

Person County, North Carolina

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2020



Prepared by the
Person County Finance Department
Issued June 2021

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
June 24, 2021

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, 2020.

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, 2020, 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, 2020, 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.

Description of the 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 three members of the Person County ABC Board (the "ABC Board") and the Person County Tourism Development Authority, the government-wide statements include both entities as discretely presented component units.

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.

Local Economy

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.

At the start of FY20, Person County, NC, was experiencing steady employment with a record low unemployment rate of 3.6% going into the COVID-19 pandemic. Average annual wages for Person County rose from \$40,698 in 2019 to \$42,249 in 2020. The mandated shutdown from the pandemic impacted all industries, but most impacted was the retail sector, which is Person County's top employment sector. However, many workers who typically commuted out of the county began to work from home and shop locally or online for purchases that would normally take place in surrounding areas. This caused an increase in local sales tax revenues. The Economic Development Department's focus shifted sharply from marketing and recruitment to business support services, including emergency loans for small businesses.

FY 2020 Economic Development efforts in Person County focused on the following:

- Product development – The Person County Economic Development Department and Economic Development Commission continued to pursue the USACE permit for the Person County Mega Park. The Director continued to oversee the waterline construction to the megasite. Other sites were reviewed by the EDC for future development.
- Marketing and Business Development – The Director participated in travel and conferences for megasite target industry sectors such as SEMICON WEST for semiconductor, 7x24 for data centers, and also toured the Tesla Gigafactory in Nevada for battery manufacturing and electric vehicles. A new website and branding initiative was completed.
- Existing Industry and Small Business Support – Person County partnered with Durham to seek to establish an advanced manufacturing sector cluster for the region. Economic Development (ED) staff set up the COVID PIVOT Loan Program as emergency assistance for small businesses and supported "Keep Roxboro Running", an initiative to support shopping local. The Director traveled to Polywood's headquarters in Indiana to see the operation and help encourage and support future expansion in NC. COVID-19 resources were tracked and shared frequently with local business and industry and posted in a special location on the EDC website.
- Recruitment – Site visits were halted during the pandemic and many projects were placed on hold pending the outcome and economic impacts.
- Workforce Development – The EDC supported the 6-14 Workforce Pipeline Plan in its second year. Person County worked with Semi, a target sector industry association to pursue a partnership in making the region a pilot location for SEMIWORKS training certification program. The Director and PCC President participated in regional workforce efforts with southern Virginia and NAWB.
- Administrative – The ED Department moved to a new location with additional space for staff, storage, and meeting space in an effort to be more efficient. A Senior Administrative Support Specialist was hired for the department in August 2020, filling a vacancy that had spanned 13 months. The Director position was filled in April 2020 and obtained the CECD professional accreditation in October 2020.

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). The Commission is made up of business, professional and elected leaders and citizens. ED staff works closely with this board and other affiliate partners to enhance opportunities for positive economic outcomes for Person County and its citizens.

Agriculture is a major contributor to the Person County Economy. Agriculture and Agribusiness generate over \$92 million in value-added income and provides 20% of Person County's jobs. Tobacco is still the top revenue-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, specialty, greenhouse crops, vegetables, beef cattle, hogs, goats, horses, and sheep. Person County citizens enjoy the locally produced foods provided by Person County farms. Consumers enjoy knowing how their food was grown or raised and are making more food purchases at farmers' markets and farm stands across the County. This benefits farms, families, and communities by keeping dollars circulating locally.

The Visit NC Farms app is live and helps people connect with farms in Person County and across the Kerr-Tar COG region. Interest in industrial hemp has leveled off, with a value-added processor currently being established in the County. Improved marketing options will help make this a viable crop alternative for Person County growers.

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. However, in FY20, Person County's Recommended Capital Improvement Plan ("CIP") for the years 2021-2025 was delayed due to the great uncertainty of economic impacts from the Covid-19 pandemic. Only two CIP projects for Piedmont Community College and one for the Public Schools were adopted for FY21 until the following year when FY22's CIP was presented and approved in May 2021. The CIP 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. Although a full plan did not materialize in FY20 for the next year, the County was still able to address the most immediate needs that were requested by PCC and the Schools. The CIP usually 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 February 2019, the Person County Board of Commissioners approved to enter into a contract with DEC Associates, a financial consulting firm, primarily to create a debt model that will assist the County with management of its Financial and Capital Plan Program. Their plans for implementation of the initial financial planning phase which included the determination of financing capacity available for the general government and County school needs, and preparation of a comprehensive plan and financial model was also delayed until Spring 2021 due to Covid-19, as well as the County's cyber incident at the end of May 2020 that prevented the availability of data required for the debt model. DEC Associates will be assisting with preparation of a written financial policy with specific consideration of Local Government Commission requirements, rating agency impacts and future flexibility. Further analysis and data collection began again in March 2021, which concluded with a presentation of the debt model to the Board of Commissioners in May 2021. Further discussion and policy development around the new debt model will continue into FY22 as the Board considers many of the funding options that were presented by DEC for the large amount of deferred projects for the Schools.

Although there were many discussions regarding capital needs for the public schools, there were no proposed financings during FY20. The Board decided to delay the approval of any major capital projects for the schools until the impacts of the pandemic were known, and the new debt consultants had time to perform analysis on the County's fiscal ability to address these issues.

Relevant Financial Policies

Covid-19 Leave and FMLA Program

The Families First Coronavirus Response Act (FFCRA) established emergency paid sick leave and expanded family and medical leave from full and part-time employees from April 1, 2020 through December 31, 2020. However, Person County extended emergency paid sick leave to all employees who had not already exhausted their leave through January 31, 2021 due to the fact that the COVID-19 infection rate continued to rise. The total cost paid out to employees in FY20 who used this leave under the FFCRA was \$33,174.

Teleworking Policy

In an effort to ensure the safety of employees and continue providing service to our citizens during the COVID 19 pandemic, the BOC approved a temporary teleworking policy in March 2020 that allowed employees to work remotely through June 2020. Person County extended teleworking privileges past June in order to accommodate employees who have school aged children that participated in virtual learning. Fortunately, the Information Technology Department incurred minimal cost since they were able to redistribute available laptops between departments that prevented the need to purchase new laptops for this program in FY20.

Major Initiatives

Coronavirus Response

On May 7, 2020, NC Local Governments were informed by the State about available funding from the Coronavirus Relief Fund (CRF) established under the CARES Act. All counties were required to submit a plan on how they proposed to use its share of funds. The first allotment to Person County was received in June 2020 for \$892,515. The plan submitted to the State included a portion to the City of Roxboro to assist with their pandemic response, expenditures for cleaning supplies, personal protective equipment,

installation of barriers, salary and benefit costs for staffing that were significantly dedicated to Covid-19 response, and medical supplies, just to name a few. Funds had to be used for expenditures that were incurred between March 1, 2020 and December 30, 2020, although was later extended until the end of December 2021. Many other Covid stimulus funds became available through the CARES Act that provided various departments such as Elections, Person Area Transportation Systems (PATS), Parks and Recreation, EMS, and Economic Development, with the funding support to procure equipment and provide the services necessary to respond as necessary for the citizens of Person County.

The Person County Health Department has led the COVID-19 response, working in the trenches prior to the notification of the first Person County case on March 24, 2020. The PCHD set up a hotline and email to respond to community questions and concerns about COVID-19. The Environmental Health Team has worked continually with childcare centers, long-term care facilities, restaurants, and other businesses to address coronavirus concerns and to implement infection control practices to prevent the spread of COVID-19.

The County's Emergency Operations Center (EOC) within the Office of Emergency Management (OEM) was activated and continues to date assisting Healthcare agencies, county and city departments, schools, and nonprofit providers as well as coordinating State, Federal and Private Sector resources. This EOC activation has been the County's longest activation in history and continues today processing hundreds of resource requests, coordinating meetings and serving as the County's liaison to the state and federal government for reporting and recovery. The Department's EMS Division saw an increase of 425 calls during 2020. To support the increase in calls and protocol changes as a result of COVID, EMS experienced an increase of cost in medical supplies, vehicle fuel and maintenance cost. There was also an increase of overtime within each division (OEM, EMS, and 911) to meet the call demand and employee medical leave.

Cybersecurity Response

On the evening of May 30, 2020, Person County suffered a ransomware attack. A State of Emergency was declared and an Emergency Operations Center was activated to manage the day-to-day operations. State and Federal agencies were brought in to assist at no cost to the County. A third-party vendor was selected to assist in the recovery efforts. The anti-virus solution was replaced as well as the email system. A Security Operations Center was contracted to perform network monitoring and provide assistance with the management of the County's cyber security system. Contractors were brought in to assist with data entry, server restoration, and machine imaging. Laptops and hotspots were loaned from external sources to provide departments' access to solutions hosted outside of the Person County network until the network infrastructure was restored. Departments were without landlines for approximately one week. During that time, loaner cell phones were deployed and the main number for each department was forwarded to designated phones so that calls from the public could continue to be received and managed. IT staff worked 10-12 hour days, 6 days a week through the end of FY20 to restore services and network functionality. While some effects can still be found today, the majority of the infrastructure was restored within six months and certain services were restored as quickly as one week after the incident. Person County continues to invest in the improvement of its security posture and understands that this is an ever-evolving, ongoing responsibility.

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 the Runway 6 Obstruction Removal Project and a Corporate Hangar Project. The Runway 6 Obstruction Removal project involves the removal of trees around the airport that penetrate the approach/missed surfaces. Funding for this project was held up due to the Covid pandemic. Person County is currently waiting on NCDOT's authorization to bid out this project. The Corporate Hangar project was bid out in October 2020 and awarded to general contractor "Cooper Tacia" of Raleigh, NC. Expected ground breaking is June 2021 with completion around May 2022. During FY 2020, most of the work on this project involved planning and design of the new proposed hangar. This project is funded primarily with County dollars, with some funding for environmental work sourced from Non-Primary Entitlement funds. 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 for an Airport Runway Extension, which was approved in June 2017. This project has since been moved out to 2029 due to planned NCDOT funding. 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. A new project, Runway 6-24, Connector Taxiways & Apron Rehabilitation, has tentatively been approved by NCDOT and the design work should be starting soon. 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 and Wireless Broadband Projects

Person County allocated approximately \$3M to install 52 miles of fiber which will provide improved broadband connectivity to county and city facilities and the four newly constructed public safety communication towers. The Bushy Fork fiber route was fully installed and activated. Both Mt. Tirzah and Woodland towers were online and serving customers before June 30, 2020. Fiber would not be deployed until spring of 2021. The Pandemic combined with multiple severe weather events caused a considerable delay in the completion of this project. RiverStreet, a public-private partner with Person County for broadband expansion, secured an Indefeasible

Right of Use (IRU) for two strands of fiber from Person County along the new fiber infrastructure in FY 2020. RiverStreet also partnered with Piedmont Electric Membership Cooperation (PEMC) to provide hotspots in strategic areas for families needing internet services for their children who were participating in remote learning.

Waste Management

FY 2020 had several developments related to the Agreement for Continued Development, Use, and Operation of the Upper Piedmont Regional Landfill between Person County and Republic Services, LLC. In response to the COVID-19 impact on services, the Board of Commissioners adopted a Fifth Amendment to the Agreement temporarily waiving the average maximum annual disposal rate (600 tons of waste per day). This Fifth Amendment allowed Republic to accept up to 2,000 tons per day during the Pandemic or until June 30, 2020 as granted by the NC Department of Environmental Quality Division of Waste Management. This was extended again by a Sixth Amendment, approved by the Board in June 2020.

Compression Study

In the early part of 2019, Person County contracted with Piedmont Triad Regional Council to perform a compression study for Person County employees. To address the reported compression issues, the Person County Board of Commissioners agreed to fund the necessary salary adjustments in two phases, with certain departments to be implemented in FY20 and the remaining in FY21. The actual cost for the departments in Phase I was \$122,828.

Banking Services Transition

The Finance Department was notified on February 12, 2020 that the County's depository, SunTrust Bank, was scheduled to be sold to First Horizon National Corporation in June 2020, prior to the merger of SunTrust Bank with BB&T, later to be renamed Truist Financial Corporation. Due to the fact that the sale of the local branch was going to occur well before the formal merger of SunTrust and BB&T, the County faced the necessity of quickly securing banking services with BB&T in order to prevent a major disruption to transactions such as the ability to make deposits, cash checks, etc. On March 23rd, the County entered into a depository contract with BB&T to establish accounts at their branch with the same services, rates, and agreement terms as was provided by SunTrust. All of the County's bank accounts were successfully transitioned over in Early-May 2020 to BB&T. It is anticipated that all prior accounts with SunTrust can be closed at the end of 2021.

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 for the fiscal year ended June 30, 2019. This was the thirty-second 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 comprehensive annual financial report. 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 comprehensive annual financial report 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 Debbie Whitfield who assisted with providing auditors with much of the financial data, a significant challenge for FY20's audit process given the County's cyber incident in May 2020. 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, 2019

Christopher P. Morill

Executive Director/CEO

COUNTY OF PERSON LIST OF PRINCIPAL OFFICIALS



Board of County Commissioners

Gordon Powell, Chairman
Kyle W. Puryear, Vice-Chairman
PJ Gentry
Charlie Palmer
Derek Sims

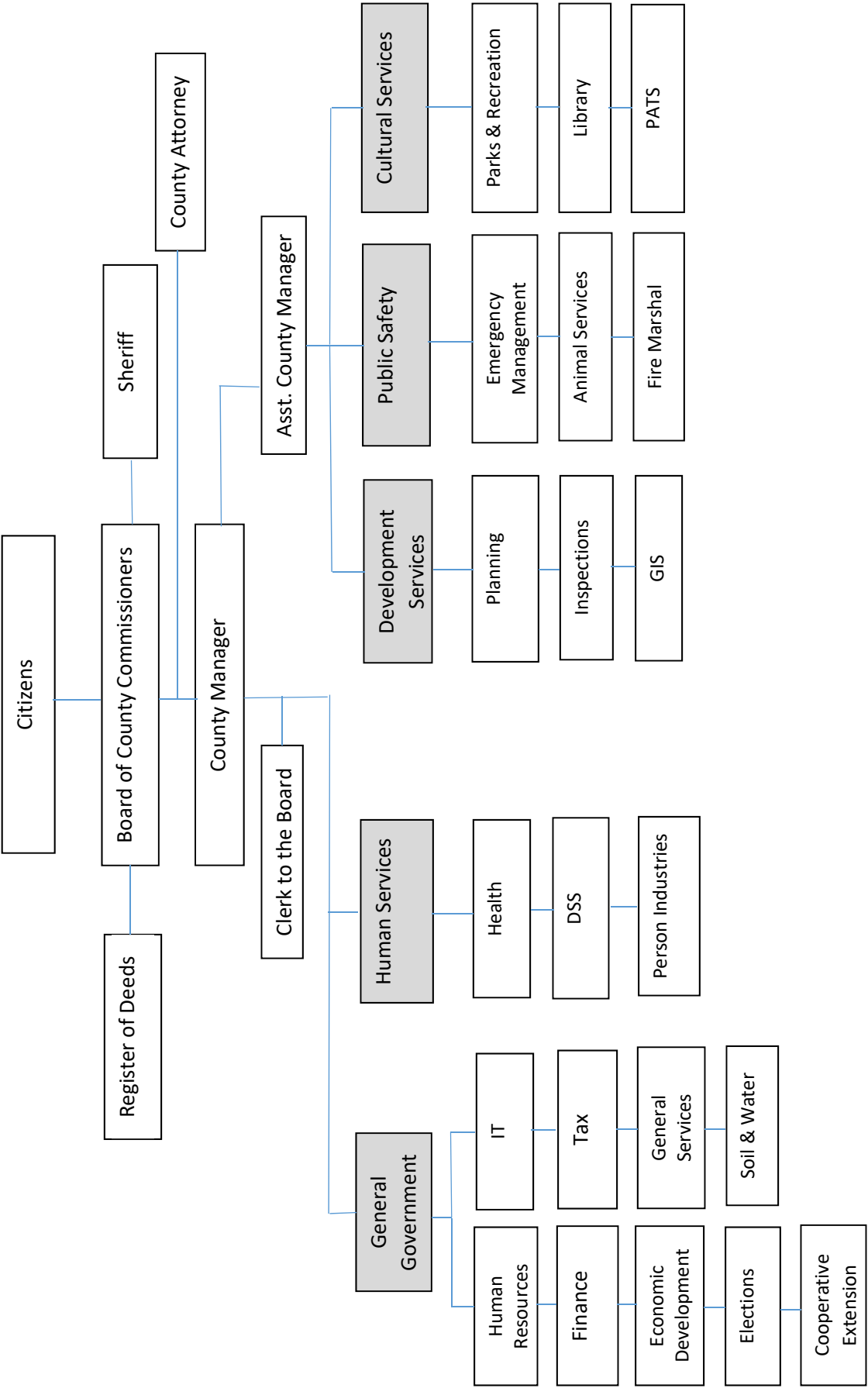
County Manager

Heidi York

Finance Director

Amy Wehrenberg

PERSON COUNTY GOVERNMENT



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, 2020, 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 Tourism Development Authority or Person County ABC Board, which represent 100% 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 Tourism Development Authority and 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, 2020, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits Schedule of Changes in 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, the Register of Deeds' Supplemental Pension Fund Schedule of the Proportionate Share of the Net Pension Asset and Schedule of Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, 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 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 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.

Supplementary and Other Information, Continued

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 June 24, 2021 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 black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
June 24, 2021

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2020

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, 2020. 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 \$68,792,892 (*net position*).
- The government's total net position increased by \$3,620,333 when compared to the previous fiscal year, primarily due to the reduction of expenses in Human Services. Other contributing factors to the increase in net position are 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 \$39,420,677, an increase of \$4,063,726 on a comparable basis with the prior year. Approximately 32% of this total amount, or \$12,700,287, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,680,799, which represents 30.8% of total General Fund expenditures and outgoing transfers for the fiscal year.
- Person County's total debt decreased by \$1,866,038 (3.6% of total governmental expenditures) during the current fiscal year. This reduction in debt is due to scheduled debt repayments during the year.
- 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

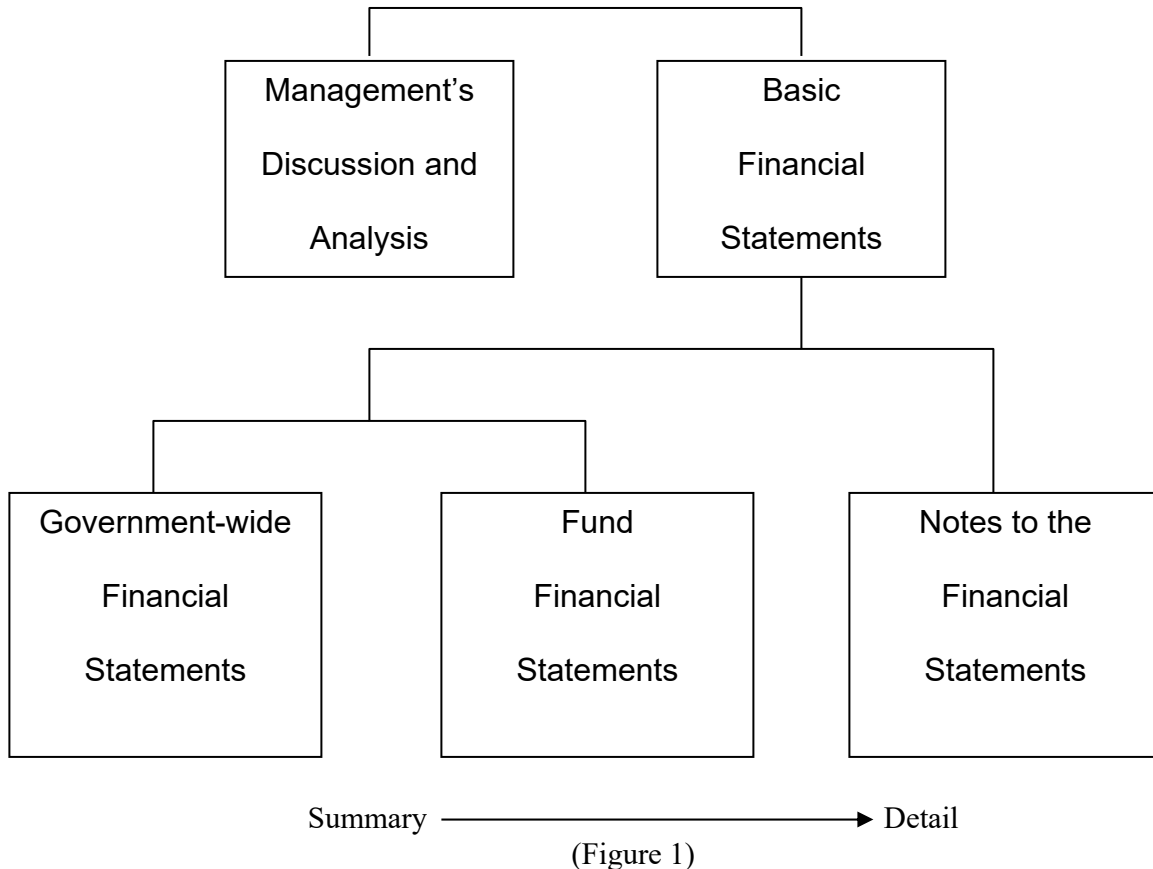
This discussion and analysis are intended to serve as an introduction to Person County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see 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, 2020

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, 2020

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 Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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, 2020

and the Statement of Activities) and governmental funds is described in a reconciliation that is 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.

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.

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 37 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 73 of this report.

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

For the Year Ended June 30, 2020

Government-wide Financial Analysis

The following table summarizes Net Position at June 30, 2020 and 2019:

PERSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 42,654,559	\$ 38,775,060	\$ 596,456	\$ 528,564	\$ 43,251,015	\$ 39,303,624
Capital assets	49,135,285	49,330,068	-	-	49,135,285	49,330,068
Total assets	91,789,844	88,105,128	596,456	528,564	92,386,300	88,633,692
Total deferred outflows of resources	8,550,368	8,329,612	-	-	8,550,368	8,329,612
Long-term liabilities outstanding	28,557,602	28,776,870	-	-	28,557,602	28,776,870
Other liabilities	2,852,311	2,141,485	32,014	5,659	2,884,325	2,147,144
Total liabilities	31,409,913	30,918,355	32,014	5,659	31,441,927	30,924,014
Total deferred inflows of resources	701,839	871,887	-	-	701,839	871,887
Net position						
Net investment in capital assets	38,473,970	37,183,541	-	-	38,473,970	37,183,541
Restricted	12,595,100	9,600,668	-	-	12,595,100	9,600,668
Unrestricted	17,159,390	17,860,289	564,442	415,658	17,723,832	18,275,947
Total net position	\$ 68,228,460	\$ 64,644,498	\$ 564,442	\$ 415,658	\$ 68,792,902	\$ 65,060,156

The assets and deferred outflows of resources of Person County exceeded liabilities and deferred inflows of resources by \$68,792,892 as of June 30, 2020. The County's net position increased by \$3,620,333 for the fiscal year ended June 30, 2020. Net position of \$38,473,970 (56%) 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 \$12,595,100 (18%) at June 30, 2020. The remaining balance of \$17,723,822 (26%) 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 increased from the previous year from 98.8% to 98.98%. The overall tax collections for current year's taxes increased by \$1,136,286.
- Increase in sales tax collections, a major source of revenue for the County.

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

For the Year Ended June 30, 2020

- Continued low cost of debt due to the County's high bond rating and the paydown of current debt service.
- Aggressive pursuit of grants funding for County projects.
- 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, 2020 and 2019 for governmental activities:

PERSON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 6,365,929	\$ 7,015,520	\$ 279,446	\$ 278,791	\$ 6,645,375	\$ 7,294,311
Operating grants and contributions	10,500,771	9,609,588	-	-	10,500,771	9,609,588
Capital grants and contributions	1,692,188	658,693	-	-	1,692,188	658,693
General revenues						
Property taxes	34,906,804	32,985,331	-	-	34,906,804	32,985,331
Local option sales taxes	9,013,933	8,701,260	-	-	9,013,933	8,701,260
Other taxes and licenses	177,306	210,388	-	-	177,306	210,388
Investment earnings, unrestricted	424,332	680,640	2,554	2,208	426,886	682,848
Miscellaneous, unrestricted	92,307	905,940	-	-	92,307	905,940
Total revenues	63,173,570	60,767,360	282,000	280,999	63,455,570	61,048,359
Expenses:						
General government	10,806,867	10,694,993	-	-	10,806,867	10,694,993
Public safety	15,716,935	14,684,268	-	-	15,716,935	14,684,268
Transportation	1,385,859	1,747,034	-	-	1,385,859	1,747,034
Human services	14,965,338	14,674,866	-	-	14,965,338	14,674,866
Environmental Protection	703,483	668,548	-	-	703,483	668,548
Economic and physical development	1,617,280	1,128,113	-	-	1,617,280	1,128,113
Cultural and recreation	2,122,952	1,964,917	-	-	2,122,952	1,964,917
Education	11,858,284	11,644,810	-	-	11,858,284	11,644,810
Interest on long-term debt	412,610	545,966	-	-	412,610	545,966
Stormwater	-	-	245,619	168,596	245,619	168,596
Total expenses	59,589,608	57,753,515	245,619	168,596	59,835,227	57,922,111
Change in net position	3,583,962	3,013,845	36,381	112,403	3,620,343	3,126,248
Net position, July 1	64,644,498	61,630,653	528,061	415,658	65,172,559	62,046,311
Net position, June 30	\$ 68,228,460	\$ 64,644,498	\$ 564,442	\$ 528,061	\$ 68,792,902	\$ 65,172,559

Governmental Activities: Governmental activities resulted in an increase of the County's net position by \$3,583,952. Key elements of this increase are as follows:

- Capital grants and contributions increased by \$1,033,495, reflecting a larger amount received over the prior year, particularly in Education and Economic & Physical Development.
- Operating grants and contributions increased by \$891,183, mostly due to higher amounts reported in Human Services and Culture and Recreation.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2020

- Sales tax revenues reflect growth showing an increase of \$312,673 (3.6%) over the prior fiscal year.
- Significant increases in expenses for Public Safety due to elevated services associated with the pandemic response, particularly in EMS.

Business-type Activities: Business-type activities increased Person County's net position by \$36,381 in the Stormwater Fund. Key elements of this increase are as follows:

- Minimal increase of stormwater revenue collection over previous year; and
- Increase in contracted services and administration 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 unassigned fund balance in the General Fund was \$17,680,799, while total fund balance reached \$30,187,382. 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. Unassigned fund balance for the General Fund is 30.8% of general fund expenditures and outgoing transfers, while total fund balance represents 52.6% 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 \$694,090 at June 30, 2020 a decrease of \$270,216 from last year. The decrease in fund balance can be attributed primarily to a decrease in intergovernmental and fee revenues due to a reduction in services as a result of the pandemic.

At June 30, 2020, the governmental funds of Person County reported a combined fund balance of \$39,420,677, an increase of \$4,063,726 (11.5%) from last year. The primary cause is a significant increase in intergovernmental revenues, particularly in the Health and Social Services Departments. This is driven by the availability of CARES Act and stimulus monies to meet the higher demand in services caused by the public health crisis and economic instability. The other significant revenue increase is reported in property taxes for almost \$2M due to a 3 cent tax increase, and a 1.75 cent fire district tax increase that fully funded the Volunteer Fire and Rescue Departments. A large reduction in capital expenditures for Other Governmental Funds by almost \$2M contributes to the significant overall increase in fund balance. The majority of costs for large projects such as the ones reported in the Public Safety Towers Project, Recycling Center and Various Improvements Project, and in the

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2020

CIP Fund were spent in the prior year, the largest contributors of the approximate \$2M drop in expenditures for Total Governmental Funds. This large reduction in expenditures along with the significant increase in revenues are the catalysts for the over \$4M addition to total fund balance.

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 \$1,160,951.

Intergovernmental revenues greatly exceeded budget by \$1,141,047, primarily due to receiving COVID-19 stimulus funds at the end of FY 2020, as well as Medicaid revenues for DSS. Other impacts of this budget surplus include ad valorem and sales tax collections which were over budget collectively by \$1,329,713.

Appropriations within the General Fund covered actual expenditures by more than \$9.7 million. Over \$2.8 million of these remaining funds was the result of the timing differences in the State allocations for departments in the Human Services function. General Government departments report a remaining budget of approximately \$1.9 million, mostly due to the \$1 million appropriation in June to cover costs associated with the cybersecurity incident that occurred at the end of May 2020. Remaining funds for \$1.2 million are also in Public Safety departments from lapse salary and associated benefits from vacant positions that occurred during the year. Delays in school capital project and lottery expenditures caused a remaining balance of over \$406K in the Education function at the end of fiscal year 2020.

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 \$564,442. The total growth in net position was \$36,381. 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, 2020, total \$49,135,285 (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:

General Government

- Roofing replacement at the Person County Courthouse, security camera system and fencing installation at the Person County Recycling Center

Public Safety

- Power Load Stretcher System for EMS, 14 vehicles, and camera and identification software for the Law Enforcement Center

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2020

Culture and Recreation

- Bookmobile and self-checkout kiosk at the Library, Bushy Fork field light replacements, new heat pump at the Kirby Theater

Transportation

- Airport runway improvements, 1 van and implementation of transportation software for PATS

Education

- Painting at Earl Bradsher Preschool

PERSON COUNTY CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,187,547	\$ 4,187,547	\$ -	\$ -	\$ 4,187,547	\$ 4,187,547
Buildings	20,654,959	22,271,454	-	-	20,654,959	22,271,454
Improvements	10,902,225	11,196,362	-	-	10,902,225	11,196,362
Machinery and equipment	5,399,551	5,025,211	-	-	5,399,551	5,025,211
Infrastructure	531,753	742,132	-	-	531,753	742,132
Construction in progress	<u>7,459,250</u>	<u>5,907,362</u>	<u>-</u>	<u>-</u>	<u>7,459,250</u>	<u>5,907,362</u>
Total	<u>\$ 49,135,285</u>	<u>\$ 49,330,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,135,285</u>	<u>\$ 49,330,068</u>

Additional information on the County's capital assets can be found in Note 1.D.7. and 2.A.5. of the basic financial statements.

Long-term Debt: As of June 30, 2020, Person County had total bonded debt outstanding of \$1,828,001 which is backed by the full faith and credit of the government. Other total outstanding debt is as follows:

PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bonds Payable	\$ 1,828,001	\$ 1,980,334	\$ -	\$ -	\$ 1,828,001	\$ 1,980,334
Installment Purchases	8,720,268	10,029,104	-	-	8,720,268	10,029,104
Capital Leases	<u>491,771</u>	<u>896,640</u>	<u>-</u>	<u>-</u>	<u>491,771</u>	<u>896,640</u>
Total	<u>\$ 11,040,040</u>	<u>\$ 12,906,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,040,040</u>	<u>\$ 12,906,078</u>

Person County's total debt decreased by \$1,866,038 (14.5%) during the past fiscal year, due to the repayment of debt. There were no new debt financings for FY 2020.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2020

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 \$366,529,102.

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 2 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, 2020, was 7.7%, an increase of 2.7% from last year's rate of 5.0%, but only 0.1% over the statewide average of 7.6%.
- 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 40,450 is slightly higher than in previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The Adopted Budget for Fiscal Year 2020-2021 is \$71,882,891 which includes all annually budgeted funds. The General Fund comprises \$61,742,784 which was reduced by \$3.5M, or 5.4% less than the previous year's adopted budget. The Person County Board of Commissioners approved a 1 cent property tax decrease (\$243K) from \$0.73 to \$0.72 per \$100 of valuation, with a collection rate of 97.5%. The impact of the COVID-19 pandemic on county services and revenues was the driving force for the reduction. The major decrease took place in the fund balance appropriation by \$2,001,752, mostly as a result of moving debt service to the Capital Investment Fund (CIF), a new fund that was created in preparation for the implementation of a debt model program, but also due to the overall reduction in expenditures. A large decrease of \$1.1M in sales tax revenue projections was also approved in a conservative approach to the potential impacts that COVID-19 was expected to have on the economy. Record low interest rates caused the depletion of an estimate for Investment Income, and a loss was projected in Public Health Medicaid reimbursement for services.

The largest expenditure decrease was in the Transfer to the Capital Improvement Project Fund as the result of deferring all but three capital improvement projects (one for Schools and two for PCC) in light of the economic uncertainty. Although funding for Schools and PCC's current expense funding remained flat and their capital fund allotments were increased, the Education and Debt Service categories show decreases in the General Fund due to moving capital allotments for the Schools and PCC, as well as the County's debt service budget to the new CIF Fund. These reductions more than offset the increases in most all other functions, some of which were related to the mandated employer's retirement contributions, the second year of the compression study salary adjustments, the anomaly of a 27th pay period for FY 2021, and the rising cost of employee health insurance.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2020

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.personcountync.gov> for more information.

Basic Financial Statements

Basic Financial Statements

Person County, North Carolina
Statement of Net Position

Exhibit 1

June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business Type Activity	Total	Person County Tourism Development Authority	Person County ABC Board
ASSETS					
Cash and cash equivalents	\$ 30,551,518	\$ 578,074	\$ 31,129,592	\$ 124,588	\$ 932,190
Taxes Receivable (net)	687,956	-	687,956	20,048	-
Other receivables (net)	4,686,535	18,382	4,704,917	-	-
Due from Person County	-	-	-	-	-
Inventories	-	-	-	-	538,532
Prepaid items	105,187	-	105,187	-	420
Restricted cash and cash equivalents	6,563,588	-	6,563,588	-	-
Capital assets:					
Land, improvements, and construction in progress	11,646,797	-	11,646,797	-	188,764
Other capital assets, net of depreciation	37,488,488	-	37,488,488	12,369	986,393
Total capital assets	49,135,285	-	49,135,285	12,369	1,175,157
Net pension asset - Register of Deeds	59,775	-	59,775	-	-
Total assets	91,789,844	596,456	92,386,300	157,005	2,646,299
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals - LGERS	3,967,987	-	3,967,987	-	44,287
Pension deferrals - LEOSSA	180,521	-	180,521	-	-
Pension deferrals - ROD	10,192	-	10,192	-	-
OPEB Deferrals	4,391,668	-	4,391,668	-	-
Total deferred outflows	8,550,368	-	8,550,368	-	44,287
LIABILITIES					
Accounts payable and accrued expenses	2,759,681	32,014	2,791,695	10,570	555,164
Accrued interest payable	92,630	-	92,630	-	-
Noncurrent liabilities:					
Due within one year	2,059,643	-	2,059,643	-	73,286
Due in more than one year	10,179,236	-	10,179,236	-	752,712
Net pension liability - LGERS	6,538,373	-	6,538,373	-	39,325
Total pension liability - LEOSSA	1,734,475	-	1,734,475	-	-
Other postemployment benefits liability	8,045,875	-	8,045,875	-	-
Total Noncurrent liabilities	28,557,602	-	28,557,602	-	865,323
Total liabilities	31,409,913	32,014	31,441,927	10,570	1,420,487
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals - LGERS	50,293	-	50,293	-	-
Pension deferrals - LEOSSA	70,304	-	70,304	-	-
Pension deferrals - ROD	3,246	-	3,246	-	-
OPEB Deferrals	440,252	-	440,252	-	-
Other Deferrals	137,744	-	137,744	-	-
Total deferred inflows	701,839	-	701,839	-	-
NET POSITION					
Net investment in capital assets	38,473,970	-	38,473,970	12,369	495,731
Restricted for:					
Public safety	319,172	-	319,172	-	-
Culture and recreation	269	-	269	-	-
Human services	369,455	-	369,455	-	-
Environmental protection	161,784	-	161,784	-	-
Register of deeds	35,658	-	35,658	-	-
Stabilization by State Statute	7,676,469	-	7,676,469	-	-
Capital	4,032,293	-	4,032,293	-	100,000
Working capital	-	-	-	-	133,995
Unrestricted	17,159,390	564,442	17,723,832	134,066	540,373
Total net position	\$ 68,228,460	\$ 564,442	\$ 68,792,902	\$ 146,435	\$ 1,270,099

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, 2020

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 10,806,867	\$ 826,543	\$ 194,989	\$ -
Public safety	15,716,935	2,131,221	1,763,381	-
Transportation	1,385,859	269,714	471,627	22,738
Human services	14,965,338	1,957,968	7,760,588	-
Environmental Protection	703,483	813,290	67,632	-
Economic and physical development	1,617,280	96,151	85,241	360,027
Cultural and recreation	2,122,952	271,042	157,313	-
Education	11,858,284	-	-	1,309,423
Interest on long-term debt	412,610	-	-	-
Total governmental activities	59,589,608	6,365,929	10,500,771	1,692,188
Business-Type Activity:				
Stormwater Department	245,619	279,446	-	-
Total primary government	\$ 59,835,227	\$ 6,645,375	\$ 10,500,771	\$ 1,692,188
Component unit:				
Person County Tourism Development Authority	\$ 242,686	\$ 230,857	\$ -	\$ -
ABC Board	4,278,106	4,508,001	-	-
Total Component Units	\$ 4,520,792	\$ 4,738,858	\$ -	\$ -

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

Transfers from (to)

Total general revenues, special items, and transfers

Change in net position

Net position-beginning

Net position-ending

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
\$ (9,785,335)	\$ -	\$ (9,785,335)		
(11,822,333)	-	(11,822,333)		
(621,780)	-	(621,780)		
(5,246,782)	-	(5,246,782)		
177,439	-	177,439		
(1,075,861)	-	(1,075,861)		
(1,694,597)	-	(1,694,597)		
(10,548,861)	-	(10,548,861)		
(412,610)	-	(412,610)		
(41,030,720)	-	(41,030,720)		
-	33,827	33,827		
(41,030,720)	33,827	(40,996,893)		
\$ -	\$ -	\$ -	\$ (11,829)	\$ -
-	-	-	-	229,895
\$ -	\$ -	\$ -	\$ (11,829)	\$ 229,895
34,906,804	-	34,906,804	-	-
9,013,933	-	9,013,933	-	-
177,306	-	177,306	-	-
424,332	2,554	426,886	260	3,591
(489,170)	-	(489,170)	-	-
581,477	-	581,477	35	64
-	-	-	-	-
44,614,682	2,554	44,617,236	295	3,655
3,583,962	36,381	3,620,343	(11,534)	233,550
64,644,498	528,061	65,172,559	157,969	1,036,549
\$ 68,228,460	\$ 564,442	\$ 68,792,902	\$ 146,435	\$ 1,270,099

Person County, North Carolina
Balance Sheet
Governmental Funds

Exhibit 3

June 30, 2020

	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	\$ 24,690,384	\$ 1,036,861	\$ 4,311,234	\$ 30,038,479
Restricted cash	2,307,349	-	4,256,239	6,563,588
Ad valorem taxes receivable, net	687,956	-	-	687,956
Receivables, net	4,356,632	162,851	104,748	4,624,231
Due from other funds	479,244	-	-	479,244
Prepaid expenditures	105,187	-	-	105,187
Total assets	<u>\$ 32,626,752</u>	<u>\$ 1,199,712</u>	<u>\$ 8,672,221</u>	<u>\$ 42,498,685</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	1,602,773	\$ 25,504	\$ 101,156	\$ 1,729,433
Miscellaneous liabilities	10,897	874	-	11,771
Due to component unit	-	-	-	-
Due to other funds	-	479,244	-	479,244
Total liabilities	<u>1,613,670</u>	<u>505,622</u>	<u>101,156</u>	<u>2,220,448</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	137,744	-	-	137,744
Property taxes receivable	687,956	-	-	687,956
Notes receivable	-	-	31,860	31,860
Total deferred inflows of resources	<u>825,700</u>	<u>-</u>	<u>31,860</u>	<u>857,560</u>
Fund balances:				
Nonspendable:				
Prepays	105,187	-	-	105,187
Restricted:				
Stabilization by State Statute	7,317,928	162,851	195,690	7,676,469
Register of Deeds	35,658	-	-	35,658
Public safety	180,273	-	138,899	319,172
Culture and recreation	-	-	269	269
Environmental protection	-	161,784	-	161,784
Human services	-	369,455	-	369,455
Capital projects	-	-	4,032,293	4,032,293
Committed:				
Tax reappraisal	623,136	-	-	623,136
Economic development	-	-	555,764	555,764
Environmental protection	-	-	1,145,180	1,145,180
Public safety	-	-	58,686	58,686
LEOSSA Pension	345,801	-	-	345,801
Capital projects	-	-	2,421,610	2,421,610
Assigned:				
Subsequent year's expenditures	3,898,600	-	-	3,898,600
Unassigned:	17,680,799	-	(9,186)	17,671,613
Total fund balances	<u>30,187,382</u>	<u>694,090</u>	<u>8,539,205</u>	<u>39,420,677</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,626,752</u>	<u>\$ 1,199,712</u>	<u>\$ 8,672,221</u>	<u>\$ 42,498,685</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

Ending fund balance for Governmental Funds	\$ 39,420,677
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.	49,135,285
Net pension asset - Register of Deeds	59,775
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	(443,134)
Deferred inflows of resources for taxes receivable	687,956
Deferred inflows of resources for note receivable	31,860
Pension related deferrals, net	4,034,857
OPEB related deferrals, net	3,951,416
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	(92,630)
General Obligation Bonds	(1,828,001)
Installment purchases	(8,720,268)
Capital lease	(491,771)
Accrued post-closure care costs	(64,163)
Compensated absences	(1,134,676)
Net pension liability - LGERS	(6,538,373)
Net pension liability - LEOSSA	(1,734,475)
Other postemployment benefits	(8,045,875)
	<u>\$ 68,228,460</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, 2020

	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	\$ 33,912,575	\$ -	\$ 1,054,350	\$ 34,966,925
Local options sales taxes	9,013,933	-	-	9,013,933
Other taxes and licenses	177,306	-	-	177,306
Fees	650,681	-	-	650,681
Intergovernmental	9,745,471	384,736	2,079,918	12,210,125
Investment earnings	331,430	12,410	68,059	411,899
Charges for services	4,171,779	1,526,303	-	5,698,082
Other	569,193	12,265	4,870	586,328
Total revenues	<u>58,572,368</u>	<u>1,935,714</u>	<u>3,207,197</u>	<u>63,715,279</u>
EXPENDITURES				
Current:				
General government	6,880,173	-	-	6,880,173
Public safety	13,277,672	-	1,209,121	14,486,793
Transportation	1,011,707	-	-	1,011,707
Human services	11,581,512	1,989,898	-	13,571,410
Environmental protection	146,863	545,619	-	692,482
Economic and physical development	1,136,411	-	403,531	1,539,942
Cultural and recreational	1,976,766	-	-	1,976,766
Intergovernmental:				
Education	11,787,235	-	-	11,787,235
Capital outlay	1,396,141	30,245	4,051,735	5,478,121
Debt service:				
Principal	1,624,046	-	241,993	1,866,039
Interest and other charges	382,181	-	11,432	393,613
Total expenditures	<u>51,200,707</u>	<u>2,565,762</u>	<u>5,917,812</u>	<u>59,684,281</u>
Excess (deficiency) of revenues over expenditures	<u>7,371,661</u>	<u>(630,048)</u>	<u>(2,710,615)</u>	<u>4,030,998</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	276,000	359,832	8,146,176	8,782,008
Transfers to other funds	(6,229,008)	-	(2,553,000)	(8,782,008)
Sale of capital assets	32,728	-	-	32,728
Total other financing sources and uses	<u>(5,920,280)</u>	<u>359,832</u>	<u>5,593,176</u>	<u>32,728</u>
Net change in fund balances	<u>1,451,381</u>	<u>(270,216)</u>	<u>2,882,561</u>	<u>4,063,726</u>
Fund balances-beginning	<u>28,736,001</u>	<u>964,306</u>	<u>5,656,644</u>	<u>35,356,951</u>
Fund balances-ending	<u>\$ 30,187,382</u>	<u>\$ 694,090</u>	<u>\$ 8,539,205</u>	<u>\$ 39,420,677</u>

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, 2020

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

Net changes in fund balances - total governmental funds	\$	4,063,726
Governmental funds report capital outlays as expenditures. However, in the		
Capital outlay expenditures which were capitalized		4,604,728
Depreciation expense for governmental assets		(4,277,613)
Basis of assets disposed of		<u>(521,898)</u>
		(194,783)
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.		1,866,038
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.		(1,281,030)
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.		(13,199)
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.		(791,820)
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.		(4,849)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		<u>(60,121)</u>
Total changes in net position of governmental activities	\$	<u><u>3,583,962</u></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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget-- Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 33,227,195	\$ 33,227,195	\$ 33,912,575	\$ 685,380
Local option sales taxes	8,369,600	8,369,600	9,013,933	644,333
Other taxes and licenses	403,500	160,500	177,306	16,806
Fees	607,455	607,455	650,681	43,226
Intergovernmental	7,695,834	8,604,424	9,745,471	1,141,047
Investment earnings	486,800	486,800	331,430	(155,370)
Charges for services	4,198,546	4,266,532	4,171,779	(94,753)
Other	466,926	615,702	569,193	(46,509)
Total revenues	<u>55,455,856</u>	<u>56,338,208</u>	<u>58,572,368</u>	<u>2,234,160</u>
EXPENDITURES				
Current:				
General government	7,477,066	8,678,464	6,791,011	1,887,453
Public safety	13,929,633	14,845,848	13,686,954	1,158,894
Transportation	1,035,703	1,157,897	1,104,970	52,927
Human services	13,756,049	14,414,493	11,606,821	2,807,672
Environmental protection	163,474	200,964	146,863	54,101
Economic and physical development	1,414,001	1,745,284	1,143,706	601,578
Cultural and recreational	1,875,651	2,139,372	1,982,687	156,685
Contingency	873,508	374,752	-	374,752
Intergovernmental:				
Education	12,337,277	12,952,141	12,546,099	406,042
Debt service:				
Principal retirement	1,624,047	1,624,047	1,624,046	1
Interest and other charges	382,122	384,122	382,181	1,941
Total expenditures	<u>54,868,531</u>	<u>58,517,384</u>	<u>51,015,338</u>	<u>7,502,046</u>
Revenues over (under) expenditures	<u>587,325</u>	<u>(2,179,176)</u>	<u>7,557,030</u>	<u>9,736,206</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	276,000	276,000	-
Transfers to other funds	(6,523,177)	(6,299,008)	(6,229,008)	70,000
Sale of capital assets	35,500	38,099	32,728	(5,371)
Total other financing sources (uses)	<u>(6,487,677)</u>	<u>(5,984,909)</u>	<u>(5,920,280)</u>	<u>64,629</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(5,900,352)</u>	<u>(8,164,085)</u>	<u>1,636,750</u>	<u>9,800,835</u>
APPROPRIATED FUND BALANCE	<u>5,900,352</u>	<u>8,164,085</u>	<u>-</u>	<u>(8,164,085)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,636,750</u>	<u>\$ 1,636,750</u>
Fund balances-beginning			28,306,529	
Fund balances-ending			<u>\$ 29,943,279</u>	
Legally budgeted Tax Reappraisal expenditures have been consolidated into the General Fund for reporting purposes:				
Expenditures			\$ (185,369)	
Consolidated change in fund balance			1,451,381	
Fund balance-beginning			28,736,001	
Fund balance-ending			<u>\$ 30,187,382</u>	

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

Person County, North Carolina

Exhibit 6

**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, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 434,914	\$ 434,914	\$ 239,882	\$ (195,032)
ROAP Transportation	22,000	33,257	33,257	-
NC DENR Grant	-	5,960	5,960	-
White goods disposal tax	15,000	15,000	18,215	3,215
Scrap tire disposal tax	55,000	55,000	54,678	(322)
Electronics management tax	3,200	3,200	2,339	(861)
Solid waste disposal tax	28,000	28,000	30,405	2,405
Total intergovernmental revenues	<u>558,114</u>	<u>575,331</u>	<u>384,736</u>	<u>(190,595)</u>
Charge for services				
Sales	1,650,000	1,650,000	904,348	(745,652)
Medicaid	581,000	581,000	501,327	(79,673)
Transportation	18,700	18,700	11,304	(7,396)
Local services	45,000	45,000	49,324	4,324
Recycling fee	25,000	25,000	25,000	-
Recycling sales	77,200	77,200	35,000	(42,200)
Total charge for services	<u>2,396,900</u>	<u>2,396,900</u>	<u>1,526,303</u>	<u>(870,597)</u>
Investment earnings	17,248	17,248	12,410	(4,838)
Other revenues				
Donations and miscellaneous	6,100	13,382	12,265	(1,117)
Total revenues	<u>2,978,362</u>	<u>3,002,861</u>	<u>1,935,714</u>	<u>(1,067,147)</u>
EXPENDITURES				
Human Services				
Personnel expenditures			1,251,175	
Operating expenditures			738,723	
Total	<u>2,699,883</u>	<u>2,725,106</u>	<u>1,989,898</u>	<u>735,208</u>
Environmental protection-recycling				
Personnel expenditures			360,709	
Operating expenditures			184,910	
Capital outlay			30,245	
Total	<u>617,480</u>	<u>677,904</u>	<u>575,864</u>	<u>102,040</u>
Total expenditures	<u>3,317,363</u>	<u>3,403,010</u>	<u>2,565,762</u>	<u>837,248</u>
Excess (deficiency) of revenues over expenditures	(339,001)	(400,149)	(630,048)	(229,899)
OTHER FINANCING SOURCES				
Transfers in				
General Fund	334,001	359,832	359,832	-
Total other financing sources	<u>334,001</u>	<u>359,832</u>	<u>359,832</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	(5,000)	(40,317)	(270,216)	(229,899)
APPROPRIATED FUND BALANCE	<u>5,000</u>	<u>40,317</u>	<u>-</u>	<u>(40,317)</u>
Excess (deficiency) of revenues, other financing sources balance over expenditures	<u>\$ -</u>	<u>\$ -</u>	(270,216)	<u>\$ (270,216)</u>
Fund balance beginning of year			964,306	
Fund balance end of year			<u>\$ 694,090</u>	

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, 2020

	Non-Major Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 578,074	\$ 513,039
Receivables	18,382	62,304
Total current assets	<u>596,456</u>	<u>575,343</u>
Liabilities		
Current liabilities:		
Accounts payable	<u>32,014</u>	<u>1,018,477</u>
Total current liabilities	<u>32,014</u>	<u>1,018,477</u>
Total liabilities	<u>32,014</u>	<u>1,018,477</u>
Net Position		
Unrestricted	<u>564,442</u>	<u>(443,134)</u>
Total net position	<u>\$ 564,442</u>	<u>\$ (443,134)</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, 2020

	Non-Major Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Operating revenues		
Charges for services	\$ 279,446	\$ 3,362,100
Miscellaneous income	-	404,851
Total operating revenues	<u>279,446</u>	<u>3,766,951</u>
Operating expenses		
Professional services	6,786	-
Contracted services	60,946	-
Dues and subscriptions	86,009	-
Stormwater administration	87,571	-
Health insurance administration	-	4,571,204
Other operating expenses	4,307	-
Total operating expenses	<u>245,619</u>	<u>4,571,204</u>
Operating income	<u>33,827</u>	<u>(804,253)</u>
Nonoperating revenues (expenses)		
Interest earnings	2,554	12,433
Total nonoperating revenue (expenses) - net	<u>2,554</u>	<u>12,433</u>
Change in net position	36,381	(791,820)
Total net position, beginning	528,061	348,686
Total net position, ending	<u>\$ 564,442</u>	<u>\$ (443,134)</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, 2020

	Non-Major Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Cash flows from operating activities		
Cash received from customers	\$ 280,418	\$ 3,767,078
Cash paid for goods and services	(214,108)	(4,289,353)
Net cash provided by operating activities	<u>66,310</u>	<u>(522,275)</u>
Cash flows from investing activities		
Interest on investments	<u>2,554</u>	<u>12,433</u>
Net increase in cash and cash equivalents	68,864	(509,842)
Cash and cash equivalents		
Beginning of year, July 1	509,210	1,022,881
End of year, June 30	<u><u>\$ 578,074</u></u>	<u><u>\$ 513,039</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	<u>\$ 33,827</u>	<u>\$ (804,253)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	972	127
Accounts payable and accrued liabilities	<u>31,511</u>	<u>281,851</u>
Total adjustments	<u>32,483</u>	<u>281,978</u>
Net cash provided by operating activities	<u><u>\$ 66,310</u></u>	<u><u>\$ (522,275)</u></u>

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, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 189,262
Taxes receivables	183,831
Total assets	<u>\$ 373,093</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 31,819
Due to individuals	115,533
Due to inmates	4,795
Due to 4H	37,115
Due for taxes receivable	183,831
Total liabilities	<u>\$ 373,093</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, 2020

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 of Person County (the "County") and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

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 fourteen 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 seven Special Revenue Funds within its non-major governmental fund types: Fire Tax District Fund, Emergency Telephone System Fund, Revolving Loan Fund, Economic Catalyst Fund, Water and Sewer Construction Reserve Fund, Museum Trust 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 seven Capital Project Funds within its non-major governmental fund types: Airport Capital Projects Fund, Capital Improvement Projects Fund, CDBG Fund, Person County Recycling Center & Various Roofing Improvements Capital Projects Fund, Roxplex & Various Improvements Fund, Waterline Extension RRSF 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 TDA Fund, 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 Inmate Fund, which accounts for moneys deposited with the Sheriff's Department on behalf of

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

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, 2020

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 Museum Trust and 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, the PCTDA 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 and LEOSA Pension 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, 2020

Restricted cash at June 30, 2020 consisted of the following:

Governmental activities:

General Fund	Tax Revaluation	\$ 623,136
General Fund	Information Technology	1,061,233
General Fund	Register of Deeds	55,658
General Fund	Law Enforcement	190,282
General Fund	LEOSSA Pension	377,040
Public Safety Tower and Broadband Fund	Unexpended Debt Proceeds	106,868
Airport Capital Projects	Airport Construction	3,963,621
Emergency Telephone System Fund	Public Safety	185,750
Total restricted cash		<u>\$ 6,563,588</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, 2020

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
Vehicles	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, notes receivable 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, 2019 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

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 Reappraisal - portion of fund balance committed by the Board for the cost of the reappraisal 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, 2020

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.

13. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

In Exhibit E-1, expenditures were in excess of appropriation by \$791,820. This over expenditure occurred as a result of significant high claims costs that were incurred for the month of June, causing the actual expenditures to exceed what was in place for the expenditure budget at the end of June. To complicate matters, the County's cyber event prevented the ability to realize this over budget issue until the accounting system came back online and all prior year data was restored, which was beyond the timeframe when a budget adjustment could be recorded to prevent the over budgeted transaction.

Deficit Fund Balance

As of June 30, 2020, the Insurance Fund reported a negative fund balance of \$(443,134). The estimate of claims costs due reported by the County's health insurance provider was recorded as an accounts payable, which unknowingly exceeded the Insurance Fund's available fund balance. This deficit was not realized until several months later after the County's data restoration efforts were complete. It was beyond the timeframe allowable to rectify this reporting issue for FY 2020. Funds were transferred from the General Fund to the Insurance Fund to restore it to a positive state in FY 2021.

II. 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

At June 30, 2020, the County's deposits had a carrying amount of \$2,943,862 and a bank balance of \$3,404,225. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$3,109,545 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2020, Person County had \$7,543 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2020, the Person County ABC Board's deposits had a carrying amount of \$927,940 and a bank balance of \$923,877. Of this balance, \$500,000 was covered by federal depository insurance. The balance in excess of FDIC coverage is covered by the Pooling Method of collateralization. At June 30, 2020 the Person County ABC Board also had cash on hand in the amount of \$4,250.

At June 30, 2020, the PCTDA's deposits had a carrying amount of \$124,588 and a bank balance of \$121,061. The total bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2020, 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 (Operating)	Fair Value - Level 1	\$ 22,441,800	\$ 22,441,800
NC Capital Management Trust - Government Portfolio (Home Health & Hospice)	Fair Value - Level 1	226,220	226,220
NC Capital Management Trust - Term Portfolio*	Fair Value - Level 1	12,263,017	12,263,017
Total		<u>\$ 34,931,037</u>	<u>\$ 34,931,037</u>

* Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

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. Level Two: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, 2020, 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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2020, 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, 2020. 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.

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.

Year Levied	Tax	Interest	Total
2020	\$ 2,466,504	\$ -	\$ 2,466,504
2019	1,931,541	111,064	2,042,605
2018	1,960,183	289,127	2,249,310
2017	1,867,776	443,597	2,311,373
Total	<u>\$ 5,759,500</u>	<u>\$ 843,788</u>	<u>\$ 6,603,288</u>

4. Receivables

Receivables at the government-wide level at June 30, 2020, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
Governmental activities:			
General Fund	\$ 4,356,632	\$ 874,969	\$ 5,231,601
Person industries community rehabilitation program and material recovery facilities fund	162,851	-	162,851
Non-major funds	104,748	-	104,748
Internal service fund	62,304	-	62,304
Total receivables	<u>4,686,535</u>	<u>874,969</u>	<u>5,561,504</u>
Less: allowance for doubtful accounts	<u>-</u>	<u>187,013</u>	<u>187,013</u>
Total governmental activities	<u>\$ 4,686,535</u>	<u>\$ 687,956</u>	<u>\$ 5,374,491</u>
Business-type activities			
Stormwater	<u>\$ 18,382</u>	<u>\$ -</u>	<u>\$ 18,382</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 4,187,547	\$ -	\$ -	\$ 4,187,547
Construction in progress	5,907,362	3,200,670	1,648,782	7,459,250
Total capital assets not being depreciated	<u>10,094,909</u>	<u>3,200,670</u>	<u>1,648,782</u>	<u>11,646,797</u>
Capital assets being depreciated				
Buildings	37,294,402	460,000	-	37,754,402
Improvements	18,902,848	540,568	-	19,443,416
Equipment	16,875,845	2,052,272	978,002	17,950,115
Infrastructure	12,138,777	-	-	12,138,777
Total capital assets being depreciated	<u>85,211,872</u>	<u>3,052,840</u>	<u>978,002</u>	<u>87,286,710</u>
Less accumulated depreciation for:				
Buildings	15,022,948	2,076,495	-	17,099,443
Improvements	7,706,486	834,705	-	8,541,191
Equipment	11,850,634	1,156,034	456,104	12,550,564
Infrastructure	11,396,645	210,379	-	11,607,024
Total accumulated depreciation	<u>45,976,713</u>	<u>\$ 4,277,613</u>	<u>\$ 456,104</u>	<u>49,798,222</u>
Total capital assets being depreciated, net	<u>39,235,159</u>			<u>37,488,488</u>
Governmental activities capital assets, net	<u>\$ 49,330,068</u>			<u>\$ 49,135,285</u>

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

General government	\$ 2,977,411
Public safety	264,487
Transportation	264,492
Human services	647,803
Environmental Protection	1,612
Economic and physical development	31,569
Cultural and recreation	31,236
Education	59,002
Total depreciation expense	<u>\$ 4,277,613</u>

Construction commitments

As of June 30, 2020, 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
General fund	\$ 3,168	\$ -
Airport Construction Projects	434,910	-
CIP	2,935,905	19,576
Waterline Extension Project	1,167,095	1,000
Public Safety Towers	55,753	-
Total	<u>\$ 4,596,830</u>	<u>\$ 20,576</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 188,764	\$ -	\$ -	\$ 188,764
Construction in progress	59,475	-	59,475	-
Total capital assets not being depreciated	<u>248,239</u>	<u>-</u>	<u>59,475</u>	<u>188,764</u>
Capital assets being depreciated				
Buildings	154,182	945,554	-	1,099,736
Office furniture and fixtures	15,156	-	-	15,156
Store equipment	112,275	32,249	-	144,524
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	<u>298,195</u>	<u>977,803</u>	<u>-</u>	<u>1,275,998</u>
Less accumulated depreciation for:				
Buildings	117,397	28,972	-	146,369
Office furniture and fixtures	15,156	-	-	15,156
Store equipment	99,791	11,707	-	111,498
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	<u>248,926</u>	<u>\$ 40,679</u>	<u>\$ -</u>	<u>289,605</u>
Total capital assets being depreciated, net	<u>49,269</u>			<u>986,393</u>
ABC capital assets, net	<u>\$ 297,508</u>			<u>\$ 1,175,157</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Accrued Interest	Other	Total
Governmental Activities				
General	\$ 1,588,356	\$ 92,630	\$ 25,314	\$ 1,706,300
Person industries community rehabilitation program and material recovery facilities fund	26,378	-	-	26,378
Non-major funds	101,156	-	-	101,156
Internal service funds	1,018,477	-	-	1,018,477
Total governmental activities	<u>\$ 2,734,367</u>	<u>\$ 92,630</u>	<u>\$ 25,314</u>	<u>\$ 2,852,311</u>
Business-type activities				
Stormwater	<u>\$ 32,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,014</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

Person County, North Carolina
Notes to the Financial Statements
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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 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, 2020, was 9.70% of covered payroll for law enforcement officers and 8.95% for general employees and firefighters. These were lower than the actuarially determined contributions rates of 8.99% for law enforcement officers and 7.40% for general employees and firefighters. Contributions to the pension plan from the County were \$1,623,236 for the year ended June 30, 2020.

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.

Person County, North Carolina
Notes to the Financial Statements
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$6,538,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was .239%, which was a decrease of .007% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$2,913,442. At June 30, 2020, 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	\$ 1,119,535	\$ -
Changes of assumptions	1,065,646	-
Net difference between projected and actual earnings on pension plan investments	159,480	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	50,293
County contributions subsequent to the measurement date	1,623,326	-
Total	<u>\$ 3,967,987</u>	<u>\$ 50,293</u>

\$1,623,326 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 1,145,350
2022	348,467
2023	624,613
2024	175,938
	<u>\$ 2,294,368</u>

Person County, North Carolina
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Actuarial Assumptions. The total pension liability in the December 31, 2018 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table 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, 2018 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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 7.0%. 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

Person County, North Carolina
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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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
County's proportionate share of the net pension liability (asset)	\$ 14,954,456	\$ 6,538,373	\$ (457,096)

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, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	
Inactive members currently receiving benefits	2
Active plan members	51
Total	53

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.

Person County, North Carolina
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3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 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	3.26 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, 2018.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2014 Total Data Set Employee Mortality Table.

Mortality Projection: All mortality rates are projected from 2014 using generational improvement with Scale MP-2015.

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 \$48,312 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, 2020, the County reported a total pension liability of \$1,734,475. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$143,987.

Person County, North Carolina
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 71,300	\$ 20,099
Changes of assumptions	88,865	50,205
County benefit payments and plan administrative expense made subsequent to the measurement date	20,356	-
Total	<u>\$ 180,521</u>	<u>\$ 70,304</u>

\$20,356 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	17,873
2022		17,873
2023		19,561
2024		15,980
2025		18,574
	<u>\$</u>	<u>89,861</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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease 2.26%	Discount Rate 3.26%	1% Increase 4.26%
Total pension liability	\$ 1,877,534	\$ 1,734,475	\$ 1,602,555

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, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending 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.

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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 \$852,143 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 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 \$2,760 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$59,775 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was .303%, which was a decrease of .047% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$6,537. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,882
Net difference between projected and actual earnings on pension plan investments	612	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,820	364
County contributions subsequent to the measurement date	2,760	-
Total	<u>\$ 10,192</u>	<u>\$ 3,246</u>

\$2,760 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 747
2022	2,865
2023	1,755
2024	(1,181)
	<u>\$ 4,186</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2018 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
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2020 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.26%. 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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease 2.26%	Discount Rate 3.26%	1% Increase 4.26%
County's proportionate share of the net pension liability (asset)	\$ (49,411)	\$ (59,775)	\$ (68,537)

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

The net pension liability for LGERS and ROD was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2019 with an actuarial valuation date of December 31, 2018.

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 6,538,373	\$ (59,775)	n/a	\$ 6,478,598
Proportion of the Net Pension Liability (Asset)	0.23942%	(0.30278%)	n/a	
Total Pension Liability	-	-	\$ 1,734,475	\$ 1,734,475
Pension Expense	\$ 2,913,442	\$ 6,537	\$ 143,987	\$ 3,063,966

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,119,535	\$ -	\$ 71,300	\$ 1,190,835
Changes of assumptions	1,065,646	-	88,865	1,154,511
Net difference between projected and actual earnings on pension plan investments	159,480	612	-	160,092
Changes in proportion and differences between County contributions and proportionate share of contributions	-	6,820	-	6,820
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,623,326	2,760	20,356	1,646,442
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 2,882	\$ 20,099	\$ 22,981
Changes of assumptions	-	-	50,205	50,205
Changes in proportion and differences between County contributions and proportionate share of contributions	50,293	364	-	50,657

f. 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, 2020

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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:

<u>Years of Service at Retirement</u>	<u>County Contribution</u>
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, 2019, the date of the latest actuarial valuation:

Inactive members currently	
receiving benefits	31
Active plan members	<u>376</u>
Total	<u><u>407</u></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.

Total OPEB Liability

The County's total OPEB liability of \$8,045,875 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 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	3.89%
Measurement date	3.50%
Health care cost trends	7.00% for 2019 decreasing to 4.50% by

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, 2018 and December 31, 2019 valuations were based on the results of an actuarial experience study for the period 2010-2014.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

Changes in the Total OPEB Liability

Balance and July 1, 2018	\$ 7,336,024
Service cost	345,200
Interest	277,842
Differences between expected and actual experience	343,866
Changes of assumptions	133,808
Benefit payments	(390,865)
Net change in total OPEB liability	<u>709,851</u>
Balance and June 30, 2019	<u><u>\$ 8,045,875</u></u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 3.50 percent which was a change from the discount rate of 3.89 percent at June 30, 2019. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 2.79 percent at June 30, 2020 per the S&P Municipal Bond 20 Year High Grade Rate Index. As of June 30, 2019, the S&P Municipal Bond 20 Year High Grade rate was 2.98 percent.

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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$ 8,937,288	\$ 8,045,875	\$ 7,251,586

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	Healthcare Cost Trend	1% Increase
Total OPEB liability	\$ 7,068,115	\$ 8,045,875	\$ 9,210,827

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$619,079. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 427,486	\$ -
Changes of assumptions	117,490	440,252
County benefit payments and plan administrative expense made subsequent to the measurement date	3,846,692	-
Total	<u>\$ 4,391,668</u>	<u>\$ 440,252</u>

\$3,846,692 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	(11,566)
2022		(11,566)
2023		(11,566)
2024		(11,566)
2025		26,571
Thereafter		124,417
	<u>\$</u>	<u>104,724</u>

g. 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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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 \$5,798 in post-closure care costs for the year ending June 30, 2020. The \$64,163 reported as Accrued Post-closure Care Costs represents the estimated costs remaining at June 30, 2020. 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.

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	\$ 1,626,086
Benefit payments and administrative expenses for LEOSA	
made subsequent to measurement date	20,356
Benefit payments and administrative expenses for OPEB	
made subsequent to measurement date	3,846,692
Differences between expected and actual experience	1,618,321
Changes of assumptions	1,272,001
Net difference between projected and actual earnings	
on pension plan investments	160,092
Changes in proportion and differences between employer contributions	6,820
Total	<u><u>\$ 8,550,368</u></u>

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

	Statement of Net Position	Balance Sheet
Prepaid taxes (General Fund)	\$ 137,744	\$ 137,744
Taxes Receivable, less penalties (General Fund)	-	687,956
Notes receivable (Person Industries)	-	31,860
Changes in assumptions	490,457	-
Differences between expected and actual experience	22,981	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,657	-
Total	<u><u>\$ 701,839</u></u>	<u><u>\$ 857,560</u></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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

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.

Person County Tourism Development Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has made the decision to not purchase flood insurance at this time. The Authority has not deemed the risk of flooding to outweigh the costs of insurance. The Authority is covered under a commercial insurance coverage carrier. There was no significant reduction in insurance coverage in the prior year and settled claims have not exceeded coverage since inception. The Authority carries a \$50,000 fidelity bond on the ex-officio Finance Officer. The actions of the ex-officio Finance Director concerning actions involving the Person County Tourism Development Authority are covered under this bond.

6. Contingent Liabilities

At June 30, 2020, 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 \$1,282,877 for the year ended June 30, 2020.

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, 2020:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

<u>Year Ending June 30</u>	<u>Future Minimum Lease Payments</u>
2021	\$ 1,424,833
2022	1,434,152
2023	1,434,152
2024	1,352,921
2025	1,238,104
2026-2030	102,679
Total	<u>\$ 6,986,841</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.

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.

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.

In August 2018, the County entered into a five year lease for three Ambulances. Title of the ambulances passes over the County at the end of the term. Five equal payments of \$155,217.

At June 30, 2020, the County leased equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 1,901,729	\$ 1,066,594	\$ 835,135

For Person County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	
2021	\$ 184,806
2022	156,769
2023	155,217
Total minimum lease payments	<u>496,792</u>
Less: amount representing interest	5,021
Total	<u>\$ 491,771</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

c. Installment Purchases

Re-roofing, Paving 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 (Collaterallized by Woodland Elementary 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%. Upon default all outstanding principal and accrued interest becomes due or Deed of Trust trustee shall foreclose on the mortgaged property."

\$ 400,000

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 (Collaterallized by Person County Courthouse). 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%. Upon default all outstanding principal and accrued interest becomes due or Deed of Trust trustee shall foreclose on the mortgaged property.

150,000

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 (Collaterallized by Southern Middle School). 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%. Upon default all outstanding principal and accrued interest becomes due or Deed of Trust trustee shall foreclose on the mortgaged property.

1,566,268

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020**

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 (Collaterallized by Earl Bradsher Preschool). 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%. Upon default all outstanding principal and accrued interest becomes due or Deed of Trust trustee shall foreclose on the mortgaged property.

1,300,000

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 (Collaterallized by North End Elementary School). 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%. Upon default all outstanding principal and accrued interest becomes due or Deed of Trust trustee shall foreclose on the mortgaged property.

1,204,000

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 Middle School, Early Intervention & Family Services, Helena Elementary School, Stories Creek Elementary School and South Elementary School (Collaterallized by Northern Middle 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%. Upon default all outstanding principal and accrued interest becomes due or Deed of Trust trustee shall foreclose on the mortgaged property.

4,100,000

4,400,000

Total installment purchases remaining balance

\$ 8,720,268

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

d. General Obligation Indebtedness

Future minimum payments for Installment Purchases:

	Principal	Interest
2021	\$ 1,438,836	\$ 275,983
2022	1,262,836	229,778
2023	1,103,836	191,865
2024	958,836	158,419
2025	858,836	128,376
2026 - 2030	2,697,088	286,254
2031 - 2034	400,000	21,060
Total	<u>\$ 8,720,268</u>	<u>\$ 1,291,735</u>

e. 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. In the case of default the county would be required to levy additional Ad Valorem Taxes as necessary to pay principal and interest payments when they became due. Principal and interest payments are appropriated when due. As of June 30, 2020, 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%.

\$ 1,828,001

Future minimum payments for General Obligation Bonds:

	Principal	Interest
2021	\$ 152,333	\$ 47,345
2022	152,333	43,400
2023	152,333	39,454
2024	152,333	35,509
2025	152,333	31,563
2026 - 2030	761,665	98,636
2031 - 2034	304,671	11,837
Total	<u>\$ 1,828,001</u>	<u>\$ 307,744</u>

At June 30, 2020, Person County had a legal debt margin of \$366,529,000.

f. 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 \$3,773,355 relates to County Board of Education properties to which the County holds title. Restricted cash related to this debt amounts to \$185,750, and is recorded in various non-major capital project funds.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

g. 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, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<i>Governmental activities:</i>					
General obligation bonds (direct borrowings)	\$ 1,980,334	\$ -	\$ 152,333	\$ 1,828,001	\$ 152,333
Installment purchases (direct borrowings)	10,029,104	-	1,308,836	8,720,268	1,438,836
Capital leases	896,641	-	404,870	491,771	184,805
Accrued post-closure care costs	69,961	-	5,798	64,163	-
Compensated absences	1,105,295	374,424	345,043	1,134,676	283,669
Net pension liability (LERS)	5,839,757	698,616	-	6,538,373	-
Total pension liability (LEOSSA)	1,519,755	214,720	-	1,734,475	-
Other postemployment benefits	7,336,024	709,851	-	8,045,875	-
	<u>\$ 28,776,870</u>	<u>\$ 1,997,611</u>	<u>\$ 2,216,880</u>	<u>\$ 28,557,602</u>	<u>\$ 2,059,643</u>

Accrued post-closure care costs, net pension liability, total pension liability, other postemployment benefits liability and compensated absences for governmental activities 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.

8. Interfund Balances and Activity

Transfers to/from other fund at June 30, 2020, 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 recovery facility equipment and operations	\$ 359,832
From the General Fund to Non-major Funds to supplement other funding sources and various capital projects	8,146,176
From the Non-major Funds to General Fund for administration of the Covid PIVOT Impact Loan Program in Economic Development Department that provided immediate financial assistance to small local businesses that were struggling during the pandemic	276,000
Total	<u>\$ 8,782,008</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, 2020, 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, 2020

9. Net Investment in Capital Assets

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

Net capital assets	\$ 49,135,285
Capital debt calculation:	
Total debt, gross	11,040,040
Less:	
School debt for assets to which the County does not hold title	262,503
Community college debt for assets to which the County does not hold title	9,354
Unexpended proceeds	106,868
Total capital debt	<u>10,661,315</u>
Net investment in capital assets	<u><u>\$ 38,473,970</u></u>

10. 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	\$ 30,187,382
Less:	
Prepays	105,187
Stabilization by State Statute	7,317,928
Appropriated fund balance in budget	3,898,600
Register of Deeds	35,658
Public Safety	180,273
Tax Reappraisal	623,136
LEOSSA Pension	345,801
Remaining Fund Balance	<u><u>\$ 17,680,799</u></u>

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

	<i>General Fund</i>	<i>Person Industries</i>	<i>Non-Major Funds</i>
Encumbrances	\$ 2,482,052	\$ 0	\$ 90,942

III. Joint Ventures

The County 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$491,514 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 office 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 \$1,297,176 to the community college for operating purposes during the fiscal year ended June 30, 2020. 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, 2020. 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 \$135,283 to Cardinal Innovations for the year ended June 30, 2020. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

IV. 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 \$19,905 to the KTRCOG during the fiscal year ended June 30, 2020. The County was the subrecipient of grants for \$367,576 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, 2020. 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, 2020.

As of June 30, 2020, 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

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, 2020 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.

V. 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.

VI. Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2020 and June 24, 2021, which is the date the financial statements were available to be issued.

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 345,200	\$ 357,979	\$ 388,858
Interest	277,842	252,125	215,478
Differences between expected and actual experience	343,866	81,127	115,642
Changes of assumptions	133,808	(259,495)	(436,481)
Benefit payments	(390,865)	(352,654)	(367,832)
Net change in total OPEB liability	709,851	79,082	(84,335)
Total OPEB liability - beginning	7,336,024	7,256,942	7,341,277
Total OPEB liability - ending	<u>\$ 8,045,875</u>	<u>\$ 7,336,024</u>	<u>\$ 7,256,942</u>
Covered payroll	\$ 15,391,787	\$ 14,860,267	\$ 14,860,267
Total OPEB liability as a percentage of covered payroll	52.27%	49.37%	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:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%

Schedule of County's Proportionate Share of the Net Pension Liability
Local Governmental Employees' Retirement System
Last Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.239%	0.246%	0.251%	0.257%	0.269%	0.266%	27.400%
County's proportionate share of the net pension liability (asset)	\$ 6,538,373	\$ 5,839,757	\$ 3,840,085	\$ 5,463,315	\$ 1,207,480	\$ (1,570,847)	\$ 3,299,136
County's covered-payroll during the measurement period	\$ 16,800,789	\$ 16,252,824	\$ 16,201,554	\$ 16,114,694	\$ 15,479,514	\$ 15,479,514	\$ 9,342,823
County's proportionate share of the net pension liability (asset) as a percentage of the measurement	38.92%	35.93%	23.70%	33.90%	7.80%	-10.15%	35.31%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

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
Local Governmental Employees' Retirement System
Last Seven Fiscal Years

Exhibit A-3

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,623,326	\$ 1,325,452	\$ 1,245,106	\$ 1,206,010	\$ 1,099,065	\$ 1,017,439	\$ 1,098,928
Contributions in relation to the contractually required contribution	1,623,326	1,325,452	1,245,106	1,206,010	1,099,065	1,017,439	1,098,928
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered payroll	\$ 16,908,809	\$ 16,800,789	\$ 16,252,824	\$ 16,201,554	\$ 16,114,694	\$ 16,017,799	\$ 15,479,514
Contributions as a percentage of covered payroll	9.60%	7.89%	7.66%	7.44%	6.82%	6.35%	7.10%

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.

Schedule of County's Proportionate Share of the Net Pension Liability (Asset)

Register of Deed's Supplemental Pensions Fund

Last Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.303%	0.349%	0.345%	0.351%	0.354%	0.373%	35.200%
County's proportionate share of the net pension liability (asset)	\$ (59,775)	\$ (57,924)	\$ (58,832)	\$ (65,677)	\$ (82,140)	\$ (84,639)	\$ (75,159)
County's covered- payroll during the measurement period	\$ 60,311	\$ 61,430	\$ 61,430	\$ 68,950	\$ 68,950	\$ 68,950	\$ 68,908
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll during the measurement period	-99.11%	-94.29%	-95.77%	-95.25%	-119.13%	-122.75%	-109.07%
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

*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
Register of Deed's Supplemental Pension Fund
Last Seven Fiscal Years

Exhibit A-5

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,760	\$ 2,878	\$ 2,993	\$ 2,995	\$ 3,148	\$ 2,558	\$ 3,049
Contributions in relation to the contractually required contribution	2,760	2,878	2,993	2,995	3,148	2,558	3,049
Contribution deficiency (excess)	-	-	-	-	-	-	-
County's covered payroll	\$ 60,510	\$ 60,311	\$ 61,430	\$ 61,430	\$ 68,950	\$ 68,950	\$ 68,908
Contributions as a percentage of covered payroll	4.56%	4.77%	4.87%	4.88%	4.57%	3.71%	4.42%

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, 2020

Exhibit A-6

	2020	2019	2018	2017
Beginning balance	\$ 1,519,755	\$ 1,526,510	\$ 1,395,651	\$ 1,352,634
Service Cost	70,958	68,578	57,617	61,293
Interest on the total pension liability	54,440	47,389	52,959	47,709
Difference between expected and actual experience	86,216	(9,694)	(28,783)	(33,504)
Changes of assumptions or other inputs	51,418	(59,313)	96,356	(32,481)
Benefit payments	(48,312)	(53,715)	(47,290)	(47,290)
Ending balance of the total pension liability	<u>\$ 1,734,475</u>	<u>\$ 1,519,755</u>	<u>\$ 1,526,510</u>	<u>\$ 1,348,361</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 years above have 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, 2020**

	2020	2019	2018	2017
Total pension liability	1,734,475	1,519,755	\$1,526,510	\$ 1,395,651
Covered payroll	2,627,756	2,425,376	2,359,987	2,374,905
Total pension liability as a percentage of covered payroll	66.01%	62.66%	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 years above have 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, 2020

	2020			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
REVENUES				
Ad valorem taxes				
Current year levy	\$ 32,672,695	\$ 32,672,695	\$ 33,218,170	\$ 545,475
Prior year levy	350,000	350,000	413,449	63,449
Penalties and interest	161,500	161,500	241,251	79,751
Advertising	43,000	43,000	39,705	(3,295)
Total ad valorem taxes	33,227,195	33,227,195	33,912,575	685,380
Local option sales taxes				
Article 39 one per cent	3,768,200	3,768,200	4,047,120	278,920
Article 40 one-half per cent	2,150,600	2,150,600	2,322,727	172,127
Article 42 one-half per cent	1,855,300	1,855,300	1,989,363	134,063
Article 44 one-half per cent	595,500	595,500	654,723	59,223
Total local option sales taxes	8,369,600	8,369,600	9,013,933	644,333
Other taxes				
Deed stamp excise tax	137,000	137,000	152,641	15,641
Occupancy tax	250,000	7,000	7,136	136
Gross receipts tax	14,000	14,000	14,097	97
Animal taxes	-	-	587	587
Privilege licenses tax	2,500	2,500	2,845	345
Total other taxes	403,500	160,500	177,306	16,806
Fees				
Planning and zoning fees	32,000	32,000	59,943	27,943
Register of Deeds fees	168,300	168,300	171,735	3,435
Inspection fees	406,805	406,805	418,703	11,898
Special Use permit fees	350	350	300	(50)
Total fees	607,455	607,455	650,681	43,226
Intergovernmental revenues				
State and Federal Funds				
Public Health Services	760,715	896,298	1,743,846	847,548
Environmental Health Services	-	-	9,008	9,008
Social Services	5,117,245	5,130,602	5,274,595	143,993
Home and Community Care	325,000	325,000	337,352	12,352
Elderly and handicapped transportation	12,500	11,051	11,051	-
Community Alternatives	123,213	155,042	155,042	-
Beer and Wine Tax	140,000	140,000	137,750	(2,250)
Video Programming	60,000	60,000	56,739	(3,261)
DWI Revenues	3,700	3,700	4,091	391
Court Facilities fees	55,000	55,000	46,983	(8,017)
Sheriff's Grants	73,169	117,778	132,337	14,559
Inmate cost reimbursement	260,000	345,608	444,209	98,601
Federal Inmate cost reimbursement	5,000	9,295	9,901	606
Drug Enforcement-Related Revenues	40,000	95,000	138,807	43,807
Emergency Management	38,125	102,965	103,743	778
Federal Interest Subsidy	67,970	67,970	67,632	(338)
Lottery Proceeds	-	381,920	276,363	(105,557)
Library Grants	95,881	200,381	157,313	(43,068)

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Soil and Water Conservation	28,600	28,600	27,163	(1,437)
Transportation Grant	373,716	362,214	471,627	109,413
Veterans Services	-	-	500	500
Subtotal State and Federal funds	7,579,834	8,488,424	9,606,052	1,117,628
Local Funds				
E-911 City Participation	116,000	116,000	139,419	23,419
Subtotal Local funds	116,000	116,000	139,419	23,419
Total Intergovernmental revenues	7,695,834	8,604,424	9,745,471	1,141,047
Investment income	486,800	486,800	331,430	(155,370)
Charges for services				
Sheriff and Jail fees	214,500	238,829	253,811	14,982
School Resource Officer Contract	161,485	161,485	185,313	23,828
ABC Officer Contract	28,000	28,000	28,000	-
PCC Officer Contract	60,000	60,000	45,000	(15,000)
Solid waste and recycling fees	565,000	565,000	647,698	82,698
EMS fees	1,428,000	1,428,000	1,586,820	158,820
Animal fees	30,000	30,426	31,977	1,551
Cooperative Extension Fees	17,180	17,180	8,580	(8,600)
Library fines and fees	10,100	11,959	12,546	587
Recreation fees	299,929	306,301	241,496	(64,805)
Map fees	500	500	414	(86)
GIS fees	550	550	533	(17)
EDC reimbursement from other governments	7,500	7,500	7,500	-
IT services to other governments	84,000	84,000	84,292	292
Stormwater Admin Fees	87,571	87,571	87,571	-
Transportation Services	378,831	413,831	269,714	(144,117)
Tax Collection Fees	68,000	68,000	66,257	(1,743)
Arts Council Reimbursement	20,000	20,000	17,000	(3,000)
Health fees	611,400	611,400	431,140	(180,260)
Environmental Health fees	125,000	125,000	165,592	40,592
DSS Fees	1,000	1,000	525	(475)
Total charges for services	4,198,546	4,266,532	4,171,779	(94,753)
Other revenues				
Rents and leases	120,093	120,093	127,987	7,894
ABC Board distributions	253,200	253,200	229,530	(23,670)
Miscellaneous	72,633	175,851	122,994	(52,857)
Donations	21,000	66,558	88,682	22,124
Total other revenues	466,926	615,702	569,193	(46,509)
Total general revenues	55,455,856	56,338,208	58,572,368	2,234,160
EXPENDITURES				
<u>General government</u>				
Governing Body				
Personnel expenses			81,557	
Operating expenses			86,825	
ABC profits to City of Roxboro			46,590	
Total	250,038	264,038	214,972	49,066

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Administration				
Personnel expenses			365,276	
Operating expenses			6,142	
Total	409,852	409,852	371,418	38,434
Information Technology				
Personnel expenses			611,546	
Operating expenses			477,741	
Capital outlay			68,294	
Total	1,027,513	2,061,373	1,157,581	903,792
Human Resources				
Personnel expenses			556,266	
Operating expenses			240,937	
Total	675,381	854,304	797,203	57,101
Fleet Sales Management				
Operating expenses			16,003	
Total	228,154	21,862	16,003	5,859
Elections				
Personnel expenses			159,126	
Operating expenses			119,626	
Capital outlay			2,032	
Total	307,670	314,050	280,784	33,266
Finance				
Personnel expenses			382,032	
Operating expenses			126,368	
Total	584,849	604,349	508,400	95,949
Tax Administration				
Personnel expenses			684,087	
Operating expenses			212,610	
Total	932,204	933,179	896,697	36,482
Reappraisal Reserve	385,000	385,000	-	385,000
Legal				
Personnel expenses			66,773	
Operating expenses			3,450	
Total	68,111	68,111	70,223	(2,112)
Register of Deeds				
Personnel expenses			221,213	
Operating expenses			49,284	
Capital outlay			2,263	
Total	288,489	288,489	272,760	15,729

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Courts				
Operating expenses	6,500	6,500	5,038	1,462
General Services				
Personnel expenses			859,819	
Operating expenses			1,316,495	
Capital outlay			23,618	
Total	2,313,305	2,467,357	2,199,932	267,425
Total general government	7,477,066	8,678,464	6,791,011	1,887,453
Public Safety				
Sheriff				
Personnel expenses			3,725,784	
Operating expenses			460,653	
Capital outlay			303,704	
Total	4,227,559	4,773,132	4,490,141	282,991
Jail				
Personnel expenses			1,871,625	
Operating expenses			948,251	
Capital outlay			43,832	
Total	2,943,509	3,037,522	2,863,708	173,814
Judicial				
Personnel expenses			421,124	
Operating expenses			5,600	
Total	445,459	445,459	426,724	18,735
JCPC Administration				
Personnel expenses			10,864	
Operating expenses			6,494	
Total	5,000	10,000	17,358	(7,358)
Roots & Wings				
Operating expenses	73,690	93,377	93,372	5
Act Together				
Operating expenses	5,000	-	-	-
4H YES				
Personnel expenses			51,669	
Operating expenses			8,660	
Total	55,166	67,308	60,329	6,979

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Emergency Management				
Personnel expenses			131,773	
Operating expenses			74,953	
Total	225,325	283,262	206,726	76,536
Fire and Rescue				
Personnel expenses			9,193	
Operating expenses			3,661	
VFD annual appropriation			389,072	
Capital outlay			2,852	
Total	389,072	451,834	404,778	47,056
Ambulance Service				
Personnel expenses			2,861,423	
Operating expenses			459,124	
Capital outlay			21,525	
Total	3,576,856	3,642,989	3,342,072	300,917
Code Enforcement				
Personnel expenses			408,001	
Operating expenses			72,568	
Capital outlay			32,461	
Total	507,021	550,200	513,030	37,170
Emergency Communications				
Personnel expenses			910,001	
Operating expenses			28,604	
Total	1,059,177	1,059,177	938,605	120,572
Medical Examiner	25,250	30,250	26,200	4,050
Animal Control				
Personnel expenses			248,248	
Operating expenses			50,755	
Capital outlay			4,908	
Total	391,549	401,338	303,911	97,427
Total public safety	13,929,633	14,845,848	13,686,954	1,158,894
Transportation				
Airport Operations				
Operating expenses			49,047	
Total	48,000	56,384	49,047	7,337

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Public Transportation				
Personnel expenses			650,177	
Operating expenses			312,483	
Capital outlay			93,263	
Total	987,703	1,101,513	1,055,923	45,590
Total transportation	1,035,703	1,157,897	1,104,970	52,927
<u>Human Services</u>				
Public Health				
Personnel expenses			1,114,842	
Operating expenses			742,711	
Capital outlay			2,842	
Total	2,687,541	2,792,587	1,860,395	932,192
Environmental Health				
Personnel expenses			387,934	
Operating expenses			56,705	
Capital outlay			8,835	
Total	454,958	469,369	453,474	15,895
Mental Health				
Operating expenses	538,225	624,661	524,621	100,040
Social Services				
Personnel expenses			5,653,440	
Operating expenses			986,383	
Capital outlay			13,632	
Public assistance			1,658,192	
Total	9,620,869	10,070,553	8,311,647	1,758,906
Veterans Services				
Personnel expenses			14,723	
Operating expenses			3,246	
Total	18,485	22,801	17,969	4,832
Senior Center				
Operating expenses			438,715	
Total	435,971	434,522	438,715	(4,193)
Total human services	13,756,049	14,414,493	11,606,821	2,807,672
<u>Education</u>				
Public Schools				
Current expense			10,442,896	
Capital outlay			758,864	
Terrell Fund			19,000	
Total	11,015,596	11,630,460	11,220,760	409,700

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Community College				
Operating expenses			1,325,339	
Total	1,321,681	1,321,681	1,325,339	(3,658)
Total education	12,337,277	12,952,141	12,546,099	406,042
<u>Environmental Protection</u>				
Landfill Maintenance				
Operating expenses			29,247	
Total	31,450	50,964	29,247	21,717
Soil and Water Conservation				
Personnel expenses			105,838	
Operating expenses			11,778	
Total	132,024	150,000	117,616	32,384
Total environmental protection	163,474	200,964	146,863	54,101
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			165,183	
Operating expenses			246,405	
Total	501,158	812,846	411,588	401,258
Planning and Zoning				
Personnel expenses			212,170	
Operating expenses			54,095	
Total	419,726	425,184	266,265	158,919
GIS				
Personnel expenses			149,739	
Operating expenses			28,587	
Total	185,605	185,605	178,326	7,279
Cooperative Extension Service				
Operating expenses			218,211	
Capital outlay			7,295	
Total	241,372	255,509	225,506	30,003
Forestry Services				
Operating expenses	66,140	66,140	62,021	4,119
Total economic and physical development	1,414,001	1,745,284	1,143,706	601,578

General Fund

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

For the fiscal year ended June 30, 2020

	2020			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			435,016	
Operating expenses			280,408	
Capital outlay			5,921	
Total	594,801	765,533	721,345	44,188
Recreation, Arts and Parks				
Personnel expenses			833,295	
Operating expenses			385,585	
Total	1,233,903	1,326,892	1,218,880	108,012
Museum of History				
Operating expenses	46,947	46,947	42,462	4,485
Total cultural and recreational	1,875,651	2,139,372	1,982,687	156,685
<u>Debt Service</u>				
Principal retirement	1,624,047	1,624,047	1,624,046	1
Interest and fees	377,465	377,465	377,464	1
Debt issuance costs	4,657	6,657	4,717	1,940
Total debt service	2,006,169	2,008,169	2,006,227	1,942
<u>Contingency</u>	873,508	374,752	-	374,752
Total expenditures	54,868,531	58,517,384	51,015,338	7,502,046
Revenues over (under) expenditures	587,325	(2,179,176)	7,557,030	9,736,206
OTHER FINANCING SOURCES (USES)				
Transfers in				
Special revenue funds	-	276,000	276,000	-
Transfers out				
Special revenue funds	(1,584,001)	(1,359,832)	(1,359,832)	-
Capital project funds	(4,869,176)	(4,869,176)	(4,869,176)	-
Internal service funds	(70,000)	(70,000)	-	70,000
Sale of capital assets	35,500	38,099	32,728	(5,371)
Total other financing sources (uses)	(6,487,677)	(5,984,909)	(5,920,280)	64,629
Revenues and other financing sources over (under) expenditures and other financing uses	(5,900,352)	(8,164,085)	1,636,750	9,800,835
APPROPRIATED FUND BALANCE	5,900,352	8,164,085	-	(8,164,085)
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	1,636,750	\$ 1,636,750
Fund balance, beginning of year			28,306,529	
Fund balance end of year			\$ 29,943,279	

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

Exhibit B-2

For the fiscal year ended June 30, 2020

	2020			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Operating expenses	385,000	385,000	185,369	199,631
Total expenditures	385,000	385,000	185,369	199,631
Excess (deficiency) of revenues over expenditures	(385,000)	(385,000)	(185,369)	199,631
OTHER FINANCING SOURCES				
Transfers in				
General Fund	185,000	185,000	185,000	-
Total other financing sources (uses)	185,000	185,000	185,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	(200,000)	(200,000)	(369)	199,631
APPROPRIATED FUND BALANCE	200,000	200,000	-	(200,000)
Excess (deficiency) of revenues and other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	(369)	\$ (369)
Fund balance beginning of year			623,505	
Fund balance end of year			<u>\$ 623,136</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.

- ♦ **Fire Tax District Fund:** accounts for property tax collections for distribution to the county's nine fire service districts.
- ♦ **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.
- ♦ **Museum Trust Fund:** accounts for assets held for the sole use of the Museum.
- ♦ **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.
- ♦ **CDBG Fund:** Accounts for revenues and expenditures related to CDBG grants.
- ♦ **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.
- ♦ **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.
- ♦ **Waterline Extension RRSF:** accounts for revenues and expenditure related to construction of a waterline extension that will serve the Person County Mega Park.
- ♦ **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, 2020

Special Revenue Funds							
	Fire Tax District Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Museum Trust Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 70,441	\$ -	\$ 22,674	\$ 555,764	\$ 1,198,658	\$ 269	\$ 1,847,806
Restricted cash	-	185,750	-	-	-	-	\$ 185,750
Accounts receivable, net	-	49,071	31,860	-	13,976	-	94,907
Total assets	<u>\$ 70,441</u>	<u>\$ 234,821</u>	<u>\$ 54,534</u>	<u>\$ 555,764</u>	<u>\$ 1,212,634</u>	<u>\$ 269</u>	<u>\$ 2,128,463</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued							
liabilities	\$ 11,755	\$ 9,387	\$ -	\$ -	\$ -	\$ -	\$ 21,142
Total liabilities	<u>11,755</u>	<u>9,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,142</u>
DEFERRED INFLOWS							
Deferred revenue	-	-	31,860	-	-	-	31,860
Fund balances:							
Restricted:							
Stabilization by State							
Statute	-	86,535	31,860	-	67,454	-	185,849
Public safety	-	138,899	-	-	-	-	138,899
Culture and recreation	-	-	-	-	-	269	269
Capital projects	-	-	-	-	-	-	-
Committed:							
Economic development	-	-	-	555,764	-	-	555,764
Environmental protection	-	-	-	-	1,145,180	-	1,145,180
Public safety	58,686	-	-	-	-	-	58,686
Capital projects	-	-	-	-	-	-	-
Assigned:							
Subsequent year's expenditures							
	-	-	-	-	-	-	-
Unassigned:	-	-	(9,186)	-	-	-	(9,186)
Total fund balances	<u>58,686</u>	<u>225,434</u>	<u>22,674</u>	<u>555,764</u>	<u>1,212,634</u>	<u>269</u>	<u>2,075,461</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 70,441</u>	<u>\$ 234,821</u>	<u>\$ 54,534</u>	<u>\$ 555,764</u>	<u>\$ 1,212,634</u>	<u>\$ 269</u>	<u>\$ 2,128,463</u>

Capital Project Funds								
Airport Capital Projects Fund	Capital Improvement Projects Fund	CDBG Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Roxplex & Various Improvements Project Fund	Waterline Extension RRSF	Public Safety Towers and Broadband Capital Project Ordinance	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ 2,172,839	\$ -	\$ 22,768	\$ 29,846	\$ 42,850	\$ 195,125	\$ 2,463,428	\$ 4,311,234
3,963,621	-	-	-	-	-	106,868	4,070,489	4,256,239
9,841	-	-	-	-	-	-	9,841	104,748
<u>\$ 3,973,462</u>	<u>\$ 2,172,839</u>	<u>\$ -</u>	<u>\$ 22,768</u>	<u>\$ 29,846</u>	<u>\$ 42,850</u>	<u>\$ 301,993</u>	<u>\$ 6,543,758</u>	<u>\$ 8,672,221</u>
\$ 38,196	\$ 41,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,014	\$ 101,156
<u>38,196</u>	<u>41,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,014</u>	<u>101,156</u>
-	-	-	-	-	-	-	-	31,860
9,841	-	-	-	-	-	-	9,841	195,690
-	-	-	-	-	-	-	-	138,899
-	-	-	-	-	-	-	-	269
3,925,425	-	-	-	-	-	106,868	4,032,293	4,032,293
-	-	-	-	-	-	-	-	555,764
-	-	-	-	-	-	-	-	1,145,180
-	-	-	-	-	-	-	-	58,686
-	2,131,021	-	22,768	29,846	42,850	195,125	2,421,610	2,421,610
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(9,186)
<u>3,935,266</u>	<u>2,131,021</u>	<u>-</u>	<u>22,768</u>	<u>29,846</u>	<u>42,850</u>	<u>301,993</u>	<u>6,463,744</u>	<u>8,539,205</u>
<u>\$ 3,973,462</u>	<u>\$ 2,172,839</u>	<u>\$ -</u>	<u>\$ 22,768</u>	<u>\$ 29,846</u>	<u>\$ 42,850</u>	<u>\$ 301,993</u>	<u>\$ 6,543,758</u>	<u>\$ 8,672,221</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, 2020

	Special Revenue Funds						
	Fire Tax District Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Museum Trust Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Ad valorem taxes	\$ 1,054,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,350
Restricted							
intergovernmental	-	588,849	-	-	58,078	-	646,927
Investment earnings	-	944	817	13,932	3,938	-	19,631
Other revenues	-	-	4,870	-	-	-	4,870
Total revenues	<u>1,054,350</u>	<u>589,793</u>	<u>5,687</u>	<u>13,932</u>	<u>62,016</u>	<u>-</u>	<u>1,725,778</u>
EXPENDITURES							
Current:							
Public safety	972,855	236,266	-	-	-	-	1,209,121
Economic and physical development	-	-	-	403,531	-	-	403,531
Capital outlay	30,000	-	-	-	-	-	30,000
Debt service:							
Principal	-	241,993	-	-	-	-	241,993
Interest and other charges	-	11,432	-	-	-	-	11,432
Total	<u>1,002,855</u>	<u>489,691</u>	<u>-</u>	<u>403,531</u>	<u>-</u>	<u>-</u>	<u>1,896,077</u>
Excess (deficiency) of revenues over expenditures	<u>51,495</u>	<u>100,102</u>	<u>5,687</u>	<u>(389,599)</u>	<u>62,016</u>	<u>-</u>	<u>(170,299)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	-	-	1,000,000	-	1,000,000
Transfers to other funds	-	-	-	(276,000)	-	-	(276,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(276,000)</u>	<u>1,000,000</u>	<u>-</u>	<u>724,000</u>
Net change in funds	<u>51,495</u>	<u>100,102</u>	<u>5,687</u>	<u>(665,599)</u>	<u>1,062,016</u>	<u>-</u>	<u>553,701</u>
Fund balances (deficit) - beginning	<u>7,191</u>	<u>125,332</u>	<u>16,987</u>	<u>1,221,363</u>	<u>150,618</u>	<u>269</u>	<u>1,521,760</u>
Fund balances - ending	<u>\$ 58,686</u>	<u>\$ 225,434</u>	<u>\$ 22,674</u>	<u>\$ 555,764</u>	<u>\$ 1,212,634</u>	<u>\$ 269</u>	<u>\$ 2,075,461</u>

Capital Project Funds								
Airport Capital Projects Fund	Capital Improvement Projects Fund	CDBG Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Roxplex & Various Improvements Project Fund	Waterline Extension RRSG	Public Safety Towers and Broadband Capital Project Ordinance	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,350
22,738	17,166	360,027	-	-	1,033,060	-	1,432,991	2,079,918
19,910	28,493	-	3	-	-	22	48,428	68,059
-	-	-	-	-	-	-	-	4,870
42,648	45,659	360,027	3	-	1,033,060	22	1,481,419	3,207,197
-	-	-	-	-	-	-	-	1,209,121
-	-	-	-	-	-	-	-	403,531
224,028	1,834,004	360,027	9,147	2,475	1,344,208	247,846	4,021,735	4,051,735
-	-	-	-	-	-	-	-	241,993
-	-	-	-	-	-	-	-	11,432
224,028	1,834,004	360,027	9,147	2,475	1,344,208	247,846	4,021,735	5,917,812
(181,380)	(1,788,345)	-	(9,144)	(2,475)	(311,148)	(247,824)	(2,540,316)	(2,710,615)
2,477,000	4,669,176	-	-	-	-	-	7,146,176	8,146,176
-	(2,277,000)	-	-	-	-	-	(2,277,000)	(2,553,000)
2,477,000	2,392,176	-	-	-	-	-	4,869,176	5,593,176
2,295,620	603,831	-	(9,144)	(2,475)	(311,148)	(247,824)	2,328,860	2,882,561
1,639,646	1,527,190	-	31,912	32,321	353,998	549,817	4,134,884	5,656,644
\$ 3,935,266	\$ 2,131,021	\$ -	\$ 22,768	\$ 29,846	\$ 42,850	\$ 301,993	\$ 6,463,744	\$ 8,539,205

Fire Tax District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the fiscal year ended June 30, 2020

	2020			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 1,020,000	\$ 1,020,000	\$ 1,054,350	\$ 34,350
Total revenues	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,054,350</u>	<u>34,350</u>
EXPENDITURES				
VFD & Rescue Squad capital payments	1,020,000	990,000	972,855	17,145
Capital Outlay	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total expenditures	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,002,855</u>	<u>17,145</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>51,495</u>	<u>\$ 17,205</u>
Fund balance beginning of year			7,191	
Fund balance end of year			<u>\$ 58,686</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, 2020

	2020			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ 588,849	\$ 588,849	\$ 588,849	\$ -
Investment earnings	2,100	2,100	944	(1,156)
Total revenues	590,949	590,949	589,793	(1,156)
EXPENDITURES				
Implemental functions	25,006	25,006	14,477	10,529
Telephone	168,136	168,136	144,399	23,737
Software maintenance	85,414	85,414	35,874	49,540
Hardware maintenance	33,464	33,464	24,440	9,024
Training	17,847	17,847	9,956	7,891
Capital outlay	8,560	8,560	7,120	1,440
Debt Service				
Principal retirement	241,992	241,992	241,993	(1)
Interest and fees	11,432	11,432	11,432	-
Total debt service	253,424	253,424	253,425	(1)
Total expenditures	591,851	591,851	489,691	102,160
Excess (deficiency) of revenues over expenditure:	(902)	(902)	100,102	101,004
APPROPRIATED FUND BALANCE	902	902	-	(902)
Excess (deficiency) of revenues and other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	100,102	\$ 100,102
Fund balance beginning of year			125,332	
Fund balance end of year			\$ 225,434	

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, 2020

	2020		VARIANCE
	Original and Final Budget	Actual	Positive (Negative)
REVENUES			
Investment earnings	\$ 926	\$ 817	\$ (109)
Miscellaneous revenues			
Loan principle received	4,849	4,870	21
Total revenues	5,775	5,687	(88)
EXPENDITURES	5,775	-	5,775
Excess (deficiency) of revenues over expenditures	\$ -	5,687	\$ 5,687
Fund balance beginning of year		16,987	
Fund balance end of year		\$ 22,674	

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, 2020

	2020			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Investment earnings	\$ 32,300	\$ 32,300	\$ 13,932	\$ (18,368)
Total revenues	32,300	32,300	13,932	(18,368)
EXPENDITURES	654,000	654,000	403,531	250,469
Excess (deficiency) of revenues over expenditures	(621,700)	(621,700)	(389,599)	232,101
OTHER FINANCING SOURCES (USES)				
Transfers out				
General fund	-	(276,000)	(276,000)	-
Total Other Financing Sources	-	(276,000)	(276,000)	-
Excess (deficiency) of revenues and other financing sources over expenditures	(621,700)	(897,700)	(665,599)	232,101
APPROPRIATED FUND BALANCE	621,700	897,700	-	(897,700)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	(665,599)	\$ (665,599)
Fund balance beginning of year			1,221,363	
Fund balance end of year			\$ 555,764	

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, 2020

	2020			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 58,078	\$ 28,078
Investment earnings	1,400	1,400	3,938	2,538
Total revenues	<u>31,400</u>	<u>31,400</u>	<u>62,016</u>	<u>30,616</u>
EXPENDITURES				
Water and sewer construction	<u>1,031,400</u>	<u>1,031,400</u>	<u>-</u>	<u>1,031,400</u>
Excess (deficiency) of revenues over expenditures	(1,000,000)	(1,000,000)	62,016	1,062,016
OTHER FINANCING SOURCES				
Transfers in				
General fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total Other Financing Sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,062,016</u>	<u>\$ 1,062,016</u>
Fund balance beginning of year			<u>150,618</u>	
Fund balance end of year			<u>\$ 1,212,634</u>	

Museum Trust Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Actual

For the fiscal year ended June 30, 2020

	<u>Actual</u>
REVENUES	
Investment earnings	\$ -
Total revenues	<u>-</u>
EXPENDITURES	
Public buildings and grounds	
Operating	<u>-</u>
Excess (deficiency) of revenues over expenditures	-
Fund balance beginning of year	269
Fund balance end of year	<u>\$ 269</u>

Airport 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, 2020

		Actual			Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	To Date	(Negative)
REVENUES					
Restricted intergovernmental	\$ 12,005,333	\$ 1,407,328	\$ 22,738	\$ 1,430,066	\$ (10,575,267)
Investment earnings	-	51,212	19,910	71,122	71,122
Other revenues	988,372	129,790	-	129,790	(858,582)
Total revenues	12,993,705	1,588,330	42,648	1,630,978	(11,362,727)
EXPENDITURES					
Construction	16,916,705	1,571,684	224,028	1,795,712	15,120,993
Excess (deficiency) of revenues over expenditures	(3,923,000)	16,646	(181,380)	(164,734)	3,758,266
OTHER FINANCING SOURCES					
Operating transfers-in					
General fund	2,600,000	1,623,000	2,477,000	4,100,000	1,500,000
Total Other Financing Sources	2,600,000	1,623,000	2,477,000	4,100,000	1,500,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ (1,323,000)	\$ 1,639,646	2,295,620	\$ 3,935,266	\$ 5,258,266
APPROPRIATED FUND BALANCE	1,323,000	-	-	-	(1,323,000)
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ 1,639,646	2,295,620	\$ 3,935,266	\$ 3,935,266
Fund balance beginning of year			1,639,646		
Fund balance end of year			\$ 3,935,266		

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

Exhibit C-11

From inception and for the fiscal year ended June 30, 2020

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Restricted intergovernmental					
City of Roxboro Contributions	\$ 17,167	\$ -	\$ 17,166	\$ 17,166	\$ (1)
Other revenues	-	39,270	-	39,270	39,270
Investment earnings	80,000	61,396	28,493	89,889	9,889
Total revenues	97,167	100,666	45,659	146,325	49,158
EXPENDITURES					
County	5,228,338	3,393,037	1,173,380	4,566,417	661,921
Schools	1,151,374	770,788	172,113	942,901	208,473
PCC	1,136,368	594,990	488,511	1,083,501	52,867
Total expenditures	7,516,080	4,758,815	1,834,004	6,592,819	923,261
Excess (deficiency) of revenues over expenditures	(7,418,913)	(4,658,149)	(1,788,345)	(6,446,494)	972,419
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	9,330,455	6,325,339	4,669,176	10,994,515	1,664,060
Transfers out					
Capital Projects Fund	(2,277,000)	(140,000)	(2,277,000)	(2,417,000)	(140,000)
Total Other Financing Sources	7,053,455	6,185,339	2,392,176	8,577,515	1,524,060
Excess (deficiency) of revenues and other financing sources over expenditures	(365,458)	1,527,190	603,831	2,131,021	2,496,479
APPROPRIATED FUND BALANCE					
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	365,458	-	-	-	(365,458)
	\$ -	\$ 1,527,190	603,831	\$ 2,131,021	\$ 2,131,021
Fund balance beginning of year			1,527,190		
Fund balance end of year			\$ 2,131,021		

CDBG Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

From inception and for the fiscal year ended June 30, 2020

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Intergovernmental	\$ 1,000,000	\$ 336,326	\$ 360,027	\$ 696,353	\$ (303,647)
Total revenues	<u>1,000,000</u>	<u>336,326</u>	<u>360,027</u>	<u>696,353</u>	<u>(303,647)</u>
EXPENDITURES					
Construction	1,000,000	336,326	360,027	696,353	303,647
Total expenditures	<u>1,000,000</u>	<u>336,326</u>	<u>360,027</u>	<u>696,353</u>	<u>303,647</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance beginning of year			-		
Fund balance end of year			<u>\$ -</u>		

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, 2020

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ 252	\$ 3	\$ 255	\$ 255
Total revenues	-	252	3	255	255
EXPENDITURES					
Professional services - architect and engineering	74,162	116,914	-	116,914	(42,752)
Building purchase	852,204	852,204	-	852,204	-
Construction	959,866	1,218,565	9,147	1,227,712	(267,846)
Issuance cost	163,220	163,220	-	163,220	-
Contingency	30,000	-	-	-	30,000
Public schools	303,110	-	-	-	303,110
Other	8,913	8,912	-	8,912	1
Total expenditures	2,391,475	2,359,815	9,147	2,368,962	22,513
Excess (deficiency) of revenues over expenditures	(2,391,475)	(2,359,563)	(9,144)	(2,368,707)	22,768
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	1,475	1,475	-	1,475	-
CIP Project 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	\$ -	\$ 31,912	(9,144)	\$ 22,768	\$ 22,768
Fund balance beginning of year			31,912		
Fund balance end of year			\$ 22,768		

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

Exhibit C-14

From inception and for the fiscal year ended June 30, 2020

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Investment earnings	\$ -	\$ 133	\$ -	\$ 133	\$ 133
Total revenues	-	133	-	133	133
EXPENDITURES					
County	1,029,757	972,704	2,475	975,179	54,578
Schools	854,533	854,533	-	854,533	-
Issuance Costs	-	54,575	-	54,575	(54,575)
Contingency	29,710	-	-	-	29,710
Total expenditures	1,914,000	1,881,812	2,475	1,884,287	29,713
Excess (deficiency) of revenues over expenditures	(1,914,000)	(1,881,679)	(2,475)	(1,884,154)	29,846
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	\$ -	\$ 32,321	(2,475)	\$ 29,846	\$ 29,846
Fund balance beginning of year			32,321		
Fund balance end of year			\$ 29,846		

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-15

From inception and for the fiscal year ended June 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ 193	\$ 22	\$ 215	\$ 215
EXPENDITURES					
County	-	3,256,635	-	3,256,635	(3,256,635)
Schools	1,153,453	934,961	153,597	1,088,558	64,895
Issurance costs	3,554,109	53,780	94,249	148,029	3,406,080
Contingency funds	87,438	-	-	-	87,438
Total expenditures	4,795,000	4,245,376	247,846	4,493,222	301,778
Excess (deficiency) of revenues over expenditures	(4,795,000)	(4,245,183)	(247,824)	(4,493,007)	301,993
OTHER FINANCING SOURCES (USES)					
Transfers in					
CIP Projects Fund	395,000	395,000	-	395,000	-
Installment purchase obligations issued	4,400,000	4,400,000	-	4,400,000	-
Total Other Financing Sources	4,795,000	4,795,000	-	4,795,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 549,817	(247,824)	\$ 301,993	\$ 301,993
Fund balance beginning of year			549,817		
Fund balance end of year			\$ 301,993		

Waterline Extension RRSB

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

From inception and for the fiscal year ended June 30, 2020

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Intergovernmental	\$ 1,604,124	\$ 50,151	\$ 1,033,060	\$ 1,083,211	\$ (520,913)
Total revenues	<u>1,604,124</u>	<u>50,151</u>	<u>1,033,060</u>	<u>1,083,211</u>	<u>(520,913)</u>
EXPENDITURES					
Schools	2,005,156	97,185	1,344,208	1,441,393	563,763
Total expenditures	<u>2,005,156</u>	<u>97,185</u>	<u>1,344,208</u>	<u>1,441,393</u>	<u>563,763</u>
Excess (deficiency) of revenues over expenditures	(401,032)	(47,034)	(311,148)	(358,182)	42,850
OTHER FINANCING SOURCES (USES):					
Transfers in					
General Fund	401,032	401,032	-	401,032	-
Total other financing sources	<u>401,032</u>	<u>401,032</u>	<u>-</u>	<u>401,032</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 353,998</u>	(311,148)	<u>\$ 42,850</u>	<u>\$ 42,850</u>
Fund balance beginning of year			353,998		
Fund balance end of year			<u>\$ 42,850</u>		

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, 2020

	2020			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Charge for services	\$ 250,000	\$ 250,000	\$ 279,446	\$ 29,446
Investment earnings	-	-	2,554	2,554
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>282,000</u>	<u>32,000</u>
EXPENDITURES				
Environmental Protection				
Operating expenses	245,000	245,000	245,619	(619)
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>245,619</u>	<u>4,381</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	36,381	<u>\$ 36,381</u>
Fund balance beginning of year			528,061	
Fund balance end of year			<u>\$ 564,442</u>	

Internal Service Fund

Internal Service Fund

Internal Service funds are used to account for the financing of goods and services provided by one department or other departments of the County.

- ♦ **Insurance Fund:** accounts for the County's health insurance transactions

Insurance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP)

For the fiscal year ended June 30, 2020

	2020			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Contributions from employees	\$ 3,539,760	\$ 3,556,760	\$ 3,362,100	\$ (194,660)
Insurance settlements	-	-	29,579	29,579
Investment earnings	8,000	14,000	12,433	(1,567)
Miscellaneous	338,300	355,300	375,272	19,972
Total revenues	<u>3,886,060</u>	<u>3,926,060</u>	<u>3,779,384</u>	<u>(146,676)</u>
EXPENDITURES				
Health insurance administration	580,000	620,000	673,567	(53,567)
Claims	<u>3,306,060</u>	<u>3,306,060</u>	<u>3,897,637</u>	<u>(591,577)</u>
Total expenditures	<u>3,886,060</u>	<u>3,926,060</u>	<u>4,571,204</u>	<u>(645,144)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	(791,820)	<u>\$ (791,820)</u>
Fund balance beginning of year			348,686	
Fund balance end of year			<u>\$ (443,134)</u>	

Agency funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments and/or other funds.

AGENCY FUNDS:

- ◆ **Social Services Trust Fund:** accounts for receipts and disbursements made by the County on behalf of individuals for whom the County serves as or is, in fact, their legal guardian or custodian.
- ◆ **Sheriff's Executions and Commissions Fund:** 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.
- ◆ **City of Roxboro Property and Vehicle Tax Fund:** accounts for registered motor vehicle property taxes that are billed and collected by the County for the City of Roxboro. This fund also includes the 3% additional first month's interest charged on delinquent motor vehicle tax bills remitted to the State Treasurer.
- ◆ **Inmate Fund:** accounts for cash held for inmates who are serving time in the Person County Detention Center.
- ◆ **Person County Tourism Development Authority Fund:** accounts for the revenues and expenditures of occupancy tax received from the County.
- ◆ **Fines and Forfeitures and 4-H Program Fund:** accounts for fines and forfeitures that are passed through the County from the Clerk of Courts Office to the Board of Education, and for monies held for future 4-H program expenses.

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

Exhibit F-1

For the fiscal year ended June 30, 2020

	Balance 6/30/19	Additions	Deductions	Balance 6/30/20
<u>Social Services Trust</u>				
Assets				
Cash and cash equivalents	\$ 68,609	\$ 780,422	\$ 733,498	\$ 115,533
Liabilities				
Due to individuals	\$ 68,609	\$ 780,422	\$ 733,498	\$ 115,533
<u>Sheriff's Executions and Commissions</u>				
Assets				
Cash and cash equivalents	\$ 29,631	\$ 44,445	\$ 43,203	\$ 30,873
Liabilities				
Accounts payable and accrued liabilities	\$ 29,631	\$ 44,445	\$ 43,203	\$ 30,873
<u>City of Roxboro Property Tax and Vehicle Tax</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,670,784	\$ 4,669,480	\$ 1,304
Taxes receivable	204,962	4,677,798	4,698,929	183,831
Total assets	\$ 204,962	\$ 9,348,582	\$ 9,368,409	\$ 185,135
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 4,977,536	\$ 4,976,232	\$ 1,304
Due for taxes receivable	204,962	4,371,046	4,392,177	183,831
Total liabilities	\$ 204,962	\$ 9,348,582	\$ 9,368,409	\$ 185,135
<u>Inmate</u>				
Assets				
Cash and cash equivalents	\$ 25,455	\$ 418,742	\$ 440,114	\$ 4,083
Liabilities				
Accounts payable and accrued liabilities	\$ 11,961	\$ 126,561	\$ 139,234	\$ (712)
Due to inmates	13,494	292,181	300,880	4,795
Total liabilities	\$ 25,455	\$ 418,742	\$ 440,114	\$ 4,083
<u>Fines and Forfeitures and 4H</u>				
Assets				
Cash and cash equivalents	\$ 41,972	\$ 12,683	\$ 17,186	\$ 37,469
Liabilities				
Accounts payable and accrued liabilities	\$ 138	\$ 1,150	\$ 934	\$ 354
Due to 4H	41,834	11,533	16,252	37,115
Total liabilities	\$ 41,972	\$ 12,683	\$ 17,186	\$ 37,469
<u>Total-All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 165,667	\$ 5,927,076	\$ 5,903,481	\$ 189,262
Taxes receivable	204,962	4,677,798	4,698,929	183,831
Total assets	\$ 370,629	\$ 10,604,874	\$ 10,602,410	\$ 373,093
Liabilities				
Accounts payable and accrued liabilities	\$ 41,730	\$ 5,149,692	\$ 5,159,603	\$ 31,819
Due to individuals	68,609	780,422	733,498	115,533
Due to inmates	13,494	292,181	300,880	4,795
Due to 4H	41,834	11,533	16,252	37,115
Due for taxes receivable	204,962	4,371,046	4,392,177	183,831
Total liabilities	\$ 370,629	\$ 10,604,874	\$ 10,602,410	\$ 373,093

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, 2020

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	July 11, 1905	\$ -	\$ 33,682,129	\$ 33,312,102	\$ 370,027
2018-2019	July 10, 1905	374,342	-	218,238	156,104
2017-2018	July 9, 1905	187,041	-	90,972	96,069
2016-2017	July 8, 1905	107,610	-	40,819	66,791
2015-2016	July 7, 1905	68,247	-	22,513	45,734
2014-2015	July 6, 1905	49,477	-	19,059	30,418
2013-2014	July 5, 1905	39,738	-	8,956	30,782
2012-2013	July 4, 1905	34,522	-	5,127	29,395
2011-2012	2011	30,356	-	3,870	26,486
2010-2011	2010	26,083	-	2,920	23,163
2009-2010	2009	23,937	-	23,937	-
Total		<u>\$ 941,353</u>	<u>\$ 33,682,129</u>	<u>\$ 33,748,513</u>	<u>\$ 874,969</u>
Less: allowance for uncollectible accounts					<u>187,013</u>
Ad valorem taxes receivable, net:					<u>\$ 687,956</u>
Reconciliation with Revenues:					
Taxes - Ad Valorem - General Fund					
Current year					\$ 33,218,170
Prior years					413,449
Penalties and interest					241,251
Advertising					<u>39,705</u>
Total Ad Valorem Taxes					33,912,575
Refunds					
Adjustments to prior years taxes					96,115
Amounts written off for tax year 2008 per statute of limitations					<u>20,779</u>
Subtotal					34,029,469
Less interest collected					241,251
Less advertising fees					<u>39,705</u>
Total collections and credits					<u>\$ 33,748,513</u>

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

Exhibit G-2

For the fiscal year ended June 30, 2020

	Property Valuation	Rate per \$100 Valuation	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 4,585,912,892	\$ 0.73	\$ 33,477,164	\$ 30,766,030	\$ 2,711,134
Late Listing Penalties	-		63,263	63,263	-
Total	<u>4,585,912,892</u>		<u>33,540,427</u>	<u>30,829,293</u>	<u>2,711,134</u>
Discoveries and Corrections					
Current Years' Taxes	22,598,411	0.73	164,968	164,968	-
Penalties	-		6,281	6,281	-
	<u>22,598,411</u>		<u>171,249</u>	<u>171,249</u>	<u>-</u>
Releases	<u>(4,047,516)</u>	0.73	<u>(29,547)</u>	<u>(29,547)</u>	<u>-</u>
Total for Year	<u>\$ 4,604,463,787</u>		<u>33,682,129</u>	<u>30,970,995</u>	<u>2,711,134</u>
Less Uncollected tax at June 30, 2020			<u>370,027</u>	<u>365,420</u>	<u>4,607</u>
Current year's taxes collected			<u>\$ 33,312,102</u>	<u>\$ 30,605,575</u>	<u>\$ 2,706,527</u>
Percent current year collected			<u>98.90%</u>	<u>98.82%</u>	<u>99.83%</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	112
<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	118
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	130
<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	135
<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	137
<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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 18,741,532	\$ 21,155,561	\$ 21,364,462	\$ 23,065,359
Restricted	8,563,948	8,219,339	8,869,798	7,729,273
Unrestricted	2,322,140	4,191,640	3,657,279	4,533,912
Total governmental activities net position	<u>\$ 29,627,620</u>	<u>\$ 33,566,540</u>	<u>\$ 33,891,539</u>	<u>\$ 35,328,544</u>
Business-type activities				
Unrestricted	\$ -	\$ -	\$ -	\$ 71,668
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,668</u>
Primary government				
Net investment in capital assets	\$ 18,741,532	\$ 21,155,561	\$ 21,364,462	\$ 23,065,359
Restricted	8,563,948	8,219,339	8,869,798	7,729,273
Unrestricted	2,322,140	4,191,640	3,657,279	4,605,580
Total primary governmental net position	<u>\$ 29,627,620</u>	<u>\$ 33,566,540</u>	<u>\$ 33,891,539</u>	<u>\$ 35,400,212</u>

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 31,664,023	\$ 38,358,826	\$ 32,964,043	\$ 36,548,803	\$ 37,183,541	\$ 38,473,970
7,043,470	8,700,798	9,036,709	11,648,228	9,600,668	12,595,100
9,074,436	10,855,661	14,010,974	13,433,622	17,860,289	17,159,390
<u>\$ 47,781,929</u>	<u>\$ 57,915,285</u>	<u>\$ 56,011,726</u>	<u>\$ 61,630,653</u>	<u>\$ 64,644,498</u>	<u>\$ 68,228,460</u>
\$ 144,184	\$ 237,204	\$ 322,258	\$ 415,658	\$ 528,061	\$ 564,442
<u>\$ 144,184</u>	<u>\$ 237,204</u>	<u>\$ 322,258</u>	<u>\$ 415,658</u>	<u>\$ 528,061</u>	<u>\$ 564,442</u>
\$ 31,664,023	\$ 38,358,826	\$ 32,964,043	\$ 36,548,803	\$ 37,183,541	\$ 38,473,970
7,043,470	8,700,798	9,036,709	11,648,228	9,600,668	12,595,100
9,218,620	11,092,865	14,333,232	13,849,280	18,388,350	17,723,832
<u>\$ 47,926,113</u>	<u>\$ 58,152,489</u>	<u>\$ 56,333,984</u>	<u>\$ 62,046,311</u>	<u>\$ 65,172,559</u>	<u>\$ 68,792,902</u>

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

(Page 1 of 4)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities					
General government	\$ 4,828,349	\$ 4,655,404	\$ 5,806,008	\$ 6,055,901	\$ 6,688,836
Public safety	11,468,186	11,437,656	11,961,190	12,476,577	12,475,439
Transportation	1,454,342	1,435,983	1,415,053	1,286,978	1,277,326
Human services	15,440,313	15,746,664	16,333,971	16,563,554	14,335,792
Environmental protection	1,228,807	891,073	1,088,616	649,147	2,510,486
Economic and physical development	1,470,929	1,753,033	2,103,294	1,404,663	1,433,353
Cultural and recreation	1,511,796	1,466,125	1,587,995	1,592,550	1,615,447
Education	11,460,882	10,269,913	13,043,761	12,096,514	11,626,709
Capital Outlay	-	1,014,882	385,929	1,560,160	460,869
Interest on long term debt	703,782	669,146	534,264	530,279	242,746
Total governmental activities expenses	<u>49,567,386</u>	<u>49,339,879</u>	<u>54,260,081</u>	<u>54,216,323</u>	<u>52,667,003</u>
Business-type activities					
Stormwater Department	-	-	-	199,674	196,024
Total primary government expenses	<u>\$ 49,567,386</u>	<u>\$ 49,339,879</u>	<u>\$ 54,260,081</u>	<u>\$ 54,415,997</u>	<u>\$ 52,863,027</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 383,400	\$ 388,611	\$ 350,744	\$ 396,260	\$ 415,643
Public safety	1,937,117	2,047,710	1,717,878	1,842,884	1,987,725
Transportation	245,332	240,965	322,797	294,459	419,617
Human services	3,916,676	4,027,375	4,023,486	2,728,473	2,522,871
Environmental protection	731,989	932,314	796,321	822,423	761,116
Economic and physical development	99,364	90,001	6,956	11,433	14,731
Cultural and recreation	322,708	341,512	358,138	345,570	323,353
Operating grants and contributions:					
General government	52,398	65,114	14,492	2	-
Public safety	905,318	1,055,904	1,024,467	1,208,057	1,323,629
Transportation	235,717	225,765	310,036	362,452	271,196
Human services	7,033,549	7,100,930	6,926,407	8,392,466	8,560,360
Environmental protection	119,917	118,497	113,343	114,204	118,251
Economic and physical development	361,743	499,604	1,148,118	392,042	166,357
Cultural and recreation	156,210	120,282	117,926	100,281	514,960
Education	189,873	17,862	1,534,817	-	-
Capital grants and contributions:					
General Government	6,571	140,641	6,227	19	-
Transportation	111,955	157,454	454,726	231,347	188,211
Environmental Protection	566,260	54,587	55,737	4,510	-
Economic and physical development	37,000	1,500	2,638	171,039	110,925
Cultural and recreation	5,000	4,000	20,500	12,269	15,877
Education	-	-	-	72,465	229,808
Total governmental activities program revenues	<u>17,418,097</u>	<u>17,630,628</u>	<u>19,305,754</u>	<u>17,502,655</u>	<u>17,944,630</u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Business-type activities					
Charges for services:					
Stormwater Department	-	-	-	271,342	268,540
Total primary government program revenues	\$ 17,418,097	\$ 17,630,628	\$ 19,305,754	\$ 17,773,997	\$ 18,213,170
Net (Expense)/Revenue					
Governmental activities	\$ (32,149,289)	\$ (31,709,251)	\$ (34,954,327)	\$ (36,713,668)	\$ (34,722,373)
Business-type activities	-	-	-	71,668	72,516
Total primary government net expenses	\$ (32,149,289)	\$ (31,709,251)	\$ (34,954,327)	\$ (36,642,000)	\$ (34,649,857)

General Revenues and Other Changes in Net Position

Governmental activities					
Property taxes	\$ 27,291,587	\$ 27,393,771	\$ 28,772,219	\$ 30,883,915	\$ 31,358,952
Local option sales tax	5,542,646	6,045,749	6,092,052	6,430,850	6,732,660
Other taxes and licenses	237,858	305,012	493,228	462,739	563,360
Unrestricted intergovernmental	-	-	-	-	208,437
Investment earnings	24,950	14,619	13,715	508	(32,398)
Miscellaneous, unrestricted					
Loss on disposal of capital asset	-	-	-	-	15,325
Contributed capital	-	-	-	-	10,363,160
Other miscellaneous	438,179	1,889,020	(498,552)	372,661	88,262
Total governmental activities	33,535,220	35,648,171	34,872,662	38,150,673	49,297,758
Business-type activities					
Investment earnings	-	-	-	-	-
Total primary government general revenues, special items and transfers	\$ 33,535,220	\$ 35,648,171	\$ 34,872,662	\$ 38,150,673	\$ 49,297,758
Change in Net Position					
Governmental activities	\$ 1,385,931	\$ 3,938,920	\$ (81,665)	\$ 1,437,005	\$ 14,575,385
Business-type activities	-	-	-	71,668	72,516
Total primary government	\$ 1,385,931	\$ 3,938,920	\$ (81,665)	\$ 1,508,673	\$ 14,647,901

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

(Page 3 of 4)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses					
Governmental activities					
General government	\$ 6,377,104	\$ 7,092,146	\$ 6,510,042	\$ 9,741,738	\$ 10,198,946
Public safety	12,818,151	13,843,079	13,040,023	14,574,861	15,662,933
Transportation	1,333,946	1,339,616	1,291,899	1,611,457	1,331,856
Human services	14,535,066	15,048,142	16,273,304	14,662,401	14,833,071
Environmental protection	2,469,444	3,083,626	648,644	657,940	703,154
Economic and physical development	1,246,837	1,608,085	1,443,587	1,127,571	1,610,834
Cultural and recreation	1,800,505	1,812,818	1,745,964	1,942,027	2,116,574
Education	12,987,242	12,404,456	10,633,360	11,427,138	11,846,237
Capital Outlay	212,752	601,225	2,000,965	1,462,416	873,393
Interest on long term debt	436,753	370,388	363,297	545,966	412,610
Total governmental activities expenses	<u>54,217,800</u>	<u>57,203,581</u>	<u>53,951,085</u>	<u>57,753,515</u>	<u>59,589,608</u>
Business-type activities					
Stormwater Department	175,115	182,996	183,136	168,596	245,619
Total primary government expenses	<u>\$ 54,392,915</u>	<u>\$ 57,386,577</u>	<u>54,134,221</u>	<u>57,922,111</u>	<u>\$ 59,835,227</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 394,378	\$ 421,621	\$ 719,193	\$ 756,078	\$ 826,543
Public safety	1,968,436	2,047,699	1,876,352	2,263,955	2,131,221
Transportation	449,196	381,887	332,338	339,142	269,714
Human services	3,139,853	3,388,953	3,712,493	2,461,438	1,957,968
Environmental protection	754,409	819,123	715,722	718,500	813,290
Economic and physical development	16,063	15,688	83,041	94,404	96,151
Cultural and recreation	368,606	409,525	412,458	382,003	271,042
Operating grants and contributions:					
General government	3,276	-	185,470	199,660	194,989
Public safety	1,277,367	1,650,012	1,199,209	1,718,231	1,763,381
Transportation	506,589	494,012	242,456	482,771	471,627
Human services	8,031,774	8,141,712	6,972,508	6,918,742	7,760,588
Environmental protection	125,363	126,967	91,576	81,079	67,632
Economic and physical development	277,603	259,959	53,027	112,567	85,241
Cultural and recreation	141,363	104,096	120,048	96,538	157,313
Education	-	-	-	-	-
Capital grants and contributions:					
General Government	-	-	-	-	-
Transportation	65,488	194,607	486,117	201,245	22,738
Environmental Protection	6,000	1,998	-	-	-
Economic and physical development	-	-	-	336,326	360,027
Cultural and recreation	14,513	7,750	-	-	-
Education	198,948	142,569	6,487,181	121,122	1,309,423
Total governmental activities program revenues	<u>17,739,225</u>	<u>18,608,178</u>	<u>23,689,189</u>	<u>17,283,801</u>	<u>18,558,888</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
Business-type activities					
Charges for services:					
Stormwater Department	268,135	268,050	274,882	278,791	279,446
Total primary government program revenues	\$ 18,007,360	\$ 18,876,228	\$ 23,964,071	\$ 17,562,592	\$ 18,838,334
Net (Expense)/Revenue					
Governmental activities	\$ (36,478,575)	\$ (38,595,403)	\$ (30,261,896)	\$ (40,469,714)	\$ (41,030,720)
Business-type activities	93,020	85,054	91,746	110,195	33,827
Total primary government net expenses	\$ (36,385,555)	\$ (38,510,349)	\$ (30,170,150)	\$ (40,359,519)	\$ (40,996,893)

General Revenues and Other Changes in Net Position

Governmental activities					
Property taxes	\$ 31,272,619	\$ 32,103,402	\$ 32,143,716	\$ 32,985,331	\$ 34,906,804
Local option sales tax	7,058,217	7,571,089	8,075,831	8,701,260	9,013,933
Other taxes and licenses	698,818	566,446	454,676	210,388	177,306
Unrestricted intergovernmental	-	-	-	-	-
Investment earnings	52,812	132,958	216,223	680,640	424,332
Miscellaneous, unrestricted					
Loss on disposal of capital asset	163,861	60,478	(560,899)	-	(489,170)
Contributed capital	6,392,856	-	-	-	-
Other miscellaneous	519,861	(2,400,589)	694,671	905,940	581,477
Total governmental activities	46,159,044	38,033,784	41,024,218	43,483,559	44,614,682
Business-type activities					
Investment earnings	-	-	1,654	2,208	2,554
Total primary government general revenues, special items and transfers	\$ 46,159,044	\$ 38,033,784	\$ 41,025,872	\$ 43,485,767	\$ 44,617,236
Change in Net Position					
Governmental activities	\$ 9,680,469	\$ (561,619)	\$ 10,762,322	\$ 3,013,845	\$ 3,583,962
Business-type activities	93,020	85,054	93,400	112,403	36,381
Total primary government	\$ 9,773,489	\$ (476,565)	\$ 10,855,722	\$ 3,126,248	\$ 3,620,343

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
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
2019		32,985,331		8,701,260		210,388		41,896,979
2020		34,906,804		9,013,933		177,306		44,098,043

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

(Page 1 of 2)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	-	-	99,956	305,868	101,957
Restricted	3,409,571	4,134,503	5,227,556	6,226,227	4,696,872
Committed	63,057	88,995	143,466	204,718	264,569
Assigned	2,403,817	4,493,237	3,611,857	3,284,997	2,721,258
Unassigned	14,967,838	12,631,079	9,936,607	9,644,006	13,163,785
Total general fund	<u>\$ 20,844,283</u>	<u>\$ 21,347,814</u>	<u>\$ 19,019,442</u>	<u>\$ 19,665,816</u>	<u>\$ 20,948,441</u>
All Other Governmental Funds					
Nonspendable	-	-	-	90,000	70,000
Restricted	1,732,534	1,098,020	3,642,242	1,503,046	2,346,598
Committed	2,428,100	1,829,907	2,971,430	1,941,502	1,785,342
Assigned	55,801	30,000	86,474	11,700	-
Unassigned	(115,553)	-	(711,840)	(852,204)	(217,136)
Total all other governmental funds	<u>\$ 4,100,882</u>	<u>\$ 2,957,927</u>	<u>\$ 5,988,306</u>	<u>\$ 2,694,044</u>	<u>\$ 3,984,804</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
183,550	108,934	145,382	177,691	105,187
5,508,761	5,981,436	6,279,373	6,197,001	7,533,859
645,154	726,480	726,481	969,306	968,937
3,471,017	2,734,736	2,594,047	5,900,352	3,898,600
13,599,981	14,172,971	16,223,464	15,491,651	17,680,799
<u>\$ 23,408,463</u>	<u>\$ 23,724,557</u>	<u>\$ 25,968,747</u>	<u>\$ 28,736,001</u>	<u>\$ 30,187,382</u>
-	-	-	-	-
3,192,037	3,055,273	5,368,855	3,403,667	5,061,241
1,787,660	4,341,003	3,968,392	2,844,699	4,181,240
-	-	698,143	627,602	-
-	(483,469)	(30,266)	(255,018)	(9,186)
<u>\$ 4,979,697</u>	<u>\$ 6,912,807</u>	<u>\$ 10,005,124</u>	<u>\$ 6,620,950</u>	<u>\$ 9,233,295</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Property	\$ 27,343,883	\$ 27,396,888	\$ 28,723,333	\$ 31,076,698
Sales	5,542,646	6,045,749	6,092,052	6,430,850
Other	<u>237,858</u>	<u>305,012</u>	<u>296,809</u>	<u>326,400</u>
Total taxes	33,124,387	33,747,649	35,112,194	37,833,948
Fees	455,138	395,910	424,018	424,116
Intergovernmental	10,113,506	9,772,122	11,838,130	11,244,979
Investment earnings	35,938	18,812	6,700	(47,531)
Charges for services	6,903,459	7,525,686	7,044,549	5,951,527
Other	<u>475,576</u>	<u>590,762</u>	<u>756,298</u>	<u>622,808</u>
Total Revenues	<u>51,108,004</u>	<u>52,050,941</u>	<u>55,181,889</u>	<u>56,029,847</u>
Expenditures				
General government	6,888,873	5,564,747	5,502,071	5,993,331
Public safety	11,264,076	11,444,411	11,806,617	12,133,878
Transportation	788,605	811,686	876,455	918,658
Human services	15,665,919	15,444,531	15,949,674	16,338,419
Environmental protection	679,100	698,015	1,023,852	675,440
Economic and physical development	1,446,775	1,746,977	2,109,044	1,395,811
Cultural and recreational	1,411,403	1,490,524	1,474,427	1,583,278
Education	11,460,882	10,285,241	13,043,761	12,096,514
Capital projects	687,377	1,222,621	1,762,976	3,589,154
Debt service:				
Principal	3,183,655	3,381,057	3,527,943	3,685,110
Interest and other charges	<u>689,919</u>	<u>654,346</u>	<u>575,576</u>	<u>522,599</u>
Total expenditures	<u>54,166,584</u>	<u>52,744,156</u>	<u>57,652,396</u>	<u>58,932,192</u>
Excess of revenues over (under) expenditures	<u>(3,058,580)</u>	<u>(693,215)</u>	<u>(2,470,507)</u>	<u>(2,902,345)</u>
Other Financing Sources (Uses)				
Transfers in	7,501,588	1,109,158	3,921,216	2,190,561
Transfers out	(7,501,588)	(1,109,158)	(3,921,216)	(2,190,561)
Installment purchase obligations issued	4,500,000	-	3,132,538	-
Capital lease obligations issued	-	-	-	223,532
Sale of capital assets	<u>5,849</u>	<u>53,791</u>	<u>39,976</u>	<u>30,925</u>
Total other financing sources (uses)	<u>4,505,849</u>	<u>53,791</u>	<u>3,172,514</u>	<u>254,457</u>
Net change in fund balances	<u>\$ 1,447,269</u>	<u>\$ (639,424)</u>	<u>\$ 702,007</u>	<u>\$ (2,647,888)</u>
Debt service as a percentage of noncapital expenditures	7.63%	8.01%	7.39%	7.56%

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 30,915,707	\$ 31,276,307	\$ 32,078,642	\$ 32,141,941	\$ 33,051,014	\$ 34,966,925
6,732,660	7,058,217	7,571,089	8,075,831	8,701,260	9,013,933
348,207	477,014	356,461	454,676	210,388	177,306
37,996,574	38,811,538	40,006,192	40,672,448	41,962,662	44,158,164
516,700	433,330	573,352	578,565	596,492	650,681
11,457,497	11,046,450	11,598,701	10,312,203	10,268,281	12,210,125
(32,398)	52,401	131,895	346,990	667,713	411,899
5,751,890	6,404,761	6,550,975	7,273,032	6,419,028	5,698,082
998,161	604,799	493,568	699,355	910,706	586,328
56,688,424	57,353,279	59,354,683	59,882,593	60,824,882	63,715,279
6,020,465	5,849,007	5,756,073	5,944,581	6,796,127	6,880,173
12,748,522	13,834,037	13,461,794	13,014,359	14,325,860	14,486,793
863,199	1,007,835	1,016,508	858,553	1,212,589	1,011,707
14,534,583	14,694,995	14,806,037	15,749,375	14,681,146	13,571,410
2,500,386	2,446,162	3,045,427	649,558	627,054	692,482
1,442,248	1,258,242	1,653,788	1,479,461	1,144,750	1,539,942
2,117,676	1,731,294	1,688,993	1,784,228	1,883,322	1,976,766
11,021,422	12,085,890	11,266,416	10,520,135	10,779,335	11,787,235
1,461,191	2,169,724	4,259,925	6,538,982	7,937,483	5,478,121
3,563,836	1,979,648	1,826,474	1,796,246	1,884,918	1,866,039
423,876	408,585	394,432	370,618	564,306	393,613
56,697,404	57,465,419	59,175,867	58,706,096	61,836,890	59,684,281
(8,980)	(112,140)	178,816	1,176,497	(1,012,008)	4,030,998
1,200,989	2,170,034	4,666,974	3,141,905	3,504,408	8,782,008
(1,200,989)	(2,195,123)	(4,942,064)	(3,468,841)	(3,908,983)	(8,782,008)
2,360,000	1,884,000	2,285,000	4,400,000	776,086	-
207,040	1,099,125	-	-	-	-
15,325	156,131	60,478	86,946	23,577	32,728
2,582,365	3,114,167	2,070,388	4,160,010	395,088	32,728
\$ 2,573,385	\$ 3,002,027	\$ 2,249,204	\$ 5,336,507	\$ (616,920)	\$ 4,063,726
7.34%	4.31%	4.08%	4.00%	4.42%	4.10%

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
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
2019	33,051,014	8,701,260	210,388	41,962,662
2020	34,966,925	9,013,933	177,306	44,158,164

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			Present-use Value (1)	Personal Property
	Residential Property	Commercial and Industrial Property (6)	Industrial Property (6)		
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
2019	2,099,071,038	527,044,234	111,069,448	125,314,460	900,763,236
2020	2,122,746,270	530,203,079	112,428,482	129,433,664	863,963,542

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)	Assessed Value as a Percentage of Actual Value (4)
\$ 808,999,923	\$ 3,864,799,609	0.700	\$ 4,108,866,265	94%
775,604,593	3,881,891,354	0.700	3,885,388,203	100%
822,660,836	4,075,935,449	0.700	4,079,607,095	100%
810,293,511	4,377,205,631	0.700	4,306,154,089	102%
848,831,812	4,371,591,218	0.700	4,328,308,137	101%
865,247,565	4,435,443,994	0.700	4,525,963,259	98%
888,270,969	4,551,628,268	0.700	4,713,294,261	97%
889,051,094	4,576,777,922	0.700	5,009,989,997	91%
877,589,870	4,640,852,286	0.700	5,156,502,540	90%
845,688,750	4,604,463,787	0.730	4,945,213,718	93%

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

<u>County of Person Direct Rates</u>				<u>Overlapping Rates Levied by Municipality</u>	
Fiscal Year Ended June 30	County Basic Rate	Fire District Tax Rate (1)	Total Direct Rate	City of Roxboro (2)	
2011	\$ 0.700	\$ -	\$ 0.700	\$	0.614
2012	0.700	-	0.700		0.614
2013	0.700	-	0.700		0.630
2014	0.700	-	0.700		0.660
2015	0.700	-	0.700		0.660
2016	0.700	-	0.700		0.670
2017	0.700	-	0.700		0.670
2018	0.700	-	0.700		0.670
2019	0.700	0.0100	0.710		0.670
2020	0.730	0.0275	0.7575		0.670

Notes:

- (1) Established in FY2019 to assist fire departments that have limited resources available for funding
(2) Municipality is excluded from paying the Fire District Tax

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 2020		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 782,184,826	1	16.85%
Spuntech	Manufacturer	61,027,271	2	1.32%
CertainTeed	Manufacturer	63,421,096	3	1.37%
GKN Automotive, Inc.	Manufacturer	53,387,456	4	1.15%
Eaton Corporation	Manufacturer	53,368,505	5	1.15%
US Flue Cured Tobacco Growers	Manufacturer	40,759,431	6	0.88%
Lousiana Pacific Corp	Manufacturer	43,729,837	7	0.94%
Piedmont EMC	Public utility	28,258,192	8	0.61%
Altec Capital	Finance Company	25,139,892	9	0.54%
DLP Person Memorial Hospital	Service Provider	21,986,571	10	0.47%
NC Eastern Municipal Power Agency	Public utility			
North Park Drive, LLC	Manufacturer	9,992,149		
Georgia Pacific Corporation	Manufacturer	19,233,077		
Central Telephone Co of NC	Public utility	4,129,965		
Totals		\$ <u>1,206,618,268</u>		26.00%

Source: Person County Tax Department

Fiscal Year 2010		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 766,064,686	1	19.50%
42,198,194	4	1.07%
55,829,768	3	1.42%
34,652,540	6	0.88%
42,123,065	5	1.07%
23,962,496	8	0.61%
63,118,857	2	1.61%
33,775,333	7	0.86%
17,827,501	9	0.45%
16,307,892	10	0.42%
\$ <u>1,095,860,332</u>		27.90%

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
2011	\$ 27,504,654	\$ 26,789,298	97.40%	\$ 602,604	\$ 27,391,902	99.59%
2012	27,077,081	26,448,394	97.68%	614,237	27,062,631	99.95%
2013	27,206,121	26,561,528	97.63%	620,470	27,181,998	99.91%
2014	28,565,618	27,910,626	97.71%	451,989	28,362,615	99.29%
2015	30,622,680	30,227,699	98.71%	345,504	30,573,203	99.84%
2016	31,084,929	30,737,959	98.88%	278,723	31,016,682	99.78%
2017	31,882,532	31,506,743	98.82%	268,179	31,774,922	99.66%
2018	32,070,704	31,666,404	98.74%	-	31,666,404	98.74%
2019	32,502,011	32,127,667	98.85%	-	32,127,667	98.85%
2020	33,682,129	33,312,102	98.90%	-	33,312,102	98.90%

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			
2011	\$ -	\$ 18,030,000	\$ 280,856	\$ 18,310,856	\$ 463	1.49%
2012	-	14,740,000	189,798	14,929,798	381	1.21%
2013	-	14,438,120	96,273	14,534,393	370	1.12%
2014	-	10,849,283	223,532	11,072,815	283	0.82%
2015	-	9,645,448	343,175	9,988,623	255	0.72%
2016	-	9,870,612	1,121,487	10,992,099	280	0.76%
2017	2,285,000	8,351,776	801,284	11,438,060	291	0.76%
2018	2,132,667	11,357,940	551,207	14,041,814	357	0.93%
2019	1,980,334	10,029,104	896,640	12,906,078	327	N/A*
2020	1,828,001	8,720,268	491,771	11,040,040	279	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)
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	0.14%	0.05%	54
2019	1,980,334	N/A *	0.04%	50
2020	1,828,001	N/A *	0.04%	46

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed Value of Property	\$ 3,864,800	\$ 3,881,891	\$ 4,075,935	\$ 4,377,206
Debt Limit, 8% of Assessed Value (Statutory Limitation)	309,184	310,551	326,075	350,176
Amount of Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 309,184</u>	<u>\$ 310,551</u>	<u>\$ 326,075</u>	<u>\$ 350,176</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	4,371,591	\$ 4,435,444	\$ 4,551,628	\$ 4,576,778	\$ 4,640,852	4,604,464
	349,727	354,836	364,130	366,142	371,268	368,357
	<u>-</u>	<u>-</u>	<u>2,285</u>	<u>2,133</u>	<u>1,980</u>	<u>1,828</u>
\$	<u>349,727</u>	<u>354,836</u>	<u>361,845</u>	<u>364,010</u>	<u>369,288</u>	<u>366,529</u>
	0.00%	0.00%	0.63%	0.58%	0.53%	0.50%

Legal Debt Margin Calculation:

Assessed value subject to taxation	\$ <u>4,604,464</u>
Debt limitation (8% of assessed value subject to taxation)	368,357
Debt applicable to the limit	
General Obligation bonds	<u>1,828</u>
Legal debt margin	\$ <u>366,529</u>

Person County, North Carolina
Schedule 14
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

<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	1,037,491	15.19%	157,564
Installment purchase obligations	2,347,064	15.19%	356,450
Subtotal, overlapping debt			<u>514,014</u>
Person County direct debt			<u>11,040,040</u>
Total direct and overlapping debt			<u><u>\$ 11,554,054</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)
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	1,509,255	38,202	4,370	4.40%	7,232
2019	39,507	1,544,791	39,119	5,494	5.00%	8,116
2020	40,450	N/A *	N/A *	5,469	7.70%	8,461

* Information not yet available.

Notes:

- (1) NC Office of Budget and Management. 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.

(1)
<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

(2)
<https://apps.bea.gov/regional/bearfacts/action.cfm>

(4)
https://files.nc.gov/nccommerce/press-release/files/Jun_2019_county_release-combined.pdf

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

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
GKN Automotive Components	631	1	5.97%	320	5	1.64%
Person County Board of Education	584	2	5.53%	705	1	3.62%
Person County Government	379	3	3.59%	381	4	1.96%
Duke Energy Progress	301	4	2.85%	400	2	2.06%
Person Memorial Hospital	288	5	2.73%	270	7	1.39%
Spuntech	197	6	1.87%	-	-	-
Eaton Corporation	178	7	1.69%	198	9	1.02%
Wal-Mart Associates, Inc.	165	8	1.56%	300	6	1.54%
Louisiana-Pacific	145	9	1.37%	-	-	-
Polywood	137	10	1.30%	-	-	-
North American Aerodynamics	-	0	-	385	3	1.95%
Piedmont Community College	-	0	-	226	8	1.16%
US Flue Cured Tobacco	-	0	-	121	10	0.62%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	43	42	47	49	53	54	57	59	60	64
Public safety	134	134	140	162	141	149	174	181	195	165
Transportation	11	12	12	12	10	11	14	14	15	15
Human services										
Social Services	82	83	83	92	97	99	95	101	101	101
Public Health	42	41	50	50	48	47	43	36	33	21
Other	30	32	27	25	25	23	28	25	27	26
Environmental protection	2	2	2	2	2	2	2	2	2	2
Economic and physical development	5	5	8	4	5	5	7	9	6	6
Cultural and recreation	14	16	16	27	25	28	33	29	28	29
Total	363	367	385	423	406	418	453	456	467	429

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function				
Public Safety/Sheriff's Department & Jail				
Incident Reports	1,954	1,865	1,695	1,550
Calls for Service	23,281	17,393	20,447	23,417
Criminal Papers	3,412	5,316	3,510	6,466
Arrest Reports	2,755	3,001	2,949	2,208
Civil Papers	5,031	4,646	3,595	4,012
Gun Permits	529	563	947	645
Jail bookings	2,303	2,163	2,167	2,116
Average daily population	90	105	111	124
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	47,376	58,095	62,019	57,016
Public Safety/Code Enforcement				
Number of Building Permits Issued	277	312	281	282
Number of Mobile Home Permits Issued	46	22	36	33
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	636	582	632	593
Community Services/Library				
Items Added to Collection	4,800	5,215	4,790	5,123
Circulation	182,708	191,249	191,775	201,275
Internet Use	23,287	22,507	19,148	21,566
Program Attendance	5,864	6,910	6,399	6,090
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,412	2,478	2,542	2,598
Average # Family & Child Medicaid Cases	2,971	3,020	3,220	3,265
Average # Households Receiving Food Stamps	3,468	3,761	3,902	3,980
Average \$ Fraud Collections per Month	4,470	5,205	5,759	4,727
Education				
Public Schools enrollment	4,877	4,775	4,625	4,567
Charter Schools enrollment	956	967	1,006	1,070
Culture and Recreation				
Total park acreage	187	187	187	187
Number of parks	10	10	10	10

Sources:

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

2015	2016	2017	2018	2019	2020
3,442	1,403	1,467	1,404	2,588	1,887
19,054	16,177	18,598	14,931	14,310	12,353
6,790	4,851	3,093	2,622	2,903	1,264
2,097	1,858	2,444	3,426	1,762	712
3,119	4,031	3,719	3,936	4,170	2,103
693	742	677	642	537	1,587
2,162	1,795	2,005	1,892	2,093	1,180
127	95	106	102	104	70
54,367	47,967	48,070	46,307	43,529	43,219
334	325	382	423	406	424
36	39	47	53	45	46
601	628	555	550	590	565
4,700	5,585	5,621	5,417	5,118	3,502
213,539	188,564	191,170	154,924	140,751	136,474
18,421	23,139	24,159	12,944	12,014	8,436
8,227	12,606	11,913	7,630	7,864	3,410
4,288	3,806	3,757	3,916	3,873	4,441
4,492	3,435	3,408	3,647	3,755	5,028
3,969	3,906	3,511	3,295	3,158	3,106
6,064	4,675	3,739	4,823	5,018	3,868
4,562	4,550	4,470	4,350	4,370	4,326
1,049	1,121	1,120	1,108	1,124	1,143
187	222	222	222	222	222
11	12	12	12	12	12

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
Public Safety										
Sheriff/Police (Stations)	2	2	2	2	3	3	3	3	3	3
Correction facility capacities	136	136	136	136	136	136	136	136	136	136
Fire stations	14	14	14	14	15	15	15	15	15	14
Highways and streets										
Paved	723	724	725	726	676*	676	677	677	677	677
Unpaved	50	49	48	47	34*	34	34	34	34	34
Culture and recreation										
Parks	10	10	10	10	11	12	12	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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2021. Our report includes a reference to other auditors who audited the financial statements of the Person County ABC Board and the Person County TDA 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 on separately by those auditors. The financial statements of the Person County ABC Board and the Person County TDA 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") as a basis for designing 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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.

Internal Control over Financial Reporting, Continued

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-001 and 2020-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-002 and 2020-003 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Person County's Response to Findings

Person County's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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
June 24, 2021

**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, 2020. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 disclaimer of opinion and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Disclaimer of Opinion on Medicaid Cluster

As described in the accompanying *Schedule of Findings and Questioned Costs*, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of Person County with requirements regarding CFDA 93.778 Medicaid Cluster as described in finding number 2020-006 for Eligibility; consequently, we were unable to determine whether Person County complied with this requirement applicable to those programs.

Disclaimer of Opinion on Medicaid Cluster

Due to the significance of the matter described in the basis for Disclaimer of Opinion paragraph, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion; accordingly, the auditor does not express an opinion on CFDA 93.778 Medicaid Cluster regarding the Eligibility compliance requirement.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2020.

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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-006 and 2020-008 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-005 and 2020-007 to be significant deficiencies.

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

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

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
June 24, 2021

**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, 2020. 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.

Basis for Disclaimer of Opinion on Medicaid Cluster

As described in the accompanying *Schedule of Findings and Questioned Costs*, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of Person County with requirements regarding CFDA 93.778 Medicaid Cluster as described in finding number 2020-006 for Eligibility; consequently, we were unable to determine whether Person County complied with this requirement applicable to those programs.

Disclaimer of Opinion on Medicaid Cluster

Due to the significance of the matter described in the basis for Disclaimer of Opinion paragraph, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion; accordingly, the auditor does not express an opinion on CFDA 93.778 Medicaid Cluster regarding the Eligibility compliance requirement.

Unmodified Opinion on Each of the Other Major State Programs

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 other major state programs identified in the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2020.

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.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-006 to be a material weakness.

Report on Internal Control over Compliance, Continued

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2020-005 and 2020-007 to be significant deficiencies.

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

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

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
June 24, 2021

Person County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: 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? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified? X Yes None reported

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

Unmodified for all major programs except for:

<u>Program</u>	<u>Opinion</u>
Medicaid Cluster	Disclaimer

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
93.568	Low-Income home Energy Assistance (LIHEAP CIP)
93.778	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? X Yes No

Significant deficiency(ies) identified? X Yes None reported

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

Unmodified for all major programs except for:

<u>Program</u>	<u>Opinion</u>
Medicaid Cluster	Disclaimer

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:

Rural Infrastructure Program
Public School Building Capital Fund

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

Person County, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

II. FINANCIAL STATEMENT FINDINGS

2020-1: Material Weakness over Cybersecurity

Criteria or specific requirement: The County should have an IT security plan in place to prevent cyber incidents or attacks from affecting critical systems.

Conditions: The County's IT security system left the County susceptible to a ransomware attack and did not have an appropriate system of back-ups in order to recover the data that was lost.

Effect: Critical systems, including the County's general ledger system and electronic document warehouses, were breached and taken offline. This breach caused the loss of a significant amount of financial and other data county-wide.

Cause: IT system and maintenance was not developed in a manner to protect from outside threats.

Recommendation: We recommend the County develop a disaster recovery plan that includes a backup of all critical systems relevant to financial reporting and a disaggregation of data to help mitigate the loss of data should a cyber-attack occur.

2020-2: Significant Deficiency over Check Dating

Criteria or specific requirement: Checks should reflect the date they are written and recorded into the general ledger system in order to ensure the general ledger accurately reports financial transactions.

Conditions: During cash cutoff testing, we identified 6 checks with a check date per the GL of July 2020 and an actual check date of June 2020 that should have been recorded to reflect the day they were written.

Context: It was later determined that a total of 197 checks had been dated in a similar manner.

Effect: Cash was overstated in the General Fund by \$458,741, Person Industries Fund was overstated by \$19,722, and the Non major Funds were overstated by \$183,130 due to the discrepancy in check dates.

Cause: Management wrote checks outside of the general ledger system.

Recommendation: Management should utilize the automatic check writing processes in place through the general ledger system to issue checks.

2020-3: Significant Deficiency over Accounts Payable Cutoff

Criteria or specific requirement: Payables should be recorded in the period in which the goods are received or the services are rendered in order to reflect proper cutoff and ensure that the financial statements are complete with respect to accounts payable.

Conditions: During a search for unrecorded liabilities, we noted that 1 payment should have been recorded as accounts payable as of June 30, 2020, but was not.

Person County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Context: In a sample of 13 expenditures tested for proper cutoff, 1 expenditure totaling \$223,516 was incorrectly reported.

Effect: Accounts payable was understated by \$223,516 in the Non-major Funds due to the unrecorded liability.

Cause: Invoices and refund requests were received after year end with service dates not properly identified, causing the payments to be recorded in the wrong period.

Recommendation: During year-end closing procedures, we recommend that the County identify all unmatched purchase orders, receiving reports, invoices and refund requests to determine if a payable should be recorded.

2020-4: Material Weakness over Reconciliation of Records

Criteria or specific requirement: General Ledger accounts should be reconciled and reviewed periodically for accuracy and completeness and audit support should be reconciled to the general ledger whenever possible to identify variances prior to submission.

Conditions: During our review of records and testing of certain accounts, we noted several accounts that were not reconciled or adjusted. There were several differences noted between the Trial Balance and supporting documentation provided.

Context: Several accounts that included Balance Sheet and Income Statement items contained errors that had to be documented and adjusted. In addition, audit documentation had to be returned on multiple occasions due to not reconciling with the general ledger

Effect: Management and the Board of Commissioners may not receive accurate and timely information upon which to base decisions for strategic and budgetary planning.

Cause: Due to the cybersecurity incident discussed in Finding 2020-001, there was a delay in the completion of year-end procedures. This delay, in addition to a limited review of the general ledger and audit documentation resulted in the unreconciled accounts noted.

Recommendation: The finance department should ensure the timely reconciliation of all major accounts. A review of audit documentation should be done prior to submission to confirm documentation being submitted reconcile to the general ledger.

Person County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2020-005, Significant Deficiency over Eligibility

Information on the federal program: Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Medical Assistance.

Criteria or specific requirement: Per the North Carolina Medicaid Assistance Program (Medicaid; Title XIX) Compliance Supplement and the DSS manuals (Aged, Blind and Disabled manual, Family and Children Medicaid manual and the Integrated Policy manual), case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- accurate record of household members and relationships

Conditions: We noted that in one instance, the case record did not contain evidence of the household and relationship information to verify household composition.

Context: We sampled 93 payments from a total population of 938,756 payments. We noted the above conditions in 1 of the 93 case files inspected.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

Cause: The County did not retain required documentation in case files at the time eligibility was determined.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

Finding 2020-006, Material Weakness over Eligibility

Information on the federal program: Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Medical Assistance.

Criteria or specific requirement: Per the North Carolina Medicaid Assistance Program (Medicaid; Title XIX) Compliance Supplement and the DSS manuals (Aged, Blind and Disabled manual, Family and Children Medicaid manual and the Integrated Policy manual), case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- accurate record of household members and relationships
- verifications of state residency
- verifications of earned income

Person County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

- verifications of unearned income
- verifications of date of birth
- verifications of United States citizenship
- accurate computation of countable income

Condition: We noted that in two instances, the case records did not contain evidence that client's state residency was verified. In one instance, the case file did not contain evidence to verify that the Membership and Tax Filing Status was entered correctly and completely in NC FAST. In twenty-one instances, the case file did not contain evidence to verify if income was converted correctly according to the manual. In one instance, the case file did not contain an appropriately and timely completed (ESC) OVS/OLV in the case file. In one instance, the case file did not contain evidence that the client's date of birth was verified. In one instance, the case file did not contain evidence that the client's citizenship/alien status was verified. In one instance, the case file did not contain evidence to verify if accurate income was recorded in NC FAST. In one instance, the case file did not contain evidence to verify if electronic matches (SOLQ OVS/ OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS) were completed in the file.

Context: We sampled 93 payments from a total population of 938,756 payments. We noted the above conditions in 27 of the 93 case files inspected.

Effect: Case files not containing all required documentation result in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

Cause: The County did not retain required documentation in case files at the time eligibility was determined.

Recommendation: We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

Finding 2020-007, Significant Deficiency over Eligibility

Information on the federal program: Low Income Home Energy Assistance, CFDA 93.568, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Social Services.

Criteria or specific requirement: Per the North Carolina Low-Income Home Energy Assistance Compliance Supplement and Energy Programs Manual published by the Division of Social Services, all case information used to determine eligibility, ineligibility and the benefit level should be clearly documented on the electronic application. This includes an accurate record of the household's income and energy (fuel) type.

Condition: We noted two instances where the casefile did not contain accurate income. Subsequent to being notified that the income used was incorrect, the County was able obtain documentation to substantiate that both of the applicants tested were eligible to receive benefits.

Person County, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Context: We sampled 60 case files of a population of 1,541 cases. We noted the above condition in 2 of the 60 inspected files.

Effect: Ineligible individuals could receive benefits due to insufficient verification of income by a caseworker.

Cause: Proper internal controls are not in place to ensure the proper documentation and verification is completed and a DSS caseworker reviews the documentation. Countable income was not properly verified by the DSS caseworker at the time of application.

Recommendation: We recommend that the County continue to train and monitor employees on the eligibility application process to ensure eligibility procedures are completed appropriately and are reviewed by the DSS caseworker and retained by the County.

Finding 2020-008, Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Costs Principles

Information on the federal program: Coronavirus Relief Fund, CFDA 21.019, U.S. Department of Treasury.

Criteria or specific requirement: Per the Compliance Supplements Addendum, the 2020 OMB 2 CFR 200 Part 200, Appendix XI Compliance Supplement on additional guidance for programs with expenditures of COVID-19 awards, expenditures paid by COVID-19 awards are required to be substantiated by documentation that evidence appropriate allowed activities and allowable costs, including:

- accurate purchase orders
- approved employee timesheets

Condition: We noted that in thirty-three instances, the record did not contain evidence that the EMS employees' timesheets were reviewed and approved by supervisors. In two instance, the record did not contain a purchase order.

Context: We sampled 60 items from the full population of payroll and non-payroll expenses. We noted the above condition in 34 of the 60 inspected files.

Effect: Expenditures not containing all required documents results in a risk that the County could use COVID-19 awards in unallowed activities and unallowable costs.

Cause: Proper internal controls are not in place to ensure all documents and evidence are kept.

Recommendation: We recommend that the County continue to train and monitor employees to retain documentation and evidence.

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

Findings 2020-005, 2020-006 and 2020-007 as listed in Section III *Federal Award Findings and Questioned Costs* are also considered to be state award findings.



Person County – Corrective Action Plan

Finding 2020-1, Material Weakness over Cybersecurity

Recommendation: We recommend the County develop a disaster recovery plan that includes a backup of all critical systems relevant to financial reporting and a disaggregation of data to help mitigate the loss of data should a cyber-attack occur.

Corrective Action Plan: Person County Government has improved the security of its backup solution by placing it on a segregated network with local accounts instead of domain accessible accounts. New storage was purchased in response to the 2020 cyber event which includes a "time lock" feature allowing data to be read from the backup solution, but not edited once written for a period of ten days. The storage appliance is duplicated off-site to another similar appliance, both of which are encrypted. The backup routine also includes a replication schedule which copies priority Virtual Servers and their data to another off-site location with its own storage and compute resources. These measures greatly reduce the risk of data loss due to ransomware or other cyber-attacks.

It is worth noting that Person County had a disaster recovery plan previously in place which included multiple tiers of backup storage and replication. All tiers were corrupted as part of the cyber event which steered the change in hardware and configurations that are mentioned above. A contract has been approved with a vendor to develop a formal disaster recovery plan for Person County.

Completion Date: May 27, 2021

Name of Contact Persons: Amy Wehrenberg, Finance Director and Chris Puryear, Information Technology Director

Finding 2020-2, Significant Deficiency over Check Dating

Recommendation: Management should utilize the automatic check writing processes in place through the general ledger system to issue checks.

Corrective Action Plan: Management concurs with the finding and recommendation under normal circumstances. However, the cyber event that Person County experienced prevented access to the County's financial system until the end of August 2020 that contained the automatic check writing system referred to in this finding. The Finance Office immediately proceeded to secure QuickBooks software that alleviated the necessity to manually write checks, offering a more efficient means to process invoice payments until the County's financial system could be restored. During this transition, there was some confusion at the beginning on how to account for checks that were processed in July 2020 for invoices that applied to the prior year. The first few batches of July checks were dated for the end of June before a plan could be developed for managing accrued payments, but was quickly rectified in all future check runs. The erroneous dating of these batches caused some cash reconciliation issues during the audit process. Once the County's accounts payable system came back online, the return to normal procedures for check processing was reinstated. Management held staff meetings to refine the process for check writing from QuickBooks and the treatment of accruals should a similar event occur in the future.

Completion Date: May 27, 2021

Name of Contact Person: Amy Wehrenberg, Finance Director

Finding 2020-3, Significant Deficiency over Accounts Payable Cutoff

Recommendation: During year-end closing procedures, we recommend that the County identify all unmatched purchase orders, receiving reports, invoices and refund requests to determine if a payable should be recorded.

Corrective Action Plan: Management concurs with the finding and recommendation. The invoice payment that was applied as a current year payment in error was not marked by the submitting department to be a prior year payment. The invoice date, however, indicated that this was applicable to the prior year, and was erroneously processed as a current year payment. During the cyber event, staff's focus was primarily diverted to meeting the accounts payable deadlines due to the increased processing lag and reduction in system resources that caused some weaknesses in attention to year-end procedures. Now that the County's processes have normalized, staff is prepared to be more attentive to the invoice information and attachments to confirm that all required documentation is included and posted to the correct fiscal year.

Completion Date: May 27, 2021

Name of Contact Person: Amy Wehrenberg, Finance Director

Finding 2020-4, Significant Deficiency over Reconciliation of Records

Recommendation: The finance department should ensure the timely reconciliation of all major accounts. A review of audit documentation should be done prior to submission to confirm documentation being submitted reconciles to the general ledger.

Corrective Action Plan: Management concurs with the finding and recommendation under normal circumstances. However, the cyber incident caused a delay in the completion of year-end procedures and access to complete data that resulted in the inability to fully reconcile accounts in the timeframe required. The majority of account reconciliation (ie. bank statement recons) was not completed until after the audit process for FY20's report had already begun. It is anticipated that these reconciliation issues will be resolved for next year's audit now that the County's systems are fully restored and all detail information is available to review. Staff are working diligently to maintain and reconcile accounts on a periodic basis in order to assure that all major accounts are reconciled and adjustments are posted in a timely manner.

Completion Date: May 27, 2021

Name of Contact Person: Amy Wehrenberg, Finance Director

Finding 2020-005, Significant Deficiency over Eligibility

Corrective Action Plan: Management concurs with this finding and the recommendations provided. Management has met with staff on both an individual and unit basis to inform them of the errors noted and how to avoid them in the future. Training was also provided to ensure staff understanding of local, state and federal policies and procedures.

This finding was due to the cyber incident and the county's inability to retrieve eligibility verifications from the document management system Compass. The county was under the impression that Compass had a back-up feature however, this failed. The Income Maintenance Management team is working with program state representatives to see how the county can best re-create these documents while continuing to adhere to state policy. The Income Maintenance Management team has also decided to start uploading all documents used for verifying/determining eligibility into the state maintained system known as NCFast.

Completion Date: June 1, 2021

Name of Contact Person: Carlton B. Paylor, Sr., DSS Director

Finding 2020-006, Material Weakness over Eligibility

Corrective Action Plan: Management concurs with this finding and the recommendations provided. Management has met with staff on both an individual and unit basis to inform them of the errors noted and how to avoid them in the future. Training was also provided to ensure staff understanding of local, state and federal policies and procedures.

This finding was mainly due to the cyber incident and the county's inability to retrieve eligibility verifications from the document management system Compass. The county was under the impression that Compass had a back-up feature however, this failed. The Income Maintenance Management team is working with program state representatives to see how the county can best re-create these documents while continuing to adhere to state policy. The Income Maintenance Management team has also decided to start uploading all documents used for verifying/determining eligibility into the state maintained system known as NCFast.

For all other findings not related to missing documentation/verifications, Income Maintenance Supervisors have met with staff to review processing expectations regarding those areas of need as identified. All staff have been given additional resources to refer to and utilize while determining eligibility which include but are not limited to: Processing Checklists, Coversheets, Step by Step Guides, Evidence Management Protocol Tools, Documentation Outlines and PowerPoints.

Completion Date: June 1, 2021

Name of Contact Person: Carlton B. Paylor, Sr., DSS Director

Finding 2020-007, Significant Deficiency over Eligibility

Corrective Action Plan: Management met with staff on both an individual and unit basis to inform them of the errors noted and how to avoid them in the future. Training was also provided to ensure staff understanding of local, state and federal policies and procedures.

This finding was found on 2 of the 60 cases checked and these 2 were processed by the temporary LIEAP employees that were hired in late November and these applications were issued the early part of December. Applications were reviewed and this was caught and discussed with workers however once the application is approved there is no way to go back in and change it on the application in NC Fast. December is also the month that the cost of living is updated in systems so it can be confusing to someone that has never done this and it is some of the first few applications they process (and also if they base what the client list on the paper application or deemed from FNS). Once it was addressed they did better. New temporary caseworkers are given at least 2 weeks of training (reading material, NC Fast training, and hands-on/side by side training, test/quizzes prior to working independently). Checklists are also available for use when processing to ensure no required information is missed while determining eligibility. Future trainings will include more details regarding SSA/SSI income.

Completion Date: June 1, 2021

Name of Contact Person: Carlton B. Paylor, Sr., DSS Director

Finding 2020-8, Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Costs Principles

Recommendation: We recommend that the County continue to train and monitor employees to retain documentation and evidence.

Corrective Action Plan: Person County's Cyber Event occurred on May 29, 2020 and caused the loss of electronic forms in the financial system for FY 2020 that produced evidence of purchase orders and timesheet approvals. As an immediate response, hard copy purchase order forms and timesheets for employees were created that required all authorized signatures. This practice continued, until the County's accounts payable and payroll systems were restored. Some hard copy purchase orders and timesheets related to COVID-19 were unavailable for review by the auditors, but were evidenced in the following ways: (1) supporting payment documentation indicating that a purchase order was electronically processed. Since purchase orders are subject to electronic approvals that are required to take place prior to the final creation of the form and the automatic assignment of a PO number, the evidence of the PO number listed on the submitted payment requests is indicative that a purchase order was submitted and approved for the payment, and (2) payroll journals that reported approved hours worked by employees for each time period in fiscal year 2020. Timesheets are also subject to electronic approvals that are required to take place before the hours can be successfully uploaded to the County's timesheet system. In addition to the payroll journals, the Emergency Management Director signed a written statement to confirm that the paramedic hours pledged on the CRF forms were accurate and appropriately authorized.

Effective for FY 2021, Management has requested that departments attach a copy of all approved PO forms to their applicable invoice payments as hard copy evidence that a PO was submitted and authorized.

Timesheet reports for each pay period will also be printed and attached to the payroll journal as hard copy evidence that the time submitted by employees was approved by their supervisors.

Completion Date: May 27, 2021

Name of Contact Person: Amy Wehrenberg, Finance Director



Person County – Summary Schedule of Prior Audit Findings

Finding 2019-001, Significant Deficiency over Eligibility

Condition: We noted that in five instances, the case record did not contain evidence that the household and relationship information to verify household composition. In two instances, the Employment Security Commission (ESC) OVS was not completed to verify the individual's earned income. In four instances, SOLQ OVS/OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS were not completed to verify the individual's unearned income. In two instances, the case record did not contain evidence that the State Online Query OVS (SOLQ) was completed to verify the individual's Social Security Number (SSN). In eight instances, the case record did not contain an appropriate income conversion and computation in accordance with policy manuals. In ten instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record. In three instances, the case record did not contain evidence that the SOLIC was completed to verify the individual's citizenship or alien status.

Current status: This finding has been repeated as a material weakness and a significant deficiency as current year findings number 2020-005 and 2020-006.

Finding 2019-002, Significant Deficiency over Eligibility and Non-Material Noncompliance

Condition: Two individuals received benefits when their countable income exceeded the MAGI Medicaid income limits.

Current status: This finding has been resolved during fiscal year 2020 and no such finding noted during current year audit.

Finding 2019-003, Significant Deficiency over Eligibility and Non-Material Noncompliance

Condition: We noted in one instance, an individual was determined not to be eligible for SSI in November 2017 and the Ex Parte review was not done until 8/14/19.

Current status: This finding has been resolved during fiscal year 2020 and no such finding noted during current year audit.

Finding 2019-004, Material Weakness over Special Test and Provisions

Condition: We noted that in eleven instances the Denial Notice form DSS-8107 was not marked sent in NC Fast.

Current status: This finding has been resolved during fiscal year 2020 and no such finding noted during current year audit.

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	403, 404, 405	\$ 524,302	\$ -	\$ -
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		212,162	-	-
Total U.S. Department of Agriculture			<u>736,464</u>	<u>-</u>	<u>-</u>
Department of Homeland Security					
Passed-Through NC Department of Public Safety:					
Emergency Management Performance Grants	97.042		38,904	-	-
Total U.S. Department of Homeland Security			<u>38,904</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		88,111	5,507	-
Bus and Bus Facilities Formula Program	20.526		48,468	6,059	-
Federal Aviation Administration (FAA)					
Passed through the N.C. Department of Transportation:					
Airport Improvement Program	20.106		182,275	-	-
Total U.S. Department of Transportation			<u>318,854</u>	<u>11,566</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 and Senior Centers	93.044		44,545	213,729	258,274
Special Programs for the Aging-Title III C Nutrition Services	93.045		50,102	2,947	53,049
Family Caregiver Support	93.052		5,687	-	5,687
Nutrition Services Incentive Program	93.053		11,252	-	11,252
Total Aging Cluster			<u>111,586</u>	<u>216,676</u>	<u>328,262</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 Administration	93.658		177,883	18,003	-
Adoption Assistance Administration	93.659		6,447	-	-
Foster Care - Title IV-E	93.658		198,955	51,416	-
Total Foster Care and Adoption Cluster (Note 3)			<u>383,285</u>	<u>69,419</u>	<u>-</u>
<u>Temporary Assistance for Needy Families Cluster:</u>					
Temporary Assistance for Needy Families (TANF/Work First)	93.558		276,632	-	-
Child Support Enforcement	93.563		451,118	-	-

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Low-Income Home Energy Assistance:					
Crisis Intervention Program	93.568		220,051	-	-
Administration	93.568		29,701	-	-
Energy Assistance Program-Direct Benefit Payments	93.568		196,209	-	-
Total Low-Income Home Energy Assistance			445,961	-	-
Stephanie Tubbs Jones Child Welfare Services Program					
Permanency Planning-Families for Kids	93.645		10,078	-	-
Social Service Block Grant (SSGB)					
Adult Day Care (Division of Adult and Aging Services)	93.667		1,302	13,374	-
In-Home Services	93.667		9,578	-	-
Adult Protective Services	93.667		28,243	-	-
Child Protective Services - TANF to SSBG	93.667		72,372	-	-
Social Services Block Grant Administration	93.667		256,521	-	-
Total Social Service Block Grant (SSGB)			368,016	13,374	-
Chafee Foster Care Independence Program	93.674		13,778	3,444	-
Family Preservation	93.556		38,489	-	-
Total Division of Social Services			1,987,357	86,237	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Child Development and Early Education:					
Subsidized Child Care (Note 3)					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care and Development Mandatory and Match Fund - Administration	93.596		80,000	-	-
Total Child Care Development Fund Cluster			80,000	-	-
Total Subsidized Childcare Cluster (Note 3)			80,000	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services					
Administration:					
State Children's Health Insurance Program - N.C. Health Choice	93.767		48,017	473	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services					
Administration					
Medical Assistance Program Cluster	93.778		1,490,151	6,136	-
Center for Disease Control and Prevention					
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
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		30,921	-	-
Cooperative Agreements for Emergency Response	93.354		55,360	3,785	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.268		10,446	-	-
Total Centers for Disease Control and Prevention			128,287	3,785	-
Health Resources and Service Administration:					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Maternal and Child Health Services Block Grant	93.994		755	11,000	-

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Office of Population Affairs:					
Passed-Through the N.C. Department of Health and Human Services:					
Family Planning Services	93.217		28,265	-	-
Total U.S. Department of Health and Human Services			<u>3,874,418</u>	<u>324,307</u>	<u>328,262</u>
U.S. Department of Justice:					
Criminal Division					
Equitable Sharing Program	16.922		126,338	-	-
Total U.S. Department of Justice			<u>126,338</u>	<u>-</u>	<u>-</u>
U.S. Office of Library Services:					
Institute of Museum and Library Services					
Library Services and Technology Act (LSTA) Program	45.310		162,012	-	-
Total U.S. Office of Library Services			<u>162,012</u>	<u>-</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY					
Passed-through NC Office of Management and Budget, NC Pandemic Recovery Office:					
Coronavirus Relief Fund	21.019		649,500	-	-
			<u>649,500</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>5,906,490</u>	<u>335,873</u>	<u>328,262</u>
State Awards:					
N.C. Department of Administration:					
Veterans Affairs			-	500	-
N.C. Department of Cultural and Natural Resources:					
Division of State Library					
State Aid to Public Libraries			-	157,313	-
N.C. Department of Commerce:					
Division of Fiscal Services					
Rural Infrastructure Program			-	1,604,125	-
N.C. Department of Public Instruction					
Public School Building Capital Fund			-	276,363	-
N.C. Department of Health and Human Services:					
Division of Social Services:					
SFHF Maximization - Direct			-	75,485	-
Foster Care at Risk - Direct			-	1,983	-
State Foster Care Benefits Program - Direct			-	63,333	-
CWS - Direct Benefits Payments			-	86,905	-
Energy Program			-	9,456	-
Incent/Program Integrity			-	130	-
CPS Expansion			-	89,764	-
Total Division of Social Services			<u>-</u>	<u>327,056</u>	<u>-</u>

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Division of Public Health:					
General Aid to Counties		110	-	85,814	-
General Communicable Disease Control		715, 510	-	4,398	-
Tuberculosis		551	-	8,718	-
TB Medical Services			-	540	-
School Nurse Funding Initiative			-	150,000	-
Food and Lodging Fees			-	9,208	-
Child Health			-	7,557	-
Healthy Communities Activities			-	34,706	-
Maternal Health (HMHC)			-	11,755	-
HMHC - Family Planning			-	46,239	-
WHSF			-	5,788	-
HIV/STD State			-	400	-
HIV/STD SSBG Aid			-	100	-
Total Division of Public Health			-	365,223	-
Total N.C. Department of Health and Human Resources			-	692,279	-
N.C. Department of Public Safety					
Governor's Crime Commission					
JCPC Funds		692	-	155,042	146,178
N.C. Department of Transportation:					
State Aid to Airports			-	133,646	-
DOT Cluster					
ROAP - Elderly and Disabled Transportation Assistance Program		827T	-	73,676	11,052
ROAP - Work First		828T	-	13,056	-
ROAP - Rural General Public Program		829T	-	85,416	-
Total DOT Cluster			-	172,148	11,052
Total N.C. Department of Transportation			-	305,794	11,052
N.C. Department of Environmental Quality:					
<u>Division of Soil and Water Conservation:</u>					
Soil and Water Distribution Grant			-	27,163	-
<u>Division of Waste Management:</u>					
Electronics Management Program			-	2,339	-
Total N.C. Department of Environmental Quality			-	29,502	-
N.C. Department of Information Technology:					
Emergency Telephone System Fund			-	556,393	-
Total N.C. Department of Information Technology			-	556,393	-
Total State Awards			-	3,777,311	157,230
Total Federal and State Awards			\$ 5,906,490	\$ 4,113,184	\$ 485,492

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
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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, 2019. 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: Subrecipients

Of the federal and state expenditures presented in the schedule, the County of Cumberland provided federal & state awards to subrecipients as follows:

<u>Program</u>	<u>CFDA</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
	93.044, 45, 52,		
Aging Cluster	53	\$ 328,262	-
JCPC Funds		-	146,178.00
DOT Cluster		-	11,052.00

Note 4: 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

Note 5: Coronavirus Relief Funds

Person County received \$892,515 of funding from the Coronavirus Relief Fund (21.019) in accordance with HB 1043 and is scheduled to receive \$766,420 appropriated from HB 1023. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Person County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.