

Person County, North Carolina

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2018



Prepared by the
Person County Finance Department
Issued December 2018

County of Person
304 South Morgan Street, Room 219
Roxboro, North Carolina 27573

Person County, North Carolina

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

INTRODUCTORY SECTION



PERSON COUNTY

304 SOUTH MORGAN STREET
ROXBORO, NORTH CAROLINA 27573
(336) 597-1726

The Board of County Commissioners
Person County, North Carolina
December 19, 2018

To the County Manager, Members of the Board of County Commissioners, and Citizens of the County of Person:

State law requires that each fiscal year all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Person (the "County") for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances and the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As Finance Director, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Elliott Davis, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statement, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in the Compliance Section of the report.

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

Profile of Person County

Person County was established in 1792 and is a political subdivision of the State of North Carolina. It is located in the Central Piedmont in an area of beautiful rolling hills and long, low ridges on the border of the State of Virginia. It is within one hour's driving time of Raleigh-Durham International Airport, the fast growing metropolitan areas of the Triangle and the Triad, and the Research Triangle Park, a center for high-technological research and manufacturing.

The County operates under the County Manager form of government. Policy-making and legislative authority are vested in a governing Board of Commissioners (the "Board") consisting of five members who each year select one among themselves as Chairman and Vice Chairman. The Board is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring the government's manager and attorney. The manager is responsible for carrying out the policies and ordinances of the Board, overseeing the day-to-day operations of the government and appointing the heads of the various departments. The Board is elected on a partisan, at large basis every two years and serves four-year staggered terms.

The County provides its citizens with a wide range of services that include public safety, health and social services, cultural and recreational activities, general administration, and others. This report includes all the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving

citizens. Among these are the following: Person County Board of Education; Piedmont Community College; Person County Tourism Development Authority; Developmental Disabilities, Substance Abuse Authority (Cardinal Health Innovations); and Kerr-Tar Regional Council of Governments. Since the County Commissioners appoint all three members of the Person County ABC Board (the "ABC Board"), the government-wide statements include the ABC Board as a discretely presented component unit. The government-wide statements also include the Person County Tourism Development Authority as a discretely presented component unit based on its financial dependency on Person County.

The annual budget provides the foundation for the County's financial planning and control. The budget is a legally adopted ordinance that is developed with input from citizens, county departments, and various agencies in the County. The Manager uses funding requests from all departments and agencies to develop a proposed budget that is presented to the Board for review.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Person County operates.

Person County, NC, has not been immune to the effects of the national trend towards urban areas. As population and job growth have taken place in the Durham-Chapel Hill MSA and NC as a whole, those metrics have increased only slightly in Person County in the same period. As of June 30, 2018, Person County's adjusted unemployment rate was 4.4%, a nominal increase of .1% from the previous year's rate of 4.3%. While total jobs decreased over the four quarters ending with Q2 2018 by 1.6%, the Construction and Administrative & Support Sectors each increased by more than 3%, and average annual wages for Person County rose from \$38,084 in 2nd quarter 2017 to \$39,418 for 2nd quarter 2018, a 3.5% increase.

The strong entrepreneurial spirit in Person County was reflected by a 4% increase in memberships reported by the Roxboro Chamber of Commerce, with the majority of that growth stemming from small business start-ups. Two large land tracts were annexed into the City of Roxboro for significant proposed housing developments, a reflection of a surge in the housing market that has spilled-over from the metro areas. Both indicate economic optimism in the community. FY2018 Economic Development efforts in Person County focused on the following:

- **Product development** – The Person County Business and Industrial Center, Inc. (PCBIC) and Person County Economic Development Commission (EDC) continued development plans on the 1,350-acre Person County Mega Park through seeking grants for further infrastructure installation as well as USACE permits. The goal for this industrial park development effort is to attract advanced manufacturing projects to grow the industrial capital investment base in Person County, create jobs and keep property tax rates from rising.
- **Strategic Planning** – The PCBIC Board met for several multi-hour planning sessions throughout the year to develop an Economic Development Strategic Plan.
- **Existing Industry Support** – Economic Development (ED) staff met consistently with top employers to gauge their success and offer support; ongoing incentivized expansions were monitored and supported administratively. Industry retention and expansion has been the driving impetus for job creation in recent years.
- **Recruitment** – ED staff responded to many requests for information about local sites and buildings and actively sought new jobs and investment through regional collaboration and travel.
- **Workforce Development** – During this period, new leaders were placed for the Superintendent of Person County Schools and the President of Piedmont Community College. The EDC facilitated and participated in discussions between these two organizations as well as among them and top industry to be a part of assessing local needs and changing trends in order to develop and strengthen the existing and future workforce. Both leaders serve as ex officio members of the EDC.
- **Entrepreneurship** – The ED Director evaluated various approaches to attracting entrepreneurs and worked with consultants to acquire proposals for moving forward with the desired approach.
- **Infrastructure Investment** – Person County Government continued with the county-wide fiber buildout project as well as with the runway expansion plans at the Person County Airport (transportation).

Person County Economic Development Commission (EDC), the County's industrial recruitment arm and liaison with local industry, is an active member of the Regional Triangle Regional Partnership (RTRP). RTRP is headquartered in the state capital, Raleigh, and is a consortium of ten counties of central North Carolina. Its purpose is to promote and market the area, including Person County, to new and existing industrial concerns. The EDC also partners with the NC Department of Commerce, Economic Development Partnership of NC (EDPNC), local utilities and other industrial allies to retain existing industries, promote expansion opportunities and to locate new industries to the area. The County continues to develop a diversified local economy and has a positive outlook for the future.

Agriculture is a major contributor to the Person County Economy. Agriculture and Agribusiness generates over \$92 million in value-added income, and provides 20% of Person County's jobs. Tobacco is the top income producing crop, providing almost half of the total cash receipts to Person County farmers. Other major agricultural commodities and livestock produced by Person

County Farmers include soybeans, wheat, corn, hay, nursery and greenhouse crops, vegetables, beef cattle, hogs, goats, horses, and sheep.

Person County citizens enjoy the locally produced foods provided by Person County farms. Consumers want to know more of how their food was grown or raised, and are making more food purchases at farmers markets and farm stands across the County. Consumers state that this benefits their families and their communities by keeping dollars circulating locally. The *Visit NC Farms* app is being developed to help people connect with Person County farms and other farms across the Kerr-Tar COG region. Industrial hemp is being grown for the second year in Person County. This is permitted under a pilot research program authorized by state law and overseen by the NC Department of Agriculture and Consumer Services. It is hoped that this crop can continue to develop and become a valuable crop option for Person County farmers.

Piedmont Community College (PCC) provides a wealth of resources for Person County's adult citizens as well as high school students who qualify for special programs. Chartered in 1970, PCC is one of 58 colleges in the North Carolina Community College System. The College strives to fulfill its mission to enrich lives "by providing lifelong learning, educational, and training programs for today's global workforce, and cultural opportunities" for the citizens of the communities it serves. The College offers associate degrees, diplomas, and certificates in over 30 programs of study, including Agribusiness Technology, Electrical Power Production Technology, Associate Degree Nursing, Digital Effects and Animation Technology, Mechatronics Technology, and transfer programs. PCC's Continuing Education programs serve as a catalyst for economic development by providing educational programs and training to meet citizens' educational needs for professional and personal development. The CE program also provides specialized training for businesses, industries, and governmental agencies.

Long-Term Financial Planning

Many of the successes of the Board of County Commissioners can be attributed to the long-term planning efforts initiated by the Board. In fiscal year 2018, the Person County Capital Improvement Plan ("CIP") for the years 2019-2023 was presented and approved in April 2018 and serves as a mechanism for future planning. It has become an effective and strategic tool that typically includes a mixture of "pay as you go" and financed projects that take advantage of the current debt market conditions. The CIP addresses many of the capital improvements needed within the county and will be revisited and updated annually to correspond with changing revenues and the current economic environment.

In 2015, a feasibility study was completed which resulted in the recommendation to construct four, 300 foot towers and the installment of Simulcast public safety communication equipment. Since then, the State Highway Patrol constructed two of the towers for their communication system (VIPER) and allowed the County to hang communication equipment on their towers. Construction of the Bethel Hill and Bushy Fork towers began at the end of FY2018. Once the towers are complete, equipment will be purchased and hung on the towers. In addition, VIPER radios were purchased for almost \$1M for public safety departments and partnering agencies. In addition to the towers and communication equipment, the decision was made to do some critical improvements at various schools, including Northern Middle School, which served as collateral for the Public Safety Tower Communication Project. The County entered into an installment purchase contract for \$4.4M on May 10, 2018 to finance a portion of the construction of two public safety communication towers and purchase and installation of related facilities and equipment, rooftop HVAC units and fire alarm system replacements for Northern Middle School, installation of a new HVAC system for the Huck Sansbury Gym, roofing replacement for Early Intervention and Family Services, cooling tower replacements for Helena and Stories Creek Elementary Schools, and heating and cooling unit valve replacements at South Elementary School. The majority of these projects will not begin until FY 2019.

The Board of Commissioners approved an interest-free loan from the Piedmont Electric Membership Corporation (PEMC) on February 26, 2018 to address a critical need at EMS for three ambulances and turn-out safety gear. The total loan amount is \$776,086 to be paid in five annual installments beginning with the first payment on September 1, 2018. PEMC assessed a 1% annual loan servicing fee as well as legal costs associated with the closing that is scheduled to take place on August 1, 2018. Due to the necessity and immediate need for an ambulance, the Board made the decision in the spring of 2018 to advance the funding for the purchase of one ambulance and turnout gear with the intent of replacing the cost with loan proceeds scheduled to receive at closing.

Relevant Financial Policies

In June 2018, the Board of County Commissioners approved three policies that were related to purchasing and procurement procedures. The first two policies, the *Uniform Guidance Procurement Policy* and *Uniform Guidance Conflict of Interest and Gifts Policy*, were in response to the Office of Budget Management's new federal Uniform Guidance procurement requirements that were required to go into effect on July 1, 2018. Local governments and public authorities that expend federal financial assistance (including USDA loans and grants, CDBG funds, FEMA Public Assistance disaster relief grants, and other programs, either directly funded or reimbursement driven) must comply with these new requirements. These policies include the standards

for procurement under grants, which applies to contracts for services, procurement of goods (such as supplies and equipment), and construction or repair, as well as requirements on code of ethics and gift bans from vendors. The third policy, the *Electronic Payments Policy*, reflects new rules that went into effect on November 1, 2017 regarding pre-audit requirements for electronic transactions (N.C.G.S. 159-28). This policy formalized electronic transaction procedures that encompasses all of the electronic processes currently practiced by Person County, as well as the pre-audit procedures that govern each method.

Major Initiatives

Person County Executive Airport

Using federal grant dollars and matching local funds, the County is currently working on several projects at the Person County Airport. Currently, these include Replacement of the Beacon, PAPI lights, and Windsock Stand along with The Runway 6 Obstruction Removal Project. The Replacement project is partially finished and should be completed soon dependent upon favorable weather. This project involved the replacement of the beacon, PAPI lights, and windsock lights with up-to-date LED versions which are brighter and use less energy. The Runway 6 Obstruction Removal project involves the removal of trees around the airport that penetrate the approach/missed approach surfaces. This project is still in the planning stages and construction is not anticipated to begin until Spring 2019. The Airport Development Study (i.e Master Plan) reviews all aspects of the airport, providing focus on areas of potential growth and expansion. Based on this Master Plan, the County anticipates an \$11,230,000 grant award in 2019 for an Airport Runway Extension, which required a 10% local match of \$1,123,000 that was approved in June 2017. This project has since been moved out to 2022. Person County Airport is still actively pursuing this 800 foot runway extension as called for in the Master Plan which will open the airport to larger airplanes, more traffic, and increased cargo transporting. The Sign and Lighting replacement project was completed in the last 12 months. The Airport serves local industries by providing convenient access to transportation by air for both personnel and cargo. It also serves the general public by providing air service & storage for small planes.

Fiber Installation Project

Person County has allocated approximately \$3M to install 52 miles of fiber which will provide improved broadband connectivity to the majority of public facilities (schools, VFD's, county facilities, city facilities, etc.) and the four newly constructed public safety communication towers. Construction of the Bethel Hill and Mt. Tirzah fiber routes are complete. The Bushy Fork route is underway and anticipated to be complete by November 2018. The Woodland route is anticipated to begin in January 2019. Fiber will be installed and functioning on the Bethel Hill route by the end of 2018. Fiber will be installed and functioning on all routes by the end of 2019.

Stormwater Compliance

The Board of Commissioners approved \$3.8M to be distributed over the next three years in Person County's CIP Plan for fiscal years 2019-21 to address State regulations for water quality improvements. The County must implement projects that reduce pollution from stormwater runoff. The stormwater consultant is studying potential projects and identifying sites. The estimated cost for fiscal year 2019 was approved and budgeted for \$230,000. The second and third year's planned estimates are \$1,785,000; however, these amounts and the timeline for implementation may vary greatly depending upon decisions made at the State-level.

Waste Management

Person County extended the contract and franchise agreement with Republic Services for operation of a landfill in Person County until June 30, 2019. State law has been amended to allow private landfill providers to extend their existing landfills for the life-of-site, regardless of the existence of an agreement. Therefore, terminating the agreement and renegotiating for the same tonnage are no longer viable options. Person County Commissioners have the option to continue the existing contract and franchise under the same terms until the end of the life of the site or negotiate a new contract that allows for increased tonnage.

Home, Health and Hospice Services

In spring 2017, the county began evaluating the long-term financial prospects for the home health and hospice programs operated by the Public Health department. Both services have struggled financially and suffered from recurring staff vacancies. The operating budget for the programs in FY18 was \$1.7 million, which included a subsidy of the county's general fund. During the evaluation process, it became clear that the trend among other county health departments is to divest of these services to willing buyers in the private marketplace. Person County engaged a consultant in spring 2018 for assistance with a possible sale and conveyance of the programs to a private sector provider. The sale was completed in November 2018, with Medical Services of America, Inc. purchasing both programs for \$200,000. The general fund transfer for home health and hospice support is expected to decrease by \$244,000 as a result of the sale.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Person County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the thirtieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report would not have been possible without the daily dedication to excellence in all areas of work from the entire staff of the Finance Department. A special thanks is due to Laura Jensen who compiled much of the financial and statistical data. I also thank the County Manager and her office, and the members of the Board of Commissioners for their continued support throughout the past year. Finally, I gratefully acknowledge the Audit Partner and his associates from the accounting firm of Elliott Davis, PLLC, CPAs, for their cooperation and assistance in the preparation of this report.

Respectfully submitted,



Amy Wehrenberg
Person County Finance Director



Government Finance Officers Association

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

Presented to

**County of Person
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

COUNTY OF PERSON LIST OF PRINCIPAL OFFICIALS



Board of County Commissioners

Tracey L. Kendrick, Chairman
Gordon Powell, Vice-Chairman
Jimmy B. Clayton
Kyle W. Puryear
B. Ray Jeffers

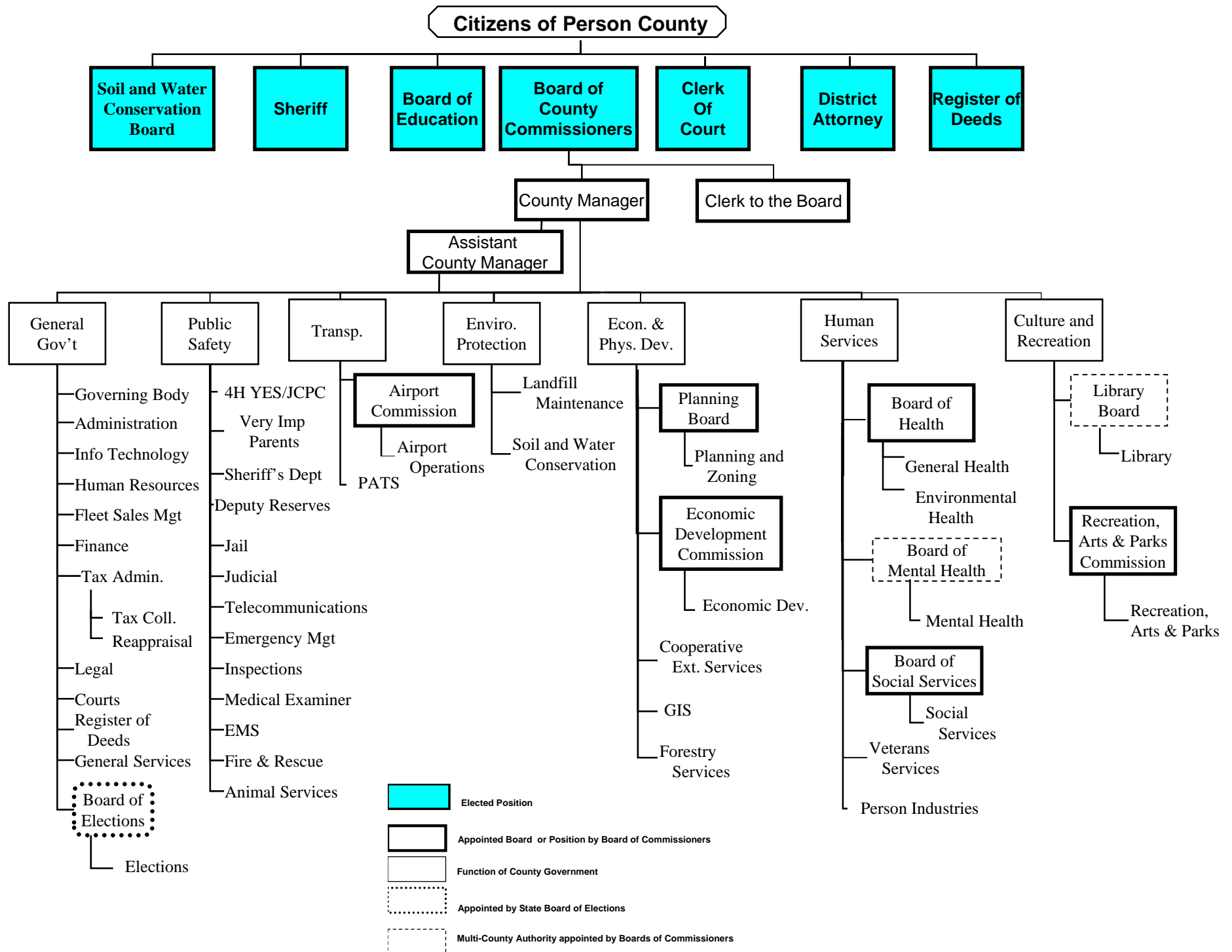
Manager

Heidi York

Finance Director

Amy Wehrenberg

PERSON COUNTY GOVERNMENT ORGANIZATIONAL CHART BY FUNCTION



FINANCIAL SECTION

FINANCIAL SECTION

Independent Auditor's Report

To the Board of Commissioners
Person County
Roxboro, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Person County, North Carolina (the "County") as of and for the year ended June 30, 2018, 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 did not audit the financial statements of the Person County ABC Board, which represents 87.1%, 83.3%, and 92.6% of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for the Person County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Person County ABC Board and Person County Tourism Development Authority 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Person County, North Carolina, as of June 30, 2018, and the respective changes in financial position, and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund and the Person Industries Community Rehabilitation Program and Material Recovery Facility Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note VIII to the financial statements, effective July 1, 2017, Person County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, Accounting and Financial Reporting for *Postemployment Benefits other than Pensions*. Our opinions are not modified with respect to this matter.

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 Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability and Schedule of Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the Proportionate Share of the Net Pension Asset and Schedule of 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 any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, budget and actual comparisons, schedule of ad valorem taxes receivable, analysis of current tax levy, introductory information, statistical section, and the schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act* as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, budget and actual comparisons, schedule of ad valorem taxes receivable, analysis of current tax levy, introductory information, statistical section and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional 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, based on our audit, the procedures performed as previously described, The combining and individual fund financial statements, budget and actual comparisons, schedule of ad valorem taxes receivable, analysis of current tax levy, introductory information, statistical section and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of Person 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 solely 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 Person County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Elliott Davis" followed by the word "PCC" in a smaller, less stylized font.

Raleigh, North Carolina
December 19, 2018

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

As management of Person County, we offer users of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018. We encourage users 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 Person County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$62,046,311 (*net position*).
- The government's total net position increased by \$5,712,327 when compared to the previous fiscal year, primarily due to the conveyance of Northern Middle School from Person County Schools and management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, Person County's governmental funds reported combined ending fund balances of \$35,973,871, an increase of \$5,336,507 on a comparable basis with the prior year. Approximately 33% of this total amount, or \$11,793,610, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,223,464 which represents 30.3% of total General Fund expenditures and outgoing transfers for the fiscal year.
- Person County's total debt increased by \$2,603,755 (4.4% of total governmental expenditures) during the current fiscal year. The key factor in this increase is the issuance of installment debt for the construction of communication towers and school facility improvements offset by scheduled debt repayments.
- Person County has an A1 bond rating from Moody's Investor Service (Moody's) and an AA- from Standard and Poor's Corporation (S&P). These ratings are consistent with Person County's reputation for conservative fiscal management and strong financial position.

Overview of the Financial Statements

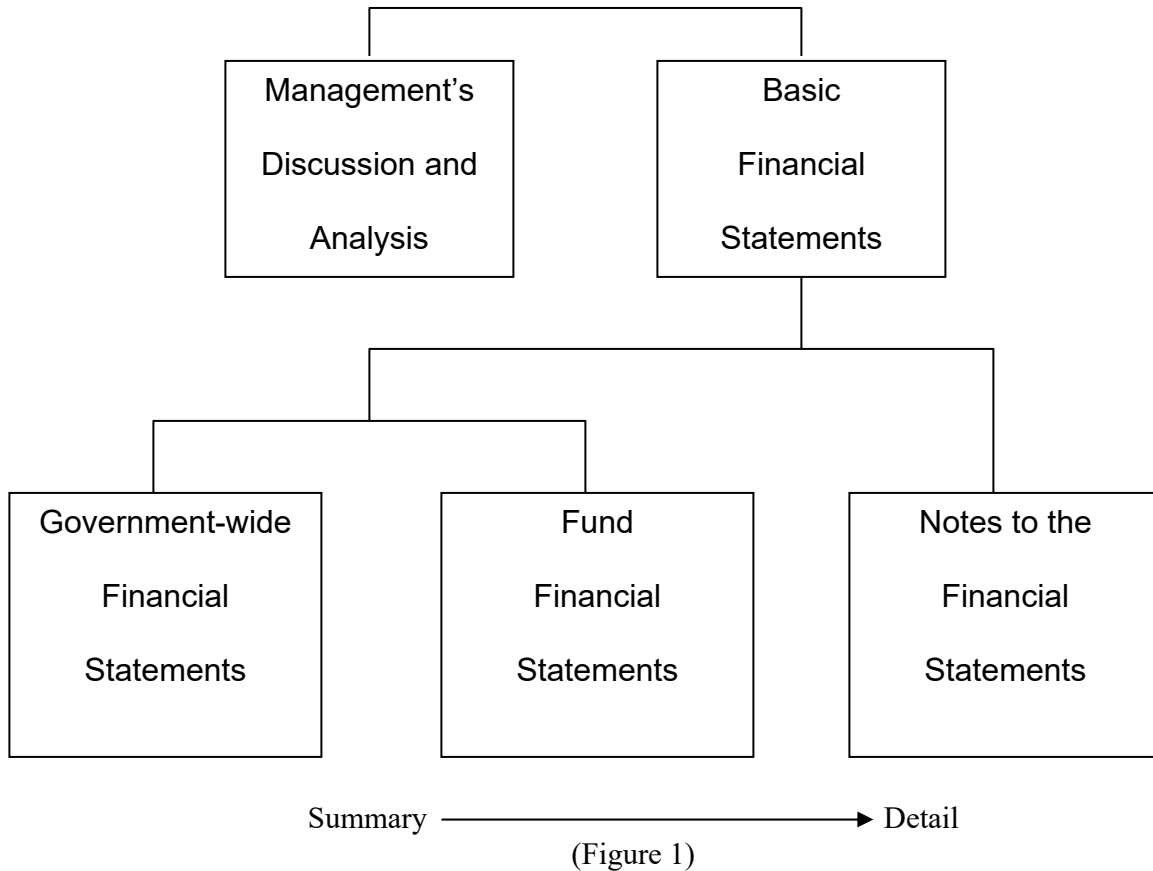
This discussion and analysis are intended to serve as an introduction to Person County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see 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 Person County.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

Required Components of Annual Financial Report



Basic Financial Statements

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

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Immediately following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental information** is provided to show details about the County's General Fund and non-major governmental funds. All of the non-major governmental funds are in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes (NCGS) also can be found in this part of the statements.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and (3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the stormwater management services offered by Person County. The other category is the component units. The Person County Tourism Development Authority (TDA) is a public authority under the Local Government Budget and Fiscal Control Act. It exists to provide for tourism-related expenditures and promotion of travel and tourism in Person County nearly exclusively from the occupancy tax levied by the County, and remitted to the TDA less a small collection fee. The ABC Board is legally separate from the County and is important to the County because the County is financially accountable for the Board by appointing its members, and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 25 through 27 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. Person 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 Person County are 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 government activities (reported in the Statement of Net Position

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements and disclosed in more detail in the Notes to the Financial Statements.

Person County adopts an annual budget for its General Fund, as required by NCGS. 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 – Person County has two types of proprietary funds, one of which is an *Enterprise* Fund used to report the same functions presented as business-type activities in the government-wide financial statements. Person County uses the enterprise fund category to account for its funding applicable to the Stormwater Management Utility including measures and activities designed to protect, restore and manage stormwater quality; all associated costs are supported solely through assessed user fees. 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. In fiscal year 2016, Person County established the Insurance Fund, an *Internal Service* Fund, to account for premiums and claims associated with the County's self-funded health insurance plan. Because this service predominantly benefits governmental rather than the business-type function, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Person County has nine fiduciary funds, one of which is a pension trust fund, one of which is a private-purpose trust fund, and seven of which are agency funds. The fiduciary financial statements begin on page 37 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 38 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Person County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 75 of this report.

Person County, North Carolina **Management's Discussion and Analysis**

For the Year Ended June 30, 2018

Government-wide Financial Analysis

The following table summarizes Net Position at June 30, 2018 and 2017:

PERSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 38,947,046	\$ 34,629,897	\$ 421,317	\$ 322,559	\$ 39,368,363	\$ 34,952,456
Capital assets	47,396,142	41,752,823	-	-	47,396,142	41,752,823
Total assets	86,343,188	76,382,720	421,317	322,559	86,764,505	76,705,279
Total deferred outflows of resources	6,148,163	4,791,044	-	-	6,148,163	4,791,044
Long-term liabilities outstanding	27,886,078	22,126,223	-	-	27,886,078	22,126,223
Other liabilities	2,206,817	2,642,914	5,659	301	2,212,476	2,643,215
Total liabilities	30,092,895	24,769,137	5,659	301	30,098,554	24,769,438
Total deferred inflows of resources	767,803	392,901	-	-	767,803	392,901
Net position:						
Net investment in capital assets	36,548,803	32,964,043	-	-	36,548,803	32,964,043
Restricted	11,648,228	9,036,709	-	-	11,648,228	9,036,709
Unrestricted	13,433,622	14,010,974	415,658	322,258	13,849,280	14,333,232
Total net position	\$ 61,630,653	\$ 56,011,726	\$ 415,658	\$ 322,258	\$ 62,046,311	\$ 56,333,984

The assets and deferred outflows of resources of Person County exceeded liabilities and deferred inflows of resources by \$62,046,311 as of June 30, 2018. The County's net position increased by \$5,712,327 for the fiscal year ended June 30, 2018. Net position of \$36,548,803 (59%) is net investment in capital assets (e.g. land, buildings, improvements, machinery, and equipment net of any related outstanding debt of those assets). Person County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Person 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 Person County's net position represents resources that are subject to external restrictions on how they may be used and is \$11,648,228 (19%) at June 30, 2018.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition; however, it does not adequately reflect the County's position. In accordance with NCGS, the County is the issuer of debt used for capital purposes for other agencies, namely, Person County Schools (PCS) and Piedmont Community College (PCC). The total school debt for assets that are not deeded to the County for purposes of issuing debt is \$471,307. The total outstanding debt of \$14,041,814 that is recorded in the long-term liabilities includes this school debt, along with the portion of school debt for assets that were conveyed to the County. The original debt proceeds are used by the County to acquire or construct the capital assets on behalf of these agencies. During 2018, PCS conveyed Northern Middle School to the County as collateral for the Public Safety Towers and Various Projects financing. This property and several other school properties are held as

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

collateral by the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. As those liabilities are paid off, the properties will be deeded back to PCS. The outstanding debt related to the current properties deeded to the County is \$5,185,508.

The remaining balance of \$13,849,280 (22%) is the unrestricted portion of the total net position.

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

- Continued emphasis on the collection of property taxes. The tax collection percentage decreased slightly from the previous year from 98.8% to 98.7%. The overall tax collections for current year's taxes increased by \$138,963.
- Continued low cost of debt due to the County's high bond rating and the paydown of current debt service.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget

The following table presents the change in net position for the year ended June 30, 2018 and 2017 for governmental activities:

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

PERSON COUNTY'S CHANGES IN NET POSITION

	PERSON COUNTY'S CHANGES IN NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 7,851,597	\$ 7,484,496	\$ 274,882	\$ 268,050	\$ 8,126,479	\$ 7,752,546
Operating grants and contributions	8,864,294	10,776,758	-	-	8,864,294	10,776,758
Capital grants and contributions	6,973,298	346,924	-	-	6,973,298	346,924
General revenues						
Property taxes	32,143,716	32,103,402	-	-	32,143,716	32,103,402
Local option sales taxes	8,075,831	7,571,089	-	-	8,075,831	7,571,089
Other taxes and licenses	454,676	566,446	-	-	454,676	566,446
Investment earnings, unrestricted	216,223	132,958	1,654	-	217,877	132,958
Miscellaneous, unrestricted	133,772	(2,340,111)	-	-	133,772	(2,340,111)
Total revenues	64,713,407	56,641,962	276,536	268,050	64,989,943	56,910,012
Expenses:						
General government	6,989,851	7,092,146	-	-	6,989,851	7,092,146
Public safety	13,524,505	13,885,041	-	-	13,524,505	13,885,041
Transportation	1,548,949	1,339,616	-	-	1,548,949	1,339,616
Human services	16,929,904	15,048,142	-	-	16,929,904	15,048,142
Environmental Protection	653,114	3,083,626	-	-	653,114	3,083,626
Economic and physical development	1,461,642	1,608,085	-	-	1,461,642	1,608,085
Cultural and recreation	1,786,403	1,812,818	-	-	1,786,403	1,812,818
Education	10,693,420	12,963,719	-	-	10,693,420	12,963,719
Interest on long-term debt	363,297	370,388	-	-	363,297	370,388
Stormwater	-	-	183,136	182,996	183,136	182,996
Total expenses	53,951,085	57,203,581	183,136	182,996	54,134,221	57,386,577
Change in net position	10,762,322	(561,619)	93,400	85,054	10,855,722	(476,565)
Net position, July 1, as originally reported	56,011,726	57,915,285	322,258	237,204	56,333,984	58,152,489
Restatement	(5,143,395)	-	-	-	(5,143,395)	-
Net position, July 1, restated	50,868,331	56,573,345	322,258	237,204	51,190,589	56,810,549
Net position, June 30	\$ 61,630,653	\$ 56,011,726	\$ 415,658	\$ 322,258	\$ 62,046,311	\$ 56,333,984

Governmental Activities: Governmental activities resulted in an increase of the County's net position by \$5,618,927 which was \$7,522,486 more than the change in net position for fiscal year 2016-17. Key elements of this net increase are as follows:

- Charges for services increased by \$367,101, reflecting a larger amount of Medicaid-related funds received at the Public Health Department.
- Capital contributions increased by \$6,626,374 primarily due to the property received from Person County Schools to be held as collateral for the installment purchase loan that covered the construction of public safety communication towers and various school building improvements.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

- Occupancy tax increased by almost \$98K due to some moderate growth in collections, and a lag in collections during FY2017 caused by a temporary closure by one of the local hotels to perform renovations.

Business-type Activities: Business-type activities increased Person County's net position by \$93,400 in the Stormwater Fund, accounting for 1.6% of the total growth in the government's net position. The total increase in net position was \$8,346 higher than FY2017 due to the following key elements:

- Minimal increase of stormwater revenue collection over previous year; and
- Shared costs of contracted services received from Granville County for stormwater management

Financial Analysis of the County's Funds

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

Governmental Funds: The focus of Person County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Person 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 Person County. At the end of the current fiscal year, Person County's fund balance available in the General Fund was \$16,223,464, while total fund balance reached \$25,968,747. The Governing Body of Person County has determined that the County should maintain an available fund balance of 18% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 32.4% of general fund expenditures, while total fund balance represents 51.9% of that same amount.

The Person Industries Community Rehabilitation Program and Material Recovery Facility Fund (classified as a major fund within Person County's financial statements), reported a fund balance of \$920,893 at June 30, 2018 an increase of \$135,920 from last year. The increase in fund balance can be attributed primarily to the increase in production sales and reduced client transportation and medicaid-related costs.

At June 30, 2018, the governmental funds of Person County reported a combined fund balance of \$35,973,871, a 17.4% increase from last year. The primary causes for this increase is higher revenues recognized in property, sales and occupancy tax collections as well as a significant decrease in Public Health expenditures that were the result of the Board of Commissioners' decision to divest of and convey Home, Health and Hospice services to a private sector provider.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on a number of 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 \$715,296.

Sales tax collections reflect an increase over budget by \$425,531 during fiscal year 2018. Improved economic conditions provided some much needed relief in sales tax collections for Person County. Operating revenues of the General Fund were \$175,688 more than the final budgeted amount largely due to higher receipts of Medicaid cost settlements in the Health Department. Intergovernmental revenues were short of budget by \$993,942. A large portion of this difference is due to the delay of the drawdown requests for lottery proceeds and timing issues for receiving state and federal revenues in Public Health and Social Services. The impact of this budget deficit is off-set by ad valorem and sales tax collections which were over budget collectively by \$1,251,967.

Appropriations within the General Fund covered actual expenditures by almost \$5.3 million. Almost \$2.5 million of these remaining funds was the result of the timing differences in the State allocations for departments in the Human Services function. Public Safety departments report a remaining budget of approximately \$1.3 million which is most related to lapse salary and associated benefits from vacant positions that occurred during the year. Debt service in the amount of \$185K for the Public Safety Tower Project was budgeted; however the first payment was not scheduled until fiscal year 2019. Delays in school capital project and lottery expenditures caused a remaining balance of approximately \$287K at the end of fiscal year 2018.

Proprietary Funds: Person 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 Stormwater Management Fund at the end of the fiscal year amounted to \$415,658. The total growth in net position was \$93,400. Other factors concerning the finances of this fund have already been addressed in the discussion of Person County's business-type activities.

Capital Asset and Debt Administration

Capital Assets: Person County's capital assets for its governmental activities as of June 30, 2018, total \$47,396,142 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment (including vehicles), and park facilities. Major capital asset transactions during the year include:

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

General Government

- Northern Middle School land and building that serves as collateral for the Public Safety Towers and Other Improvements financing, Person County Recycling Center sprinkler system installation, renovations to old Employment Opportunity Center Building for the placement of the Information Technology Department, and boiler replacement at the Law Enforcement Center

Human Services

- Handheld ultrasound equipment for the Health Department

Public Safety

- CAD Software, 8 vehicles, a generator for the 911 Center, NVR Software System for the Detention Center, and in-car camera equipment

Culture and Recreation

- Roofing improvements at various park sites and bathroom renovations at Olive Hill Ball Park

Transportation

- Airport runway improvements

Education

- Painting projects, repavement of walking track, and renovations at various schools that are leveraged for County debt financings

PERSON COUNTY CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,154,946	\$ 4,208,994	\$ -	\$ -	\$ 4,154,946	\$ 4,208,994
Buildings	24,171,712	20,580,663	-	-	24,171,712	20,580,663
Improvements	11,103,133	9,654,210	-	-	11,103,133	9,654,210
Machinery and equipment	4,580,140	4,710,150	-	-	4,580,140	4,710,150
Infrastructure	1,064,686	1,390,351	-	-	1,064,686	1,390,351
Construction in progress	<u>2,321,525</u>	<u>1,208,455</u>	<u>-</u>	<u>-</u>	<u>2,321,525</u>	<u>1,208,455</u>
Total	<u>\$ 47,396,142</u>	<u>\$ 41,752,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,396,142</u>	<u>\$ 41,752,823</u>

Additional information on the County's capital assets can be found in Note 1.D.7. and 3.A.5. of the basic financial statements.

Long-term Debt: As of June 30, 2018, Person County had total bonded debt outstanding of \$2,132,667 which is backed by the full faith and credit of the government. Other total outstanding debt is as follows:

Person County, North Carolina **Management's Discussion and Analysis**

For the Year Ended June 30, 2018

PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds Payable	\$ 2,132,667	\$ 2,285,000	\$ -	\$ -	\$ 2,132,667	\$ 2,285,000
Installment Purchases	11,357,940	8,351,776	-	-	11,357,940	8,351,776
Capital Leases	<u>551,207</u>	<u>801,283</u>	<u>-</u>	<u>-</u>	<u>551,207</u>	<u>801,283</u>
Total	<u>\$ 14,041,814</u>	<u>\$ 11,438,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,041,814</u>	<u>\$ 11,438,059</u>

Person County's total debt increased by \$2,603,755 (23%) during the past fiscal year, due to the repayment of debt offset by proceeds from new debt. The bonded debt involved the issuance of GO Recreation Facility Bonds for purchase and development of a Senior Center.

As mentioned in the financial highlights section of this document, Person County maintains an A1 bond rating from Moody's and an AA- from S&P. The County's good credit rating helps in keeping interest costs low when the County issues debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Person County is \$364,236,353.

The Person County Board of Commissioners has had a history of fiscal conservatism that also contributes to the favorable bond rating. Additional information regarding Person County's long-term debt can be found in Note 3 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- The County's average unemployment rate as of June 30, 2018, was 4.4%, an increase of .1% from last year's rate of 4.3%, and 0.2% over the statewide average of 4.2%.
- Inflationary trends in the region are comparable to national indices.
- Management is implementing programs which will allow it to capitalize on manufacturing growth.
- Population estimation of 39,370 is slightly higher than in previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: The original appropriations in the General Fund will increase by \$568,121 to \$60.8 million or 1% more than the previous year's adopted budget. Other Revenues is the primary cause for the increase in revenue projections with the recognition of the EMS loan proceeds (\$776,086) to be received in FY19 for the lease of three ambulances and turnout gear equipment. A modest increase in property taxes by \$426,895 is projected due to some growth from the County's existing industries and an uptick in housing starts, as well as an adjustment in the projected collection rate from 97.25% to 97.50%. Sales tax revenues are also expected to increase by \$564,700 due to the State's forecasted improvement in the overall economy. An appropriation of \$3,471,017 from fund balance provides the balance of the estimated revenues, a reduction of

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2018

\$736,343 from the previous year. No tax increase was approved for Person County's fiscal year 2019 budget. However, the Board of Commissioners approved of a new fire tax at .01 per \$100 of value on all properties outside the city limits as a new source of revenue for the County's Volunteer Fire Departments. This new Fire District Tax is separately accounted for in a newly created Special Revenue Fund for FY2019.

The majority of county functions of the General Fund report a projected increase to their budgeted expenditures. The addition of six full-time public safety-related positions (\$313K), appropriation from the General Fund to further support the Volunteer Fire Department agencies (\$630K), third phase of the Pay and Classification Study adjustments for the General Government employees (\$103K), increase in Debt Service to fund ambulances and equipment for EMS and the construction of communication towers and school facility improvements (\$526K), and CIP spending for fiber installation (\$425K) are the main cost drivers for expenditures. Other expenditure increases occurred in current expense appropriations for the Schools (\$187K) and PCC (\$47K), and the purchase of twelve vehicles (\$578K).

Business-type Activities: The stormwater rates in the County will remain the same, which is projected to adequately cover the costs of operations. Budgeted revenues and expenditures remained flat at \$250,000.

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 Finance Director, Person County, 304 South Morgan Street, Suite 219, Roxboro, NC 27573. You can also call (336)-597-1726 or visit our website <http://www.personcounty.net> for more information.

Basic Financial Statements

Basic Financial Statements

Person County, North Carolina
Statement of Net Position

Exhibit 1

June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business Type Activity	Total	Person County Tourism Development Authority	Person County ABC Board
ASSETS					
Cash and cash equivalents	\$ 28,949,964	\$ 380,384	\$ 29,330,348	\$ 188,530	\$ 872,961
Taxes Receivable (net)	813,760	-	813,760	-	-
Other receivables (net)	4,349,028	40,933	4,389,961	-	-
Due from component unit	180,266	-	180,266	-	-
Inventories	-	-	-	-	312,519
Prepaid items	145,382	-	145,382	-	454
Restricted cash and cash equivalents	4,449,814	-	4,449,814	-	-
Capital assets:					
Land, improvements, and construction in progress	6,476,471	-	6,476,471	-	34,188
Other capital assets, net of depreciation	40,919,671	-	40,919,671	-	47,993
Total capital assets	47,396,142	-	47,396,142	-	82,181
Net pension asset - Register of Deeds	58,832	-	58,832	-	-
Total assets	86,343,188	421,317	86,764,505	188,530	1,268,115
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals - LGERS	2,970,834	-	2,970,834	-	34,245
Pension deferrals - LEOSSA	175,273	-	175,273	-	-
Pension deferrals - ROD	20,545	-	20,545	-	-
OPEB Deferrals	2,981,511	-	2,981,511	-	-
Total deferred outflows	6,148,163	-	6,148,163	-	34,245
LIABILITIES					
Accounts payable and accrued expenses	2,114,844	5,659	2,120,503	12,480	271,140
Accrued interest payable	91,973	-	91,973	-	-
Due to primary government	-	-	-	6,267	173,999
Long-term liabilities:					
Net pension liability - LGERS	3,840,085	-	3,840,085	-	25,666
Total pension liability - LEOSSA	1,526,510	-	1,526,510	-	-
Other postemployment benefits liability	7,256,942	-	7,256,942	-	-
Due within one year	2,045,812	-	2,045,812	2,564	-
Due in more than one year	13,216,729	-	13,216,729	624	-
Total long-term liabilities	27,886,078	-	27,886,078	3,188	25,666
Total liabilities	30,092,895	5,659	30,098,554	21,935	470,805
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals - LGERS	165,164	-	165,164	-	726
Pension deferrals - LEOSSA	46,517	-	46,517	-	-
Pension deferrals - ROD	190	-	190	-	-
OPEB Deferrals	375,435	-	375,435	-	-
Other Deferrals	180,497	-	180,497	-	-
Total deferred inflows	767,803	-	767,803	-	726
NET POSITION					
Net investment in capital assets	36,548,803	-	36,548,803	-	82,181
Restricted for:					
Public safety	103,760	-	103,760	-	-
Culture and recreation	139,466	-	139,466	-	-
Human services	235,156	-	235,156	-	-
Environmental protection	18,125	-	18,125	-	-
Register of deeds	47,863	-	47,863	-	-
Stabilization by State Statute	6,945,133	-	6,945,133	-	-
Capital	4,158,725	-	4,158,725	-	100,000
Working capital	-	-	-	-	98,563
Unrestricted	13,433,622	415,658	13,849,280	166,595	550,085
Total net position	\$ 61,630,653	\$ 415,658	\$ 62,046,311	\$ 166,595	\$ 830,829

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

Person County, North Carolina
Statement of Activities

For the fiscal year ended June 30, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 6,989,851	\$ 719,193	\$ 185,470	\$ -
Public safety	13,524,505	1,876,352	1,199,209	-
Transportation	1,548,949	332,338	242,456	486,117
Human services	16,929,904	3,712,493	6,972,508	-
Environmental Protection	653,114	715,722	91,576	-
Economic and physical development	1,461,642	83,041	53,027	-
Cultural and recreation	1,786,403	412,458	120,048	-
Education	10,693,420	-	-	6,487,181
Interest on long-term debt	363,297	-	-	-
Total governmental activities	53,951,085	7,851,597	8,864,294	6,973,298
Business-Type Activity:				
Stormwater Department	183,136	274,882	-	-
Total primary government	\$ 54,134,221	\$ 8,126,479	\$ 8,864,294	\$ 6,973,298
Component unit:				
Person County Tourism Development Authority	\$ 231,843	\$ -	\$ -	\$ -
ABC Board	3,309,288	3,322,752	-	-
Total Component Units	\$ 3,541,131	\$ 3,322,752	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Other taxes				
Investment earnings, unrestricted				
Miscellaneous, unrestricted:				
Loss on sale of capital asset				
Other miscellaneous				
Total general revenues, special items, and transfers				
Change in net position				
Net position-beginning				
Restatement				
Net position-beginning, restated				
Net position-ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activity	Total	Person County Tourism Development Authority	Person County ABC Board
\$ (6,085,188)	\$ -	\$ (6,085,188)		
(10,448,944)	-	(10,448,944)		
(488,038)	-	(488,038)		
(6,244,903)	-	(6,244,903)		
154,184	-	154,184		
(1,325,574)	-	(1,325,574)		
(1,253,897)	-	(1,253,897)		
(4,206,239)	-	(4,206,239)		
(363,297)	-	(363,297)		
(30,261,896)	-	(30,261,896)		
-	91,746	91,746		
(30,261,896)	91,746	(30,170,150)		
\$ -	\$ -	\$ -	\$ (231,843)	\$ -
-	-	-	-	13,464
\$ -	\$ -	\$ -	\$ (231,843)	\$ 13,464
32,143,716	-	32,143,716	-	-
8,075,831	-	8,075,831	-	-
454,676	-	454,676	299,636	-
216,223	1,654	217,877	1,691	4,268
(560,899)	-	(560,899)	-	-
694,671	-	694,671	-	-
41,024,218	1,654	41,025,872	301,327	4,268
10,762,322	93,400	10,855,722	69,484	17,732
56,011,726	322,258	56,333,984	97,111	813,097
(5,143,395)	-	(5,143,395)	-	-
50,868,331	322,258	51,190,589	97,111	813,097
\$ 61,630,653	\$ 415,658	\$ 62,046,311	\$ 166,595	\$ 830,829

Person County, North Carolina
Balance Sheet
Governmental Funds

Exhibit 3

June 30, 2018

	Major		Non-Major	
		Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Other Governmental Funds	Total Governmental Funds
	General			
ASSETS				
Cash and cash equivalents	\$ 22,798,140	\$ 836,539	\$ 4,829,631	\$ 28,464,310
Restricted cash	81,834	-	4,367,980	4,449,814
Ad valorem taxes receivable, net	813,760	-	-	813,760
Receivables, net	3,562,578	656,846	79,982	4,299,406
Due from other funds	479,244	-	-	479,244
Prepaid expenditures	145,382	-	-	145,382
Due from component unit	180,266	-	-	180,266
Total assets	<u>\$ 28,061,204</u>	<u>\$ 1,493,385</u>	<u>\$ 9,277,593</u>	<u>\$ 38,832,182</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,075,087	\$ 92,404	\$ 151,887	\$ 1,319,378
Miscellaneous liabilities	23,113	844	-	23,957
Due to other funds	-	479,244	-	479,244
Total liabilities	<u>1,098,200</u>	<u>572,492</u>	<u>151,887</u>	<u>1,822,579</u>
DEFERRED INFLOWS OF RESOURCES	<u>994,257</u>	<u>-</u>	<u>41,475</u>	<u>1,035,732</u>
Fund balances:				
Nonspendable:				
Prepays	145,382	-	-	145,382
Restricted:				
Stabilization by State Statute	6,197,539	667,612	79,982	6,945,133
Register of Deeds	47,863	-	-	47,863
Public safety	33,971	-	69,789	103,760
Culture and recreation	-	-	139,466	139,466
Environmental protection	-	18,125	-	18,125
Human services	-	235,156	-	235,156
Capital projects	-	-	4,158,725	4,158,725
Committed:				
Tax reappraisal	399,426	-	-	399,426
Economic development	-	-	1,297,239	1,297,239
Environmental protection	-	-	65,426	65,426
Public safety	-	-	3,948	3,948
LEOSSA Pension	327,055	-	-	327,055
Capital projects	-	-	2,601,779	2,601,779
Assigned:				
Subsequent year's expenditures	2,594,047	-	698,143	3,292,190
Unassigned:	16,223,464	-	(30,266)	16,193,198
Total fund balances	<u>25,968,747</u>	<u>920,893</u>	<u>9,084,231</u>	<u>35,973,871</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,061,204</u>	<u>\$ 1,493,385</u>	<u>\$ 9,277,593</u>	<u>\$ 38,832,182</u>

Person County, North Carolina
Exhibit 3 (Cont)
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2018

Ending fund balance for Governmental Funds	\$	35,973,871
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		47,396,142
Net pension asset		58,832
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position		(236,233)
Deferred inflows of resources for taxes receivable		813,760
Deferred inflows of resources for note receivable		41,475
Pension related deferrals		2,954,781
OPEB related deferrals		2,606,076
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued interest payable		(91,973)
General Obligation Bonds		(2,132,667)
Installment purchases		(11,357,940)
Capital lease		(551,207)
Accrued post-closure care costs		(85,560)
Compensated absences		(1,135,167)
Net pension liability - LGERS		(3,840,085)
Net pension liability - LEOSSA		(1,526,510)
Other postemployment benefits		(7,256,942)
	\$	<u>61,630,653</u>

Person County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

Exhibit 4

For the fiscal year ended June 30, 2018

	Major		Non-Major	
		Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Other Governmental Funds	Total Governmental Funds
	General Fund			
REVENUES				
Ad valorem taxes	\$ 32,141,941	\$ -	\$ -	\$ 32,141,941
Local options sales taxes	8,075,831	-	-	8,075,831
Other taxes and licenses	454,676	-	-	454,676
Fees	578,565	-	-	578,565
Intergovernmental	8,868,570	471,391	972,242	10,312,203
Investment earnings	275,673	8,000	63,317	346,990
Charges for services	4,628,300	2,644,732	-	7,273,032
Other	683,963	10,708	4,684	699,355
Total revenues	55,707,519	3,134,831	1,040,243	59,882,593
EXPENDITURES				
Current:				
General government	5,944,581	-	-	5,944,581
Public safety	12,613,988	-	400,371	13,014,359
Transportation	858,553	-	-	858,553
Human services	12,768,073	2,981,302	-	15,749,375
Environmental protection	123,327	526,231	-	649,558
Economic and physical development	1,106,228	-	373,233	1,479,461
Cultural and recreational	1,784,228	-	-	1,784,228
Intergovernmental:				
Education	10,520,135	-	-	10,520,135
Capital outlay	2,448,882	-	4,090,100	6,538,982
Debt service:				
Principal	1,583,675	-	212,571	1,796,246
Interest and other charges	329,764	-	40,854	370,618
Total expenditures	50,081,434	3,507,533	5,117,129	58,706,096
Excess (deficiency) of revenues over expenditures	5,626,085	(372,702)	(4,076,886)	1,176,497
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	508,622	2,633,283	3,141,905
Transfers to other funds	(3,468,841)	-	-	(3,468,841)
Installment purchase obligations issued	-	-	4,400,000	4,400,000
Sale of capital assets	86,946	-	-	86,946
Total other financing sources and uses	(3,381,895)	508,622	7,033,283	4,160,010
Net change in fund balances	2,244,190	135,920	2,956,397	5,336,507
Fund balances-beginning	23,724,557	784,973	6,127,834	30,637,364
Fund balances-ending	\$ 25,968,747	\$ 920,893	\$ 9,084,231	\$ 35,973,871

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

Person County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities

Exhibit 4 (Cont.)

For the fiscal year ended June 30, 2018

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

Net changes in fund balances - total governmental funds	\$ 5,336,507
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	117,930
Governmental funds do not record contributions of capital assets. However, in the statement of activities the fair value of those assets is reported as capital contributions.	5,525,389
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.	(2,603,754)
Expenses related to compensated absences, other postemployment benefits, net pension obligation, and pension expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	2,524,270
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 the governmental funds.	31,403
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(32,621)
The issuance of revolving loans consumes current financial resources of governmental funds, while the repayment of the principal of the note receivable provides current financial resources to governmental funds. Neither transaction has any effect on net position. This amount is the amount that the issuance of the note exceeds the principal repayment.	(4,684)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(132,118)
Total changes in net position of governmental activities	<u>\$ 10,762,322</u>

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

Person County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund

Exhibit 5

For the fiscal year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget-- Positive (Negative)</u>
REVENUES				
Ad valorem taxes	\$ 31,315,505	\$ 31,315,505	\$ 32,141,941	\$ 826,436
Local option sales taxes	7,650,300	7,650,300	8,075,831	425,531
Other taxes and licenses	317,250	448,518	454,676	6,158
Fees	466,750	466,750	578,565	111,815
Intergovernmental	9,687,121	9,862,512	8,868,570	(993,942)
Investment earnings	50,000	167,668	275,673	108,005
Charges for services	4,368,080	4,452,612	4,628,300	175,688
Other	381,566	628,358	683,963	55,605
Total revenues	<u>54,236,572</u>	<u>54,992,223</u>	<u>55,707,519</u>	<u>715,296</u>
EXPENDITURES				
Current:				
General government	6,391,425	6,578,616	6,029,938	548,678
Public safety	13,262,374	14,155,072	12,901,713	1,253,359
Transportation	1,016,422	1,085,694	858,553	227,141
Human services	16,244,919	15,262,478	12,805,563	2,456,915
Environmental protection	131,559	147,989	124,421	23,568
Economic and physical development	1,067,258	1,203,553	1,108,436	95,117
Cultural and recreational	1,754,612	1,900,052	1,784,228	115,824
Contingency	405,614	72,669	-	72,669
Intergovernmental:				
Education	11,582,235	12,838,551	12,551,843	286,708
Debt service:				
Principal retirement	1,711,009	1,711,009	1,583,675	127,334
Interest and other charges	387,066	387,066	329,764	57,302
Total expenditures	<u>53,954,493</u>	<u>55,342,749</u>	<u>50,078,134</u>	<u>5,264,615</u>
Revenues over (under) expenditures	<u>282,079</u>	<u>(350,526)</u>	<u>5,629,385</u>	<u>5,979,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(3,033,315)	(3,549,694)	(3,547,141)	2,553
Sale of capital assets	16,500	48,660	86,946	38,286
Total other financing sources (uses)	<u>(3,016,815)</u>	<u>(3,501,034)</u>	<u>(3,460,195)</u>	<u>40,839</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,734,736)</u>	<u>(3,851,560)</u>	<u>2,169,190</u>	<u>6,020,750</u>
APPROPRIATED FUND BALANCE	<u>2,734,736</u>	<u>3,851,560</u>	<u>-</u>	<u>(3,851,560)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>2,169,190</u>	<u>\$ 2,169,190</u>
Fund balances-beginning			23,325,132	
Fund balances-ending			<u>\$ 25,494,322</u>	
Legally budgeted Tax Reappraisal expenditures have been consolidated into the General Fund for reporting purposes:				
Transfer in from General Fund			78,300	
Expenditures			(3,300)	
Fund balance-beginning			399,425	
Fund balance-ending			<u>\$ 25,968,747</u>	

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

Person Industries Community Rehabilitation Program and Material Recovery Facility Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the fiscal year ended June 30, 2018

	Original Budget	Final Budget	Actual	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 442,300	\$ 442,300	\$ 344,339	\$ (97,961)
ROAP Transportation	19,790	19,297	19,297	-
White goods disposal tax	13,000	13,000	25,434	12,434
Scrap tire disposal tax	52,000	52,000	53,063	1,063
Electronics management tax	5,697	5,697	3,171	(2,526)
Solid waste disposal tax	27,000	27,000	26,087	(913)
Total intergovernmental revenues	559,787	559,294	471,391	(87,903)
Charge for services				
Sales	1,305,000	1,805,000	1,995,821	190,821
Medicaid	551,000	551,000	519,292	(31,708)
Transportation	21,720	21,720	17,541	(4,179)
Local services	32,000	32,000	51,788	19,788
Recycling fee	25,000	25,000	-	(25,000)
Recycling sales	91,490	91,490	60,290	(31,200)
Total charge for services	2,026,210	2,526,210	2,644,732	118,522
Investment earnings	1,055	2,442	8,000	5,558
Other revenues				
Donations and miscellaneous	5,400	13,216	10,708	(2,508)
Total revenues	2,592,452	3,101,162	3,134,831	33,669
EXPENDITURES				
Human Services				
Personnel expenditures			1,299,413	
Operating expenditures			1,681,889	
	2,480,535	2,984,815	2,981,302	3,513
Environmental protection-recycling				
Personnel expenditures			363,133	
Operating expenditures			163,098	
	617,921	627,522	526,231	101,291
Total expenditures	3,098,456	3,612,337	3,507,533	104,804
Excess (deficiency) of revenues over expenditures	(506,004)	(511,175)	(372,702)	138,473
OTHER FINANCING SOURCES				
Transfers in				
General Fund	506,004	511,175	508,622	(2,553)
Total other financing sources	506,004	511,175	508,622	(2,553)
Excess (deficiency) of revenues, other financing sources balance over expenditures	\$ -	\$ -	135,920	\$ 135,920
Fund balance beginning of year			784,973	
Fund balance end of year			\$ 920,893	

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

Person County, North Carolina
Statement of Net Position
Proprietary Funds

Exhibit 7

June 30, 2018

	Non-Major Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 380,384	\$ 485,654
Receivables	40,933	49,622
Total current assets	<u>421,317</u>	<u>535,276</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 5,659	\$ 771,509
Total current liabilities	<u>5,659</u>	<u>771,509</u>
Total liabilities	<u>5,659</u>	<u>771,509</u>
Net Position		
Unrestricted	<u>415,658</u>	<u>(236,233)</u>
Total net position	<u>\$ 415,658</u>	<u>\$ (236,233)</u>

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

Person County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

Exhibit 8

For the fiscal year ended June 30, 2018

	Non-Major Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Operating revenues		
Charges for services	\$ 274,882	\$ 3,078,311
Miscellaneous income	-	348,233
Total operating revenues	<u>274,882</u>	<u>3,426,544</u>
Operating expenses		
Professional services	5,765	-
Contracted services	16,655	-
Dues and subscriptions	76,420	-
Stormwater administration	75,571	-
Health insurance administration	-	3,789,227
Other operating expenses	8,725	-
Total operating expenses	<u>183,136</u>	<u>3,789,227</u>
Operating income	<u>91,746</u>	<u>(362,683)</u>
Nonoperating revenues (expenses)		
Interest earnings	1,654	3,126
Total nonoperating revenue (expenses) - net	<u>1,654</u>	<u>3,126</u>
Income (loss) before transfers	<u>93,400</u>	<u>(359,557)</u>
Transfers		
Transfer from General fund	-	326,936
Change in net position	93,400	(32,621)
Total net position, beginning	322,258	281,333
Restatement	-	(484,945)
Total net position, beginning, restated	<u>322,258</u>	<u>(203,612)</u>
Total net position, ending	<u>\$ 415,658</u>	<u>\$ (236,233)</u>

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

Person County, North Carolina
Statement of Cash Flows
Proprietary Funds

Exhibit 9

For the fiscal year ended June 30, 2018

	Non-Major	
	Enterprise Fund	Internal Service Fund
	Stormwater Fund	Insurance Fund
Cash flows from operating activities		
Cash received from customers	\$ 250,267	\$ 3,382,568
Cash paid for goods and services	(177,778)	(3,660,431)
Net cash provided by operating activities	72,489	(277,863)
Cash flows from noncapital financing activities		
Transfers in	-	326,936
Cash flows from investing activities		
Interest on investments	1,654	3,126
Net increase in cash and cash equivalents	74,143	52,199
Cash and cash equivalents		
Beginning of year, July 1	306,241	433,455
End of year, June 30	\$ 380,384	\$ 485,654
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 91,746	\$ (362,683)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(24,615)	(43,976)
Accounts payable and accrued liabilities	5,358	128,796
Total adjustments	(19,257)	84,820
Net cash provided by operating activities	\$ 72,489	\$ (277,863)

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

Person County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds

Exhibit 10

June 30, 2018

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 359,146
Taxes receivables	205,189
Total assets	<u>564,335</u>
LIABILITIES	
Accounts payable and accrued liabilities	225,570
Due to individuals	84,730
Due to inmates	9,382
Due to 4H	39,464
Due for taxes receivable	205,189
Total liabilities	<u>\$ 564,335</u>

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

Notes to the Financial Statements

This section contains the notes to the financial statements. These notes are an integral part of the financial statements and are necessary for fair financial statement presentation.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Person County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Person County ABC Board (the "ABC Board") and the Person County Tourism Development Authority (the "PCTDA"), which have a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Person County Industrial Facility and Pollution Control Financing Authority	Discrete	Person County appoints all seven members of the governing board of the Authority. The County can remove any member of the Authority with or without cause.	None issued.
Person 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.	Person County ABC Board 712 North Madison Boulevard Roxboro, NC 27573
Person County Tourism Development Authority	Discrete	The PCTDA is fiscally dependent on the County. The PCTDA is funded by occupancy tax levied pursuant to Session Lay 1997-364, which is collected and administered by the County.	Person County Tourism Development Authority 29 Reams Ave Roxboro, NC 27573

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. 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. However, any interfund services provided and used are not eliminated in the process of consolidation. 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.

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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. For statement presentation, the Tax Revaluation Fund is consolidated in the General Fund.

Person Industries Community Rehabilitation Program and Material Recovery Facility Fund: This special revenue fund accounts for revenues and expenditures generated from Person Industries, Inc., a community rehabilitation program and the Material Recovery Facility.

The County reports the following internal service fund:

Insurance Fund: This fund is used to account for the accumulation and allocation of costs associated with the County's self-insured group health insured program.

The County maintains twelve legally budgeted non-major funds.

The County reports the following non-major fund types:

Special Revenue Funds: Special Revenue Funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains six Special Revenue Funds within its non-major governmental fund types: VFD & Rescue Capital Reserve Fund, Emergency Telephone System Fund, Revolving Loan Fund, Economic Catalyst Fund, Water and Sewer Construction Reserve Fund, and the Mattie Maude Williams Library Development Trust Fund.

Capital Project Funds: Capital Project Funds account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by proprietary funds and trust funds). Currently, the County maintains six Capital Project Funds within its non-major governmental fund types: Airport Capital Projects Fund, Capital Improvement Projects Fund, Person County Recycling Center & Various Roofing Improvements Capital Projects Fund, Recreation & Senior Center Project Fund, Roxplex & Various Improvements Fund, and Public Safety Towers and Broadband Fund.

The County reports the following non-major enterprise fund:

Stormwater Fund: This fund accounts for the operations of the County's stormwater activities.

The County reports the following fiduciary fund types:

Agency Funds: Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following Agency Funds: the Person County Tourism Development Authority, which accounts for the expenditures of occupancy tax received from the County; the Social Services Trust Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Sheriff's Executions and Commissions Fund, which accounts for collections by the Sheriff of small claims remitted to the Clerk of Court and collection of commissions remitted to the County Finance Director; the City of Roxboro Property and Vehicle Tax Fund, which accounts for property taxes that are billed and collected by the County for the City of Roxboro; the Inmates Fund, which accounts for moneys deposited with the Sheriff's Department on behalf of inmates held in the Person County jail; the Fines and Forfeitures which accounts for fines and forfeitures received from the Clerk of Court; the 4-H Program Fund which accounts for moneys to be spent for future 4-H programs and is combined with the Fines and Forfeiture fund for reporting purposes.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue (excluding the Mattie Maude Williams Library Development Trust Fund), Internal Service Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the 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 \$10,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the County and its component units are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and its component units may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and its component units 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 its component units 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 majority of the County and the ABC Board's investments are carried at fair value. The NC Capital Management Trust Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds 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 PCTDA's deposits are pooled with the County. 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 debt proceeds are classified as restricted assets in the capital projects funds because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Reappraisal Fund, the Register of Deeds Technology Fund, and the Law Enforcement Restricted Fund are classified as restricted assets because their use is restricted per North Carolina General Statute 153A-150.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Restricted cash at June 30, 2018 consisted of the following:

Governmental activities:

General Fund	Tax registration	
General Fund	Register of deeds	\$ 47,863
General Fund	Law enforcement	33,971
General Fund	LEOSSA Pension	
PC Recycling Center and Various Roofing		
Improvements Capital Projects Fund	Unexpended Debt Proceeds	267,571
Roxplex and Various Improvements Fund	Unexpended Debt Proceeds	35,715
Public Safety Tower and Broadband Fund	Unexpended Debt Proceeds	2,419,882
Airport Capital Projects	Unexpended Debt Proceeds	1,435,557
Emergency Telephone System Fund	Public Safety	69,789
Mattie Maude Williams Library Trust Fund	Culture and Recreation	139,466
Total restricted cash		<u>\$ 4,449,814</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. These 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, 2017. Ad valorem tax revenues are reported in the County's General Fund.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of goods held for resale. The cost of the inventory carried for the ABC Board is recorded as an expense as it is 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 and expensed as the items are used in accordance with the consumption method.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County defines capital assets as assets with an individual cost of more than \$5,000, and an estimated useful life of more than two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Person 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 of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

	<u>Years</u>
Buildings	50
Infrastructure	15-20
Improvements	5-25
Equipment	3-25

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

	<u>Years</u>
Buildings	30-40
Store Equipment	5-25
Office Furniture and Fixtures	5-20
Truck	5

Property, plant, and equipment of the ABC Board are recorded at original cost at the time of acquisition. Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense of operations. Capital assets are recorded net of accumulated depreciation on the ABC Board balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method.

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to 12 days annual leave per year for the first five years of employment and up to 21 days per year after twenty years. Annual leave fully vests when earned. Employees may accumulate up to thirty (30) days earned vacation leave. Accumulated leave earned in excess of 30 days for any calendar year converts to sick leave at the end of the calendar year. For the County, the current portion of the accumulated vacation pay is not considered to be material. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2018 is recorded in the government-wide fund financial statements on a LIFO basis. Employees typically take leave as it is earned and the current portion is estimated to approximately the same amount as the previous year's leave taken.

The sick leave policy of the County provides for the accumulation of up to 12 days per year. There is no limit on the accumulation of sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

The ABC Board's vacation policy depending on the length of service, employees may earn a maximum of three weeks' vacation per year, with the option to carry forward a maximum of one week per year. Any unused vacation over the one week carry over allowance at December 31 is forfeited. Vacation not taken at time of retirement may be used in determination of length of service for retirement benefit purposes.

The sick leave policies for the ABC Board allow employees to accumulate unlimited days of sick leave. Sick leave does not vest, but any accumulated sick leave at the time of retirement may also be used in determination of length of service for retirement benefit purposes.

Since the Board has no obligation for vacation or sick leave benefits until actually taken, no accrual for these benefits has been made.

The vacation policy of the TDA provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. The sick leave policy of the Authority provided for an unlimited accumulation of earned sick leave prior to fiscal year 2015. Since fiscal year 2015, earned sick leave no longer vests and is limited to a carryover of 120 hours per year.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for local law enforcement agencies to pay and account for purchases under the guidelines set forth by state and federal agencies and for establishing and maintaining electronic capacity to determine the location of an emergency when citizens call 911 which will allow emergency services to more quickly and accurately respond.

Restricted for Culture and Recreation - portion of fund balance that is restricted by the terms and direction of a Will and Testament for the sole purpose of the continued development of the Person County Public Library.

Restricted for Environmental Protection - portion of fund balance that is restricted by revenue source for the operation of a material recycling facility.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Restricted for Human Services - portion of fund balance that is restricted by revenue source for the operation of Person Industries, a community rehabilitation program.

Restricted for Capital Projects - portion of fund balance that is restricted by revenue source and debt proceeds for construction projects of the Person County Executive Airport and the renovation of County properties.

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by resolution of Person County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires resolution by the Board of Commissioners.

Committed for Tax Revaluation - portion of fund balance committed by the Board for the cost of the revaluation process for taxable property.

Committed for Economic Development - portion of fund balance committed by the Board for the purposes of loaning funds to small business enterprises to assist in their growth and expansion through the Revolving Loan Program.

Committed for Environmental Protection - portion of fund balance held in reserve for future water and sewer extensions through the Water and Sewer Construction Reserve Projects.

Committed for Public Safety – portion of fund balance held in reserve for future capital expenditures for volunteer fire departments and rescue squads.

Committed for LEOSSA pension obligation – portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance Obligations.

Committed for Capital Projects - portion of fund balance committed by the Board relative to capital improvement projects for the County.

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

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to transfer appropriations within the same functional areas of the same fund without limitation and without a report to the Board of Commissioners; the manager is also authorized by the budget ordinance to transfer amounts up to \$10,000 between functional areas of the same fund with an official report on such transfers at the next regular meeting of the Board of Commissioners.

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports positive unassigned fund balance amount. Other governmental funds may have a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted for those purposes.

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

Person County also has within their adopted resolution for the County Capital Reserve Fund a section on the Board's intent to maintain a minimum fund balance target for the General Fund so that available fund balance is at least equal to or greater than 18% of expenditures. Any portion of the General Fund balance in excess of 21% of expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

12. Defined Benefit Pension and OPEB Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$25,656,782 consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 89,442,665
Less Accumulated Depreciation	<u>(42,046,523)</u>
Net capital assets	47,396,142
Net pension asset	58,832
Contributions to pension plans in the current fiscal year	1,343,687
Notes receivables are recorded on the government-wide statements because the funds are not available within 90 days and therefore are deferred in the fund statements.	41,475
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets	(236,233)
Pension related deferrals	1,611,094
OPEB related deferrals	2,606,076
Deferred inflows of resources for taxes receivable	813,760

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

One element of that reconciliation explains that "some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$27,978,051 difference are as follows:

Bonds, leases, and installment financing and debt issuance premiums	(14,041,814)
Accrued Post-Closure Care Costs of closed Person County Landfill	(85,560)
Compensated absences	(1,135,167)
Other postemployment benefits	(7,256,942)
Net pension liability	(3,840,085)
Total LEOSA liability	(1,526,510)
Accrued interest payable	(91,973)
Total adjustment	<u>\$ 25,656,782</u>

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 reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$5,425,815 is comprised of the following:

Description	Amount
Another element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$5,643,319 are as follows:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 10,063,406
Basis in disposed capital asset not recorded in fund statements	(647,845)
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	(3,772,242)
Another element of that reconciliation explains that "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. The details of this \$(2,603,754) are as follows:	
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(4,400,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government- wide statements	1,796,246
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities is reported with governmental activities	(32,621)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	7,321

Person County, North Carolina
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For the Year Ended June 30, 2018

Change in accrued landfill closure and post closure liability is reported as an expense in the statement of activities	24,082
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(98,439)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	2,690,410
County's portion of collective pension expense	(67,701)
Revenues reported in the fund statements for note receivable principle payments but recorded as payments to the note receivable asset in the Statement of Net Position	(4,684)
Another element of that reconciliation explains that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$132,118 are as	
Increase in deferred inflows of resources – taxes receivable – at end of year	1,775
Decrease in accrued interest receivable on taxes at the end of year	(133,893)
Total adjustment	<u>\$ 5,425,815</u>

II. Stewardship, Compliance, and Accountability

Noncompliance with North Carolina General Statutes

During the fiscal year the County executed purchase orders that did not have the pre-audit certification as required by NC State Law 159-28.

III. Detail Notes On All Funds

A. Assets

1. Deposits

All of the County's, the ABC Board's and the PCTDA'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 the ABC Board and the PCTDA, 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 the PCTDA, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County the ABC Board or the PCTDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County the ABC Board and the PCTDA do not have policies regarding custodial credit risk for deposits.

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

At June 30, 2018, the County's deposits had a carrying amount of \$4,673,059 and a bank balance of \$5,412,610. Of the bank balance, \$771,721 was covered by federal depository insurance and \$4,640,889 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2018, Person County had \$4,674 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2018, the Person County ABC Board's deposits had a carrying amount of \$870,662 and a bank balance of \$831,510. Of this balance, \$250,000 was covered by federal depository insurance. The balance in excess of FDIC coverage is covered by the Pooling Method of collateralization.

At June 30, 2018, the Person County ABC Board also had \$2,300 in cash on hand.

2. Investments

At June 30, 2018, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 17,476,128	N/A
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	11,796,917	11,796,917
Total		<u>\$ 29,273,045</u>	<u>\$ 11,796,917</u>

* Because the NC Capital Management Trust Term Portfolio had duration of 0.3 years, it was presented as an investment with a maturity of less than 6 months.

At June 30, 2018, the PCTDA had the following investments and maturities:

Investment Type	Measurement	Fair Value	6 Months
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 188,530	N/A
Total		<u>\$ 188,530</u>	<u>\$ -</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The County has no policy on interest rate risk. However, as a means of limiting the County's exposure to fair value losses arising from rising interest rates, investments are limited to at least half of the County's investment portfolio to maturities of less than 12 months. The attempt is made to stagger maturity dates and limit all securities to a final maturity of no more than 3 years. As of June 30, 2018, the County has no investments that exceed a maturity of one year due to the existence of a low interest rate environment. If rates begin to improve, it is anticipated that there will be a more aggressive attempt to diversify the County's assets to achieve the maximum return on investment.

Credit Risk. The County has no policy on credit risk. However, investments are limited 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). As of June 30, 2018, the County has no investments in commercial paper. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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For the Year Ended June 30, 2018

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,794,717	\$ 26,245	\$ 220,962
2016	1,831,040	270,078	2,101,118
2017	1,860,123	106,957	1,967,080
2018	1,897,290	-	1,897,290
Total	<u>\$ 7,383,170</u>	<u>\$ 803,281</u>	<u>\$ 8,186,451</u>

4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 3,562,578	\$ 973,760	\$ 4,536,338
Person industries community rehabilitation program and material recovery facilities fund	656,846	-	656,846
Non-major funds	79,982	-	79,982
Internal service fund	49,622	-	49,622
Total receivables	<u>4,349,028</u>	<u>973,760</u>	<u>5,322,788</u>
Less: allowance for doubtful accounts	<u>-</u>	<u>160,000</u>	<u>160,000</u>
Total governmental activities	<u>\$ 4,349,028</u>	<u>\$ 813,760</u>	<u>\$ 5,162,788</u>
Business-type activities			
Stormwater	<u>\$ 40,933</u>	<u>\$ -</u>	<u>\$ 40,933</u>

Leases in which the County is the lessor consist of the following:

Operating leases:

In March 2009, the County entered into a lease and fixed base operator agreement with an aviation company to lease certain buildings, equipment and other property located at and to operate the Person County Executive Airport. The lease expires on February 28, 2019. Except for the lease amounts to be paid to the County, the aviation company retains all income from the operation of the leased premises. As part of the fixed base operator agreement, the aviation company is to maintain fuel inventory and fueling service, maintain a winter and summer schedule for the public, and furnish services to the public on a reasonable basis and charge reasonable prices for each unit/service. The monthly rental fee shall be \$7,719 per month for the lease of the facilities. The aviation company will also pay the county fuel flowage fee based on the amount aviation fuel dispensed during the month. In May 2012, the lease was amended to provide that the County will now pay for all utilities, the cost of the general liability insurance, fix the fuel flowage fee to a set fee per gallon – regardless of the amount dispensed, and to waive one month's rent each year during the term of the lease.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Future projected receipts of the lease are as follows:

Year ended June 30, 2019	\$ 56,606
Total future operating lease receivables	<u>\$ 56,606</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 4,208,994	\$ 26,200	\$ 80,248	\$ 4,154,946
Construction in progress	1,208,455	2,418,748	1,305,678	2,321,525
Total capital assets not being depreciated	<u>5,417,449</u>	<u>2,444,948</u>	<u>1,385,926</u>	<u>6,476,471</u>
Capital assets being depreciated				
Buildings	32,142,137	5,516,308	364,043	37,294,402
Improvements	15,887,186	2,203,225	58,191	18,032,220
Equipment	15,007,235	1,204,603	711,043	15,500,795
Infrastructure	12,138,777	-	-	12,138,777
Total capital assets being depreciated	<u>75,175,335</u>	<u>8,924,136</u>	<u>1,133,277</u>	<u>82,966,194</u>
Less accumulated depreciation for:				
Buildings	11,561,474	1,581,238	20,022	13,122,690
Improvements	6,232,976	698,611	2,500	6,929,087
Equipment	10,297,085	1,166,728	543,158	10,920,655
Infrastructure	10,748,426	325,665	-	11,074,091
Total accumulated depreciation	<u>38,839,961</u>	<u>\$ 3,772,242</u>	<u>\$ 565,680</u>	<u>42,046,523</u>
Total capital assets being depreciated, net	<u>36,335,374</u>			<u>40,919,671</u>
Governmental activities capital assets, net	<u>\$ 41,752,823</u>			<u>\$ 47,396,142</u>

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

General government	\$ 904,542
Public safety	913,351
Transportation	484,594
Human services	1,237,830
Environmental Protection	8,426
Economic and physical development	34,037
Cultural and recreation	76,237
Education	113,225
Total depreciation expense	<u>\$ 3,772,242</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Construction commitments

As of June 30, 2018, the County has active contracts for engineering services and construction contracts for projects associated with the Airport, Person County Recycling Center, and various re-roofing projects.

Project	Spent-to-date	Remaining Commitment
Airport Construction Projects	\$ 534,781	\$ 101,640
CIP	179,988	45,012
PCRC/Roof	-	26,852
Roplex & Roofing	50,263	37,584
Public Safety Towers	434,613	1,163,538
Total	<u>\$ 1,199,645</u>	<u>\$ 1,374,626</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 34,188	\$ -	\$ -	\$ 34,188
Capital assets being depreciated				
Buildings	152,507	1,675	-	154,182
Office furniture and fixtures	15,156	-	-	15,156
Store equipment	99,282	-	-	99,282
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	<u>283,527</u>	<u>1,675</u>	<u>-</u>	<u>285,202</u>
Less accumulated depreciation for:				
Buildings	103,875	6,761	-	110,636
Office furniture and fixtures	12,959	1,152	-	14,111
Store equipment	93,568	2,312	-	95,880
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	<u>226,984</u>	<u>\$ 10,225</u>	<u>\$ -</u>	<u>237,209</u>
Total capital assets being depreciated, net	<u>56,543</u>			<u>47,993</u>
ABC capital assets, net	<u>\$ 90,731</u>			<u>\$ 82,181</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities				
General	\$ 906,974	\$ 91,973	\$ 191,226	\$ 1,190,173
Person industries community rehabilitation program and material recovery facilities fund	93,248	-	-	93,248
Non-major funds	151,887	-	-	151,887
Internal service funds	771,509			771,509
Total governmental activities	<u>\$ 1,923,618</u>	<u>\$ 91,973</u>	<u>\$ 191,226</u>	<u>\$ 2,206,817</u>
Business-type activities				
Stormwater	<u>\$ 5,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,659</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in

Person County, North Carolina
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have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.00% of compensation for law enforcement officers and 7.34% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,204,173 for the year ended June 30, 2018.

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

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

At June 30, 2018, the County reported a liability of \$3,840,085 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was .251%, which was a decrease of .006% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,453,159. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 221,224	\$ 108,701
Changes of assumptions	548,417	-
Net difference between projected and actual earnings on pension plan investments	932,377	-
Changes in proportion and differences between County contributions and proportionate share of contributions	23,710	56,463
County contributions subsequent to the measurement date	1,245,106	-
Total	<u>\$ 2,970,834</u>	<u>\$ 165,164</u>

Person County, North Carolina
Notes to the Financial Statements
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\$1,245,106 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 193,708
2020	1,109,189
2021	547,400
2022	(289,733)
	<u>\$ 1,560,564</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of

Person County, North Carolina
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return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
County's proportionate share of the net pension liability (asset)	\$ 11,528,021	\$ 3,840,085	\$ (2,576,915)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Person 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of NCGS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	3
Active plan members	46
Total	49

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2. Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$186,820 as benefits came due for the reporting period.

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

At June 30, 2018, the County reported a total pension liability of \$1,526,510. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$117,544.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 23,803
Changes of assumptions	79,685	22,714
County benefit payments and plan administrative expense made subsequent to the measurement date	95,588	-
Total	<u>\$ 175,273</u>	<u>\$ 46,517</u>

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\$95,588 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	6,296
2020		6,296
2021		6,296
2022		6,296
2023		7,984
	\$	<u>33,168</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease 2.16%	Discount Rate 3.16%	1% Increase 4.16%
Total pension liability	\$ 1,655,353	\$ 1,526,510	\$ 1,407,961

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

Plan Description: The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to 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. The County has elected to contribute monthly 5 percent of each employee's salary for permanent full-time employees not engaged in law enforcement, and all amounts contributed are vested immediately. Also, the law enforcement officers and other employees may make voluntary contributions to the plan.

The County contributed \$814,000 for the reporting year. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Person County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,993 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$58,832 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was .345%, which was a decrease of .006% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$11,173. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,010	\$ 190
Changes of assumptions	9,926	-
Net difference between projected and actual earnings on pension plan investments	5,001	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,615	-
County contributions subsequent to the measurement date	2,993	-
Total	<u>\$ 20,545</u>	<u>\$ 190</u>

\$2,993 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 10,127
2020	5,389
2021	572
2022	1,274
	<u>\$ 17,362</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by

Person County, North Carolina
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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2018 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease 2.75%	Discount Rate 3.75%	1% Increase 4.75%
County's proportionate share of the net pension liability (asset)	\$ (46,241)	\$ (58,832)	\$ (69,420)

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

e. Other Postemployment Benefits

Under the terms of a County resolution, the County administers the Healthcare Benefits Plan (the HCB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. Retirees hired prior to July 1, 2007 receive the same benefits as active employees. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. As of July 1, 2007, the plan has been closed to new entrants. The plan, which has a June 30, 2018 year end, does not issue a stand-alone report. The County provides a portion of the total cost for individual coverage for retirees based on the guidelines below:

Years of Service at Retirement	County Contribution
30 or more	100%
25 but less than 30	75%
20 but less than 25	50%
Less than 20	Not eligible

The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership under this current plan consisted of the following at December 31, 2016, the date of the latest actuarial valuation:

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Inactive members currently	
receiving benefits	29
Active plan members	363
Total	<u>392</u>

Benefits Provided: The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board of Commissioners. The County doesn't offer the option for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

1

Total OPEB Liability

The County's total OPEB liability of \$7,256,942 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases	3.5-7.75%
Municipal bond index	
Prior measurement date	3.01%
Measurement date	3.56%
Health care cost trends	7.50%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

The actuarial assumptions used in the December 31, 2016 and December 31, 2017 valuations were based on the results of an actuarial experience study for the period 2010-2014.

Changes in the Total OPEB Liability

Balance at July 1, 2017	\$ 7,341,277
Service cost	388,858
Interest	215,478
Changes of benefit terms	-
Differences between expected and actual experience	115,642
Changes of assumptions	(436,481)
Benefit payments	<u>(367,832)</u>
Net change in total OPEB liability	<u>(84,335)</u>
Balance at June 30, 2018	<u><u>\$ 7,256,942</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.17% to 3.18%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.18 percent) or 1-percentage-point higher (4.18 percent) than the current discount rate:

	1% Decrease 2.18%	Discount Rate 3.18%	1% Increase 4.18%
Total OPEB liability	\$ 8,071,391	\$ 7,256,942	\$ 6,531,616

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 6.50%	Healthcare Cost Trend 7.50%	1% Increase 8.50%
Total OPEB liability	\$ 6,356,777	\$ 7,256,942	\$ 8,332,772

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$83,840. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 99,468	\$ -
Changes of assumptions	-	375,435
County benefit payments and plan administrative expense made subsequent to the measurement date	2,882,043	-
Total	<u>\$ 2,981,511</u>	<u>\$ 375,435</u>

\$2,882,043 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (44,872)
2020	(44,872)
2021	(44,872)
2022	(44,872)
2023	(44,872)
2024	(51,607)
	<u>\$ (275,967)</u>

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Notes to the Financial Statements
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f. Other Employment Benefits

Under the terms of a County resolution, the County has elected to provide death benefits to employees through the Death Benefit Plan for members of the LGERS (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 retirement system or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions.

Person County ABC Board

The ABC Board has elected to provide death benefits to employees through the Death Benefit Plan for Members of the LGERS (Death Benefit Plan), a multiple employer, State administered, cost-sharing plan funded on a one year-term basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but may not exceed \$50,000 or less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Board has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between employment benefit amount and the other benefit amount. The Board considers these contributions to be immaterial.

3. Closure and Postclosure Care Costs – Person County Sanitary Landfill

On April 9, 1994, the Person County Sanitary Landfill ceased to accept municipal solid waste (MSW) for burial, began transferring to facilities outside the county and currently, contracts with a private company to accept its MSW for burial at a site within the County. State and federal laws and regulations require the County to place a final cover on the landfill when it stops accepting MSW and to perform certain maintenance and monitoring functions at the site after closure. In 1994 the County accrued \$255,500 estimated for closure and postclosure care costs. The County incurred \$24,082 in post-closure care costs for the year ending June 30, 2018. The \$85,560 reported as Accrued Post-closure Care Costs represents the estimated costs remaining at June 30, 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. This liability was transferred from the Enterprise Fund to the General Fund on June 30, 1998.

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 postclosure care requirements. The estimated costs are expected to be covered by future tax revenues.

Person County, North Carolina
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4. Deferred Outflows and Inflows of Resources

The County has several sources of deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ (2,977,631)
Benefit payments and administrative expenses for LEOSA	
made subsequent to measurement date	95,588
Benefit payments and administrative expenses for OPEB	
made subsequent to measurement date	2,882,043
Differences between expected and actual experience	321,702
Changes of assumptions	638,028
Net difference between projected and actual earnings	
on pension plan investments	937,378
Changes in proportion and differences between employer contributions	25,325
Total	<u>\$ 1,922,433</u>

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 180,497	\$ 180,497
Taxes Receivable, less penalties (General Fund)	-	813,760
Notes receivable (Person Industries)	-	41,475
Changes in assumptions	398,149	-
Differences between expected and actual experience	132,694	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,463	-
Total	<u>\$ 767,803</u>	<u>\$ 1,035,732</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Person County, North Carolina
Notes to the Financial Statements
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Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

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 commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere.

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

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

6. Contingent Liabilities

At June 30, 2018, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Operating Leases

The County leases certain offices, land, and buildings. Generally, these leases carry renewal provisions. Rent expense for operating leases was \$1,428,772 for the year ended June 30, 2018.

The following is a schedule of future minimum lease payments and future minimum rentals to be received under subleases required under these agreements as of June 30, 2018:

<u>Year Ending June 30</u>	<u>Future Minimum Lease Payments</u>
2019	\$ 1,282,877
2020	1,282,877
2021	1,385,395
2022	1,369,048
2023	1,360,493
2024-2028	2,620,045
Total	<u>\$ 9,300,735</u>

Determining whether to lease or buy a facility is at the Commissioners discretion as to which one would be the better future investment. Many factors can influence this decision such as eligible reimbursement costs by the State when leasing a building, maintenance, utility, and other impact costs if buying, advantages/disadvantages of location, and weighing these various items against an adjustable lease payment in the future. Each case would have to be weighed in possibly different ways since each situation is unique depending on the intended use of the building.

Person County, North Carolina
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b. Capital Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

For Person County, the first agreement was executed on April 10, 2014 for the lease of telephone system equipment and requires annual payments over a three year term. Title passes to the County at the end of the lease term. The second agreement was executed on June 29, 2015 for the lease of voting equipment and requires five annual payments of \$49,243.

A master lease agreement was entered into on July 2, 2015 for E-911 equipment. The first set of equipment was received September 9, 2015 and requires quarterly payments of \$36,873 for five years. A second set of equipment was received January 9, 2016 and requires quarterly payments of \$26,483 for five years.

At June 30, 2018, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$1,541,395	\$ 899,699	\$ 641,696

For Person County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Year Ending June 30</u>	
2019	\$ 302,668
2020	302,668
2022	<u>26,483</u>
Total minimum lease payments	631,819
Less: amount representing interest	<u>80,612</u>
Total	<u><u>\$ 551,207</u></u>

Person County, North Carolina
Notes to the Financial Statements
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c. General Obligation Indebtedness

Re-roofing, Paing and Person High School Projects

On May 16, 2006, the County entered into an installment purchase contract with RBC Centura Bank to finance a portion of the cost of re-roofing, paving and repaving certain school, community college and other public facilities and re-floor the gymnasium and construct new tennis courts at Person High School. The financing contract requires a 30 year term with semiannual payments ranging from \$155,106 to \$243,948 beginning on December 1, 2006 and ending on June 1, 2021 including interest at 3.86%

\$ 1,200,000

Courthouse Renovation and Re-roofing Capital Project Fund

On July 15, 2010, the County entered into an installment purchase contract with RBC Centura Bank to finance the engineering and construction costs associated with the renovation of the Courthouse and some various re-roofing for certain school, community college and other public facilities. The financing contract requires a 20 year term with semi-annual payments ranging from \$153,060 to \$470,380 beginning on February 1, 2011 and ending on August 1, 2020 including a taxable interest rate at 4.08%.

750,000

Southern Middle School and Person High School Re-roofing Capital Project Fund

On September 20, 2012, the County entered into an installment purchase contract with BB&T to finance the engineering and construction costs associated with the re-roofing of Southern Middle School and Person High School facilities. The financing contract requires a 15 year term with semi-annual payments ranging from \$106,470 to \$163,920 beginning on February 1, 2013 and ending on August 1, 2027 including a taxable interest rate at 3.93%.

1,983,940

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Person County Recycling Center & Various Roofing Improvements Capital Projects Fund

On November 6, 2014, the County entered into an installment purchase contract with BB&T to finance a portion of the cost of acquisition land improvement of the Person County Recycling Center, the re-roofing of the Earl Bradsher Preschool, and the re-Roofing of the Kirby Civic Auditorium. The financing contract requires a 29 year term with semi-annual payments ranging from \$50,700 to \$231,640 beginning on June 1, 2015 and ending on June 1, 2029 including a taxable interest rate at 2.80%.

1,500,000

Roxplex and Various Improvements Fund

On February 11, 2016, the County entered into an installment purchase contract with BB&T to finance a portion of the cost of acquisition and improvement of land and facilities of the recreational facilities known as the Roxplex Property; the re-roofing of the South Elementary School, Woodland Elementary School and Oak Lane Elementary School; the replacement of windows at North End Elementary School; the replacement of the chiller equipment at Southern Middle School, and the re-Roofing of the Huck Sansbury Recreation Complex. The financing contract requires a 29 year term with semi-annual payments ranging from \$50,000 to \$147,500 beginning on September 1, 2016 and ending on March 1, 2026 including a taxable interest rate at 2.22%.

1,524,000

Public Safety Towers & Broadband Fund

On May 10, 2018, the County entered into an installment purchase contract with BB&T to finance a portion of the improvement of real and personal property at Northern Niddle School, Early Intervention & Family Services, Helena Elementary School, Stories Creek Elementary School and South Elementary School. The financing contract requires a 15 year term with semi-annual payments ranging from \$50,878 to \$271,955 beginning on November 1, 2018 and ending on May 1, 2033 including a taxable interest rate at 3.51%.

4,400,000

Total installment purchases remaining balance

\$ 11,357,940

Future minimum payments for Installment Purchases:

	Principal	Interest
2019	\$ 1,328,836	\$ 369,541
2020	1,308,836	326,173
2021	1,438,836	275,983
2022	1,262,836	229,778
2023	1,103,836	191,865
2024 - 2028	3,764,760	514,349
2029 - 2033	1,150,000	79,759
Total	<u><u>\$ 11,357,940</u></u>	<u><u>\$ 1,987,448</u></u>

Person County, North Carolina
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d. General Obligation Bonds

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. As of June 30, 2018, the County's general obligation bonds consist of the following:

Public Safety Towers & Broadband Fund

\$2,285,000 2017 Recreation Facilities Bonds due on September 1 and March 1 in 15 installments of \$152,333 through March 1, 2032; interest at 2.59%.

\$ 2,132,667

Future minimum payments for General Obligation Bonds:

	Principal	Interest
2019	\$ 152,333	\$ 55,236
2020	152,333	51,291
2021	152,333	51,291
2022	152,333	43,400
2023	152,333	39,454
2024 - 2028	761,655	138,090
2029 - 2033	609,347	39,454
Total	<u>\$ 2,132,667</u>	<u>\$ 418,216</u>

At June 30, 2018, Person County had a legal debt margin of \$364,236,353

e. Debt Related to Capital Activities

The County holds title to certain 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 of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. Of the total Governmental Activities debt \$4,584,764 relates to County Board of Education properties to which the County holds title. Restricted cash related to this debt amounts to \$946,812, and is recorded in various non-major capital project funds.

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f. 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, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<i>Governmental activities:</i>					
General obligation bonds	\$ 2,285,000	\$ -	\$ 152,333	\$ 2,132,667	\$ 152,333
Installment purchases	8,351,776	4,400,000	1,393,836	11,357,940	1,328,836
Capital leases	801,284	-	250,077	551,207	267,866
Accrued post-closure care costs	109,642		24,082	85,560	12,985
Compensated absences	1,036,728	2,002,431	1,903,992	1,135,167	283,792
Net pension liability (LGERS)	5,463,315	-	1,623,230	3,840,085	-
Total pension liability (LEOSSA)	1,395,651	130,859	-	1,526,510	-
Other postemployment benefits	7,341,277	-	84,335	7,256,942	-
	<u>\$ 26,784,673</u>	<u>\$ 6,533,290</u>	<u>\$ 5,431,885</u>	<u>\$ 27,886,078</u>	<u>\$ 2,045,812</u>

Accrued post-closure care costs, the net OPEB obligation and compensated absences typically have been liquidated in the general fund. Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

C. Interfund Balances and Activity

Transfers to/from other fund at June 30, 2018, consist of the following:

From the General Fund to the Person Industries Community Rehabilitation and Recovery Facility Fund to provide resources and payments of ongoing program activities and material recover facility equipment and operations	\$ 508,622
From the General Fund to Non-major Funds to supplement other funding sources and various capital projects	2,633,283
From the General Fund to the Insurance Fund to supplement contributions from employees	326,936
Total	<u>\$ 3,468,841</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

Balances due to/from other funds at June 30, 2018, consist of the following:

Due from the Person Industries Community Rehabilitation and Recovery Facility Fund to the General Fund for expenditures and capital equipment debt associated with the startup of the Material Recovery Facility operated by Person Industries	\$ 479,244
Total governmental activities	<u>\$ 479,244</u>

Interfund balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

D. Net Investment in Capital Assets

The following schedule provides information on the calculation of the net investment in capital assets:

	Governmental Activities
Net capital assets	\$ 47,396,142
Capital debt calculation:	
Total debt, gross	14,041,814
Less:	
School debt for assets to which the County does not hold title	424,535
Community college debt for assets to which the County does not hold title	46,772
Unexpended proceeds	2,723,168
Total capital debt	10,847,339
Net investment in capital assets	\$ 36,548,803

E. Fund Balance

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

As mentioned earlier in Note I.D.11., Person County also has within their adopted resolution for the County Capital Reserve Fund a section on the Board's intent to maintain a minimum fund balance target for the General Fund so that available fund balance is at least equal to or greater than 18% of expenditures. Any portion of the General Fund balance in excess of 21% of expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

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	\$ 25,968,747
Less:	
Prepays	145,382
Stabilization by State Statute	6,197,539
Appropriated fund balance in 2019 budget	2,594,047
Register of Deeds	47,863
Public Safety	33,971
Tax Reappraisal	399,426
LEOSSA Pension	327,055
Remaining Fund Balance	\$ 16,223,464

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Person Industries</i>	<i>Non-Major Funds</i>
	\$ 1,161,691	\$ 10,766	\$ 1,547,380

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

IV. Joint Ventures

The County also participates in a joint venture to operate the Hyconeechee Regional Library (Library) with two other local governments. Each participating government appoints three board members to the nine-member board of the Library, one of whom must be a member of the County's Board of Commissioners. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$409,611 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 300 West Tryon Street, Hillsborough, NC 27278.

The County, in conjunction with the State of North Carolina and the Person County Board of Education, participates in a joint venture to operate the Piedmont Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, ex officio member of the 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. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. 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 \$1,205,621 to the community college for operating purposes during the fiscal year ended June 30, 2018. 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, 2018. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1715 College Drive, Roxboro, NC 27573.

On April 1, 2012 the NC Division of Health and Human Services (DHHS) transferred management of all Medicaid and state funding for Mental Health, Intellectual/Developmental Disabilities, and Substance Abuse from Orange-Person-Chatham (OPC) Local Management Entity to Cardinal Innovations Health Care Solutions, a Managed Care Organization. Person County, in conjunction with Orange and Chatham Counties, contributes to Cardinal Innovations for Mental Health, Intellectual/Developmental Disabilities and Substance Abuse services to individuals in the Orange-Person-Chatham catchment area. Each participating government appoints representation on the Orange-Person-Chatham County Oversight Board. Orange-Person-Chatham also has representation on the Board of Directors of Cardinal Innovations. Person County appropriated \$206,283 to Cardinal Innovations for the year ended June 30, 2018. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

V. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established the Kerr-Tar Regional Council of Governments (KTRCOG). The participating governments established the KTRCOG to coordinate joint planning and joint ventures. Each county appoints two members to the Council's thirty-two member governing board. The County paid membership fees of \$18,352 to the KTRCOG during the fiscal year ended June 30, 2018. The County was the subrecipient of grants for \$306,692 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources and which were passed through the KTRCOG.

The County, in conjunction with fourteen other counties, is a member of the Multi-County Water Conservation and Infrastructure District. The District is a public authority established under NCGS 158-15.1. Each member county appoints one person to serve on the Multi-County Water Commission, the governing body of the District. All moneys received by the State of North Carolina for sale of water under the Roanoke River Basin Compact, if enacted, shall be paid to the District. Net revenues of the District are distributed to the member counties according to the following formula: 1) one-half pro-rata based on population and 2) one-half pro-rata based on land area. Person County received no funds from the District for fiscal year ended June 30, 2018. Member counties may use these funds for infrastructure and economic development and water conservation. Person County serves as trustee for all funds belonging to the District. The District did not have assets, liabilities, revenues or expenditures for the year ended June 30, 2018.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

As of June 30, 2018, no sales of water have occurred and all moneys received originally from the State of North Carolina have been distributed to member counties.

Person County provides support in the form of appropriations and pass-through grants from the State of North Carolina and the KTRCOG to the Person County Senior Center (PCSC), which is currently operated by Kerr-Tar whose intention it is of creating a non-profit for use by the counties within the region. The Senior Center provides services to senior citizens in Person County. The PCSC also receives support from the United Way, donations from the general public and program service fees. The organization leases its facilities from the City of Roxboro. For the year ended June 30, 2018, the County appropriated from its general fund revenues, its Rural Operating Assistance Program Grant Funds, and Home and Community Care grant funds in the amounts of \$88,471; \$12,000; and \$300,500 respectively.

The Person County Business and Industrial Center, Inc. ("PCBIC") is a nonprofit organization created to promote business and industrial development in Person County. The governing board of the organization consists of the members of the board of directors of the Person County Economic Development Commission. There were no expenditures in the year ended June 30, 2018 due to the County having a full-time Economic Development Director on staff.

The Person Caswell Lake Authority regulates activities concerning Lake Hyco. Person County appoints three persons to serve on the seven member governing board of the Lake Authority. The Lake Authority is self-supporting and receives no funds from Person County. The County is not financially responsible for the Person Caswell Lake Authority and has no authority to approve the budget.

VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VII. Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2018 and December 19, 2018, which is the date the financial statements were available to be issued.

VIII. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension*, in the fiscal year ending June 30, 2018. The implementation of the standard required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$4,658,450.

IX. Prior Period Adjustment

For the year ended June 30, 2018 a prior period adjustment in the amount of \$484,945 was made to beginning fund balance in the Self-Funded Health Insurance Fund to record the July 1, 2017 estimate of insurance claims incurred but not reported on the June 30, 2017 report.

Required Supplemental Information

This section contains additional information required by generally accepted accounting principals:

- ◆ Other Postemployment Benefits Schedule of Changes in Total OPEB Liability and Related Ratios (OPEB)
- ◆ Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)
- ◆ Schedule of County Contributions (LGERS)
- ◆ Schedule of County's Proportionate Share of Net Pension Liability (Asset) (ROD)
- ◆ Schedule of County's Contributions (ROD)
- ◆ Schedule of Changes in Total Pension Liability (LEOSSA)
- ◆ Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEOSSA)

Person County, North Carolina
Other Postemployment Benefits
Required Supplemental Information
Schedule of Changes in Total OPEB
Liability and Related Ratios

Exhibit A-1

	2018
Total OPEB Liability	
Service cost	\$ 388,858
Interest	215,478
Differences between expected and actual experience	115,642
Changes of assumptions	(436,481)
Benefit payments	(367,832)
Net change in total OPEB liability	(84,335)
Total OPEB liability - beginning	7,341,277
Total OPEB liability - ending	<u>\$ 7,256,942</u>
Covered payroll	\$ 14,860,267
Total OPEB liability as a percentage of covered payroll	48.83%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal year	Rate
2018	3.56%

Person County, North Carolina
Schedule of County's Proportionate Share of the Net Pension Liability
Local Governmental Employees' Retirement System
Last Four Fiscal Years

Exhibit A-2

	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.251%	0.257%	0.269%	0.266%
County's proportionate share of the net pension liability (asset)	\$ 3,840,085	\$ 5,463,315	\$ 1,207,480	\$ (1,570,847)
County's covered-employee payroll during the measurement period	\$ 16,201,554	\$ 16,114,694	\$ 16,017,799	\$ 15,479,514
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll during the measurement period	23.70%	33.90%	7.54%	-10.15%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%

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

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

Exhibit A-3

	2018	2017	2016	2015
Contractually required contribution	\$ 1,245,106	\$ 1,206,010	\$ 1,099,065	\$ 1,017,439
Contributions in relation to the contractually required contribution	<u>1,245,106</u>	<u>1,206,010</u>	<u>1,099,065</u>	<u>1,017,439</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 16,252,824	\$ 16,201,554	\$ 16,114,694	\$ 16,017,799
Contributions as a percentage of covered-employee payroll	7.66%	7.44%	6.82%	6.35%

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

Person County, North Carolina
Schedule of County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deed's Supplemental Pensions Fund
Last Four Fiscal Years

Exhibit A-4

	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.345%	0.351%	0.354%	0.373%
County's proportionate share of the net pension liability (asset)	\$ (58,832)	\$ (65,677)	\$ (82,140)	\$ (84,639)
County's covered-employee payroll during the measurement period	\$ 61,430	\$ 68,950	\$ 68,950	\$ 68,950
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll during the measurement period	-95.77%	-95.25%	-119.13%	-122.75%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%

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

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

Person County, North Carolina
Schedule of County Contributions
Regiser of Deed's Supplemental Pension Fund
Last Four Fiscal Years

Exhibit A-5

	2018	2017	2016	2015
Contractually required contribution	\$ 2,993	\$ 2,995	\$ 3,148	\$ 2,558
Contributions in relation to the contractually required contribution	2,993	2,995	3,148	2,558
Contribution deficiency (excess)	-	-	-	-
County's covered-employee payroll	\$ 61,430	\$ 61,430	\$ 68,950	\$ 68,950
Contributions as a percentage of covered-employee payroll	4.87%	4.88%	4.57%	3.71%

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

Person County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018

Exhibit A-6

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,395,651	\$ 1,352,634
Service Cost	57,617	61,293
Interest on the total pension liability	52,959	47,709
Difference between expected and actual experience	(28,783)	-
Changes of assumptions or other inputs	96,356	(33,504)
Benefit payments	(47,290)	(32,481)
Ending balance of the total pension liability	<u>\$ 1,526,510</u>	<u>\$ 1,395,651</u>

The amounts presented for the fiscal year were determined as of the prior December 31.

Information included above is intended to include ten years; however, only the year above has information available. Additional years will be included as information becomes available.

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018**

	<u>2018</u>	<u>2017</u>
Total pension liability	1,526,510	\$ 1,395,651
Covered payroll	2,359,987	2,374,905
Total pension liability as a percentage of covered payroll	64.68%	58.77%

Notes to the schedules:

Person County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Information included above is intended to include ten years; however, only the year above has information available. Additional years will be included as information becomes available.

Supplemental Information

This section is provided to show details about the County's major governmental funds, which includes the General Fund, and non-major governmental funds. Budgetary information is also found in this part of the statements.

Major Governmental Funds

General Fund

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. The Reappraisal Fund has been consolidated in the General Fund and is displayed in a separate statement for reporting purposes in accordance with GASB Statement No. 54 guidelines.

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specific purposes.

♦ **Person Industries Community Rehabilitation Program and Material Recovery Facility Fund:** accounts for revenues and expenditures generated from Person Industries, a community rehabilitation program and a newly formed Material Recovery Facility operated by program workers associated with the Person Industries Community Rehabilitation Program. (Not included in this section since it exceeded the limits that categorizes it as a Major Fund. This is not a Capital Project, and therefore all associated financial statements are included in the Basic Financial Statements Section.)

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
REVENUES				
Ad valorem taxes				
Current year levy	\$ 30,726,355	\$ 30,726,355	\$ 31,619,166	\$ 892,811
Prior year levy	400,650	400,650	342,003	(58,647)
Penalties and interest	156,500	156,500	152,518	(3,982)
Advertising	32,000	32,000	28,254	(3,746)
Total ad valorem taxes	31,315,505	31,315,505	32,141,941	826,436
Local option sales taxes				
Article 39 one per cent	3,390,000	3,390,000	3,622,758	232,758
Article 40 one-half per cent	2,040,000	2,040,000	2,088,232	48,232
Article 42 one-half per cent	1,680,000	1,680,000	1,784,209	104,209
Article 44 one-half per cent	540,300	540,300	580,632	40,332
Total local option sales taxes	7,650,300	7,650,300	8,075,831	425,531
Other taxes				
Deed stamp excise tax	95,000	104,268	126,270	22,002
Occupancy tax	190,000	312,000	294,625	(17,375)
Gross receipts tax	14,000	14,000	15,503	1,503
Animal taxes	15,750	15,750	15,483	(267)
Privilege licenses tax	2,500	2,500	2,795	295
Total other taxes	317,250	448,518	454,676	6,158
Fees				
Planning and zoning fees	25,000	25,000	45,975	20,975
Register of Deeds fees	161,800	161,800	165,709	3,909
Inspection fees	279,600	279,600	366,131	86,531
Special Use permit fees	350	350	750	400
Total fees	466,750	466,750	578,565	111,815
Intergovernmental revenues				
State and Federal Funds				
Public Health Services	1,550,068	1,580,582	1,315,560	(265,022)
Environmental Health Services	-	-	6,942	6,942
Social Services	6,354,631	5,319,749	4,857,923	(461,826)
Home and Community Care	300,500	300,500	306,692	6,192
Elderly and handicapped transportation	14,000	14,000	14,000	-
Community Alternatives	244,384	244,384	186,506	(57,878)
Beer and Wine Tax	140,000	140,000	136,392	(3,608)
Video Programming	66,000	66,000	46,903	(19,097)
DWI Revenues	3,700	3,700	3,668	(32)
Court Facilities fees	48,000	48,000	58,751	10,751
Sheriff's Grants	-	7,940	-	(7,940)
Inmate cost reimbursement	210,000	210,000	316,586	106,586
Federal Inmate cost reimbursement	6,000	6,000	6,112	112
Drug Enforcement-Related Revenues	-	14,497	19,345	4,848
Emergency Management	38,125	38,642	61,619	22,977

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Federal Interest Subsidy	90,848	90,848	91,576	728
Lottery Proceeds	-	1,113,700	961,792	(151,908)
Library Grants	95,665	122,263	120,048	(2,215)
Soil and Water Conservation	28,600	28,600	28,984	384
Transportation Grant	366,100	380,431	242,456	(137,975)
Veterans Services	-	2,176	2,175	(1)
Subtotal State and Federal funds	9,556,621	9,732,012	8,784,030	(947,982)
Local Funds				
E-911 City Participation	130,500	130,500	84,540	(45,960)
Subtotal Local funds	130,500	130,500	84,540	(45,960)
Total Intergovernmental revenues	9,687,121	9,862,512	8,868,570	(993,942)
<u>Investment income</u>	50,000	167,668	275,673	108,005
<u>Charges for services</u>				
Sheriff and Jail fees	200,000	211,800	245,396	33,596
School Resource Officer Contract	111,575	111,575	116,094	4,519
ABC Officer Contract	28,000	28,000	28,000	-
PCC Officer Contract	60,000	60,000	60,000	-
Solid waste and recycling fees	545,000	545,000	565,158	20,158
EMS fees	1,155,000	1,175,127	1,395,328	220,201
Animal fees	21,500	22,850	30,784	7,934
Cooperative Extension Fees	4,500	7,750	7,470	(280)
Library fines and fees	25,100	25,100	22,618	(2,482)
Recreation fees	348,934	396,939	370,199	(26,740)
Map fees	500	500	516	16
GIS fees	400	400	580	180
EDC reimbursement from other governments	7,500	7,500	7,500	-
IT services to other governments	66,000	66,000	65,806	(194)
Stormwater Admin Fees	75,571	75,571	75,571	-
Transportation Services	369,800	369,800	332,338	(37,462)
Tax Collection Fees	68,000	68,000	66,976	(1,024)
Arts Council Reimbursement	20,000	20,000	19,641	(359)
Health fees	1,122,700	1,122,700	1,067,161	(55,539)
Environmental Health fees	137,000	137,000	150,564	13,564
DSS Fees	1,000	1,000	600	(400)
Total charges for services	4,368,080	4,452,612	4,628,300	175,688
<u>Other revenues</u>				
Rents and leases	102,368	113,455	109,692	(3,763)
ABC Board distributions	225,000	231,000	256,203	25,203
Miscellaneous	24,198	219,745	227,878	8,133
Donations	30,000	64,158	90,190	26,032
Total other revenues	381,566	628,358	683,963	55,605
Total general revenues	54,236,572	54,992,223	55,707,519	715,296

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
EXPENDITURES				
General government				
Governing Body				
Personnel expenses			80,616	
Operating expenses			79,916	
ABC profits to City of Roxboro			65,639	
Total	216,027	267,955	226,171	41,784
Administration				
Personnel expenses			354,672	
Operating expenses			17,307	
Total	376,171	380,389	371,979	8,410
Information Technology				
Personnel expenses			469,866	
Operating expenses			245,689	
Capital outlay			41,852	
Total	845,931	831,177	757,407	73,770
Human Resources				
Personnel expenses			521,089	
Operating expenses			255,114	
Capital outlay			1,481	
Total	532,136	783,542	777,684	5,858
Fleet Sales Management				
Operating expenses			15,733	
Total	170,444	15,733	15,733	-
Elections				
Personnel expenses			144,160	
Operating expenses			63,663	
Capital outlay			1,811	
Total	279,103	282,904	209,634	73,270
Finance				
Personnel expenses			400,973	
Operating expenses			124,239	
Total	528,883	532,719	525,212	7,507
Tax Administration				
Personnel expenses			641,657	
Operating expenses			191,201	
Total	881,184	889,105	832,858	56,247
Legal				
Personnel expenses			42,138	
Operating expenses			15,548	
Total	68,513	68,513	57,686	10,827
Register of Deeds				
Personnel expenses			216,306	
Operating expenses			47,935	
Total	264,924	271,787	264,241	7,546
Courts				
Operating expenses	5,600	5,600	3,740	1,860

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
General Services				
Personnel expenses			781,620	
Operating expenses			1,162,460	
Capital outlay			43,513	
Total	2,222,509	2,249,192	1,987,593	261,599
Total general government	6,391,425	6,578,616	6,029,938	548,678
Public Safety				
Sheriff				
Personnel expenses			3,320,235	
Operating expenses			400,034	
Capital outlay			220,732	
Total	3,816,343	4,144,362	3,941,001	203,361
Jail				
Personnel expenses			1,763,897	
Operating expenses			926,249	
Capital outlay			21,812	
Total	2,861,594	2,862,271	2,711,958	150,313
Judicial				
Personnel expenses			405,369	
Operating expenses			4,289	
Total	426,432	426,432	409,658	16,774
JCPC Administration				
Personnel expenses			3,051	
Operating expenses			397	
Total	6,115	4,315	3,448	867
Roots & Wings				
Operating expenses	69,180	70,980	70,980	-
4H YES				
Personnel expenses			52,268	
Operating expenses			9,910	
Total	63,338	63,338	62,178	1,160
Very Important Parents				
Personnel expenses			62,439	
Operating expenses			8,179	
Total	121,171	123,154	70,618	52,536

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Emergency Management				
Personnel expenses			77,091	
Operating expenses			71,934	
Total	153,957	190,456	149,025	41,431
Fire and Rescue				
Personnel expenses			48,399	
Operating expenses			32,248	
VFD annual appropriation			960,703	
Total	1,062,436	1,061,786	1,041,350	20,436
Ambulance Service				
Personnel expenses			2,400,495	
Operating expenses			424,077	
Capital outlay			45,181	
Total	2,922,405	3,416,828	2,869,753	547,075
Code Enforcement				
Personnel expenses			305,657	
Operating expenses			19,686	
Total	351,168	354,066	325,343	28,723
Emergency Communications				
Personnel expenses			816,828	
Operating expenses			17,912	
Total	1,007,147	1,007,326	834,740	172,586
Medical Examiner	29,000	45,000	42,250	2,750
Animal Control				
Personnel expenses			307,798	
Operating expenses			61,613	
Total	372,088	384,758	369,411	15,347
Total public safety	13,262,374	14,155,072	12,901,713	1,253,359
<u>Transportation</u>				
Airport Operations				
Operating expenses			27,443	
Total	51,350	51,350	27,443	23,907
Public Transportation				
Personnel expenses			552,126	
Operating expenses			278,984	
Total	965,072	1,034,344	831,110	203,234
Total transportation	1,016,422	1,085,694	858,553	227,141

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Human Services</u>				
Public Health				
Personnel expenses			2,022,477	
Operating expenses			1,115,872	
Capital outlay			25,883	
Total	4,195,074	3,824,940	3,164,232	660,708
Environmental Health				
Personnel expenses			370,718	
Operating expenses			29,456	
Total	413,310	415,784	400,174	15,610
Mental Health				
Operating expenses	536,625	617,414	566,057	51,357
Social Services				
Personnel expenses			5,283,544	
Operating expenses			1,025,085	
Capital outlay			11,607	
Public assistance			1,911,082	
Total	10,680,889	9,964,862	8,231,318	1,733,544
Veterans Services				
Personnel expenses			14,497	
Operating expenses			3,423	
Total	16,050	20,307	17,920	2,387
Special Appropriations				
Group Home			2,000	
Total	402,971	2,000	2,000	-
Senior Center				
Operating expenses			423,862	
Total	-	417,171	423,862	(6,691)
Total human services	16,244,919	15,262,478	12,805,563	2,456,915
<u>Education</u>				
Public Schools				
Current expense			9,359,614	
Capital outlay			2,031,708	
Terrell Fund			17,000	
Total	10,376,614	11,632,930	11,408,322	224,608
Community College				
Operating expenses			1,143,521	
Total	1,205,621	1,205,621	1,143,521	62,100
Total education	11,582,235	12,838,551	12,551,843	286,708

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Environmental Protection</u>				
Landfill Maintenance				
Operating expenses			13,362	
Total	18,000	18,000	13,362	4,638
Soil and Water Conservation				
Personnel expenses			100,623	
Operating expenses			9,342	
Capital outlay			1,094	
Total	113,559	129,989	111,059	18,930
Total environmental protection	131,559	147,989	124,421	23,568
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			163,258	
Operating expenses			321,924	
Total	419,818	542,493	485,182	57,311
Planning and Zoning				
Personnel expenses			198,286	
Operating expenses			10,297	
Total	214,647	215,506	208,583	6,923
GIS				
Personnel expenses			132,206	
Operating expenses			25,584	
Capital outlay			2,208	
Total	174,552	177,896	159,998	17,898
Cooperative Extension Service				
Operating expenses			183,643	
Total	187,211	196,628	183,643	12,985
Forestry Services				
Operating expenses	71,030	71,030	71,030	-
Total economic and physical development	1,067,258	1,203,553	1,108,436	95,117
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			417,078	
Operating expenses			147,561	
Total	549,927	586,070	564,639	21,431
Recreation, Arts and Parks				
Personnel expenses			816,503	
Operating expenses			377,737	
Total	1,155,620	1,263,313	1,194,240	69,073
Museum of History				
Operating expenses	49,065	50,669	25,349	25,320
Total cultural and recreational	1,754,612	1,900,052	1,784,228	115,824

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Debt Service</u>				
Principal retirement	1,711,009	1,711,009	1,583,675	127,334
Interest and fees	387,066	387,066	329,764	57,302
Total debt service	2,098,075	2,098,075	1,913,439	184,636
<u>Contingency</u>	405,614	72,669	-	72,669
Total expenditures	53,954,493	55,342,749	50,078,134	5,264,615
Revenues over (under) expenditures	282,079	(350,526)	5,629,385	5,979,911
OTHER FINANCING SOURCES (USES)				
Transfers out				
Reappraisal fund	(78,300)	(78,300)	(78,300)	-
Special revenue funds	(942,799)	(947,970)	(945,417)	2,553
Capital project funds	(1,881,353)	(2,196,488)	(2,196,488)	-
Internal service funds	(130,863)	(326,936)	(326,936)	-
Sale of capital assets	16,500	48,660	86,946	38,286
Total other financing sources (uses)	(3,016,815)	(3,501,034)	(3,460,195)	40,839
Revenues and other financing sources over (under) expenditures and other financing uses	(2,734,736)	(3,851,560)	2,169,190	6,020,750
APPROPRIATED FUND BALANCE	2,734,736	3,851,560	-	(3,851,560)
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	2,169,190	\$ 2,169,190
Fund balance, beginning of year			23,325,132	
Fund balance end of year			\$ 25,494,322	

Person County, North Carolina

Exhibit B-2

Reappraisal Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
General Government				
Operating expenses	<u>78,300</u>	<u>78,300</u>	<u>3,300</u>	<u>75,000</u>
Total expenditures	<u>78,300</u>	<u>78,300</u>	<u>3,300</u>	<u>75,000</u>
Excess (deficiency) of revenues over expenditures	<u>(78,300)</u>	<u>(78,300)</u>	<u>(3,300)</u>	<u>75,000</u>
OTHER FINANCING SOURCES				
Transfers in				
General Fund	<u>78,300</u>	<u>78,300</u>	<u>78,300</u>	<u>-</u>
Total other financing sources (uses)	<u>78,300</u>	<u>78,300</u>	<u>78,300</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>75,000</u>	<u>\$ 75,000</u>
Fund balance beginning of year			<u>399,425</u>	
Fund balance end of year			<u>\$ 474,425</u>	

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for specific purposes.

- ♦ **VFD & Rescue Capital Reserve Fund:** accounts for revenues determined to be available from the Revolving Loan Fund for volunteer fire departments and the rescue squad to assist in the purchase or repairs of equipment used in the performance of the departments fire-fighting and rescue duties.
- ♦ **Emergency Telephone System Fund:** accounts for revenues from a surcharge on County resident's phone services and the use of those revenues to establish and maintain electronic capacity to determine the location of an emergency when citizens telephone 911 which will allow emergency services to more quickly and accurately respond.
- ♦ **Revolving Loan Fund:** accounts for revenues received from the Multi-County Water Infrastructure Fund and the use of those revenues for loans to develop small business enterprises.
- ♦ **Economic Catalyst Fund:** revenues associated with private and state economic development grant funding and general fund support for the purpose of providing expansion incentives to local industries.
- ♦ **Water and Sewer Construction Reserve Fund:** accounts for revenues representing a portion of certain water service rates charged by the City of Roxboro to be held in reserve for future water and sewer extensions.
- ♦ **Mattie Maude Williams Library Development Trust Fund:** accounts for assets held for the sole use of the Person County Public Library under the direction of the will of the late Mattie Maude Williams of Person County.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment.

- ♦ **Airport Capital Projects Fund:** accounts for revenues and expenditures relative to the construction projects of Person County Executive Airport.
- ♦ **Capital Improvement Projects Fund:** accounts for revenues and expenditures relative to capital improvement projects for the County, Schools and Community College.
- ♦ **Person County Recycling Center & Various Roofing Improvements Capital Projects Fund:** accounts for revenues and expenditures relative to the purchase and renovation of current existing facilities associated with the Person County Recycling Center and re-roofing construction for various county and school buildings.
- ♦ **Recreation & Senior Center Project Fund:** accounts for revenues, debt proceeds, and expenditures relative to the development of a combined recreation and senior center facility.
- ♦ **Roxplex and Various Improvements Project Fund:** accounts for revenues and expenditures relative to the purchase and renovation of facilities associated with Roxplex and construction for various county and school buildings.
- ♦ **Public Safety Towers and Broadband Fund:** accounts for revenues and expenditures related to the construction of two communication towers and installation of broadband equipment, as well as the purchase of hand-held and vehicular radios for improved public safety communications.

Person County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

	Special Revenue Funds					
	VFD & Rescue Capital Reserve Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Mattie Maude Williams Library Development Trust Fund
ASSETS						
Cash and cash equivalents	\$ 11,219	\$ 73,265	\$ 11,209	\$ 1,927,239	\$ 65,426	\$ -
Restricted cash	-	69,789	-	-	-	139,466
Accounts receivable, net	-	38,507	41,475	-	-	-
Total assets	<u>\$ 11,219</u>	<u>\$ 181,561</u>	<u>\$ 52,684</u>	<u>\$ 1,927,239</u>	<u>\$ 65,426</u>	<u>\$ 139,466</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 7,271	\$ 5,122	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>7,271</u>	<u>5,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS						
Deferred revenue	-	-	41,475	-	-	-
Fund balances:						
Restricted:						
Stabilization by State Statute	-	38,507	41,475	-	-	-
Economic development	-	-	-	-	-	-
Public safety	-	69,789	-	-	-	-
Culture and recreation	-	-	-	-	-	139,466
Capital projects	-	-	-	-	-	-
Committed:						
Economic development	-	-	-	1,297,239	-	-
Environmental protection	-	-	-	-	65,426	-
Public safety	3,948	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Assigned:						
Subsequent year's expenditures	-	68,143	-	630,000	-	-
Unassigned:	-	-	(30,266)	-	-	-
Total fund balances	<u>3,948</u>	<u>176,439</u>	<u>11,209</u>	<u>1,927,239</u>	<u>65,426</u>	<u>139,466</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,219</u>	<u>\$ 181,561</u>	<u>\$ 52,684</u>	<u>\$ 1,927,239</u>	<u>\$ 65,426</u>	<u>\$ 139,466</u>

Capital Project Funds							
Total Nonmajor Special Revenue Funds	Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Roxplex & Various Improvements Project Fund	Public Safety Towers and Broadband Capital Project Ordinance	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 2,088,358	\$ 926	\$ 2,375,905	\$ 28,022	\$ 51,269	\$ 285,151	\$ 2,741,273	\$ 4,829,631
209,255	1,435,557	-	267,571	35,715	2,419,882	4,158,725	4,367,980
79,982	-	-	-	-	-	-	79,982
<u>\$ 2,377,595</u>	<u>\$ 1,436,483</u>	<u>\$ 2,375,905</u>	<u>\$ 295,593</u>	<u>\$ 86,984</u>	<u>\$ 2,705,033</u>	<u>\$ 6,899,998</u>	<u>\$ 9,277,593</u>
\$ 12,393	\$ 926	\$ 19,756	\$ 18,950	\$ -	\$ 99,862	\$ 139,494	\$ 151,887
12,393	926	19,756	18,950	-	99,862	139,494	151,887
41,475	-	-	-	-	-	-	41,475
79,982	-	-	-	-	-	-	79,982
-	-	-	-	-	-	-	-
69,789	-	-	-	-	-	-	69,789
139,466	-	-	-	-	-	-	139,466
-	1,435,557	-	267,571	35,715	2,419,882	4,158,725	4,158,725
1,297,239	-	-	-	-	-	-	1,297,239
65,426	-	-	-	-	-	-	65,426
3,948	-	-	-	-	-	-	3,948
-	-	2,356,149	9,072	51,269	185,289	2,601,779	2,601,779
698,143	-	-	-	-	-	-	698,143
(30,266)	-	-	-	-	-	-	(30,266)
<u>2,323,727</u>	<u>1,435,557</u>	<u>2,356,149</u>	<u>276,643</u>	<u>86,984</u>	<u>2,605,171</u>	<u>6,760,504</u>	<u>9,084,231</u>
<u>\$ 2,377,595</u>	<u>\$ 1,436,483</u>	<u>\$ 2,375,905</u>	<u>\$ 295,593</u>	<u>\$ 86,984</u>	<u>\$ 2,705,033</u>	<u>\$ 6,899,998</u>	<u>\$ 9,277,593</u>

Person County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the fiscal year ended June 30, 2018

	Special Revenue Funds					
	VFD & Rescue Capital Reserve Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Mattie Maude Williams Library Development Trust Fund
REVENUES						
Restricted intergovernmental	\$ -	\$ 462,082	\$ -	\$ -	\$ 24,043	\$ -
Investment earnings	-	2,175	1,030	20,205	2,579	1,211
Other revenues	-	-	4,684	-	-	-
Total revenues	-	464,257	5,714	20,205	26,622	1,211
EXPENDITURES						
Current:						
Public safety	96,717	303,654	-	-	-	-
Economic and physical development	-	-	-	373,233	-	-
Capital outlay	-	-	-	-	291,150	-
Debt service:						
Principal	-	212,571	-	-	-	-
Interest and other charges	-	40,854	-	-	-	-
Total expenditures	96,717	557,079	-	373,233	291,150	-
Excess (deficiency) of revenues over expenditures	(96,717)	(92,822)	5,714	(353,028)	(264,528)	1,211
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	90,625	-	-	396,170	-	-
Transfers to other funds	-	-	(50,000)	-	-	-
Installment purchase obligations issued	-	-	-	-	-	-
Total other financing sources and uses	90,625	-	(50,000)	396,170	-	-
Net change in funds balances	(6,092)	(92,822)	(44,286)	43,142	(264,528)	1,211
Fund balances (deficit) - beginning	10,040	269,261	55,495	1,884,097	329,954	138,255
Fund balances - ending	\$ 3,948	\$ 176,439	\$ 11,209	\$ 1,927,239	\$ 65,426	\$ 139,466

Capital Project Funds								
Total Nonmajor Special Revenue Funds	Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Recreation & Senior Center Project Fund	Roxplex & Various Improvements Project Fund	Public Safety Towers and Broadband Capital Project Ordinance	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 486,125	\$ 486,117	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,117	\$ 972,242
27,200	13,386	22,640	34	-	10	47	36,117	63,317
4,684	-	-	-	-	-	-	-	4,684
518,009	499,503	22,640	34	-	10	47	522,234	1,040,243
400,371	-	-	-	-	-	-	-	400,371
373,233	-	-	-	-	-	-	-	373,233
291,150	534,558	1,298,190	256,963	-	102,832	1,606,407	3,798,950	4,090,100
212,571	-	-	-	-	-	-	-	212,571
40,854	-	-	-	-	-	-	-	40,854
1,318,179	534,558	1,298,190	256,963	-	102,832	1,606,407	3,798,950	5,117,129
(800,170)	(35,055)	(1,275,550)	(256,929)	-	(102,822)	(1,606,360)	(3,276,716)	(4,076,886)
486,795	200,000	2,009,876	-	-	-	295,000	2,504,876	2,991,671
(50,000)	-	-	-	(308,388)	-	-	(308,388)	(358,388)
-	-	-	-	-	-	4,400,000	4,400,000	4,400,000
436,795	200,000	2,009,876	-	(308,388)	-	4,695,000	6,596,488	7,033,283
(363,375)	164,945	734,326	(256,929)	(308,388)	(102,822)	3,088,640	3,319,772	2,956,397
2,687,102	1,270,612	1,621,823	533,572	308,388	189,806	(483,469)	3,440,732	6,127,834
\$ 2,323,727	\$ 1,435,557	\$ 2,356,149	\$ 276,643	\$ -	\$ 86,984	\$ 2,605,171	\$ 6,760,504	\$ 9,084,231

Person County, North Carolina
VFD & Rescue Capital Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-3

For the fiscal year ended June 30, 2018

	2018			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
VFD & Rescue Squad capital payments	90,625	98,098	96,717	1,381
Total expenditures	90,625	98,098	96,717	1,381
Excess (deficiency) of revenues over expenditures	(90,625)	(98,098)	(96,717)	(1,381)
OTHER FINANCING SOURCES				
Transfers in				
Revolving Loan Fund	90,625	90,625	90,625	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(7,473)	(6,092)	1,381
APPROPRIATED FUND BALANCE	-	7,473	-	(7,473)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	(6,092)	<u>\$ (6,092)</u>
Fund balance beginning of year			10,040	
Fund balance end of year			<u>\$ 3,948</u>	

Person County, North Carolina
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-4

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 462,082	\$ 462,082	\$ 462,082	\$ -
Investment earnings	-	-	2,175	2,175
Total revenues	462,082	462,082	464,257	2,175
EXPENDITURES				
Implemental functions	3,000	3,000	-	3,000
Telephone	192,336	206,611	191,751	14,860
Software maintenance	41,500	41,500	8,528	32,972
Hardware maintenance	23,198	18,283	17,753	530
Training	5,000	5,000	2,601	2,399
Capital outlay	-	73,693	72,984	709
Miscellaneous	13,622	10,037	10,037	-
Debt Service				
Principal retirement	212,572	212,572	212,571	1
Interest and fees	40,854	40,854	40,854	-
Total debt service	253,426	253,426	253,425	1
Total expenditures	532,082	611,550	557,079	54,471
Excess (deficiency) of revenues over expenditures	(70,000)	(149,468)	(92,822)	56,646
APPROPRIATED FUND BALANCE	70,000	149,468	-	(149,468)
Excess (deficiency) of revenues and other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	(92,822)	\$ (92,822)
Fund balance beginning of year			269,261	
Fund balance end of year			\$ 176,439	

Person County, North Carolina
Revolving Loan Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-5

For the fiscal year ended June 30, 2018

	2018		VARIANCE
	Original and Final Budget	Actual	Positive Negative
REVENUES			
Investment earnings	\$ 990	\$ 1,030	\$ 40
Miscellaneous revenues			
Loan principle received	4,684	4,684	-
Total revenues	5,674	5,714	40
EXPENDITURES	5,674	-	5,674
Excess (deficiency) of revenues over expenditures	-	5,714	5,714
OTHER FINANCING SOURCES (USES)			
Transfers out			
General Fund	(50,000)	(50,000)	-
Total Other Financing Sources	(50,000)	(50,000)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(50,000)	(44,286)	5,714
APPROPRIATED FUND BALANCE	50,000	-	(50,000)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	(44,286)	\$ (44,286)
Fund balance beginning of year		55,495	
Fund balance end of year		\$ 11,209	

Person County, North Carolina
Economic Catalyst Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-6

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Investment earnings	\$ -	\$ -	\$ 20,205	\$ 20,205
Total revenues	-	-	20,205	20,205
EXPENDITURES	1,296,170	1,306,170	373,233	932,937
Excess (deficiency) of revenues over expenditures	(1,296,170)	(1,306,170)	(353,028)	953,142
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	396,170	396,170	396,170	-
Total Other Financing Sources	396,170	396,170	396,170	-
Excess (deficiency) of revenues and other financing sources over expenditures	(900,000)	(910,000)	43,142	953,142
APPROPRIATED FUND BALANCE	900,000	910,000	-	(910,000)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	43,142	\$ 43,142
Fund balance beginning of year			1,884,097	
Fund balance end of year			\$ 1,927,239	

Person County, North Carolina
Water and Sewer Construction Reserve Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-7

For the fiscal year ended June 30, 2018

	2018			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ 30,000	\$ 45,000	\$ 24,043	\$ (20,957)
Investment earnings	-	-	2,579	2,579
Total revenues	30,000	45,000	26,622	(18,378)
EXPENDITURES				
Water and sewer construction	30,000	295,800	291,150	4,650
Excess (deficiency) of revenues over expenditures	-	(250,800)	(264,528)	(13,728)
APPROPRIATED FUND BALANCE	-	250,800	-	250,800
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	(264,528)	\$ (264,528)
Fund balance beginning of year			329,954	
Fund balance end of year			\$ 65,426	

Person County, North Carolina
Mattie Maude Williams Library Development Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Actual

Exhibit C-8

For the fiscal year ended June 30, 2018

	<u>Actual</u>
REVENUES	
Investment earnings	<u>\$ 1,211</u>
Total revenues	<u> 1,211</u>
EXPENDITURES	
Public buildings and grounds	
Operating	<u> -</u>
Excess (deficiency) of revenues over expenditures	1,211
 Fund balance beginning of year	 <u> 138,255</u>
Fund balance end of year	<u><u> \$ 139,466</u></u>

Person County, North Carolina
Airport Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

Exhibit C-9

From inception and for the fiscal year ended June 30, 2018

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Restricted intergovernmental	\$ 12,218,724	\$ 719,966	\$ 486,117	\$ 1,206,083	\$ (11,012,641)
Investment earnings	-	5,513	13,386	18,899	18,899
Other revenues	-	129,790	-	129,790	129,790
Total revenues	<u>12,218,724</u>	<u>855,269</u>	<u>499,503</u>	<u>1,354,772</u>	<u>(10,863,952)</u>
EXPENDITURES					
Construction	<u>12,541,724</u>	<u>807,657</u>	<u>534,558</u>	<u>1,342,215</u>	<u>11,199,509</u>
Excess (deficiency) of revenues over expenditures	(323,000)	47,612	(35,055)	12,557	335,557
OTHER FINANCING SOURCES					
Operating transfers-in					
General fund	<u>323,000</u>	<u>1,223,000</u>	<u>200,000</u>	<u>1,423,000</u>	<u>1,100,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 1,270,612</u>	164,945	<u>\$ 1,435,557</u>	<u>\$ 1,435,557</u>
Fund balance beginning of year			<u>1,270,612</u>		
Fund balance end of year			<u>\$ 1,435,557</u>		

Person County, North Carolina
Capital Improvement Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

Exhibit C-10

From inception and for the fiscal year ended June 30, 2018

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 135,470	\$ -	\$ -	\$ -	\$ (135,470)
Other revenues	-	39,270	-	39,270	39,270
Investment earnings	13,350	10,100	22,640	32,740	19,390
Total revenues	148,820	49,370	22,640	72,010	(76,810)
EXPENDITURES					
County	2,537,667	471,752	1,037,943	1,509,695	1,027,972
Schools	855,634	555,202	248,897	804,099	51,535
PCC	405,208	207,971	11,350	219,321	185,887
Non-profit agencies	35,979	-	-	-	35,979
Total expenditures	3,834,488	1,234,925	1,298,190	2,533,115	1,301,373
Excess (deficiency) of revenues over expenditures	(3,685,668)	(1,185,555)	(1,275,550)	(2,461,105)	1,224,563
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	3,465,668	2,831,824	2,009,876	4,841,700	1,376,032
Reroofing Schools Fund	-	75,554	-	75,554	75,554
Transfers out					
Courthouse Renovation & Roofing Fund	-	(100,000)	-	(100,000)	(100,000)
Total Other Financing Sources	3,465,668	2,807,378	2,009,876	4,817,254	1,351,586
Excess (deficiency) of revenues and other financing sources over expenditures	(220,000)	1,621,823	734,326	2,356,149	2,576,149
APPROPRIATED FUND BALANCE	220,000	-	-	-	(220,000)
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ 1,621,823	734,326	\$ 2,356,149	\$ 2,356,149
Fund balance beginning of year			1,621,823		
Fund balance end of year			\$ 2,356,149		

Person County Recycling Center & Various Roofing Improvements Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

From inception and for the fiscal year ended June 30, 2018

		Actual			Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	To Date	(Negative)
REVENUES					
Investment earnings	\$ -	\$ 209	\$ 34	\$ 243	\$ 243
Total revenues	-	209	34	243	243
EXPENDITURES					
Professional services - architect and engineering	116,915	99,795	17,119	116,914	1
Building purchase	852,204	852,204	-	852,204	-
Construction	1,322,793	836,551	239,844	1,076,395	246,398
Issuance cost	60,650	60,650	-	60,650	-
Contingency	30,000	-	-	-	30,000
Other	8,913	8,912	-	8,912	1
Total expenditures	2,391,475	1,858,112	256,963	2,115,075	276,400
Excess (deficiency) of revenues over expenditures	(2,391,475)	(1,857,903)	(256,929)	(2,114,832)	276,643
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	1,475	1,475	-	1,475	-
County Capital Reserve Fund	30,000	30,000	-	30,000	-
Installment purchase obligations issued	2,360,000	2,360,000	-	2,360,000	-
Total Other Financing Sources	2,391,475	2,391,475	-	2,391,475	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 533,572	(256,929)	\$ 276,643	\$ 276,643
Fund balance beginning of year			533,572		
Fund balance end of year			\$ 276,643		

Person County, North Carolina
Recreation & Senior Center Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-12

From inception and for the fiscal year ended June 30, 2018

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Investment earnings	\$ 3,500	\$ 853	\$ -	\$ 853	\$ (2,647)
Lease principal received	8,020	8,019	-	8,019	(1)
Total revenues	<u>11,520</u>	<u>8,872</u>	<u>-</u>	<u>8,872</u>	<u>(2,648)</u>
EXPENDITURES					
Professional services - architect and engineering	324,165	324,163	-	324,163	2
Advertising	207	206	-	206	1
Construction	82,644	79,494	-	79,494	3,150
Building	2,054,669	2,054,668	-	2,054,668	1
Issuance Costs	30,803	30,803	-	30,803	-
Contingency	307,882	-	-	-	307,882
Total expenditures	<u>2,800,370</u>	<u>2,489,334</u>	<u>-</u>	<u>2,489,334</u>	<u>311,036</u>
Excess (deficiency) of revenues over expenditures	(2,788,850)	(2,480,462)	-	(2,480,462)	308,388
OTHER FINANCING SOURCES (USES):					
Transfers in					
General Fund	476,850	476,850	-	476,850	-
CIP Projects Fund	27,000	27,000	-	27,000	-
Transfers out	(308,388)	-	(308,388)	(308,388)	-
Installment purchase obligations issued	<u>2,285,000</u>	<u>2,285,000</u>	<u>-</u>	<u>2,285,000</u>	<u>-</u>
Total other financing sources	<u>2,480,462</u>	<u>2,788,850</u>	<u>(308,388)</u>	<u>2,480,462</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	(308,388)	308,388	(308,388)	-	308,388
Fund balance appropriated	<u>308,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,388)</u>
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	<u>\$ -</u>	<u>\$ 308,388</u>	<u>(308,388)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance beginning of year			<u>308,388</u>		
Fund balance end of year			<u>\$ -</u>		

Person County, North Carolina
Roxplex & Various Improvements Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit C-13

From inception and for the fiscal year ended June 30, 2018

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive Negative
REVENUES					
Investment earnings	\$ -	\$ 123	\$ 10	\$ 133	\$ 133
Total revenues	-	123	10	133	133
EXPENDITURES					
County	974,892	815,209	102,832	918,041	56,851
Schools	854,533	854,533	-	854,533	-
Issuance Costs	54,575	54,575	-	54,575	-
Contingency	30,000	-	-	-	30,000
Total expenditures	1,914,000	1,724,317	102,832	1,827,149	86,851
Excess (deficiency) of revenues over expenditures	(1,914,000)	(1,724,194)	(102,822)	(1,827,016)	86,984
OTHER FINANCING SOURCES (USES):					
Transfers in					
General Fund	30,000	30,000	-	30,000	-
Installment purchase obligations issued	1,884,000	1,884,000	-	1,884,000	-
Total other financing sources	1,914,000	1,914,000	-	1,914,000	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ 189,806	(102,822)	\$ 86,984	\$ 86,984
Fund balance beginning of year			189,806		
Fund balance end of year			\$ 86,984		

Person County, North Carolina
Public Safety Towers and Broadband Capital Project Ordinance
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

Exhibit C-14

From inception and for the fiscal year ended June 30, 2018

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ -	\$ 47	\$ 47	\$ 47
EXPENDITURES					
County	3,524,895	583,469	1,461,797	2,045,266	1,479,629
Schools	1,101,414	-	90,830	90,830	1,010,584
Issurance costs	68,691	-	53,780	53,780	14,911
Contingency funds	100,000	-	-	-	100,000
Total expenditures	4,795,000	583,469	1,606,407	2,189,876	2,605,124
Excess (deficiency) of revenues over expenditures	(4,795,000)	(583,469)	(1,606,360)	(2,189,829)	2,605,171
OTHER FINANCING SOURCES (USES)					
Transfers in					
CIP Projects Fund	395,000	100,000	295,000	395,000	-
Installment purchase obligations issued	4,400,000	-	4,400,000	4,400,000	-
Total Other Financing Sources	4,795,000	100,000	4,695,000	4,795,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (483,469)	3,088,640	\$ 2,605,171	\$ 2,605,171
Fund balance beginning of year			(483,469)		
Fund balance end of year			\$ 2,605,171		

Enterprise Fund

Enterprise Fund

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government's council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

- ♦ **Stormwater Fund:** accounts for the operations of the County's stormwater activities

Person County, North Carolina
Stormwater Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Exhibit D-1

For the fiscal year ended June 30, 2018

	2018			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Charge for services	\$ 250,000	\$ 250,000	\$ 274,882	\$ 24,882
Investment earnings	-	-	1,654	1,654
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>276,536</u>	<u>26,536</u>
EXPENDITURES				
Environmental Protection				
Operating expenses	<u>250,000</u>	<u>250,000</u>	<u>183,136</u>	<u>66,864</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>183,136</u>	<u>66,864</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>93,400</u>	<u>\$ 93,400</u>
Fund balance beginning of year			<u>322,258</u>	
Fund balance end of year			<u>\$ 415,658</u>	

Insurance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP)

For the fiscal year ended June 30, 2018

	2018			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Contributions from employees	\$ 3,049,919	\$ 3,075,919	\$ 3,078,311	\$ 2,392
Insurance settlements	-	12,173	40,074	27,901
Investment earnings	700	2,400	3,126	726
Miscellaneous	221,600	311,800	308,159	(3,641)
Total revenues	<u>3,272,219</u>	<u>3,402,292</u>	<u>3,429,670</u>	<u>27,378</u>
EXPENDITURES				
Health insurance administration	570,307	531,375	531,374	1
Claims	2,832,775	3,257,853	3,257,853	-
Total expenditures	<u>3,403,082</u>	<u>3,789,228</u>	<u>3,789,227</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(130,863)	(386,936)	(359,557)	27,379
OTHER FINANCING SOURCES				
Transfers in				
General Fund	130,863	326,936	326,936	-
Total other financing sources (uses)	<u>130,863</u>	<u>326,936</u>	<u>326,936</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other sources	<u>-</u>	<u>(60,000)</u>	<u>(32,621)</u>	<u>27,379</u>
Fund balance appropriated	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(483,469)</u>	<u>\$ (483,469)</u>
Fund balance beginning of year			281,333	
Prior period adjustment			(484,945)	
Fund balance beginning of year, restated			(203,612)	
Fund balance end of year			<u>\$ (236,233)</u>	

Person County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities

Exhibit F-1

For the fiscal year ended June 30, 2018

	Balance 6/30/17	Additions	Deductions	Balance 6/30/18
<u>Social Services Trust</u>				
Assets				
Cash and cash equivalents	\$ 96,627	\$ -	\$ 11,897	\$ 84,730
Liabilities				
Due to individuals	\$ 96,627	\$ -	\$ 11,897	\$ 84,730
<u>Sheriff's Executions and Commissions</u>				
Assets				
Cash and cash equivalents	\$ 23,326	\$ 74,043	\$ 72,186	\$ 25,183
Liabilities				
Accounts payable and accrued liabilities	\$ 23,326	\$ 74,043	\$ 72,186	\$ 25,183
<u>City of Roxboro Property Tax and Vehicle Tax</u>				
Assets				
Cash and cash equivalents	\$ 19,157	\$ -	\$ 19,157	\$ -
Taxes receivable	192,542	12,647	-	205,189
Total assets	\$ 211,699	\$ 12,647	\$ 19,157	\$ 205,189
Liabilities				
Accounts payable and accrued liabilities	\$ 19,157	\$ -	\$ 19,157	\$ -
Due for taxes receivable	192,542	12,647	-	205,189
Total liabilities	\$ 211,699	\$ 12,647	\$ 19,157	\$ 205,189
<u>Inmate</u>				
Assets				
Cash and cash equivalents	\$ 17,091	\$ 4,050	\$ -	\$ 21,141
Liabilities				
Accounts payable and accrued liabilities	\$ 11,634	\$ 125	\$ -	\$ 11,759
Due to inmates	5,457	3,925	-	9,382
Total liabilities	\$ 17,091	\$ 4,050	\$ -	\$ 21,141
<u>Person County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ (196)	\$ 188,725	\$ -	\$ 188,529
Liabilities				
Accounts payable and accrued liabilities	\$ (196)	\$ 188,725	\$ -	\$ 188,529
<u>Fines and Forfeitures and 4H</u>				
Assets				
Cash and cash equivalents	\$ 37,797	\$ 154,442	\$ 152,676	\$ 39,563
Liabilities				
Accounts payable and accrued liabilities	\$ 202	\$ 17,428	\$ 17,531	\$ 99
Due to other governments - Person County Board of Education	-	135,145	135,145	-
Due to 4H	37,595	1,869	-	39,464
Total liabilities	\$ 37,797	\$ 154,442	\$ 152,676	\$ 39,563
<u>Total-All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 193,802	\$ 421,260	\$ 255,916	\$ 359,146
Taxes receivable	192,542	12,647	-	205,189
Total assets	\$ 386,344	\$ 433,907	\$ 255,916	\$ 564,335
Liabilities				
Accounts payable and accrued liabilities	\$ 54,123	\$ 280,321	\$ 108,874	\$ 225,570
Due to individuals	96,627	-	11,897	84,730
Due to inmates	5,457	3,925	-	9,382
Due to other governments	-	135,145	135,145	-
Due to 4H	37,595	1,869	-	39,464
Due for taxes receivable	192,542	12,647	-	205,189
Total liabilities	\$ 386,344	\$ 433,907	\$ 255,916	\$ 564,335

Other Schedules

**This section contains additional information
on property taxes.**

- ◆ **Schedule of Ad Valorem Taxes Receivable**
- ◆ **Analysis of Current Tax Levy**

Person County, North Carolina
Schedule of Ad Valorem Taxes Receivable

Exhibit G-1

For the fiscal year ended June 30, 2018

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	2017	\$ -	\$ 32,070,704	\$ 31,666,404	\$ 404,300
2016-2017	2016	375,789	-	199,700	176,089
2015-2016	2015	175,732	-	68,569	107,163
2014-2015	2014	97,107	-	24,677	72,430
2013-2014	2013	80,793	-	18,519	62,274
2012-2013	2012	56,209	-	13,455	42,754
2011-2012	2011	45,710	-	12,322	33,388
2010-2011	2010	30,548	-	2,767	27,781
2009-2010	2009	27,264	-	2,326	24,938
2008-2009	2008	24,674	-	2,031	22,643
2007-2008	2007	20,159	-	20,159	-
Total		<u>\$ 933,985</u>	<u>\$ 32,070,704</u>	<u>\$ 32,030,929</u>	973,760
Less: allowance for uncollectible accounts					<u>160,000</u>
Ad valorem taxes receivable, net:					<u>\$ 813,760</u>
Reconciliation with Revenues:					
Taxes - Ad Valorem - General Fund					
Current year					\$ 31,619,166
Prior years					342,003
Penalties and interest					152,518
Advertising					28,254
Total Ad Valorem Taxes					<u>32,141,941</u>
Refunds					1,773
Adjustments to prior years taxes					50,282
Amounts written off for tax year 2007 per statute of limitations					17,705
Subtotal					<u>32,211,701</u>
Less interest collected					152,518
Less advertising fees					28,254
Total collections and credits					<u>\$ 32,030,929</u>

Person County, North Carolina
Analysis of Current Tax Levy
County - wide Levy

Exhibit G-2

For the fiscal year ended June 30, 2018

	<u>Property Valuation</u>	<u>Rate per \$100 Valuation</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 4,575,645,354	\$ 0.70	\$ 32,029,518	\$ 29,474,801	\$ 2,554,717
Late Listing Penalties	-		13,227	13,227	-
Total	<u>4,575,645,354</u>		<u>32,042,745</u>	<u>29,488,028</u>	<u>2,554,717</u>
Discoveries and Corrections					
Current Years' Taxes	6,802,230	0.70	47,616	47,616	-
Penalties	-		187	187	-
	<u>6,802,230</u>		<u>47,803</u>	<u>47,803</u>	<u>-</u>
Releases	<u>(2,834,831)</u>	0.70	<u>(19,844)</u>	<u>(19,844)</u>	<u>-</u>
Total for Year	<u>\$ 4,579,612,753</u>		<u>32,070,704</u>	<u>29,515,987</u>	<u>2,554,717</u>
Less Uncollected tax at June 30, 2018			<u>404,300</u>	<u>401,865</u>	<u>2,435</u>
Current year's taxes collected			<u>\$ 31,666,404</u>	<u>\$ 29,114,122</u>	<u>\$ 2,552,282</u>
Percent current year collected			<u>98.74%</u>	<u>98.64%</u>	<u>99.90%</u>

Statistical Section

This part of the Person County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	121
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	130
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	138
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	143
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	146
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Person County, North Carolina
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

(Page 1 of 2)

Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 20,440,012	\$ 20,020,058	\$ 18,741,532	\$ 21,155,561
Restricted	1,141,656	4,018,047	8,563,948	8,219,339
Unrestricted	2,835,383	4,203,584	2,322,140	4,191,640
Total governmental activities net position	<u>24,417,051</u>	<u>28,241,689</u>	<u>29,627,620</u>	<u>33,566,540</u>
Business-type activities				
Net investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government				
Net investment in capital assets	20,440,012	20,020,058	18,741,532	21,155,561
Restricted	1,141,656	4,018,047	8,563,948	8,219,339
Unrestricted	2,835,383	4,203,584	2,322,140	4,191,640
Total primary governmental net position	<u>\$ 24,417,051</u>	<u>\$ 28,241,689</u>	<u>\$ 29,627,620</u>	<u>\$ 33,566,540</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 21,364,462	\$ 23,065,359	\$ 31,664,023	\$ 38,358,826	\$ 32,964,043	\$ 36,548,803
8,869,798	7,729,273	7,043,470	8,700,798	9,036,709	11,648,228
3,657,279	4,533,912	9,074,436	10,855,661	14,010,974	13,433,622
<u>33,891,539</u>	<u>35,328,544</u>	<u>47,781,929</u>	<u>57,915,285</u>	<u>56,011,726</u>	<u>61,630,653</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	71,668	144,184	237,204	322,258	415,658
<u>-</u>	<u>71,668</u>	<u>144,184</u>	<u>237,204</u>	<u>322,258</u>	<u>415,658</u>
21,364,462	23,065,359	31,664,023	38,358,826	32,964,043	36,548,803
8,869,798	7,729,273	7,043,470	8,700,798	9,036,709	11,648,228
3,657,279	4,605,580	9,218,620	11,092,865	14,333,232	13,849,280
<u>\$ 33,891,539</u>	<u>\$ 35,400,212</u>	<u>\$ 47,926,113</u>	<u>\$ 58,152,489</u>	<u>\$ 56,333,984</u>	<u>\$ 62,046,311</u>

Person County, North Carolina
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(Page 1 of 2)

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Expenses						
Governmental activities						
General government	\$ 5,527,742	\$ 5,014,727	\$ 4,828,349	\$ 4,655,404	\$ 5,806,008	\$ 6,055,901
Public safety	11,408,762	11,381,743	11,468,186	11,437,656	11,961,190	12,476,577
Transportation	1,493,230	1,494,361	1,454,342	1,435,983	1,415,053	1,286,978
Economic and physical development	1,203,255	898,345	1,470,929	1,753,033	2,103,294	1,404,663
Environmental protection	257,916	832,951	1,228,807	891,073	1,088,616	649,147
Human services	17,140,056	15,891,412	15,440,313	15,746,664	16,333,971	16,563,554
Cultural and recreation	1,864,439	1,781,842	1,511,796	1,466,125	1,587,995	1,592,550
Education	11,856,706	10,705,681	11,460,882	10,269,913	13,043,761	12,096,514
Capital Outlay	-	-	-	1,014,882	385,929	1,560,160
Interest on long term debt	818,027	712,074	703,782	669,146	534,264	530,279
Total governmental activities expenses	<u>51,570,133</u>	<u>48,713,136</u>	<u>49,567,386</u>	<u>49,339,879</u>	<u>54,260,081</u>	<u>54,216,323</u>
Business-type activities						
Stormwater Department	-	-	-	-	-	199,674
Total primary government expenses	<u>\$ 51,570,133</u>	<u>\$ 48,713,136</u>	<u>\$ 49,567,386</u>	<u>\$ 49,339,879</u>	<u>\$ 54,260,081</u>	<u>\$ 54,415,997</u>
Program Revenues						
Governmental activities						
Charges for services:						
General government	\$ 443,859	\$ 420,971	\$ 383,400	\$ 388,611	\$ 350,744	\$ 396,260
Public safety	1,960,320	1,889,029	1,937,117	2,047,710	1,717,878	1,842,884
Transportation	337,548	268,113	245,332	240,965	322,797	294,459
Human services	4,333,232	4,006,896	3,916,676	4,027,375	4,023,486	2,728,473
Environmental protection	485,492	868,952	731,989	932,314	796,321	822,423
Economic and physical development	34,162	43,545	99,364	90,001	6,956	11,433
Cultural and recreation	252,807	276,533	322,708	341,512	358,138	345,570
Operating grants and contributions:						
General government	7,221	-	52,398	65,114	14,492	2
Public safety	903,557	966,832	905,318	1,055,904	1,024,467	1,208,057
Transportation	199,578	236,930	235,717	225,765	310,036	362,452
Human services	7,381,474	6,973,325	7,033,549	7,100,930	6,926,407	8,392,466
Environmental protection	96,243	106,835	119,917	118,497	113,343	114,204
Economic and physical development	71,740	39,410	361,743	499,604	1,148,118	392,042
Cultural and recreation	156,740	162,052	156,210	120,282	117,926	100,281
Education	973,488	493,209	189,873	17,862	1,534,817	-
Capital grants and contributions:						
General Government	-	-	6,571	140,641	6,227	19
Transportation	416,741	417,819	111,955	157,454	454,726	231,347
Economic and physical development	-	25,500	37,000	1,500	2,638	171,039
Environmental Protection	-	668,046	566,260	54,587	55,737	4,510
Cultural and recreation	22,004	317,496	5,000	4,000	20,500	12,269
Education	-	-	-	-	-	72,465
Total governmental activities program revenues	<u>18,076,206</u>	<u>18,181,493</u>	<u>17,418,097</u>	<u>17,630,628</u>	<u>19,305,754</u>	<u>17,502,655</u>
Business-type activities						
Charges for services:						
Stormwater Department	-	-	-	-	-	271,342
Total primary government program revenues	<u>\$ 18,076,206</u>	<u>\$ 18,181,493</u>	<u>\$ 17,418,097</u>	<u>\$ 17,630,628</u>	<u>\$ 19,305,754</u>	<u>\$ 17,773,997</u>
Net (Expense)/Revenue						
Governmental activities	\$ (33,493,927)	\$ (30,531,643)	\$ (32,149,289)	\$ (31,709,251)	\$ (34,954,327)	\$ (36,713,668)
Business-type activities	-	-	-	-	-	71,668
Total primary government net expenses	<u>\$ (33,493,927)</u>	<u>\$ (30,531,643)</u>	<u>\$ (32,149,289)</u>	<u>\$ (31,709,251)</u>	<u>\$ (34,954,327)</u>	<u>\$ (36,642,000)</u>
General Revenues and Other Changes in Net Position						
Governmental activities						
Property taxes	\$ 27,197,864	\$ 27,606,040	\$ 27,291,587	\$ 27,393,771	\$ 28,772,219	\$ 30,883,915
Local option sales tax	7,329,525	5,758,729	5,542,646	6,045,749	6,092,052	6,430,850
Other taxes and licenses	267,885	260,617	237,858	305,012	493,228	462,739
Unrestricted intergovernmental	-	-	-	-	-	-
Investment earnings	258,570	49,125	24,950	14,619	13,715	508
Miscellaneous, unrestricted						
Gain/(Loss) on disposal of capital asset	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-
Other miscellaneous	486,247	681,770	438,179	1,889,020	(498,552)	372,661
Total governmental activities	<u>35,540,091</u>	<u>34,356,281</u>	<u>33,535,220</u>	<u>35,648,171</u>	<u>34,872,662</u>	<u>38,150,673</u>
Business-type activities						
Investment earnings	-	-	-	-	-	-
Total primary government general revenues, special items and transfers	<u>\$ 35,540,091</u>	<u>\$ 34,356,281</u>	<u>\$ 33,535,220</u>	<u>\$ 35,648,171</u>	<u>\$ 34,872,662</u>	<u>\$ 38,150,673</u>
Change in Net Position						
Governmental activities	\$ 2,046,164	\$ 3,824,638	\$ 1,385,931	\$ 3,938,920	\$ (81,665)	\$ 1,437,005
Business-type activities	-	-	-	-	-	71,668
Total primary government	<u>\$ 2,046,164</u>	<u>\$ 3,824,638</u>	<u>\$ 1,385,931</u>	<u>\$ 3,938,920</u>	<u>\$ (81,665)</u>	<u>\$ 1,508,673</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 6,688,836	\$ 6,377,104	\$ 7,092,146	\$ 6,989,851
12,475,439	12,818,151	13,843,079	13,524,505
1,277,326	1,333,946	1,339,616	1,548,949
1,433,353	1,246,837	1,608,085	16,929,904
2,510,486	2,469,444	3,083,626	653,114
14,335,792	14,535,066	15,048,142	1,461,642
1,615,447	1,800,505	1,812,818	1,786,403
11,626,709	12,987,242	12,404,456	10,693,420
460,869	212,752	601,225	-
242,746	436,753	370,388	363,297
<u>52,667,003</u>	<u>54,217,800</u>	<u>57,203,581</u>	<u>53,951,085</u>
196,024	175,115	182,996	183,136
<u>\$ 52,863,027</u>	<u>\$ 54,392,915</u>	<u>\$ 57,386,577</u>	<u>\$ 54,134,221</u>

\$ 415,643	\$ 394,378	\$ 421,621	\$ 719,193
1,987,725	1,968,436	2,047,699	1,876,352
419,617	449,196	381,887	332,338
2,522,871	3,139,853	3,388,953	3,712,493
761,116	754,409	819,123	715,722
14,731	16,063	15,688	83,041
323,353	368,606	409,525	412,458
-	3,276	-	185,470
1,323,629	1,277,367	1,650,012	1,199,209
271,196	506,589	494,012	242,456
8,560,360	8,031,774	8,141,712	6,972,508
118,251	125,363	126,967	91,576
166,357	277,603	259,959	53,027
514,960	141,363	104,096	120,048
-	-	-	-
-	-	-	-
188,211	65,488	194,607	486,117
110,925	-	-	-
-	6,000	1,998	-
15,877	14,513	7,750	-
229,808	198,948	142,569	6,487,181
<u>17,944,630</u>	<u>17,739,225</u>	<u>18,608,178</u>	<u>23,689,189</u>
268,540	268,135	268,050	274,882
<u>\$ 18,213,170</u>	<u>\$ 18,007,360</u>	<u>\$ 18,876,228</u>	<u>\$ 23,964,071</u>
\$ (34,722,373)	\$ (36,478,575)	\$ (38,595,403)	\$ (30,261,896)
72,516	93,020	85,054	91,746
<u>\$ (34,649,857)</u>	<u>\$ (36,385,555)</u>	<u>\$ (38,510,349)</u>	<u>\$ (30,170,150)</u>

\$ 31,358,952	\$ 31,272,619	\$ 32,103,402	\$ 32,143,716
6,732,660	7,058,217	7,571,089	8,075,831
563,360	698,818	566,446	454,676
208,437	-	-	-
(32,398)	52,812	132,958	216,223
15,325	163,861	60,478	(560,899)
10,363,160	6,392,856	-	-
88,262	519,861	(2,400,589)	694,671
<u>49,297,758</u>	<u>46,159,044</u>	<u>38,033,784</u>	<u>41,024,218</u>
-	-	-	1,654
<u>\$ 49,297,758</u>	<u>\$ 46,159,044</u>	<u>\$ 38,033,784</u>	<u>\$ 41,025,872</u>
\$ 14,575,385	\$ 9,680,469	\$ (561,619)	\$ 10,762,322
72,516	93,020	85,054	93,400
<u>\$ 14,647,901</u>	<u>\$ 9,773,489</u>	<u>\$ (476,565)</u>	<u>\$ 10,855,722</u>

Person County, North Carolina
Schedule 3
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year		Property Tax		Local Sales Tax		Other Tax		Total
2009	\$	27,197,864	\$	7,329,525	\$	267,885	\$	34,795,274
2010		27,606,040		5,758,729		260,617		33,625,386
2011		27,291,587		5,542,646		237,858		33,072,091
2012		27,393,771		6,045,749		305,012		33,744,532
2013		28,772,219		6,092,052		493,228		35,357,499
2014		30,883,915		6,430,850		462,739		37,777,504
2015		31,358,952		6,732,660		563,360		38,654,972
2016		31,272,619		7,058,217		698,818		39,029,654
2017		32,103,402		7,571,089		566,446		40,240,937
2018		32,143,716		8,075,831		454,676		40,674,223

Person County, North Carolina
Schedule 4
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

(Page 1 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 4,686,298	\$ 5,237,082	\$ -	\$ -
Unreserved	15,717,000	13,582,453	-	-
Nonspendable	-	-	-	-
Restricted	-	-	3,409,571	4,134,503
Committed	-	-	63,057	88,995
Assigned	-	-	2,403,817	4,493,237
Unassigned	-	-	14,967,838	12,631,079
Total general fund	\$ <u>20,403,298</u>	\$ <u>18,819,535</u>	\$ <u>20,844,283</u>	\$ <u>21,347,814</u>
All Other Governmental Funds				
Reserved	\$ 402,338	\$ 408,959	\$ -	\$ -
Unreserved	615,897	4,269,403	-	-
Nonspendable	-	-	-	-
Restricted	-	-	1,732,534	1,098,020
Committed	-	-	2,428,100	1,829,907
Assigned	-	-	55,801	30,000
Unassigned	-	-	(115,553)	-
Total all other governmental funds	\$ <u>1,018,235</u>	\$ <u>4,678,362</u>	\$ <u>4,100,882</u>	\$ <u>2,957,927</u>

Note: GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, is designed to better convey the restrictions upon the fund balance of a governmental fund. Restatement of previous fund balances reported cannot be done with certainty, due to a lack of detailed records. Accordingly, prior year amounts have not been restated for the implementation of Statement 54. The change in the classifications of fund balance is discussed in the Notes to the Financial Statements.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
99,956	305,868	101,957	183,550	108,934	145,382
5,227,556	6,226,227	4,696,872	5,508,761	5,981,436	6,279,373
143,466	204,718	264,569	645,154	726,480	726,481
3,611,857	3,284,997	2,721,258	3,471,017	2,734,736	2,594,047
9,936,607	9,644,006	13,163,785	13,599,981	14,172,971	16,223,464
\$ <u>19,019,442</u>	\$ <u>19,665,816</u>	\$ <u>20,948,441</u>	\$ <u>23,408,463</u>	\$ <u>23,724,557</u>	\$ <u>25,968,747</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	90,000	70,000	-	-	-
3,642,242	1,503,046	2,346,598	3,192,037	3,055,273	5,368,855
2,971,430	1,941,502	1,785,342	1,787,660	4,341,003	3,968,392
86,474	11,700	-	-	-	698,143
(711,840)	(852,204)	(217,136)	-	(483,469)	(30,266)
\$ <u>5,988,306</u>	\$ <u>2,694,044</u>	\$ <u>3,984,804</u>	\$ <u>4,979,697</u>	\$ <u>6,912,807</u>	\$ <u>10,005,124</u>

Person County, North Carolina
Schedule 5
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

(Page 1 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Property	\$ 27,027,814	\$ 27,612,262	\$ 27,343,883	\$ 27,396,888
Sales	7,329,525	5,758,729	5,542,646	6,045,749
Other	267,885	260,617	237,858	305,012
Total taxes	34,625,224	33,631,608	33,124,387	33,747,649
Fees	403,170	391,545	455,138	395,910
Intergovernmental	10,430,803	10,682,900	10,113,506	9,772,122
Investment earnings	299,783	56,387	35,938	18,812
Charges for services	7,223,667	7,034,129	6,903,459	7,525,686
Other	525,441	829,927	475,576	590,762
Total Revenues	53,508,088	52,626,496	51,108,004	52,050,941
Expenditures				
General government	5,573,144	4,651,524	6,888,873	5,564,747
Public safety	11,115,835	10,942,744	11,264,076	11,444,411
Transportation	861,559	803,490	788,605	811,686
Human services	17,344,436	15,550,866	15,665,919	15,444,531
Environmental protection	276,898	184,414	679,100	698,015
Economic and physical development	1,209,352	909,161	1,446,775	1,746,977
Cultural and recreational	2,011,512	1,985,887	1,411,403	1,490,524
Education	11,856,706	10,705,681	11,460,882	10,285,241
Capital projects	437,202	1,100,109	687,377	1,222,621
Debt service:				
Principal	2,995,000	3,033,268	3,183,655	3,381,057
Interest and other charges	643,344	696,247	689,919	654,346
Total expenditures	54,324,988	50,563,391	54,166,584	52,744,156
Excess of revenues over (under) expenditures	(816,899)	2,063,105	(3,058,580)	(693,215)
Other Financing Sources (Uses)				
Transfers in	4,441,891	8,134,781	7,501,588	1,109,158
Transfers out	(4,441,891)	(8,134,781)	(7,501,588)	(1,109,158)
Installment purchase obligations issued	457,778	-	4,500,000	-
Capital lease obligations issued	-	-	-	-
Refunding payment to escrow agent	-	-	-	-
Sale of capital assets	66,659	13,260	5,849	53,791
Total other financing sources (uses)	524,437	13,260	4,505,849	53,791
Net change in fund balances	\$ (292,462)	\$ 2,076,365	\$ 1,447,269	\$ (639,424)
Debt service as a percentage of noncapital expenditures	6.85%	7.56%	7.63%	8.01%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 28,723,333	\$ 31,076,698	\$ 30,915,707	\$ 31,276,307	\$ 32,078,642	\$ 32,141,941
6,092,052	6,430,850	6,732,660	7,058,217	7,571,089	8,075,831
296,809	326,400	348,207	477,014	356,461	454,676
35,112,194	37,833,948	37,996,574	38,811,538	40,006,192	40,672,448
424,018	424,116	516,700	433,330	573,352	578,565
11,838,130	11,244,979	11,457,497	11,046,450	11,598,701	10,312,203
6,700	(47,531)	(32,398)	52,401	131,895	346,990
7,044,549	5,951,527	5,751,890	6,404,761	6,550,975	7,273,032
756,298	622,808	998,161	604,799	493,568	699,355
55,181,889	56,029,847	56,688,424	57,353,279	59,354,683	59,882,593
5,502,071	5,993,331	6,020,465	5,849,007	5,756,073	5,944,581
11,806,617	12,133,878	12,748,522	13,834,037	13,461,794	13,014,359
876,455	918,658	863,199	1,007,835	1,016,508	858,553
15,949,674	16,338,419	14,534,583	14,694,995	14,806,037	15,749,375
1,023,852	675,440	2,500,386	2,446,162	3,045,427	649,558
2,109,044	1,395,811	1,442,248	1,258,242	1,653,788	1,479,461
1,474,427	1,583,278	2,117,676	1,731,294	1,688,993	1,784,228
13,043,761	12,096,514	11,021,422	12,085,890	11,266,416	10,520,135
1,762,976	3,589,154	1,461,191	2,169,724	4,259,925	6,538,982
3,527,943	3,685,110	3,563,836	1,979,648	1,826,474	1,796,246
575,576	522,599	423,876	408,585	394,432	370,618
57,652,396	58,932,192	56,697,404	57,465,419	59,175,867	58,706,096
(2,470,507)	(2,902,345)	(8,980)	(112,140)	178,816	1,176,497
3,921,216	2,190,561	1,200,989	2,170,034	4,666,974	3,141,905
(3,921,216)	(2,190,561)	(1,200,989)	(2,195,123)	(4,942,064)	(3,468,841)
3,132,538	-	2,360,000	1,884,000	2,285,000	4,400,000
-	223,532	207,040	1,099,125	-	-
-	-	-	-	-	-
39,976	30,925	15,325	156,131	60,478	86,946
3,172,514	254,457	2,582,365	3,114,167	2,070,388	4,160,010
\$ <u>702,007</u>	\$ <u>(2,647,888)</u>	\$ <u>2,573,385</u>	\$ <u>3,002,027</u>	\$ <u>2,249,204</u>	\$ <u>5,336,507</u>
7.39%	7.56%	7.34%	4.31%	4.08%	4.00%

Person County, North Carolina
Schedule 6
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Sales Tax	Other Tax	Total
2009	\$ 27,027,814	\$ 7,329,525	\$ 267,885	\$ 34,625,224
2010	27,612,262	5,758,729	260,617	33,631,608
2011	27,343,883	5,542,646	237,858	33,124,387
2012	27,396,888	6,045,749	305,012	33,747,649
2013	28,723,333	6,092,052	296,809	35,112,194
2014	31,076,698	6,430,850	326,400	37,833,948
2015	30,915,707	6,732,660	348,207	37,996,574
2016	31,276,307	7,058,217	477,014	38,811,538
2017	32,078,642	7,571,089	356,461	40,006,192
2018	32,141,941	8,075,831	454,676	40,672,448

Person County, North Carolina
Schedule 7
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

(Page 1 of 2)

Fiscal Year	Real Property			Personal Property
	Residential Property	Commercial and Industrial Property (6)	Present-use Value (1)	
2009	\$ 1,955,049,093	\$ 344,322,630	\$ 82,361,719	\$ 646,958,261
2010	2,022,745,364	347,248,645	85,219,209	589,008,474
2011	2,017,610,282	348,220,349	85,789,028	604,180,027
2012	2,115,957,821	350,088,048	88,159,285	552,081,607
2013 (5)	2,046,536,959	389,719,494	91,468,827	725,549,333
2014	2,309,609,512	416,429,268	110,582,155	730,291,185
2015	2,317,684,346	426,682,434	112,156,063	666,236,563
2016	2,206,654,052	426,359,519	122,245,652	814,937,206
2017	2,227,240,421	428,570,249	123,815,353	883,731,276
2018	2,260,294,438	417,808,197	127,826,715	881,797,478

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

- (1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.
- (2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (5) Property revaluation is typically performed every four years. However, the last reassessment was implemented on January 1, 2012, meeting the eight year minimum time period for property revaluation. This was the basis for fiscal 2013 taxes.
- (6) The current tax office software does not differentiate between Commercial and Industrial Property value, therefore, this column is presented as a sum of the two.

Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
\$ 836,778,439	\$ 3,865,470,142	0.700	\$ 4,341,761,364
883,874,459	3,928,096,151	0.700	4,097,742,699
808,999,923	3,864,799,609	0.700	4,108,866,265
775,604,593	3,881,891,354	0.700	3,885,388,203
822,660,836	4,075,935,449	0.700	4,079,607,095
810,293,511	4,377,205,631	0.700	4,306,154,089
848,831,812	4,371,591,218	0.700	4,328,308,137
865,247,565	4,435,443,994	0.700	4,525,963,259
888,270,969	4,551,628,268	0.700	4,713,294,261
889,051,094	4,576,777,922	0.700	5,009,989,997

Person County, North Carolina
Schedule 8
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

(Page 1 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>
Person County (2)	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
<u>Overlapping Rates</u>					
City of Roxboro	0.6140	0.6140	0.6140	0.6140	0.6300

Note: (1) Real property was revalued on January 1, 2012

(2) Person County has no special districts or components of the total direct rate.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
0.6600	0.6600	0.6700	0.6700	0.6700

Person County, North Carolina
Schedule 9
Principal Property Tax Payers
Current Year and Nine Years Ago

(Page 1 of 2)

Taxpayer	Type of Business	Fiscal Year 2018		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 821,738,855	1	17.94%
Spuntech	Manufacturer	75,413,177	2	1.65%
CertainTeed	Manufacturer	70,900,318	3	1.55%
GKN Automotive, Inc.	Manufacturer	55,767,187	4	1.22%
Eaton Corporation	Manufacturer	52,091,148	5	1.14%
Piedmont EMC	Public utility	28,181,351	6	0.62%
Altec Capital	Finance Company	26,223,209	7	0.57%
Boise Cascade	Manufacturer	21,802,920	8	0.48%
Public Service Co of NC	Public utility	21,325,840	9	0.47%
Mastec	Construction	16,803,168	10	0.37%
Lousiana Pacific Corp	Manufacturer			
NC Eastern Municipal Power Agency	Public utility			
North Park Drive, LLC	Manufacturer			
US Flue Cured Tobacco Growers	Manufacturer			
Georgia Pacific Corporation	Manufacturer			
Central Telephone Co of NC	Public utility			
Totals		\$ <u>1,190,247,173</u>		25.99%

Source: Person County Tax Department

Fiscal Year 2009		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 777,952,230	1	19.92%
41,702,296	5	1.07%
64,833,557	2	1.66%
19,514,552	9	0.50%
45,778,527	3	1.17%
48,947,467	4	1.25%
33,854,793	6	0.87%
33,682,556	7	0.86%
22,320,633	8	0.57%
15,611,072	10	0.40%
\$ <u>1,104,197,683</u>		28.27%

Person County, North Carolina
Schedule 10
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Net Collections and Adjustments in Subsequent Years (Note 1)	Total Net Collections and Adjustments to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2009	\$ 26,893,083	\$ 26,334,282	97.92%	\$ 683,153	\$ 27,017,435	100.46%
2010	27,082,062	26,376,266	97.39%	690,417	27,066,683	99.94%
2011	27,504,654	26,789,298	97.40%	600,906	27,390,204	99.58%
2012	27,077,081	26,448,394	97.68%	611,205	27,059,599	99.94%
2013	27,206,121	26,561,528	97.63%	612,238	27,173,766	99.88%
2014	28,565,618	27,910,626	97.71%	429,453	28,340,079	99.21%
2015	30,622,680	30,227,699	98.71%	322,551	30,550,250	99.76%
2016	31,084,929	30,737,959	98.88%	239,807	30,977,766	99.66%
2017	31,882,532	31,506,743	98.82%	199,700	31,706,443	99.45%
2018	32,070,704	31,666,404	98.74%	-	31,666,404	98.74%

Source: Person County Tax Department

Note 1: Figure includes credits and other adjustments not significant to the total subsequent years' collections.

Person County, North Carolina
Schedule 11
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Purchase Agreements	Capital Leases			
2009	\$ -	\$ 19,570,000	\$ 457,778	\$20,027,778	\$ 520	1.73%
2010	-	16,625,000	369,510	16,994,510	431	1.47%
2011	-	18,030,000	280,856	18,310,856	465	1.57%
2012	-	14,740,000	189,798	14,929,798	378	1.22%
2013	-	14,438,120	96,273	14,534,393	371	1.18%
2014	-	10,849,283	223,532	11,072,815	282	0.85%
2015	-	9,645,448	343,175	9,988,623	255	0.74%
2016	-	9,870,612	1,121,487	10,992,099	280	0.79%
2017	2,285,000	8,351,776	801,284	11,438,060	291	0.79%
2018	2,132,667	11,357,940	551,207	14,041,814	357	N/A*

* Information not yet available

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

(1) See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Person County, North Carolina
Schedule 12
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
2009	\$ -	0.00%	0.00%	\$ -
2010	-	0.00%	0.00%	-
2011	-	0.00%	0.00%	-
2012	-	0.00%	0.00%	-
2013	-	0.00%	0.00%	-
2014	-	0.00%	0.00%	-
2015	-	0.00%	0.00%	-
2016	-	0.00%	0.00%	-
2017	2,285,000	0.16%	0.05%	58
2018	2,132,667	N/A*	0.05%	54

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

* Information not yet available

(1) See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See Schedule 7 for property value data.

Person County, North Carolina
Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

(Page 1 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Value of Property	\$ 3,865,470	\$ 3,928,096	\$ 3,864,800	\$ 3,881,891
Debt Limit, 8% of Assessed Value (Statutory Limitation)	309,238	314,248	309,184	310,551
Amount of Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 309,238</u>	<u>\$ 314,248</u>	<u>\$ 309,184</u>	<u>\$ 310,551</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note: NC Statute G.S.159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation.
The legal debt margin is the difference between the debt limit and the county's debt outstanding applicable to the limit,
and represents the county's legal borrowing authority.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 4,075,935	\$ 4,377,206	\$ 4,371,591	\$ 4,435,444	\$ 4,551,628	\$ 4,576,778
326,075	350,176	349,727	354,836	364,130	366,142
-	-	-	-	2,285	2,133
<u>\$ 326,075</u>	<u>\$ 350,176</u>	<u>\$ 349,727</u>	<u>\$ 354,836</u>	<u>\$ 361,845</u>	<u>\$ 364,010</u>
0.00%	0.00%	0.00%	0.00%	0.63%	0.58%

Legal Debt Margin Calculation:

Assessed value subject to taxation	\$ <u>4,579,613</u>
Debt limitation (8% of assessed value subject to taxation)	366,369
Debt applicable to the limit	
General Obligation bonds	<u>2,133</u>
Legal debt margin	\$ <u><u>364,236</u></u>

Person County, North Carolina
Schedule 14
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
City of Roxboro	\$ -	na	\$ -
Other debt			
City of Roxboro			
Capitalized leases	848,167	14.50%	122,963
Installment purchase obligations	2,536,415	14.50%	367,718
Subtotal, overlapping debt			<u>490,681</u>
Person County direct debt			<u>14,041,814</u>
Total direct and overlapping debt			<u><u>\$ 14,532,495</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Person County Tax Office. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Person County. This process recognizes that, when considering the County's ability to issue and repay long term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

For other debt the percentage of overlapping debt applicable is estimated using the City of Roxboro's property tax levy divided by Person County's property tax levy. This is the same ratio used to allocate sales tax revenues, which are levied by Person County and collected by the State of North Carolina, between the City and County.

Person County, North Carolina
Schedule 15
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public & Charter Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
2009	38,522	\$ 1,155,908	\$ 30,688	5,112	12.10%	7,358
2010	39,472	1,155,133	29,282	4,992	11.25%	6,970
2011	39,406	1,164,775	29,386	4,877	10.12%	6,597
2012	39,512	1,226,622	31,237	5,742	10.40%	5,259
2013	39,176	1,234,358	31,428	5,631	10.00%	5,223
2014	39,240	1,295,779	33,113	5,637	6.20%	5,859
2015	39,117	1,356,681	34,557	5,611	7.20%	6,630
2016	39,191	1,389,038	35,359	5,671	5.50%	6,422
2017	39,283	1,445,743	36,722	5,590	4.30%	6,569
2018	39,370	N/A*	N/A*	5,458	4.40%	7,232

* Information not yet available.

Notes:

- (1) US Census Bureau. Certified population estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (3) Person County Board of Education, Bethel Hill Charter School, and Roxboro Community School. Figures prior to 2012 represent the school enrollment for the Public Schools only.
- (4) NC Department of Commerce, Annual Average for ending fiscal year.
- (5) Total number of inspections performed by Person County Inspections Department. Does not include inspections by municipalities.

Person County, North Carolina
Schedule 16
Principal Employers
Current Year and Nine Years Ago

Employer	2018			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
GKN Automotive Components	720	1	4.06%	350	6	1.79%
Person County Board of Education	602	2	3.39%	779	1	3.99%
Duke Energy Progress	397	3	2.24%	370	5	1.90%
Person County Government	389	4	2.19%	377	4	1.93%
Eaton Corporation	303	5	1.71%	190	8	0.97%
Person Memorial Hospital	216	6	1.22%	400	2	2.05%
Piedmont Community College	183	7	1.03%	400	3	2.05%
Spuntech	180	8	1.01%	-	-	-
Wal-Mart Associates, Inc.	167	9	0.94%	328	7	1.68%
Louisiana-Pacific	152	10	0.86%	-	-	-
North American Aerodynamics	-	-	-	150	9	0.77%
Loxscreen Company	-	-	-	126	10	0.65%

Source: Person County Economic Development Authority

Person County, North Carolina
Schedule 17
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	43	44	43	42	47	49	53	54	57	59
Public buildings & grounds	3	-	-	-	-	-	-	-	-	-
Public safety	140	138	134	134	140	162	141	149	174	181
Transportation	10	10	11	12	12	12	10	11	14	14
Human services										
Social Services	84	86	82	83	83	92	97	99	95	101
Public Health	45	44	42	41	50	50	48	47	43	36
Other	35	31	30	32	27	25	25	23	28	25
Environmental protection	2	2	2	2	2	2	2	2	2	2
Economic and physical development	5	5	5	5	8	4	5	5	7	9
Cultural and recreation	17	16	14	16	16	27	25	28	33	29
Total	<u>384</u>	<u>376</u>	<u>363</u>	<u>367</u>	<u>385</u>	<u>423</u>	<u>406</u>	<u>418</u>	<u>453</u>	<u>456</u>

Source: County Finance Department

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are not included in the above numbers. Full time personnel work 1,950 or 2,080 hours per year depending on job classification (less vacation and sick leave).

Person County, North Carolina
Schedule 18
Operating Indicators by Function
Last Ten Fiscal Years

(Page 1 of 2)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Function				
Public Safety/Sheriff's Department & Jail				
Incident Reports	1,758	1,992	1,954	1,865
Calls for Service	14,907	18,234	23,281	17,393
Criminal Papers	6,216	5,376	3,412	5,316
Arrest Reports	1,625	1,705	2,755	3,001
Civil Papers	5,437	5,346	5,031	4,646
Gun Permits	815	690	529	563
Jail bookings	1,797	2,200	2,303	2,163
Average daily population	98	88	90	105
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	62,573	56,273	47,376	58,095
Public Safety/Code Enforcement				
Number of Building Permits Issued	278	312	277	312
Number of Mobile Home Permits Issued	75	36	46	22
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	337	307	636	582
Community Services/Library				
Items Added to Collection	6,092	5,238	4,800	5,215
Circulation	226,876	212,362	182,708	191,249
Internet Use	28,256	23,567	23,287	22,507
Program Attendance	4,061	6,217	5,864	6,910
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,318	2,331	2,412	2,478
Average # Family & Child Medicaid Cases	2,744	3,034	2,971	3,020
Average # Households Receiving Food Stamps	2,474	2,929	3,468	3,761
Average \$ Fraud Collections per Month	4,315	5,409	4,470	5,205
Education				
Public Schools enrollment	5,112	4,992	4,877	4,775
Charter Schools enrollment	791	903	956	967
Culture and Recreation				
Total park acreage	183	183	187	187
Number of parks	9	9	10	10

Sources:

Sheriff's Department
Jail
Emergency Communications
Code Enforcement
Public Library
Department of Social Services
Public Schools
Recreation, Arts & Parks

2013	2014	2015	2016	2017	2018
1,695	1,550	3,442	1,403	1,467	1,404
20,447	23,417	19,054	16,177	18,598	14,931
3,510	6,466	6,790	4,851	3,093	2,622
2,949	2,208	2,097	1,858	2,444	3,426
3,595	4,012	3,119	4,031	3,719	3,936
947	645	693	742	677	642
2,167	2,116	2,162	1,795	2,005	1,892
111	124	127	95	106	102
62,019	57,016	54,367	47,967	48,070	46,307
281	282	334	325	382	423
36	33	36	39	47	53
632	593	601	628	555	550
4,790	5,123	4,700	5,585	5,621	5,417
191,775	201,275	213,539	188,564	191,170	154,924
19,148	21,566	18,421	23,139	24,159	12,944
6,399	6,090	8,227	12,606	11,913	7,630
2,542	2,598	4,288	3,806	3,757	3,916
3,220	3,265	4,492	3,435	3,408	3,647
3,902	3,980	3,969	3,906	3,511	3,295
5,759	4,727	6,064	4,675	3,739	4,823
4,625	4,567	4,562	4,550	4,470	4,350
1,006	1,070	1,049	1,121	1,120	1,108
187	187	187	222	222	222
10	10	11	12	12	12

Person County, North Carolina
Schedule 19
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Public Safety										
Sheriff/Police (Stations)	2	2	2	2	2	2	3	3	3	3
Correction facility capacities	136	136	136	136	136	136	136	136	136	136
Fire stations	14	14	14	14	14	14	15	15	15	15
Highways and streets										
Paved	723	723	723	724	725	726	676*	676	677	677
Unpaved	50	50	50	49	48	47	34*	34	34	34
Culture and recreation										
Parks	9	9	10	10	10	10	11	12	12	12
Libraries	1	1	1	1	1	1	1	1	1	1
Education										
Schools	10	10	10	10	10	10	10	10	10	10

Sources:

Sheriff's Department
Jail
Inspections
NC Department of Transportation
Recreation, Arts & Parks
Public Library
Public Schools

*FY15 information shows a decrease in road miles due to previously inflated numbers reported by NCDOT.

COMPLIANCE SECTION

COMPLIANCE SECTION

**Independent Auditor's 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***

The Board of County Commissioners
Person County
Roxboro, North Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Person County, North Carolina (the "County") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December XX, 2018. Our report includes a reference to other auditors who audited the financial statements of the Person County ABC Board as described in our report on Person County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Person 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 the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section 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 in internal control may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control, that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2018-004 to be a material weakness.

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 in the accompanying schedule of findings and questioned costs as findings 2018-002 and 2018-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

The County's Response to Findings

Person County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Person 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.

Purpose of This Report

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



Raleigh, North Carolina
December 19, 2018

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; In Accordance
With OMB Uniform Guidance and the State Single Audit Implementation Act**

The Board of County Commissioners
Person County
Roxboro, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Person County, North Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2018.

Report on Internal Control over Compliance

Management of Person 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 Person County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Person 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Raleigh, North Carolina
December 19, 2018

**Independent Auditor's Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance; In Accordance with
OMB the Uniform Guidance; and the State Single Audit Implementation Act**

The Board of County Commissioners
Person County
Roxboro, North Carolina

Report on Compliance for Each Major State Program

We have audited Person County, North Carolina's (the "County") 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 the County's major state programs for the year ended June 30, 2018. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 preceding 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, significant deficiencies or material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses. However material weaknesses may exist that have not been identified.

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



Raleigh, North Carolina
December 19, 2018

Person County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to the financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance
2 CFR 200.516(a): Yes X No

Identification of major federal programs:

CFDA Number

10.561

93.558

93.778

Name of Federal Program or Cluster

Supplemental Nutrition Assistance Program (SNAP) Cluster

Temporary Assistance for Needy Families (TANF) Cluster

Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance
with the State Single Audit Implementation Act: Yes X No

Identification of major state programs:

State Aid to Airports

Public School Building Capital Fund

Other major state programs include Medical Assistance Program (Medicaid) which has a state match on the federal programs. Therefore, these programs have been included in the list of major federal programs above.

II. FINANCIAL STATEMENT FINDINGS

Finding 2018-001, Failure to Complete to Pre-Audit Certification

Criteria or specific requirement: Per N.C.G.S. § 159-28, “if an obligation is reduced to a written contract or written agreement requiring the payment of money, or is evidenced by a written purchase order for supplies and materials, the written contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance” with the statute.

Conditions: There were four instances where purchase orders did not have the pre-audit certification.

Effect: The lack of documentation of the pre-audit certification is a violation of N.C.G.S. § 159-28.

Cause: The system used to generate purchase orders was not pre-programmed to include the pre-audit certification on the face of the purchase orders.

Recommendation: We recommend that the system be programmed to include the pre-audit certification on all purchase orders, and that management implement procedures to ensure that automated controls are operating effectively.

2018-002: Segregation of Duties – Person Industries

Criteria or specific requirement: Incompatible duties should be separated so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction.

Conditions: There is only one individual with access to the QuickBooks file used to track receivables and payments. In addition, this individual collects payments, has access to stored cash, prepares the bank deposit and is responsible for providing supporting documentation to Finance.

Effect: Lack of separation of duties increases the likelihood for misappropriation or error.

Cause: A small staff and unassigned duties give rise to the issue.

Recommendation: We recommend that the County review the duties of all personnel and isolate any incompatible accounting functions that are the responsibility of one employee, and reassign responsibility for these duties, and create a supervisory review of these functions.

Person County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2018

2018-003: Person Industries Deposits

Criteria or specific requirement: All transactions should be recorded in a sub- ledger consisting of a point-of-sale (POS) or other cashiering system which is maintained separately from related bank deposit records.

Conditions: Monies collected from Vocational Rehab for services provided (donations, electronics brought into the Recycling Center, etc.) are not recorded in a sub-ledger.

Effect: The lack of supporting documentation and absence of a sub-ledger increases the opportunity for errors or misappropriation of assets.

Cause: Quickbooks is available as a sub-ledger, but is not being used to record all transactions.

Recommendation: We recommend all transactions be recorded in a sub-ledger, including voids, refunds, and receivables.

2018-004: Claims Incurred but Not Reported

Criteria or specific requirement: All liabilities of the County should be accrued for the full amount and reconciled to supporting documentation.

Conditions: The County did not record incurred but not reported claims in the amount of \$484,945 at June 30, 2017.

Effect: Fund balance in the Self-Insured health fund was understated as of June 30, 2017 by \$484,945, the estimate of IBNR provided by the County's benefit administrator.

Cause: There was an error in the calculation used to estimate the prior year liability.

Recommendation: We recommend that the County work with a third party actuary to ensure that the IBNR claims provided by their benefits administrator is estimated on an actuarial basis. Further, the IBNR estimate should be recorded on the County's general ledger and adjusted annually based on the estimate provided by the third party actuary.

Person County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported



Person County – Corrective Action Plan

II. FINANCIAL STATEMENT FINDINGS

2018-001 - Failure to Complete a Pre-Audit Certification

Recommendation: We recommend that the system be programmed to include the pre-audit certification on all purchase orders, and that management implement procedures to ensure that automated controls are operating effectively.

Corrective Action Plan: Management concurs with the finding and recommendation. Procedures have been implemented with the County's accounting software vendor to provide a pre-audit statement and signature field for the Finance Director's authorization that now complies with the pre-audit certification requirements provided by N.C.G.S. § 159-28.

Proposed Completion Date: August 2018

Name of Contact Person: Amy Wehrenberg, Finance Director

2018-002: Segregation of Duties – Person Industries

Recommendation: We recommend that the County review the duties of all personnel and isolate any incompatible accounting functions that are the responsibility of one employee, and reassign responsibility for these duties, and create a supervisory review of these functions.

Corrective Action Plan: Management concurs with the finding and recommendation. Procedures have been reviewed and tasks have been distributed to other staff to address the separation of duties issue. There has been a significant turnover of staff (ie. retirements) in the past year that have temporarily complicated Person Industries' efforts to assign tasks to other available personnel. This has been resolved with the replacement of vacant positions and the delegation of duties between employees.

Proposed Completion Date: October 2018

Name of Contact Person: Amy Wehrenberg, Finance Director

2018-003: Person Industries Deposits

Recommendation: We recommend all transactions be recorded in a sub-ledger, including voids, refunds, and receivables.

Corrective Action Plan: Management concurs with the finding and recommendation. Person Industries staff created a sub-ledger report that includes all associated accounting transactions included in their Quickbooks report which is submitted to the Finance Director on a monthly basis for review and reconciliation to the County's financial reports.

Proposed Completion Date: July 2018

Name of Contact Person: Amy Wehrenberg, Finance Director

2018-004: Claims Incurred but Not Reported

Recommendation: We recommend that the County work with a third party actuary to ensure that the IBNR claims provided by their benefits administrator is estimated on an actuarial basis. Further, the IBNR estimate should be recorded on the County's general ledger and adjusted annually based on the estimate provided by the third party actuary.

Corrective Action Plan: Management concurs with the finding and recommendation. The prior audit firm typically preferred to record the IBNR balances as part of their audit adjustments. It was discovered by the new audit firm staff that part of this entry was not performed for fiscal year 2017. During discussions over this issue, it was decided that the Finance Director would work directly with the benefits administrator to obtain this information and record the IBNR entries in the future as recommended.

Proposed Completion Date: July 2018

Name of Contact Person: Amy Wehrenberg, Finance Director

Sincerely,





Person County – Summary Schedule of Prior Audit Findings

For the year ended June 30, 2018

Finding: 17-1 Material Weakness Non-Material Non-Compliance
Liquid Assets and Reserve Calculations for Eligibility

Condition: Twenty adult Medicaid cases contained forty errors for not correctly calculating resources for the countable reserves.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

Finding: 17-2 Significant Deficiency
Income Verification and Budget Calculations for Eligibility

Condition: There were 7 cases that contained 8 errors regarding budget calculations and income verification.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Federal Awards:					
U.S. Department of Agriculture:					
Passed-Through N.C. Department of Health and Human Services					
Division of Social Services:					
(a) State Administrative Matching Grants for the Supplemental					
Nutrition Assistance Program (SNAP) Cluster	10.561		\$ 490,104	\$ -	\$ -
Passed-Through N.C. Department of Health and Human Services					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infant, & Children	10.557	403, 404, 405	215,689	-	-
Total U.S. Department of Agriculture			<u>705,793</u>	<u>-</u>	<u>-</u>
Department of Homeland Security					
Passed-Through NC Department of Public Safety:					
Emergency Management Performance Grants	97.042		38,641	-	-
Total U.S. Department of Homeland Security			<u>38,641</u>	<u>-</u>	<u>-</u>
U.S. Department of Transportation:					
Federal Transit Administration (FTA)					
Passed through the N.C. Department of Transportation:					
Formula Grants for Rural Areas	20.509		123,417	7,713	-
Federal Aviation Administration (FAA)					
Passed through the N.C. Department of Transportation:					
Airport Improvement Program	20.106		138,590	72,666	-
Total U.S. Department of Transportation			<u>262,007</u>	<u>80,379</u>	<u>-</u>
U.S. Department of Health and Human Services:					
Division of Aging and Adult Services					
Passed through Kerr Tar Council of Governments:					
<u>Aging Cluster:</u>					
Special Programs for the Aging-Title III B Grants for Supportive Services	93.044		34,453	237,805	272,258
and Senior Centers					
Special Programs for the Aging-Title III C Nutrition Services	93.045		47,178	2,776	49,954
Nutrition Services Incentive Program	93.053		9,941	-	9,941
Total Aging Cluster			<u>91,572</u>	<u>240,581</u>	<u>332,153</u>
Passed-Through the N.C. Department of Health and Human Services					
Division of Social Services:					
<u>Foster Care and Adoption Cluster: (Note 3)</u>					
Foster Care - Title IV-E	93.658		182,172	18,720	
Adoption Assistance	93.659		2,780	-	-
Foster Care - Title IV-E Direct Benefit Payments	93.658		216,638	65,221	
Total Foster Care and Adoption Cluster (Note 3)			<u>401,590</u>	<u>83,941</u>	<u>-</u>
<u>Temporary Assistance for Needy Families Cluster:</u>					
(a) Temporary Assistance for Needy Families (TANF/Work First) Cluster	93.558		263,289	-	-
Child Support Enforcement	93.563		419,212	-	-
Low-Income Home Energy Assistance:					
Crisis Intervention Program	93.568		160,966	-	-
Administration	93.568		25,652	-	-
Energy Assistance Program-Direct Benefit Payments	93.568		195,428	-	-
Total Low-Income Home Energy Assistance			<u>382,046</u>	<u>-</u>	<u>-</u>

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Stephanie Tubbs Jones Child Welfare Services Program					
Permanency Planning-Families for Kids	93.645		-	-	-
Social Service Block Grant (SSGB)					
Adult Day Care (Division of Adult and Aging Services)	93.667		15,240	13,374	-
In-Home Services	93.667		11,304	-	-
Adult Protective Services	93.667		24,539	-	-
Child Protective Services - TANF to SSBG	93.667		72,033	-	-
Social Services Block Grant Administration	93.667		260,878	-	-
Total Social Service Block Grant (SSGB)			383,994	13,374	-
Chafee Foster Care Independence Program	93.674		14,604	-	-
Family Preservation	93.556		29,441	-	-
Total Division of Social Services			1,894,176	97,315	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Child Development and Early Education:					
Subsidized Child Care (Note 3)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care and Development Mandatory and Match Fund - Administration	93.596		80,000	-	-
Division of Child Development:					
Child Care Development Block Grant	93.575		95,508	-	-
Child Care Development Fund - Mandatory	93.596		13,000	-	-
Child Care Development Fund - Match	93.596		51,713	28,548	-
Total Child Care Development Fund Cluster			240,221	28,548	-
(a) Temporary Assistance for Needy Families	93.558		10,586	-	-
State Appropriations	N/A		-	59,053	-
TANF - MOE	N/A		-	23,170	-
Total Subsidized Childcare Cluster (Note 3)			250,807	110,771	-
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services</u>					
Administration:					
State Children's Health Insurance Program - N.C. Health Choice	93.767		37,152	14	-
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services</u>					
Administration					
(a) Medical Assistance Program Cluster	93.778		1,388,422	5,935	-
<u>Center for Disease Control and Prevention</u>					
Passed-Through N.C. Department of Health and Human Services:					
<u>Division of Public Health:</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency					
Preparedness (PHEP) Aligned Cooperative Agreements	93.074		31,510	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		50	-	-
Preventive Health and Health Services Block Grant funded solely with					
Prevention and Public Health Funds (PPHF)	93.758		36,174	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization					
Infrastructure and Performance financed in part by Prevention and					
Public Health Funds	93.539		10,446	-	-
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	609, 825	692	-	-
Total Centers for Disease Control and Prevention			78,872	-	-

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Health Resources and Service Administration:</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Maternal and Child Health Services Block Grant	93.994		63,110	25,450	-
<u>Office of Population Affairs:</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Family Planning Services	93.217		28,363	-	-
Total U.S. Department of Health and Human Services			3,832,474	480,066	332,153
U.S. Department of Justice:					
<u>Criminal Division</u>					
Equitable Sharing Program	16.922		7,167	-	-
Total U.S. Department of Justice			7,167	-	-
Total Federal Awards			4,846,082	560,445	332,153
State Awards:					
N.C. Department of Administration:					
Veterans Affairs			-	2,175	-
N.C. Department of Cultural and Natural Resources:					
Division of State Library					
State Aid to Public Libraries			-	120,048	-
N.C. Department of Public Instruction					
(a) Public School Building Capital Fund			-	961,792	-
N.C. Department of Health and Human Services:					
<u>Division of Social Services:</u>					
SFHF Maximization - Direct			-	65,636	-
Foster Care at Risk - Direct			-	445	-
State Foster Care Benefits Program - Direct			-	60,246	-
CWS - Direct Benefits Payments			-	86,988	-
Energy Program			-	1,834	-
Incent/Program Integrity			-	248	-
CPS Expansion			-	101,809	-
Total Division of Social Services			-	317,206	-
Division of Public Health:					
General Aid to Counties		110	-	85,814	-
General Communicable Disease Control		715, 510	-	4,398	-
Tuberculosis		551	-	9,308	-
Breast Cancer and Cervical Cancer Control			-	-	-
TB Medical Services			-	540	-
School Nurse Funding Initiative			-	150,000	-

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Food and Lodging Fees			-	6,942	-
Child Health			-	253	-
Sexually Transmitted Diseases			-	500	-
Maternal Health (HMHC)			-	3,370	-
HMHC - Family Planning			-	7,480	-
WHSF			-	11,616	-
HIV/STD State			-	400	-
HIV/STD SSBG Aid			-	100	-
Total Division of Public Health			-	280,721	-
Total N.C. Department of Health and Human Resources			-	597,927	-
N.C. Department of Public Safety					
Governor's Crime Commission					
JCPC Funds		692	-	123,213	123,213
N.C. Department of Transportation:					
(a) State Aid to Airports			-	386,192	-
DOT Cluster					
ROAP - Elderly and Disabled Transportation Assistance Program		827T	-	63,165	14,000
ROAP - Work First		828T	-	11,297	-
ROAP - Rural General Public Program		829T	-	72,666	-
Total DOT Cluster			-	147,128	14,000
Total N.C. Department of Transportation			-	533,320	14,000
N.C. Department of Environmental Quality:					
<u>Division of Soil and Water Conservation:</u>					
Soil and Water Distribution Grant			-	28,984	-
<u>Division of Waste Management:</u>					
Electronics Management Program			-	3,171	-
Total N.C. Department of Environmental Quality			-	32,155	-
Total State Awards			-	2,370,630	137,213
Total Federal and State Awards			\$ 4,846,082	\$ 2,931,075	\$ 469,366

(a) Major federal/state program

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 (SEFSA) includes the federal and State grant activity of Person County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Person County, it is not intended to and does not present the financial position, changes in net position or cash flows of Person County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Person County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster 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