u>	<u>2,002,334</u>	<u>696,893</u>	<u>-</u>	<u>696,893</u>	<u>2,699,227</u>
(8,000)	42,911	48,871	-	-	-	48,871
-	-	-	-	(337,232)	(337,232)	(337,232)
<u>(8,000)</u>	<u>42,911</u>	<u>48,871</u>	<u>-</u>	<u>(337,232)</u>	<u>(337,232)</u>	<u>(288,361)</u>
12,000	11,697	253,611	-	337,232	337,232	590,843
(70,778)	-	(70,778)	-	-	-	(70,778)
<u>(58,778)</u>	<u>11,697</u>	<u>182,833</u>	<u>-</u>	<u>337,232</u>	<u>337,232</u>	<u>520,065</u>
<u>\$ (66,778)</u>	<u>\$ 54,608</u>	<u>\$ 231,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,704</u>

**EDGECOMBE COUNTY, NORTH CAROLINA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCATTERED SITE PROJECT FUND (09-C-1990 and ER 10-C-2140)  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted Intergovernmental:					
Community Development					
Block Grants:					
CDBG 12-C-2415	\$ 225,000	\$ -	\$ 215	\$ 215	\$ (224,785)
ER 10-C-2140	500,000	317,283	94,668	411,951	(88,049)
Total revenues	<u>725,000</u>	<u>317,283</u>	<u>94,883</u>	<u>412,166</u>	<u>(312,834)</u>
<b>Expenditures:</b>					
Economic and					
Physical Development:					
CDBG 12-C-2415					
Rehabilitation	202,500	-	-	-	202,500
Administration	22,500	-	215	215	22,285
Total	<u>225,000</u>	<u>-</u>	<u>215</u>	<u>215</u>	<u>224,785</u>
ER 10-C-2140:					
Rehabilitation	455,000	286,237	92,673	378,910	76,090
Administration	45,000	31,046	1,995	33,041	11,959
Total	<u>500,000</u>	<u>317,283</u>	<u>94,668</u>	<u>411,951</u>	<u>88,049</u>
Total expenditures	<u>725,000</u>	<u>317,283</u>	<u>94,883</u>	<u>412,166</u>	<u>312,834</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**EDGECOMBE COUNTY, NORTH CAROLINA  
FIRE DISTRICTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,017,500	\$ 860,170	\$ (157,330)
<b>Expenditures:</b>			
Public Safety:			
Fire Districts	1,017,500	860,170	157,330
Net change in fund balance	\$ -	-	\$ -
<b>Fund Balance:</b>			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

**EDGECOMBE COUNTY, NORTH CAROLINA  
INDUSTRIAL SITES DEVELOPMENT FUND  
SCHEDULED OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	2013		
	Budget	Actual	Variance Over/Under
<b>Revenues:</b>			
Investment earnings	\$ -	\$ -	\$ -
Property sale/lease payments	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Economic and Physical Development:			
Engineering	-	-	-
Other Financing Sources (Uses):			
Transfers Out	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>137,114</u>	
End of year, June 30		<u>\$ 137,114</u>	

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
NC 911 PSAP fees	\$ 205,721	\$ 267,082	\$ 61,361
Total revenues	<u>205,721</u>	<u>267,082</u>	<u>61,361</u>
<b>Expenditures:</b>			
Public Safety:			
Implemental Functions	81,000	80,850	150
Phone and furniture	87,027	82,181	4,846
Software	56,418	56,418	-
Hardware	33,676	33,673	3
Training	500	-	500
Total expenditures	<u>258,621</u>	<u>253,122</u>	<u>5,499</u>
Revenues Over (Under) Expenditures	<u>(52,900)</u>	<u>13,960</u>	<u>66,860</u>
<b>Other Financing Sources (Uses):</b>			
Transfer to General Fund for prior per adj	4,000	-	(4,000)
Fund Balance Appropriated	48,900	-	(48,900)
Total other financing sources (uses)	<u>52,900</u>	<u>-</u>	<u>(52,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>13,960</u>	<u>\$ 13,960</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>92,800</u>	
End of year, June 30		<u>\$ 106,760</u>	

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**PUBLIC SAFETY GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted Intergovernmental:					
2010 NC Emergency Mgmt	\$ 5,941	\$ 3,007	\$ 1,126	\$ 4,133	\$ (1,808)
Hazard Mitigation Grant	94,512	10,150	-	10,150	(84,362)
Total revenues	<u>100,453</u>	<u>13,157</u>	<u>1,126</u>	<u>14,283</u>	<u>(86,170)</u>
<b>Expenditures:</b>					
Public Safety:					
2010 NC Emergency Mgmt					
Training	<u>5,941</u>	<u>3,007</u>	<u>1,126</u>	<u>4,133</u>	<u>1,808</u>
Hazard Mitigation Grant:					
Training:	520	-	-	-	520
Owner buyout	<u>93,992</u>	<u>10,150</u>	<u>-</u>	<u>10,150</u>	<u>83,842</u>
Total	<u>94,512</u>	<u>10,150</u>	<u>-</u>	<u>10,150</u>	<u>84,362</u>
Total Public Safety	<u>100,453</u>	<u>13,157</u>	<u>1,126</u>	<u>14,283</u>	<u>86,170</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**EDGECOMBE COUNTY, NORTH CAROLINA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
ECONOMIC DEVELOPMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted Intergovernmental:					
Community Development					
Block Grants:					
CDBG 09-C-1952 - Capacity Bldg	\$ 75,000	\$ -	\$ -	\$ -	\$ (75,000)
CDBG 10-E-2187 - Superior Essex	750,000	-	750,000	750,000	-
Total revenues	<u>825,000</u>	<u>-</u>	<u>750,000</u>	<u>750,000</u>	<u>(75,000)</u>
<b>Expenditures:</b>					
Economic Development:					
Community Development					
Block Grants:					
CDBG 09-C-1952 - Capacity Bldg:					
Other professional	67,500	67,500	-	67,500	-
Administration	7,500	3,278	-	3,278	4,222
Total	<u>75,000</u>	<u>70,778</u>	<u>-</u>	<u>70,778</u>	<u>4,222</u>
CDBG 10-E-2187 - Superior Essex:					
Rehabilitation	750,000	-	750,000	750,000	-
Administration	20,000	8,000	8,000	16,000	4,000
Total	<u>770,000</u>	<u>8,000</u>	<u>758,000</u>	<u>766,000</u>	<u>4,000</u>
Total expenditures	<u>845,000</u>	<u>78,778</u>	<u>758,000</u>	<u>836,778</u>	<u>8,222</u>

**EDGECOMBE COUNTY, NORTH CAROLINA  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
ECONOMIC DEVELOPMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues Over					
(Under) Expenditures	(20,000)	(78,778)	(8,000)	(86,778)	(66,778)
Other Financing					
Sources (Uses):					
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>          </u>	<u>20,000</u>	<u>          -</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (58,778)</u>	<u>\$ (8,000)</u>	<u>\$ (66,778)</u>	<u>\$ (66,778)</u>
<b>Fund Balance:</b>					
Beginning of year, July 1 - previously stated			12,000		
Prior period adjustment			<u>(70,778)</u>		
Beginning of year, July 1 - restated			<u>(58,778)</u>		
End of year, June 30			<u>\$ (66,778)</u>		

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**ECONOMIC DEVELOPMENT AND HOUSING RECOVERY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30,2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted Intergovernmental:					
NC Housing and Finance:					
2012 Urgent Repair	\$ 75,000	\$ -	\$ 37,500	\$ 37,500	\$ (37,500)
Down East Home	604,334	372,099	-	372,099	(232,235)
CNEF Grant	9,000	9,000	-	9,000	-
The Rural Center-SEPRO	60,000	19,079	15,444	34,523	(25,477)
NC Dept of Comm-IDF	25,000	-	25,000	25,000	-
County match	1,800	1,800	-	1,800	-
Investment income	-	897	-	897	897
Total revenues	<u>775,134</u>	<u>402,875</u>	<u>77,944</u>	<u>480,819</u>	<u>(294,315)</u>
<b>Expenditures:</b>					
Economic and Physical Development:					
NC Housing and Finance:					
2010 Single Family	75,000	-	2,959	2,959	72,041
Down East Home	604,334	372,099	-	372,099	232,235
Community Togetherness	9,000	-	7,074	7,074	1,926
The Rural Center-SEPRO	61,800	19,079	-	19,079	42,721
NC Dept of Comm-IDF	25,000	-	25,000	25,000	-
Total expenditures	<u>775,134</u>	<u>391,178</u>	<u>35,033</u>	<u>426,211</u>	<u>348,923</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,697</u>	42,911	<u>\$ 54,608</u>	<u>\$ 54,608</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>11,697</u>		
End of year, June 30			<u>\$ 54,608</u>		

**EDGECOMBE COUNTY, NORTH CAROLINA  
SCHOOLS CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Local sales tax - restricted portion	\$ 750,000	\$ 696,893	\$ (53,107)
<b>Expenditures:</b>			
Education:			
Schools - capital outlay	750,000	696,893	53,107
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ -</u>	

**EDGECOMBE COUNTY, NORTH CAROLINA  
SCHOOL BOND CAPITAL PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment Income	\$ 583,780	\$ 664,105	\$ -	\$ 664,105	\$ 80,325
<b>Expenditures:</b>					
Southwest High School:					
Construction	1,924,302	1,895,432	-	1,895,432	28,870
Engineering	193,663	191,924	-	191,924	1,739
Legal and Administration	3,815	3,814	-	3,814	1
Total	2,121,780	2,091,170	-	2,091,170	30,610
Carver Elementary:					
Construction	1,073,240	1,052,999	-	1,052,999	20,241
Engineering	75,307	75,306	-	75,306	1
Legal and Administration	5,636	5,635	-	5,635	1
Total	1,154,183	1,133,940	-	1,133,940	20,243
Bullock Elementary:					
Construction	3,696,542	3,628,676	-	3,628,676	67,866
Engineering	242,605	242,605	-	242,605	-
Legal and Administration	4,636	4,635	-	4,635	1
Total	3,943,783	3,875,916	-	3,875,916	67,867
Coker Wimberly Middle:					
Construction	1,655,514	1,624,558	-	1,624,558	30,956
Engineering	120,984	120,984	-	120,984	-
Legal and Administration	7,536	7,535	-	7,535	1
Total	1,784,034	1,753,077	-	1,753,077	30,957
Phillips School:					
Construction	1,450,000	1,463,175	-	1,463,175	(13,175)
Engineering	120,000	29,000	-	29,000	91,000
Legal and Administration	6,000	1,947	-	1,947	4,053
Total	1,576,000	1,494,122	-	1,494,122	81,878

**EDGECOMBE COUNTY, NORTH CAROLINA  
SCHOOL BOND CAPITAL PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Over/Under</u>
			<u>Current Year</u>	<u>Total to Date</u>	
<b>Expenditures: (continued)</b>					
Nash-Rocky Mount:					
Nash-Rocky Mt Schools	3,362,483	3,362,483	-	3,362,483	-
Legal & Administration	67,517	67,517	-	67,517	-
	<u>3,430,000</u>	<u>3,430,000</u>	<u>-</u>	<u>3,430,000</u>	<u>-</u>
Legal and Administration	100,000	74,648	-	74,648	25,352
	<u>14,109,780</u>	<u>13,852,873</u>	<u>-</u>	<u>13,852,873</u>	<u>256,907</u>
Revenues Over					
(Under) Expenditures	<u>(13,526,000)</u>	<u>(13,188,768)</u>	<u>-</u>	<u>(13,188,768)</u>	<u>337,232</u>
Other Financing Sources:					
Transfers from (to)					
General Fund	726,000	726,000	(337,232)	388,768	(337,232)
Bond issuance	12,800,000	12,800,000		12,800,000	-
Total	<u>13,526,000</u>	<u>13,526,000</u>	<u>(337,232)</u>	<u>13,188,768</u>	<u>(337,232)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 337,232</u>	<u>(337,232)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>337,232</u>		
End of year, June 30			<u>\$ -</u>		

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**WATER DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Year	Current Year	Total to Date	
<b>Revenues:</b>					
Water District No. 5:					
Restricted Intergovernmental:					
USDA/Rural Development	\$ 3,988,000	\$ 3,732,592	\$ 255,426	\$ 3,988,018	\$ 18
General Obligation Bonds	3,928,000	3,928,000	-	3,928,000	-
Local match	231,495	26,636	-	26,636	(204,859)
Local match-Draughn Road	162,336	-	154,035	154,035	(8,301)
Total	<u>8,309,831</u>	<u>7,687,228</u>	<u>409,461</u>	<u>8,096,689</u>	<u>(213,142)</u>
Water District No. 4 - Phase III					
Restricted Intergovernmental:					
Rural Center	1,000,000	-	-	-	(1,000,000)
USDA Grant	3,013,590	-	-	-	(3,013,590)
USDA Loan	-	79,231	(79,231)	-	-
Local match	63,600	69,277	-	69,277	5,677
Total	<u>4,077,190</u>	<u>148,508</u>	<u>(79,231)</u>	<u>69,277</u>	<u>(4,007,913)</u>
Water District No. 5 - 97 Wastewater:					
Restricted Intergovernmental:					
USDA Grant	1,000,000	566,052	433,947	999,999	(1)
USDA Revenue Bonds	638,000	638,000	-	638,000	-
NC Clean Water Bonds	1,728,859	1,365,202	254,025	1,619,227	(109,632)
The Rural Center	400,000	400,000	-	400,000	-
The Rural Center	1,000,000	1,000,000	(100,000)	900,000	(100,000)
Local match	760	662	-	662	(98)
Total	<u>4,767,619</u>	<u>3,969,916</u>	<u>587,972</u>	<u>4,557,888</u>	<u>(209,731)</u>
Miscellaneous Water Projects:					
The Rural Center Grants:					
PER Speed Community	31,250	-	-	-	(31,250)
Hydraulic Water Model	21,300	21,300	-	21,300	-
Local match	16,950	-	-	-	(16,950)
Investment income	-	153	6,594	6,747	6,747
Total	<u>69,500</u>	<u>21,453</u>	<u>6,594</u>	<u>28,047</u>	<u>(41,453)</u>
Total revenues	<u>17,224,140</u>	<u>11,827,105</u>	<u>924,796</u>	<u>12,751,901</u>	<u>(4,472,239)</u>

**EDGEcombe COUNTY, NORTH CAROLINA**  
**WATER DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual			Variance Over/Under
		Prior Year	Current Year	Total to Date	
<b>Expenditures:</b>					
Water District No. 5:					
Construction	6,017,288	6,015,510	-	6,015,510	1,778
Draughn Road Construction	417,762	-	307,951	307,951	109,811
Engineering Fees	744,860	724,984	670	725,654	19,206
Land Right of Way	23,450	23,450	-	23,450	-
Leggett Note Purchase	203,742	176,929	-	176,929	26,813
Administration and Legal	46,712	46,228	-	46,228	484
Capitalized Interest	67,212	67,212	-	67,212	-
Equipment	759,780	631,999	-	631,999	127,781
Contingency	29,026	29,026	-	29,026	-
Total	8,309,832	7,715,338	308,621	8,023,959	285,873
Water District No. 4 - Phase III:					
Construction	6,554,120	-	3,139,241	3,139,241	3,414,879
Engineering Fees	697,000	115,733	70,418	186,151	510,849
Land Right of Way	15,000	163	-	163	14,837
Administration and Legal	95,000	2,578	44,101	46,679	48,321
Capitalized interest	37,880	-	-	-	37,880
Contingency	293,190	-	-	-	293,190
Total	7,692,190	118,474	3,253,760	3,372,234	4,319,956
Water District No. 5 - 97 Wastewater:					
Construction	3,859,746	3,363,179	549,885	3,913,064	(53,318)
Engineering Fees	608,029	473,453	38,088	511,541	96,488
Land Right of Way	86,100	86,044	-	86,044	56
Administration and Legal	81,222	33,028	135	33,163	48,059
Grant Administration	30,000	-	-	-	30,000
Capitalized Interest	50,000	14,212	-	14,212	35,788
Contingency	52,521	-	-	-	52,521
Total	4,767,618	3,969,916	588,108	4,558,024	209,594
Miscellaneous Water Projects:					
PER Speed Community	35,000	-	-	-	35,000
Hydraulic Water Model	34,500	34,500	-	34,500	-
Total	69,500	34,500	-	34,500	35,000
Total expenditures	20,839,140	11,838,228	4,150,489	15,988,717	4,850,423

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**WATER DISTRICT CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Revenues Over					
(Under) Expenditures	<u>(3,615,000)</u>	<u>(11,123)</u>	<u>(3,225,693)</u>	<u>(3,236,816)</u>	<u>378,184</u>
Other Financing Sources (Uses):					
District No. 4 bond anticipation notes issued	<u>3,615,000</u>	<u>-</u>	<u>3,615,000</u>	<u>3,615,000</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ (11,123)</u>	<u>\$ 389,307</u>	<u>\$ 378,184</u>	<u>\$ 378,184</u>

**EDGECOMBE COUNTY, NORTH CAROLINA  
WATER AND SEWER OPERATIONS  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		<b>Variance Over/Under</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues:</b>			
Operating Revenues:			
Water Sales - charges for service	\$ 2,801,000	\$ 2,738,873	\$ (62,127)
Late charges and penalties	113,573	156,649	43,076
Total operating revenues	<u>2,914,573</u>	<u>2,895,522</u>	<u>(19,051)</u>
Non-Operating Revenues:			
Water tap fees	50,000	65,005	15,005
Investment Income	-	40	40
Total non-operating revenues	<u>50,000</u>	<u>65,045</u>	<u>15,045</u>
Total revenues	<u>2,964,573</u>	<u>2,960,567</u>	<u>(4,006)</u>
<b>Expenditures:</b>			
Water Operation and Administration:			
Salaries and employee benefits	432,600	424,977	7,623
Water purchases	1,130,000	1,068,107	61,893
Operating expenditures	385,540	349,255	36,285
System maintenance	82,950	83,985	(1,035)
Capital outlay	55,000	53,836	1,164
Debt Service:			
Principal	334,593	3,172,204	(2,837,611)
Interest	603,455	614,753	(11,298)
Fees	-	87,349	(87,349)
Total expenditures	<u>3,024,138</u>	<u>5,854,466</u>	<u>(2,830,328)</u>
Revenues over (under) expenditures	<u>(59,565)</u>	<u>(2,893,899)</u>	<u>(2,834,334)</u>

**EDGECOMBE COUNTY, NORTH CAROLINA  
WATER AND SEWER OPERATIONS  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		<b>Variance Over/Under</b>
	<b>Budget</b>	<b>Actual</b>	
Other Financing Sources (Uses):			
Refunding bonds issued	-	9,780,000	9,780,000
Payment to refunded bond escrow agent	-	(10,052,500)	(10,052,500)
Limited obligation bonds issued	-	12,323,200	12,323,200
Premium on limited obligation bonds	-	758,413	758,413
Fund Balance appropriation	59,565	-	(59,565)
Total Other Financing Sources (Uses)	<u>59,565</u>	<u>12,809,113</u>	<u>12,749,548</u>
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 9,915,214</u>	<u>\$ 9,915,214</u>

**Reconciliation from budgetary basis (modified accrual) to full accrual:**

Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 9,915,214</u>
Reconciling Items:	
Payment of debt principal	3,172,204
Issuance of long-term debt	(22,103,200)
Premium on long-term debt	(758,413)
Payment to refunded bond escrow agent	10,052,500
Change in interest accrual	33,795
Capital Outlay	53,836
Increase in accrued vacation pay & OPEB	(5,085)
Depreciation	(859,978)
Capital contributions	918,202
Interest on Capital Projects	6,594
Total Reconciling Items	<u>(9,489,545)</u>
Change in Net Position	<u>\$ 425,669</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**LANDFILL GAS CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted Intergovernmental:					
Golden Leaf Grant	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
NC Dept of Energy Grant	325,000	248,780	-	248,780	(76,220)
Total revenues	<u>425,000</u>	<u>248,780</u>	<u>-</u>	<u>248,780</u>	<u>(176,220)</u>
<b>Expenditures:</b>					
Construction	1,012,680	589,744	240,143	829,887	182,793
Engineering	408,055	111,552	321,932	433,484	(25,429)
Capital Outlay	1,279,265	701,339	236,444	937,783	341,482
Total expenditures	<u>2,700,000</u>	<u>1,402,635</u>	<u>798,519</u>	<u>2,201,154</u>	<u>498,846</u>
Revenues Over (Under) Expenditures	<u>(2,275,000)</u>	<u>(1,153,855)</u>	<u>(798,519)</u>	<u>(1,952,374)</u>	<u>322,626</u>
Other Financing Sources (Uses):					
Transfer from Solid Waste	1,575,000	675,000	900,000	1,575,000	-
Loan issuance-EMCEMC	700,000	700,000	-	700,000	-
Total Other Financing Sources (Uses)	<u>2,275,000</u>	<u>1,375,000</u>	<u>900,000</u>	<u>2,275,000</u>	<u>-</u>
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 221,145</u>	<u>\$ 101,481</u>	<u>\$ 322,626</u>	<u>\$ 322,626</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>			
Operating Revenues:			
Charges for Services:			
Solid Waste charges	\$ 1,900,000	\$ 1,921,705	\$ 21,705
Recycling	4,369	15,222	10,853
Total operating revenues	<u>1,904,369</u>	<u>1,936,927</u>	<u>32,558</u>
Non-operating Revenues:			
Investment earnings	-	1,023	1,023
Scrap tire	70,000	117,623	47,623
White goods	20,000	8,281	(11,719)
Other Grants	5,631	5,631	-
Other income	14,688	31,719	17,031
Total non-operating revenues	<u>110,319</u>	<u>164,277</u>	<u>53,958</u>
 Total revenues	 <u>2,014,688</u>	 <u>2,101,204</u>	 <u>86,516</u>
<b>Expenditures:</b>			
Operating Expenditures:			
Salaries and employee benefits	842,500	821,593	20,907
Other operating expenditures	1,402,463	1,341,994	60,469
Post-closure expenditures	100,000	51,291	48,709
Total operating expenditures	<u>2,344,963</u>	<u>2,214,878</u>	<u>130,085</u>
Capital outlays	<u>296,975</u>	<u>285,579</u>	<u>11,396</u>
Debt service:			
Principal	<u>46,480</u>	<u>45,360</u>	<u>1,120</u>
 Total expenditures	 <u>2,688,418</u>	 <u>2,545,817</u>	 <u>142,601</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>		<b>Variance Over/Under</b>
	<b>Budget</b>	<b>Actual</b>	
Revenues Over (Under) Expenditures	(673,730)	(444,613)	229,117
Other Financing Sources (Uses):			
Transfer to Landfill Gas Capital Project	(900,000)	(900,000)	-
Fund balance appropriated	1,573,730	-	(1,573,730)
Total other financing sources (uses)	673,730	(900,000)	(1,573,730)
Revenues and Other Financing Sources			
(Uses) Over (Under) Expenditures	\$ -	\$ (1,344,613)	\$ (1,344,613)

**Reconciliation from budgetary basis (modified accrual) to full accrual:**

Revenues and Other Financing Sources	
(Uses) Over (Under) Expenditures	\$ (1,344,613)
Reconciling Items:	
Payment of debt principal	45,360
Capital outlays	285,579
Depreciation	(268,111)
Provision for bad debt	(11,544)
Transfer to capital project	900,000
(Increase) decrease in accrued landfill closure and post-closure care costs	(98,709)
(Increase) decrease in accrued vacation pay & OPEB	(2,769)
Total Reconciling Items	849,806
Change in net position	\$ (494,807)

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2013**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2012</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2013</b>
2012-2013	\$ -	\$ 26,783,642	\$ 24,673,245	\$ 2,110,397
2011-2012	1,978,383	-	870,958	1,107,425
2010-2011	1,598,217	-	773,359	824,858
2009-2010	828,763	-	141,678	687,085
2008-2009	450,981	-	72,606	378,375
2007-2008	365,447	-	47,066	318,381
2006-2007	312,123	-	30,993	281,130
2005-2006	260,002	-	21,408	238,594
2004-2005	222,919	-	12,197	210,722
2003-2004	239,572	-	9,693	229,879
2002-2003	229,086	-	229,086	-
<b>Total</b>	<b>\$ 6,485,493</b>	<b>\$ 26,783,642</b>	<b>\$ 26,882,289</b>	<b>6,386,846</b>
				<u>(1,265,000)</u>
				<u>\$ 5,121,846</u>
 <b>Reconciliation with Revenues:</b>				
				<u>\$ 26,768,933</u>
 Reconciling Items:				
				(527,461)
				640,817
				<u>113,356</u>
				<u>\$ 26,882,289</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT LEVY**  
**COUNTY-WIDE LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	County - Wide			Total Levy	
	Property	Rate	Amount	Property	Registered
	Valuation		of Levy	excluding	Motor
				Registered	Motor
				Motor	Vehicles
				Vehicles	Vehicles
Original Levy:					
Property taxed at:					
current year's rate	\$ 3,104,395,698	\$ 0.86	\$ 26,697,803	\$ 24,066,263	\$ 2,631,540
Penalties	-		27,052	27,052	-
Total	3,104,395,698		26,724,855	24,093,315	2,631,540
Discoveries at:					
current year's rate	22,783,256	0.86	195,936	191,693	4,243
Abatements at					
current year's rate	<u>(15,947,558)</u>	0.86	<u>(137,149)</u>	<u>(108,628)</u>	<u>(28,521)</u>
Total property valuation	<u>\$ 3,111,231,396</u>				
Net Levy			26,783,642	24,176,380	2,607,262
Uncollected taxes at June 30, 2013			<u>2,110,397</u>	<u>1,561,962</u>	<u>548,435</u>
Current Year's Taxes Collected			<u>\$ 24,673,245</u>	<u>\$ 22,614,418</u>	<u>\$ 2,058,827</u>
Current Levy Collection Percentage			<u>92.12%</u>	<u>93.54%</u>	<u>78.97%</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Levy</u>	<u>Accounts Receivable</u>
Harrison	\$ 51,002	\$ 2,321
Tri-County	40,321	3,588
Davenport	33,449	3,050
Heartsease	121,204	4,981
Princeville	107,716	10,745
Speed	75,328	5,654
South Edgecombe	50,966	4,592
Macclesfield	57,768	3,325
Leggett	72,681	6,390
West Edgecombe	113,518	7,483
Lewis	50,433	3,792
Conetoe	77,993	5,891
Sharp Point	5,472	393
Pintain	4,988	611
	<hr/>	<hr/>
Total original levy	862,839	\$ 62,816
	<hr/>	<hr/>
Less uncollected at June 30, 2013	62,816	
	<hr/>	
Current Year's Taxes Collected	\$ 800,023	
	<hr/>	
Percent Current Year Collected	92.72%	
	<hr/>	

**EDGECOMBE COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY (in thousands and dollars)  
FOR THE YEAR ENDED JUNE 30, 2013**

**Secondary Market Disclosures:**

	<b>Levy</b>
<b>Assessed Valuation</b>	
Assessment Ratio	97.00%
Real Property	\$ 2,523,827
Personal Property	691,400
Public Service companies	144,541
Less tax exempt property	(248,537)
Total Assessed Valuation	3,111,231
Tax Rate per \$100	0.86
Levy (includes discoveries, releases and abatements)	\$ 26,757

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire Protection Districts	\$ 862,839
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**EDGECOMBE COUNTY, NORTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2013</b>
<b>Fines and Forfeitures:</b>				
Assets:				
Cash and cash equivalents	\$ 30,071	\$ 318,223	\$ 319,445	\$ 28,849
Liabilities:				
Intergovernmental Payable:				
Schools	\$ 28,056	\$ 319,445	\$ 320,072	\$ 27,429
State of North Carolina	2,015	51,666	52,261	1,420
Total Liabilities	<u>\$ 30,071</u>	<u>\$ 371,111</u>	<u>\$ 372,333</u>	<u>\$ 28,849</u>
<b>Motor Vehicle Tax:</b>				
Assets:				
Cash and cash equivalents	\$ 69,298	\$ 1,225,339	\$ 1,221,200	\$ 73,437
Liabilities:				
Miscellaneous liabilities	<u>\$ 69,298</u>	<u>\$ 1,225,339</u>	<u>\$ 1,221,200</u>	<u>\$ 73,437</u>
<b>Deed of Trust Fee:</b>				
Assets:				
Cash and cash equivalents	\$ 1,420	\$ 19,207	\$ 19,046	\$ 1,581
Liabilities:				
Intergovernmental Payable:				
State of North Carolina	<u>\$ 1,420</u>	<u>\$ 19,046</u>	<u>\$ 18,885</u>	<u>\$ 1,581</u>
<b>Totals - All Agency Funds:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 100,789</u>	<u>\$ 1,562,769</u>	<u>\$ 1,559,691</u>	<u>\$ 103,867</u>
Liabilities:				
Miscellaneous liabilities	\$ 69,298	\$ 1,225,339	\$ 1,221,200	\$ 73,437
Intergovernmental Payable:				
Schools	28,056	319,445	320,072	27,429
State of North Carolina	3,435	70,712	71,146	3,001
Total Liabilities	<u>\$ 100,789</u>	<u>\$ 1,615,496</u>	<u>\$ 1,612,418</u>	<u>\$ 103,867</u>

**EDGECOMBE COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
PSAP RECONCILIATION  
JUNE 30, 2013**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue - Expenditure Report because:

Net change in fund balance reported on budget to actual.	\$	13,960
A portion of 911 revenue received not reported on budget to actual.		
Interest reported in the General Fund.		26
Eligible 911 expenditures reported in the General Fund.		(1,532)
Ineligible 911 expenditures reported in the Emergency Telephone System Fund.		1,680
Beginning balance - PSAP Revenue-Expenditure Report		<u>75,657</u>
Ending balance - PSAP Revenue-Expenditure Report	\$	<u><u>89,791</u></u>

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**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION - BY DISTRICT**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Water and Sewer District #1</u>	<u>Water and Sewer District #2</u>	<u>Water and Sewer District #3</u>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 178,910	\$ 164,816	\$ 111,139
Accounts receivable, net	103,149	93,479	45,128
Total current assets	<u>282,059</u>	<u>258,295</u>	<u>156,267</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and cash equivalents	16,655	17,260	16,990
Accounts receivable, net	-	-	-
Investment in GO Bonds	-	-	-
Total restricted assets	<u>16,655</u>	<u>17,260</u>	<u>16,990</u>
Capital Assets:			
Land, improvements, and construction in progress	28,292	-	-
Capital assets, net	<u>7,948,253</u>	<u>6,748,803</u>	<u>7,600,031</u>
Total Capital Assets	<u>7,976,545</u>	<u>6,748,803</u>	<u>7,600,031</u>
Total non-current assets	<u>7,993,200</u>	<u>6,766,063</u>	<u>7,617,021</u>
Total assets	<u>8,275,259</u>	<u>7,024,358</u>	<u>7,773,288</u>
<b>Deferred Outflow of Resources</b>	<u>101,000</u>	<u>89,500</u>	<u>7,000</u>
<b>Liabilities:</b>			
Current Liabilities:			
Liabilities to be paid from Restricted Assets:			
Accounts payable	-	-	-
Intrafund balances	813,822	(101,384)	2,055,633
Accounts payable	32,415	29,376	14,181
Customer deposits	16,655	17,260	16,990
Accrued vacation	5,378	4,874	2,353
Accrued interest	8,243	12,070	936
Revenue bonds anticipation notes payable	-	-	-
Limited obligation bonds payable	-	-	-
General obligation bonds payable	60,000	65,000	5,000
Total current liabilities	<u>936,513</u>	<u>27,196</u>	<u>2,095,093</u>
Non-Current Liabilities:			
Accrued OPEB	4,984	4,516	2,180
Accrued vacation	6,818	6,178	2,983
2013 Limited Obligation Bonds and premium	-	-	-
Revenue bonds payable	-	-	-
General obligation bonds payable	2,290,000	3,385,000	260,000
Total non-current liabilities	<u>2,301,802</u>	<u>3,395,694</u>	<u>265,163</u>
Total liabilities	<u>3,238,315</u>	<u>3,422,890</u>	<u>2,360,256</u>
<b>Net Position:</b>			
Net investment in capital assets	5,626,545	3,298,803	7,335,031
Unrestricted	<u>(488,601)</u>	<u>392,165</u>	<u>(1,914,999)</u>
Total net position	<u>\$ 5,137,944</u>	<u>\$ 3,690,968</u>	<u>\$ 5,420,032</u>

Exhibit F-1

Water and Sewer District #4	Water and Sewer District #5	Water Fund	Total Water and Sewer
\$ -	\$ 102,932	\$ -	\$ 557,797
9,670	70,915	-	322,341
<u>9,670</u>	<u>173,847</u>	<u>-</u>	<u>880,138</u>
1,666,521	34,665	-	1,752,091
-	556,229	-	556,229
-	-	9,780,000	9,780,000
<u>1,666,521</u>	<u>590,894</u>	<u>9,780,000</u>	<u>12,088,320</u>
3,372,235	307,951	-	3,708,478
<u>2,172,216</u>	<u>13,352,938</u>	<u>-</u>	<u>37,822,241</u>
<u>5,544,451</u>	<u>13,660,889</u>	<u>-</u>	<u>41,530,719</u>
<u>7,210,972</u>	<u>14,251,783</u>	<u>9,780,000</u>	<u>53,619,039</u>
<u>7,220,642</u>	<u>14,425,630</u>	<u>9,780,000</u>	<u>54,499,177</u>
-	75,000	-	272,500
1,337,642	1,063	-	1,338,705
(275,238)	808,780	(3,301,613)	-
3,039	22,285	-	101,296
49,154	16,505	-	116,564
504	3,697	-	16,806
-	14,588	-	35,837
3,615,000	9,000	-	3,624,000
-	-	608,000	608,000
-	65,000	-	195,000
<u>4,730,101</u>	<u>940,918</u>	<u>(2,693,613)</u>	<u>6,036,208</u>
467	3,427	-	15,574
639	4,687	-	21,305
-	-	12,473,613	12,473,613
-	629,000	-	629,000
-	3,650,000	-	9,585,000
<u>1,106</u>	<u>4,287,114</u>	<u>12,473,613</u>	<u>22,724,492</u>
<u>4,731,207</u>	<u>5,228,032</u>	<u>9,780,000</u>	<u>28,760,700</u>
1,929,451	9,307,889	(3,301,613)	24,196,106
<u>559,984</u>	<u>(35,291)</u>	<u>-</u>	<u>1,814,871</u>
<u>\$ 2,489,435</u>	<u>\$ 9,272,598</u>	<u>\$ -</u>	<u>\$ 26,010,977</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BY DISTRICTS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Water and Sewer District #1</b>	<b>Water and Sewer District #2</b>	<b>Water and Sewer District #3</b>
<b>Operating Revenues</b>			
Charges for services and other	\$ 947,369	\$ 858,553	\$ 414,474
<b>Operating Expenses</b>			
Salaries and employee benefits	139,250	126,192	60,921
Water purchases	341,794	309,751	149,535
Water operations	119,597	108,386	52,324
Sewer operations	20,677	-	-
Depreciation	212,456	168,324	198,293
Total operating expenses	<u>833,774</u>	<u>712,653</u>	<u>461,073</u>
Operating income (loss)	<u>113,595</u>	<u>145,900</u>	<u>(46,599)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest and investment revenue	40	-	-
Interest expense and refinance costs	<u>(153,825)</u>	<u>(137,500)</u>	<u>(224,319)</u>
Total non-operating revenues (expenses)	<u>(153,785)</u>	<u>(137,500)</u>	<u>(224,319)</u>
Income (loss) before contributions and transfers	(40,190)	8,400	(270,918)
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(40,190)	8,400	(270,918)
<b>Net Assets:</b>			
Beginning of year, July 1	<u>5,178,134</u>	<u>3,682,568</u>	<u>5,690,950</u>
End of year, June 30	<u>\$ 5,137,944</u>	<u>\$ 3,690,968</u>	<u>\$ 5,420,032</u>

**Exhibit F-2**

<b>Water and Sewer District #4</b>	<b>Water and Sewer District #5</b>	<b>Total Water and Sewer</b>
\$ 88,816	\$ 651,315	\$ 2,960,527
13,055	90,644	430,062
32,043	234,984	1,068,107
11,212	87,310	378,829
-	33,734	54,411
46,331	234,574	859,978
<u>102,641</u>	<u>681,246</u>	<u>2,791,387</u>
<u>(13,825)</u>	<u>(29,931)</u>	<u>169,140</u>
6,594	-	6,634
-	(152,663)	(668,307)
<u>6,594</u>	<u>(152,663)</u>	<u>(661,673)</u>
(7,231)	(182,594)	(492,533)
-	918,202	918,202
<u>(7,231)</u>	<u>735,608</u>	<u>425,669</u>
2,496,666	8,536,990	25,585,308
<u>\$ 2,489,435</u>	<u>\$ 9,272,598</u>	<u>\$ 26,010,977</u>

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **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***

### **Independent Auditor's Report**

To the Board of Commissioners  
Edgecombe County  
Tarboro, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Edgecombe County, North Carolina, as of and for the year ended June 30, 2013, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 16, 2014. The financial statements of the Edgecombe County ABC Board were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for 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, Responses, 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 deficiencies described as 2013-001 and 2013-002 in the accompanying Schedule of Findings, Responses, and Questioned Costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as 2013-003 and 2013-004 in the accompanying Schedule of Findings, Responses, and Questioned Costs to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Edgecombe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as 2013-003 and 2013-004 in the accompanying Schedule of Findings, Responses, and Questioned Costs.

### **Edgecombe County's Responses to Findings**

Edgecombe County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Edgecombe County's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the entity's internal control or 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 16, 2014

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Edgecombe County  
Tarboro, North Carolina

#### **Report On Compliance for Each Major Federal Program**

We have audited Edgecombe County, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Edgecombe County's major federal programs for the year ended June 30, 2013. Edgecombe County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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 Edgecombe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Edgecombe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion On Each Major Federal Program***

In our opinion, Edgecombe 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, 2013.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as 2013-005. Our opinion on each major federal program is not modified with respect to this matter.

Edgecombe County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Edgecombe County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control Over Compliance**

Management of Edgecombe 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 Edgecombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Edgecombe 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2013-005 that we consider to be a significant deficiency.

Edgecombe County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Edgecombe County's response was not subjected to the auditing procedures applied in the audit of compliance; and accordingly, we express no opinion on the response.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 16, 2014

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Edgecombe County  
Tarboro, North Carolina

#### **Report On Compliance for Each Major State Program**

We have audited Edgecombe County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Edgecombe County's major State programs for the year ended June 30, 2013. Edgecombe County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### ***Management's Responsibility***

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

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

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

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

### ***Opinion On Each Major State Program***

In our opinion, Edgecombe County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2013-005. Our opinion on each major State program is not modified with respect to this matter.

Edgecombe County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Edgecombe County's response was not subjected to the auditing procedures applied in the audit of compliance; and accordingly, we express no opinion on the response.

### **Report On Internal Control Over Compliance**

Management of Edgecombe 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 Edgecombe County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Edgecombe 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, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2013-005 that we consider to be a significant deficiency.

Edgecombe County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Edgecombe County's response was not subjected to the auditing procedures applied in the audit of compliance; and accordingly, we express no opinion on the response.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
July 16, 2014

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**EDGECOMBE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes
- Significant deficiency identified not considered to be material weaknesses? Yes

Non-compliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be a material weakness? Yes

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes

Identification of major federal programs:

<b><u>Program Name</u></b>	<b><u>CFDA #</u></b>
Medicaid Cluster	93.778, 93.777, 93.775, 93.720
TANF Cluster	93.558, 93.714, 93.716
Water and Waste Disposal Loan	10.770

Dollar threshold used to distinguish between Type A and Type B Programs \$2,564,383

Auditee qualified as low-risk auditee? No

**EDGECOMBE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Auditor's Results (continued)**

**State Awards**

Internal control over major State programs:

- Material weakness identified? No
- Significant deficiency identified not considered to be material weaknesses? Yes

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes

Identification of major State programs:

**Program Name**

Medicaid Cluster  
Special Assistance for Adults (SC/SA)  
CWS Adoption Subsidy

## EDGECOMBE COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

#### 2. Findings Related to the Audit of the Basic Financial Statements

##### **Finding 2013-001 Significant Audit Adjustments:**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the County's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental accounting standards.

**Condition:** A significant audit adjustment is a proposed correction of the basic Financial Statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the County's system of controls did not detect and prevent such errors. Management relies on its external auditor to identify and propose entries to convert the modified accrual records to a basis of accounting consistent with generally accepted accounting principles.

**Effect:** There is a risk that financial statements might be inaccurate, incomplete, or lack proper disclosure.

**Cause:** The main focus of management is to account, monitor, and report financial resources and activities on the modified accrual or budgetary basis throughout the year. However, certain amounts reported in the financial statements require management's estimates and evaluations on an annual basis. Thus, use of full accrual financial statements and related disclosures is not utilized in the normal course of business.

**Context:** Significant audit adjustments, including prior period adjustments, were made with regards to management's estimates and other nonroutine reporting required by GAAP.

**Recommendation:** Management should examine the adjustments required as a result of our audit and assess the cost/benefit of improving the internal control system to prevent the adjustments in the future. For example, management could add the examination and reconciliation of those accounts and balances to their year-end close procedures.

**Name of Contact Person:** JoAnne Harrell, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs. Management is aware that year-end adjustments are typically required for certain types of accounts. The County will examine the adjustments required as a result of our audit and assess the cost/benefit of improving the internal control system to prevent the adjustments in the future.

## EDGECOMBE COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

#### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

##### **Finding 2013-002 Controls Over Financial Reporting:**

**Criteria:** Management should have a system in place to ensure the timeliness of financial reporting.

**Condition:** Effective financial reporting requires timely access to information to management and other users of the financial statements.

**Effect:** The County's management and other users of the financial statements do not have timely information for decision-making and monitoring of the County's financial position and adherence to laws, regulations, and other requirements.

**Cause:** Extenuating circumstances including personnel issues and accounting for complex transactions caused delays in preparing information for the annual audit and preparation of the financial statements.

**Context:** The County's annual financial statements are not available in a timely manner for internal use and are materially past due to outside reporting agencies.

**Recommendation:** The County should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for year-end close and annual financial reporting purposes. Management should consult with outside accountants or auditors if additional assistance is required in order to prepare for the annual audit, determine appropriate accounting for complex transactions, or prepare the financial statements.

**Name of Contact Person:** JoAnne Harrell, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The County is aware of the circumstances, which lead to the late completion of the annual audit and issuance of the financial statements. Management will dedicate resources accordingly in order to prepare for the annual audit and issue the 2014 financial statements in a timely manner.

## EDGECOMBE COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

#### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

##### **Finding 2013-003 Deficit Fund Equity:**

**Criteria:** North Carolina General Statutes preclude units from having funds that operate in a deficit.

**Condition:** There were violations of the General Statutes regarding deficit fund equity in the CDBG Grant Fund.

**Effect:** The County was in violation of North Carolina General Statutes.

**Cause:** The County adopted a balanced budget; however, the fund is currently at a deficit balance until grant reimbursements, which were deferred for fund accounting purposes, are received.

**Recommendation:** The County should transfer funds to these projects to cover the deficit until reimbursement revenues become available.

**Contact Person:** JoAnne Harrell, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The County concurs and will re-evaluate the current recording of the projects in question. The appropriate action will be taken during fiscal year 2014 to address any deficit revenues. However, management expects the grants to be received during fiscal year 2014, correcting the deficit fund balance and making any further action unnecessary.

## EDGECOMBE COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

#### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

##### **Finding 2013-004 Expenditures in Excess of Appropriations:**

**Criteria:** North Carolina General Statutes require that all moneys received and expended by a local government be included in the budget ordinance.

**Condition:** Debt service expenditures and debt issuance transactions exceeded appropriations in the Water and Sewer Operations Fund. In addition, an interfund transfer in the School Bond Capital Project Fund to the General Fund was not budgeted.

**Effect:** The County was in violation of North Carolina General Statutes.

**Cause:** The County's budget ordinance originally accounted for the issuance of limited obligation bonds and related debt service expenditures in the General Fund. However, these costs were more appropriately reported in the Water and Sewer Operations Fund. The transactions involved were approved by the board; however, the budget was not amended as necessary to reflect the reporting of the debt service. The transfer to close out the fund was not budgeted.

**Recommendation:** The County should evaluate the budget effects of debt issuance, including any related debt service or fees, and the proper reporting fund for the transactions.

**Contact Person:** JoAnne Harrell, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The County concurs and will monitor budgets and reporting for future debt issuance to prevent a recurrence of budgetary violations of this nature.

## EDGECOMBE COUNTY, NORTH CAROLINA

### SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

#### 3. Federal Award Findings, Responses, and Questioned Costs

U.S. Department of Health and Human Services  
Passed-through N.C. Department of Health and Human Services  
Division of Medical Assistance  
Program Name: Title XIX – Medicaid  
CFDA# 93.778

##### Finding 2013-005

##### Eligibility

**Criteria:** Management should have a system in place to ensure that client files for active cases are maintained and contain all required documentation to support the eligibility determination.

**Condition:** Two recipients receiving benefits during the year are considered ineligible.

**Effect:** Although the County's electronic database indicated that the recipients were eligible to receive benefits, the documentation that is required to be maintained to support the eligibility determination could not be produced. This finding is a significant deficiency in internal control over compliance and non-compliance with the eligibility requirements.

**Cause:** Case files were misplaced or misfiled, most likely due to the process of transferring records between locations.

**Context:** Of the sixty cases selected for testing, two case files could not be located.

**Questioned Cost:** \$10,529. This amount was determined by calculating actual benefits paid on behalf of the two recipients during the fiscal year.

**Recommendation:** Management should review procedures over file maintenance and retention and provide additional training to all relevant staff who have responsibility over case files. All Medicaid cases should be supported by a completed case file.

**Contact Person:** JoAnne Harrell, Finance Director

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees that the case files should have been available, but were not able to be located due to errors in filing and/or maintaining files. The County is reviewing its procedures for file storage and archiving to improve file maintenance and prevent future occurrences of missing files.

#### 4. State Award Findings, Responses, and Questioned Costs

See Finding 2013-005

## EDGECOMBE, NORTH CAROLINA

### SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013

**2012-1:** Repeated as 2013-004.

**2012-2:** Management of the County drafted a significant portion of the financial statements, and provided oversight and accepted responsibility for any assistance provided by the auditor to draft the financial statements. Therefore, this finding is not repeated in the current year.

**2012-3:** This finding was not repeated in the current year. Case files tested contained the required documentation, except as reported in finding 2013-005.

**2012-4:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-5:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-6:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-7:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-8:** See finding 2012-3.

**2012-9:** See finding 2012-5.

**2012-10:** See finding 2012-6.

## **EDGECOMBE, NORTH CAROLINA**

### **SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2013**

**2012-1:** Repeated as 2013-004.

**2012-2:** Management of the County drafted a significant portion of the financial statements, and provided oversight and accepted responsibility for any assistance provided by the auditor to draft the financial statements. Therefore, this finding is not repeated in the current year.

**2012-3:** This finding was not repeated in the current year. Case files tested contained the required documentation, except as reported in finding 2013-005.

**2012-4:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-5:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-6:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-7:** This finding was not repeated in the current year. The County's internal investigations resulted in corrective actions and retraining during the current year.

**2012-8:** See finding 2012-3.

**2012-9:** See finding 2012-5.

**2012-10:** See finding 2012-6.

**EDGEcombe COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>FEDERAL GRANTS:</b>				
<b>U.S. Department of Health and Human Services:</b>				
Passed-through N.C. Department of Health and Human Services:				
Division of Social Services:				
Administration:				
Low Income Home Energy Assistance	93.568	\$ 70,266	\$ -	\$ -
Crisis Intervention	93.568	493,239	-	-
Family Preservation	93.556	3,825	-	-
Adult Services	93.667	43,314	13,020	12,635
In-Home Services	93.667	13,292	-	1,899
Social Services Block Grant	93.667	340,643	34,454	125,032
Child Support Enforcement	93.563	1,014,325	10	522,521
Links	93.674	19,493	4,873	-
Permanency Planning	93.645	36,715	1,089	12,601
NC Health Choice	93.767	32,239	2,505	7,766
Temporary Assistance for Needy Families Cluster:				
Temporary Assistance for Needy Families	93.558	1,217,789	-	1,267,236
AFDC Payments and Penalties	93.558	(582)	(143)	(160)
Direct Benefit Payments:				
Temporary Assistance for Needy Families	93.558	844,110	-	-
Total TANF Cluster		<u>2,061,317</u>	<u>(143)</u>	<u>1,267,076</u>
Direct Benefit Payments:				
Low Income Home Energy Assistance	93.568	247,000	-	-
Independent Living	93.674	14,633	-	-
Total Administration:		<u>4,390,301</u>	<u>55,809</u>	<u>1,949,531</u>
Foster Care and Adoption Cluster (Note 2):				
Title IV-E CPS	93.658	108,361	20,871	87,490
Title IV-E Adoption	93.659	19,065	-	15,999
Title IV-E Adoption Subsidy	93.659	435,855	114,946	114,946
Title IV-E Foster Care	93.658	126,883	615	125,752
Title IV-E Foster Care Subsidy	93.658	74,921	19,554	19,772
Foster Care	93.658	250,702	12,590	-
Total Foster Care and Adoption Cluster		<u>1,015,786</u>	<u>168,576</u>	<u>363,958</u>
Division of Medical Assistance:				
Medicaid Cluster:				
Administration:				
Title XIX - Medicaid	93.778	861,037	-	861,037
Adult Care Home Case Management	93.778	15,998	7,291	8,707
MA Expansion	93.778	30,924	30,924	-
Medical Transportation	93.778	97,821	-	97,821
Direct Benefit Payments:				
Title XIX - Medicaid	93.778	68,779,668	39,078,359	(13)
Total Division of Medical Assistance		<u>69,785,448</u>	<u>39,116,575</u>	<u>967,551</u>

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
Subsidized Child Care (Note 2):				
Child Care Development Fund Cluster:				
Division of Social Services:				
Child Care Development Fund - Administration	93.596	143,875	-	-
Division of Child Development:				
Child Care and Development Fund - Discretionary	93.575	939,849	-	-
Child Care and Development Fund - Mandatory	93.596	416,793	-	-
Child Care and Development Fund - Match	93.596	105,159	-	-
Total Child Care Development Fund Cluster		<u>1,605,676</u>	<u>-</u>	<u>-</u>
Temporary Assistance for Needy Families	93.558	525,979	-	-
Social Services Block Grant	93.667	8,464	-	-
Foster Care Title IV-E	93.658	22,848	10,976	-
State Appropriations	N/A	-	218,714	-
TANF-MOE	N/A	-	74,821	-
Total Subsidized Child Care Cluster		<u>2,162,967</u>	<u>304,511</u>	<u>-</u>
N.C. Department of Health and Human Services:				
Prevention Investigations and Technical Assistance	93.283	494	-	-
Maternal and Child Health Services Block Grant	93.994	156,019	123,549	-
Tuberculosis Control Programs	93.116	29,627	-	-
Comprehensive Breast & Cervical Cancer Early Detection Program	93.919	17,020	5,100	-
Childhood Immunization Grant	93.268	23,154	-	-
HIV Prevention Activities	93.940	3,120	-	-
Social Service Block Grant	93.667	-	500	-
Healthy Start Communities	93.926	116,608	-	-
Temporary Assistance for Needy Families	93.558	13,119	-	-
Family Planning Services	93.217	117,433	-	-
Public Health Emergency Preparedness	93.069	49,223	-	-
Statewide Health Promotion Program	93.991	19,556	-	-
State Health Access Program	93.256	3,000	-	-
State/County Special Assistance for Adults	93.044	7,010	-	22,558
Total N.C. Department of Health and Human Services		<u>555,383</u>	<u>129,149</u>	<u>22,558</u>
Total U.S. Department of Health and Human Services		<u>77,909,884</u>	<u>39,774,619</u>	<u>3,303,597</u>
<b>U.S. Department of Agriculture:</b>				
Division of Rural Utilities Service:				
Water and Waste Disposal Loan	10.770	3,253,760	-	-
Passed-through N.C. Department of Health and Human Services:				
Division of Social Services:				
SNAP Cluster:				
Administration: Food stamps	10.561	669,782	-	670,145
Total Division of Social Services		<u>669,782</u>	<u>-</u>	<u>670,145</u>

**EDGEcombe COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for WIC	10.557	392,506	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for WIC	10.557	1,504,095	-	-
Total Division of Public Health		1,896,601	-	-
Passed-through N.C. Rural Economic Development Center:				
Water and Waste Program Cluster:				
Water and Waste Disposal Systems for Rural Communities	10.760	689,373	-	52,525
Passed-through NC Division on Aging				
USDA NSIP Supplement	93.053	21,059	-	-
Total U.S. Department of Agriculture		6,530,575	-	722,670
<b>U.S. Department of Housing and Urban Development:</b>				
Passed-through N.C. Department of Commerce:				
CDBG - State-Administered CDBG Cluster:				
Community Development Block Grant/State's Program	14.228	844,883	-	-
Total U.S. Department of Housing and Urban Development		844,883	-	-
<b>U.S. Department of Justice:</b>				
Passed-through N.C. Department of Crime Control and Public Safety				
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant	16.803	35,271	52,500	11,837
Total U.S. Department of Justice		35,271	52,500	11,837
<b>U.S. Department of Aging:</b>				
Passed-through N.C. Division of Aging:				
Aging Cluster:				
Title III-B/Access	93.044	56,795	3,341	
Title III-B/In-Home Services	93.044	15,816	930	
Title III-C1/Congregate Nutrition	93.045	58,424	3,437	
Title III-C2/Home Delivered Meals	93.045	20,837	1,226	
Total Aging Cluster		151,872	8,934	-
Family Caregiver Title III-E	93.052	6,940	463	
Total U.S. Department of Aging		158,812	9,397	-

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>STATE GRANTS:</b>				
<b>N.C. Department of Human and Health Services:</b>				
Division of Social Services:				
Administration:				
County funded Programs	N/A	-	-	332,631
Non-Allocating and Non-Reimbursable	N/A	-	-	77,365
Direct Benefit Payments:				
State/County Special Assistance for Adults	N/A	-	717,102	726,072
Energy Assistance	N/A	-	3,536	-
TANF Program Integrity	N/A	-	963	-
CWS Adoption Subsidy	N/A	-	307,273	73,449
State Foster Home	N/A	-	35,949	35,949
SFHF Maximization	N/A	-	21,422	21,421
Total Division of Social Services		-	1,086,245	1,266,887
<b>N.C. Department of Human and Health Services:</b>				
Division of Health Services:				
Mosquito - Public Health Pesticide	N/A	-	5,600	
HIV/STD Nontraditional Test Sites	N/A	-	90,000	
WHSF	N/A	-	10,471	
General Health	N/A	-	166,735	
Communicable Disease	N/A	-	7,367	
Risk Reduction/Health Promotion	N/A	-	6,206	
TB Medical Services	N/A	-	942	
Tuberculosis	N/A	-	50,992	
Food and Lodging Fees	N/A	-	4,338	
Public Health Nursing	N/A	-	2,800	
Environmental Health	N/A	-	4,000	
School Nurse Funding Initiative	N/A	-	250,000	
HWTF - Teen Tobacco	N/A	-	161	
Healthy Communities	N/A	-	2,839	
Total Division of Health Services		-	602,451	-
Division of Aging and Adult Services:				
Passed-through Upper Coastal Plains Council of Government:				
Access Services	N/A	-	26,403	
Home Delivered Meals	N/A	-	50,935	
Caregiver Match	N/A	-	7,358	
In-Home Services	N/A	-	262,465	
Fan/Heat Program	N/A	-	148	
Total Division of Aging and Adult Services		-	347,309	-
Total N.C. Department of Human and Health Services		-	2,036,005	1,266,887

**EDGECOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>N.C. Department of Crime Control and Public Safety:</b>				
Emergency Management Services Grant	N/A	-	1,126	
Homeland Security Grant	N/A	-	3,034	
VIPER Technology Grant	N/A	-	10,000	
Governor's Crime Prevention	N/A	-	4,355	
CBA Youth Services	N/A		146,760	
Total N.C. Department of Crime Control and Public Safety		-	165,275	-
<b>N.C. Department of Transportation:</b>				
Operating Assistance	N/A	-	178,426	-
Total N.C. Department of Environment and Natural Resources		-	178,426	-
<b>N.C. Department of Environment and Natural Resources</b>				
Scrap Tire Program	N/A	-	38,660	
Total N.C. Department of Environment and Natural Resources		-	38,660	-
<b>N.C. Department of Juvenile Justice and Delinquency Prevention:</b>				
Youth Services	N/A	-	65,392	
Total N.C. Department of Juvenile Justice and Delinquency Prevention		-	65,392	-
<b>N.C. Housing Finance Agency:</b>				
Urgent Repair Housing Projects	N/A	-	2,959	-
Total N.C. Housing Finance Agency		-	2,959	-
<b>N.C. Department of Commerce</b>				
North Carolina Industrial Development Fund	N/A		25,000	
Rural Center - Clean Water Partners Grant Programs	N/A		254,025	
Total N.C. Housing Finance Agency		-	-	-
Total Financial Assistance		\$ 85,479,426	\$ 42,323,233	\$ 5,304,990

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

Note 1: Basis of Presentation

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

Note 2: State Clusters of Programs

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

Note 3: Loans Outstanding

Edgecombe County had the following loan balance outstanding at June 30, 2013. This loan is also included in the Federal expenditures presented in the schedule: Water and Waste Disposal Loan (CFDA # 10.770) \$3,615,000.