

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2012



Prepared by the
Person County Finance Department
Issued December 2012

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

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PERSON COUNTY

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

The Board of County Commissioners
Person County, North Carolina
December 15, 2012

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, 2012.

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 Winston, Williams, Creech, Evans & Company, LLP, 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, 2012, 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 unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of Person County

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

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

The County provides its citizens with a wide range of services that include public safety, health and social services, cultural and recreational activities, general administration, and others. This report includes all the County's activities in maintaining these

services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the following: Person County Board of Education; Piedmont Community College; Person County Tourism Development Authority; Developmental Disabilities, Substance Abuse Authority (OPC); Kerr-Tar Regional Council of Governments; and Person County Memorial Hospital. Since the County Commissioners appoint all three members of the Person County ABC Board (the "ABC Board"), the government-wide statements include the ABC Board as a discretely presented component unit.

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the Board, creates a legal limit on spending authorizations. For Person County, annual budgets are adopted for the General and Special Revenue Funds (except the Community Development Housing Revitalization Grant Fund). Multi-year project budgets are adopted for the Capital Project Funds and the Community Development Housing Revitalization Grant Fund. Appropriations in the General Fund are made at the functional level; those in the Special Revenue Funds are made at the departmental level; and Capital Project Funds appropriations are made at the object level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account). Purchase orders that would create an over-encumbrance at that level are not written until additional appropriations are available through budget amendments or intradepartmental transfers approved by the County Manager. The County Manager also may transfer up to \$10,000 between functional areas of the same fund reported to the commissioners at the next board meeting. In accordance with state law, the County's budget is prepared on the modified accrual basis. Its accounting records also are maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. Governmental Fund types, such as the County's General Fund, Special Revenue Funds, and Capital Project Funds are reported on the modified accrual basis in the financial statements. The County's Pension Trust Fund, Person County Museum of History Trust Fund and Agency Funds are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with GAAP and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. I believe that the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the County's single audit, the independent auditor performed a review of the County's internal control structure. This review was not an audit and no opinion was issued on the County's internal control structure; however, the procedures performed by the independent auditor indicated no internal control weaknesses or reportable conditions.

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 the County operates.

Factors Affecting Economic Condition

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

Person County has not been immune to the job losses in the textile, tobacco, and other manufacturing industries over the last decade. Still feeling the impacts from the Great Recession, Person County continues to flirt with double digit unemployment at around the same rate as 2011. As of July 2012, Person County's average unemployment rate stood at 10.2% or .60% lower than the same time in the previous year.

The slowdown in the national and global economies, the volatility of the stock markets, and fluctuations in gas and energy prices could pose adverse impacts to both the State as well as the County. The impact of the recession and credit crisis has taken a toll on businesses and industries in Person County. Fortunately most businesses and industries have been able to withstand this crisis so far without major layoffs or shutdowns. It appears that a recovery is beginning, but the speed of that recovery will continue to impact the local economy.

Local manufacturing developments include the following ongoing projects:

- CertainTeed, a subsidiary of St. Gobain, held their open house for their state of the art 700,000 square foot facility in Person County in September 2012. The company expects to have a \$160,000,000 capital investment and they have already hired 63 people of the estimated 89 people they plan to hire. By the end of this year they anticipate that they will have hired 74 of the estimated 89 total workforce.

- Eaton Corporation completed the first phase (which equates to approximately one half or around \$25 million) of their planned 50 million dollars of new capital investment in their Roxboro plant
- GKN Drive Line CVJ announced a \$3 million dollar 47,000 square foot building expansion along with an additional \$20 million dollar new equipment expansion and an increase of 138 new jobs.
- The County is working with existing Person County manufacturers and is prepared to offer financial incentives if and when new jobs and investments are created.
- The County in September of this year hired a professional, full time economic development director to assist in the recruitment of new industry and retention of existing industry.

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

Tobacco still remains the number one agricultural income producer. Income from tobacco will reach \$20 million dollars in 2012, nearly fifty percent (50%) of the total. Person County tobacco growers continue to expand burley tobacco production. Person County is now one of the top five burley tobacco producing counties in North Carolina. Tobacco producers and quota holders will receive nearly \$8.5 million dollars annually through the tobacco buyout program. This will help supplement farm income. Tobacco growers and others are actively seeking out other sources of agriculture income.

Consumers are now becoming more interested in locally grown food. As a result Person County now has two locally produced beef retailers, and fourteen small and part time growers are marketing locally grown fruits and vegetables. As consumer confidence in these products increase, production should expand significantly. In the spring of 2011, Person County completed the new farmers market. This new marketing center has significantly increased the visibility of the locally grown food initiative and has increased income of many local producers.

Piedmont Community College (PCC) provides a wealth of resources for Person County's adult citizens. One of 58 colleges in the North Carolina Community College System, PCC serves approximately 63,000 adults in its service area of Person and Caswell counties. Chartered in 1970, 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. PCC is on the cutting edge in training for today's jobs through its Biotechnology, Laboratory Technology, Green Carpentry and Sustainability Technology programs. PCC's Continuing Education programs offer specialized training and services for local business and industry to help provide a well-trained local workforce and also provide services for unemployed and under-employed individuals searching for employment.

Long-Term Financial Planning

Many of the successes of the Board of County Commissioners can be attributed to the long-term planning efforts initiated by the Board. In fiscal year 2012, the Person County Capital Improvement Plan ("CIP") for the years 2013-2017 was presented and approved in April 2012 and serves as a mechanism for future planning, eliminating the need to continually borrow money for larger projects. This also allows for a "pay as you go" environment for non-recurring expenses without creating a burden on the budget in one year. The CIP addresses many of the capital improvements needed within the county and will be revisited and updated annually to correspond with changing revenues and the current economic environment.

In April 2012, the Department of Public Instruction (DPI) notified the Public Schools to announce the approval of \$3,132,538 in a Qualified School Construction Bond (QSCB) allocation to Person County. The QSCB program was established as part of the American Recovery and Reinvestment Act of 2009. Bond proceeds must be used for construction, rehabilitation, or repair of a public school; or for land acquisition for such a facility. The largest advantage to a QSCB borrowing is that it allows for an interest subsidy reimbursement from the federal government for the entire amount of the interest payment. Four counties (Person, Davie, Columbus, and Montgomery) were awarded \$3,132,538 each, which represented an equal distribution (1/4th) of the total available authorized amount of \$12,530,150. It was jointly decided between both the Person County Board of Education and Person County Board of Commissioners that the re-roofing for Southern Middle School be fully funded with this allocation, and a portion of Person High School be completed with the remaining funds. It was approved by the Board of Commissioners to pursue an installment financing utilizing the full awarded QSCB allocation for the recommended re-roofing construction, and is scheduled to be completed in fiscal year 2014.

Relevant Financial Policies

In November 2011, the Person County Board of Commissioners approved a Fraud Policy that provides a framework for limiting the County's exposure to fraud and corruption, minimizes financial loss, and avoids the potential adverse affects on the County's image and reputation in the event of their occurrence. The primary purpose of the Fraud Policy is to affirm that fraud and corruption will not be tolerated and to define the consequences of fraud and corruption. The Policy also includes information on the access of a Fraud Hotline number for Person County employees or citizens to call in order to anonymously report any suspected instance of fraud.

The Person County's meal reimbursement rates were adjusted for the first time since they were originally implemented in 1991. The per diem meal rates were adjusted from \$25/day to \$36/day, an \$11 increase. These rates are more in line with surrounding counties, and reflect the current market costs for meals. This adjustment was included in a new Travel Policy that was approved by the County Manager in September 2011. The Travel Policy establishes updated guidelines to assist employees and elected officials in receiving reimbursement for their allowable expenses pertaining to official travel and subsistence.

A Purchasing Card Program was implemented and offered to employees in July 2011 to better manage purchases and provide a more effective method for County purchasing. The Purchasing Card ("P-Card") enables employees to make purchases directly from vendors by telephone, fax, over the internet, or in person. County spending parameters for each P-Card issued are set by the P-Card Administrator. Periodic internal audits of compliance with the guidelines of the P-Card Program, Cardholder statements, and other required documents will be performed. Each employee who is issued a P-Card is required to sign a Cardholder Agreement stating their understanding of the requirements and limitations of the card's use, and the consequences of fraudulent use of the card.

Major Initiatives

Person County Executive Airport

Using federal grant dollars and matching local funds, the County is currently working on many projects at the Person County Airport. Some of these projects include: development of a new Master Plan; development and evaluation of land acquisition for extending a runway; replacement of airfield signs with LED features; construction of a concrete loading pad for cargo and fuel trucks; and maintenance and repair of the fuel farm.

Projects completed include replacement of the current AWOS (Automated Weather Observation System) ; land clearing of three acres to bring the airport in compliance with glide slope requirements; and land acquisition for future expansion around the airport.

The Airport serves local industries by providing convenient access to transportation by air. It also serves the general public by providing air service & storage for small planes.

Economic Catalyst Fund

An Economic Catalyst Fund was created in fiscal year 2012 to record the revenues associated with an Economic Catalyst Grant received from the Golden L.E.A.F. Foundation for the purpose of providing expansion incentives through the purchase of equipment in the amount of \$500,000 for Eaton Corporation. A lease-purchase arrangement was implemented between Eaton and Person for the reimbursement of these funds over the next seven years. It is anticipated that this fund will also serve as a place for reserving funds for future incentive opportunities to attract other industries to this area or to encourage efforts of current industry expansions such as the one previously mentioned. The adopted budget for fiscal year 2013 includes \$400,000 in incentive funding for various businesses in Person County.

Stormwater Ordinance

A Stormwater Ordinance was presented during a Special Call Meeting by the Board of Commissioners on May 23, 2012 to inform citizens on the management of stormwater runoff through education of the public, system mapping, facility inspections and maintenance. Due to this being a State-mandated requirement that became effective on July 15, 2012, the Board reluctantly approved the Stormwater Ordinance at their regularly scheduled meeting on June 18, 2012. Although it was proposed in the recommended budget to be a self-supporting fund through user fees, establishing it as an Enterprise Fund, the Board decided during a budget worksession to waive the fees for FY 2012-2013 and absorb the cost in the first year of implementation. The Board vehemently disagreed with the State that Person County is part of the stormwater runoff issues, and philosophically opposed assessing fees to citizens for the first year until more results come in from the stormwater utility study.

This funding is designated to cover Falls Watershed activities encompassing floodplain management, development plan review, inventories, surface water quality management programs, remediation assistance, Upper Neuse River Association dues, retrofits to meet existing development, billing and collections, and other general administrative expenses. Departments that are directly

affected by these newly mandated requirements are Environmental Health, Planning & Zoning, Cooperative Extension, Soil and Water Conservation, and GIS.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Person County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

Preparation of this report would not have been possible without the daily dedication to excellence in all areas of work from the entire staff of the Finance Department. A special thanks is due to Beth Farabaugh who compiled much of the financial data, performed much of the word processing and most of the publishing. A special acknowledgment and appreciation is extended to Hal Dickerson, a Person County native, for permission to use his original pencil drawing titled "Person County View" as the front cover for this report. 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 Winston, Williams, Creech, Evans and Company, LLP, CPAs, for their cooperation and assistance in the preparation of this report.

Respectfully submitted,



Amy Wehrenberg
Person County Finance Director



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Egan

Executive Director



**COUNTY OF PERSON
LIST OF PRINCIPAL OFFICIALS**



Board of County Commissioners

Jimmy B. Clayton, Chairman
Kyle W. Puryear, Vice-Chairman
B. Ray Jeffers
Samuel R. Kennington
Frances Blalock

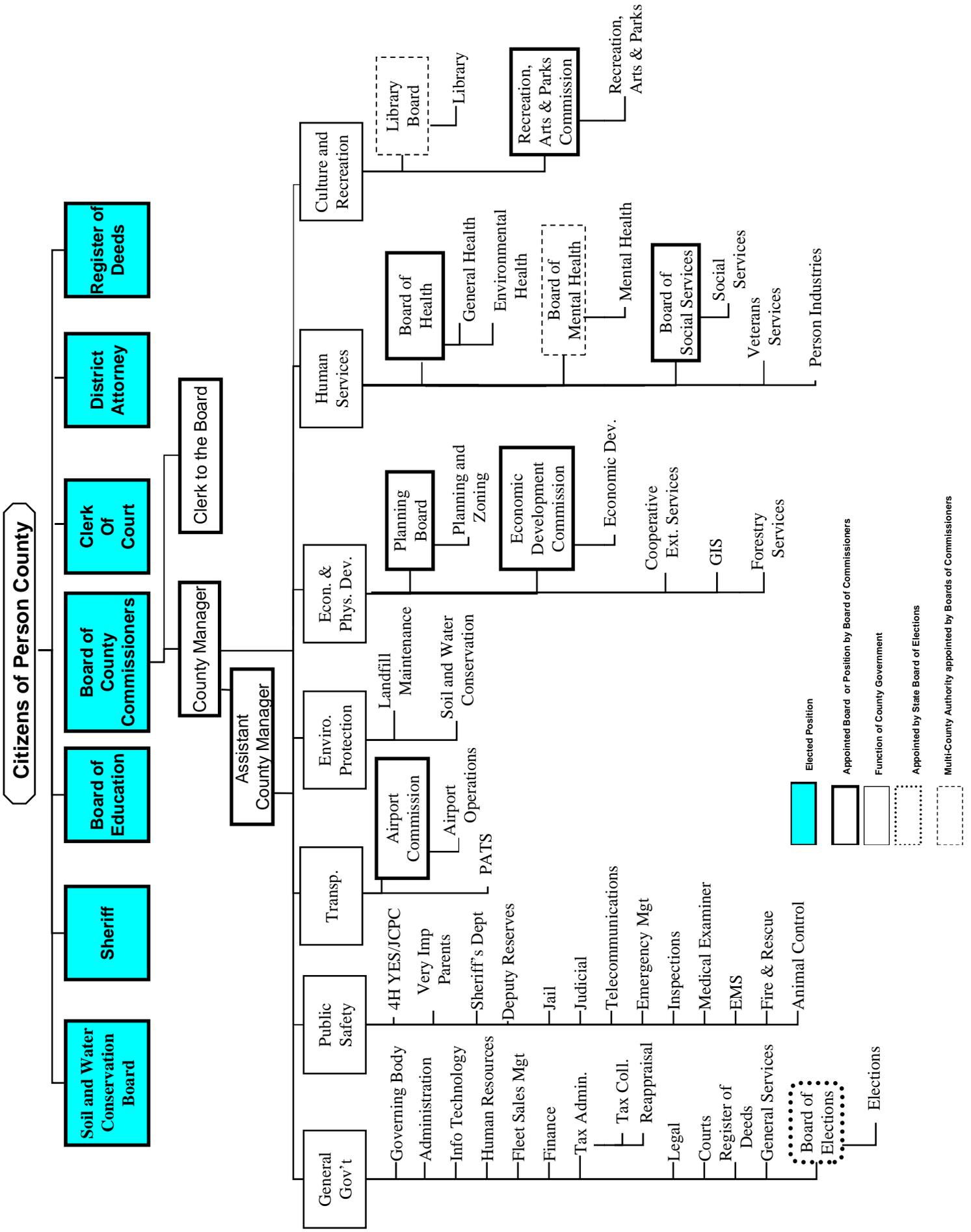
Manager

Heidi York

Finance Director

Amy Wehrenberg

PERSON COUNTY GOVERNMENT ORGANIZATIONAL CHART BY FUNCTION



Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, CPA

Independent Auditor's Report

To the Board of County Commissioners
Person County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Person County, North Carolina, as of and for the year then ended June 30, 2012, which collectively comprise Person County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Person County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Person County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Person County as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and Person Industries Community Rehabilitation Program and Material Recovery Facility Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2012 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 grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefit Schedules of Funding Progress and Employer Contributions on pages 59 through 60 and 61 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Person County, North Carolina statements as a whole. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
December 15, 2012

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

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, 2012. 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 of Person County exceeded its liabilities at the close of the fiscal year by \$33,566,540 (*net assets*).
- The government's total net assets increased by \$3,938,920 when compared to the previous fiscal year, primarily due to increased net assets in the Capital Project Funds, a result of incomplete projects and unexpended debt proceeds.
- As of the close of the current fiscal year, Person County's governmental funds reported combined ending fund balances of \$24,305,741, a decrease of \$639,424 on a comparable basis with the prior year. Approximately 52% of this total amount, or \$12,631,079, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,631,079, which represents 26.9% of total General Fund expenditures for the fiscal year.
- Person County's total debt decreased by \$3,381,057 (6.4% of total governmental expenditures) during the current fiscal year. This decrease is the amount of scheduled debt repayment for the year.
- Person County has an A1 bond rating from Moody's Investor Service (Moody's) and an AA- from Standard and Poors Corporation (S&P). These ratings are consistent with Person County's reputation for conservative fiscal management and strong financial position.

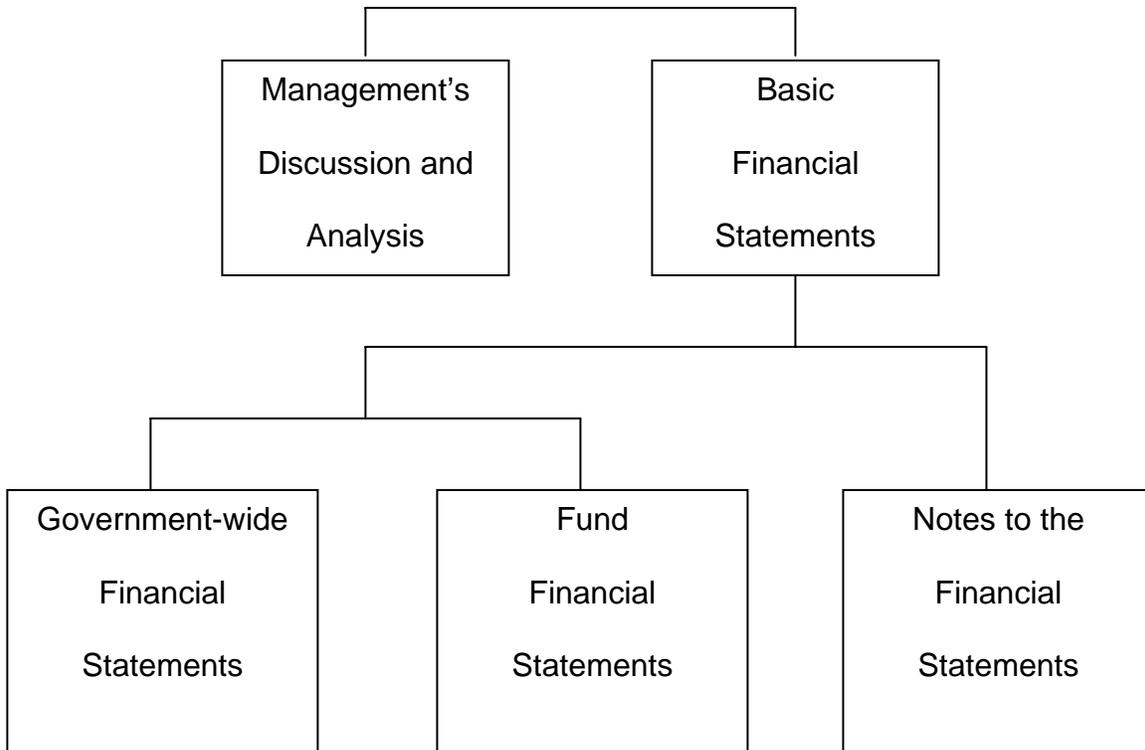
Overview of the Financial Statements

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, 2012

Required Components of Annual Financial Report



Summary → Detail

(Figure 1)

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 five 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) 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, 2012

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) 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 other category is the component units. The Person County Tourism Development Authority (TDA) is a public authority under the Local Government Budget and Fiscal Control Act. It exists to provide for tourism-related expenditures and promotion of travel and tourism in Person County nearly exclusively from the occupancy tax levied by the County, and remitted to the TDA less a small collection fee. The ABC Board is legally separate from the County and is important to the County because the County is financially accountable for the Board by appointing its members, and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on pages 20 through 22 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 two categories: governmental 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements and disclosed in more detail in the Notes to the Financial Statements.

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Person County has ten fiduciary funds, one of which is a pension trust fund, one of which is a private-purpose trust fund, and eight 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 30 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 59 of this report.

Government-wide Financial Analysis

The following table summarizes Net Assets at June 30, 2012 and 2011:

PERSON COUNTY'S NET ASSETS

	Governmental Activities	
	2012	2011
Current and other assets	\$ 26,435,165	\$ 27,317,620
Capital assets	25,898,884	24,205,657
Total assets	<u>52,334,049</u>	<u>51,523,277</u>
Long-term liabilities outstanding	17,402,213	20,320,741
Other liabilities	1,365,296	1,574,916
Total liabilities	<u>18,767,509</u>	<u>21,895,657</u>
Net assets:		
Invested in capital assets, net of related debt	21,155,561	18,741,532
Restricted	8,219,339	8,563,948
Unrestricted	4,191,640	2,322,140
Total net assets	<u>\$ 33,566,540</u>	<u>\$ 29,627,620</u>

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

The assets of Person County exceeded liabilities by \$33,566,540 as of June 30, 2012. The County's net assets increased by \$3,938,920 for the fiscal year ended June 30, 2012. Net assets of \$21,155,561 (63%) are invested 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 assets represents resources that are subject to external restrictions on how they may be used and is \$8,219,339 at June 30, 2012.

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition; however, it does not adequately reflect the County's position. In accordance with NCGS, the County is the issuer of debt used for capital purposes for other agencies, namely, Person County Schools (PCS) and Piedmont Community College (PCC). This debt totals approximately \$10 million at June 30, 2012 and is recorded in the long-term liabilities without any offsetting capital assets recorded by the County since the assets are the property of the agencies. The original debt proceeds are used by the County to acquire or construct the capital assets on behalf of these agencies. The remaining balance of \$4,191,640 (12.5%) is unrestricted.

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

- Continued emphasis on the collection of property taxes. The tax collection percentage decreased slightly from the previous year from 97.68% to 97.63%. However, the overall tax collections for current year's taxes increased by \$111,074.
- Completed various roofing projects for the County, Schools, and PCC that were part of the Capital Improvement Plan.
- Recorded a larger amount of Construction in Progress for projects that were incomplete at the end of the fiscal year, particularly for the Courthouse Renovation Construction Project.
- Continued low cost of debt due to the County's high bond rating and the paydown of current debt service.

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

For the Year Ended June 30, 2012

The following table presents the change in net assets for the year ended June 30, 2012 and 2011 for governmental activities:

PERSON COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 8,068,488	\$ 7,636,586
Operating grants and contributions	9,203,958	9,054,725
Capital grants and contributions	358,182	726,786
General revenues:		
Property taxes	27,393,771	27,291,587
Local option sales taxes	6,045,749	5,542,646
Other taxes and licenses	305,012	237,858
Investment earnings, unrestricted	14,619	24,950
Miscellaneous, unrestricted	1,889,020	438,179
Total revenues	<u>53,278,799</u>	<u>50,953,317</u>
Governmental Activities		
	2012	2011
Expenses:		
General government	4,655,404	4,828,349
Public safety	11,437,656	11,468,186
Transportation	1,435,983	1,454,342
Economic and physical development	1,753,033	1,470,929
Environmental protection	891,073	1,228,807
Human services	15,746,664	15,440,313
Cultural and recreation	1,466,125	1,511,796
Education	10,269,913	11,460,882
Capital Outlay	1,014,882	-
Interest on long-term debt	669,146	703,782
Total expenses	<u>49,339,879</u>	<u>49,567,386</u>
Increase in net assets	3,938,920	1,385,931
Net assets, July 1	<u>29,627,620</u>	<u>28,241,689</u>
Net assets, June 30	<u>\$ 33,566,540</u>	<u>\$ 29,627,620</u>

Governmental activities: Governmental activities resulted in an increase of the County's net assets by \$3,938,920, which was \$2,552,989 more than the change in net assets for fiscal year 2010-11.

Key elements of this net increase are as follows:

- Property tax collections increased by \$102,184.
- Sales tax revenues reflect a slight recovery showing an increase of \$503,103 over fiscal year 2012.
- Charges for services increased by \$431,902. A new EMS third party billing vendor has assisted in generating stronger collections in EMS fees. Fee increases that positively

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

impacted Charges for Services occurred with the Solid Waste Host Fees and Immunization Fees in the Health Department.

- Miscellaneous revenues increased by \$1,450,841, solely due to a donation of the Old Helena School building and property from the Person County Board of Education in February 2012.
- A decrease in Education of \$1,190,969 which is tied to the completion of some re-roofing projects for Person County Schools and Piedmont Community College. These were projects that were funded by an installment financing borrowing in July 2010.
- A decrease in Environmental Protection of \$337,734 primarily due to the completion of an ARRA stimulus-funded Water and Sewer Construction Project. The majority of expenditures for this project took place in FY 2011.

Financial Analysis of the County's Funds

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

Governmental Funds: The focus of Person County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Person County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Person County. At the end of the current fiscal year, Person County's fund balance available in the General Fund was \$17,361,545, while total fund balance reached \$21,347,814. The Governing Body of Person County determined that the County should maintain an available fund balance of 18% of general fund expenditures in case of unforeseen needs of opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 36% of general fund expenditures, while total fund balance represents 44% of that same amount.

At June 30, 2012, the governmental funds of Person County reported a combined fund balance of \$24,305,741, a 2.6% decrease from last year. The primary cause for this decrease is the reduction in fund balance in the Other Governmental Funds. The lack of other financing sources (absence of debt proceeds) and the increased activity in the new Capital Improvement Project Fund for capital projects have greatly contributed to the use of fund balance in the non-major Governmental Funds category.

The fund balance of the Person Industries Community Rehabilitation Program ("PI") and the Material Recovery Facility ("PCRC") Fund, (classified as a major fund within Person County's financial statements), increased by \$71,603 during the current fiscal year. For PI, the revenues generated by programs of service increased by \$56,884 for FY 2012 due to Vocational Rehabilitation State Funds-Supported Employment (SE). The SE program was allotted funding to place a certain amount of clients in the workforce, and the amount actually placed exceeded the projection, thus the increase in revenues. PI increased revenues in the Medicaid program by \$9,959 in spite of the transition to a new managed care organization. The reason for the additional revenue was mainly due to an increase in hours that PI could bill for each individual in FY 2012. There was also a slight

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

increase in PI sales for \$9,492. The County General Fund decreased its annual funding to PI by \$22,222 from FY 2011 which was primarily due to the additional revenues generated in programs of service. The revenues associated with PI exceeded the operating expenditures by \$46,770. For PCRC, there was a slight increase in recycling sales from \$186,622 in FY 2011 to \$190,830. PCRC received \$3,067 in the electronic disposal taxes compared to \$2,757 in FY 2011. The revenues generated by programs of services and Medicaid remained flat when compared to FY 2011. Personnel costs at PCRC increased by \$69,510 due to a transfer of a staff position from PI to PCRC and an increase in part-time wages with the growth in recycling. PCRC operating costs decreased by \$23,166. The County General Fund decreased its annual funding to PCRC by \$102,065 in FY 2012 due to increased revenues and decreased expenses when compared to projections. The revenues associated with PCRC exceeded the operating expenditures by \$24,833.

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 \$1,382,633 and expenditures by \$2,309,705.

Sales tax collections showed some recovery which is reflected by the \$550,749 surplus over the budget. Economic conditions and State legislative changes in previous years to the sales tax distributions continue to provide challenges to calculating accurate estimates for sales tax proceeds. Operating revenues of the General Fund were \$1,007,903 higher than the final budgeted amount. Although there was an overall surplus of operating revenues over budget, intergovernmental revenues were short of budget by \$772,967. Most of this difference is due to the delayed timing of when State revenues are received and recognized.

Appropriations within the General Fund covered actual expenditures by more than \$2.3 million. Almost \$1.6 million of these remaining funds was the result of the timing differences in the State allocations for departments in the Human Services function.

Capital Assets: Person County's capital assets for its governmental activities as of June 30, 2012, total \$25,898,884 (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

- Vehicle replacement for IT, software related to building access and firewall security, two mowers for General Services, energy lighting fixtures, and various building improvement projects for General Services

Public Safety

- Nine replacement patrol vehicles for the Sheriff's department, mobile generator and cardiac monitors for EMS, and communications antenna and radio equipment for Emergency Communications

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

Human Services

- Two vehicles for the Health Department, two vehicles for Person Industries, and baler equipment for PCRC

Culture and Recreation

- Vehicle replacement for Recreation, Arts and Parks

PERSON COUNTY CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2012	2011
Land	\$ 2,848,142	\$ 2,647,642
Buildings	9,206,700	8,414,823
Improvements	1,869,689	1,973,278
Machinery and equipment	5,713,232	5,831,845
Infrastructure	2,471,820	2,566,225
Construction in progress	3,789,301	2,771,844
Total	<u>\$ 25,898,884</u>	<u>\$ 24,205,657</u>

Additional information on the County's capital assets can be found in Note 1.E.7. and 2.A.5. of the Basic Financial Statements.

Long-term Debt: As of June 30, 2012, Person County had no total bonded debt outstanding. Other total outstanding debt is included below:

PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2012	2011
Installment purchases	\$ 14,740,000	\$ 18,030,000
Capitalized leases	189,798	280,855
Total outstanding debt	<u>\$ 14,929,798</u>	<u>\$ 18,310,855</u>

Person County's total debt decreased by \$3,381,057 (18.5 percent) during the past fiscal year, due to the repayment of debt. No new debt was incurred for fiscal year 2012.

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 \$310,551,308.

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

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2012

Economic Factors and Next Year's Budgets and Rates

- The County's average unemployment rate as of June 30, 2012, was 10.4%, an increase of .3% over last year's rate of 10.1%, and 1.0% over the statewide average of 9.4%.
- Inflationary trends in the region are comparable to national indices.
- Population estimation of 39,594 has remained basically flat since FY2011.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: For the fiscal year ending in June 2013 the original appropriations in the General Fund will increase by \$4,254,593 to \$53.1 million or 8.7% more than the previous year's adopted budget. The projected current levy of property taxes is \$1,031,284 higher than for FY2012. An appropriation of \$4,493,237 from fund balance provides the balance of the estimated revenues.

Although there was no tax increase in Person County's fiscal year 2013 budget, most segments of the General Fund received an increase to their budgeted expenditures, supported by some minimal growth of revenues, as well as an appropriation of fund balance to cover needed capital projects and the implementation of the Stormwater Utility Program. Other causes for the increase in the Adopted Budget includes the approved Cost of Living Adjustment that was implemented for employees in January 2012, as well as the allocation of a 2% increase to the current expense funding level for the community college, public school system, and the volunteer fire departments.

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 S. Morgan Street, Suite 219, Roxboro, NC 27573.

Basic Financial Statements

Basic Financial Statements



Person County, North Carolina
Statement of Net Assets

June 30, 2012

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Person County ABC Board</u>
ASSETS		
Cash and cash equivalents	\$ 21,460,292	\$ 434,428
Receivables (net)	4,166,139	-
Due from component unit	25,555	-
Inventories	-	241,088
Prepaid items	240,859	454
Restricted cash and cash equivalents	244,201	-
Advance funding of pension obligation	103,849	-
Deferred charge - issuance costs	89,429	-
Deferred charge - refunding	104,841	-
Capital assets:		
Land, improvements, and construction in progress	6,637,443	34,188
Other capital assets, net of depreciation	19,261,441	81,251
Total capital assets	<u>25,898,884</u>	<u>115,439</u>
Total assets	<u>52,334,049</u>	<u>791,409</u>
LIABILITIES		
Accounts payable and accrued expenses	1,144,151	188,571
Unearned revenue	61,697	-
Accrued interest payable	159,448	-
Due to primary government	-	25,555
Long-term liabilities:		
Due within one year	4,308,525	-
Due in more than one year	13,093,688	-
Total liabilities	<u>18,767,509</u>	<u>214,126</u>
NET ASSETS		
Invested in capital assets, net of related debt	21,155,561	115,439
Restricted for:		
Public safety	140,083	-
Economic development	330,921	-
Human services	1,098,983	-
Cultural and recreation	80,368	-
Education	1,020,512	-
Register of deeds	62,181	-
Stabilization by State Statute	4,544,940	-
Capital	852,356	-
Reappraisal	88,995	-
Unrestricted (surplus)	4,191,640	461,844
Total net assets	<u>\$ 33,566,540</u>	<u>\$ 577,283</u>

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 4,655,404	\$ 388,611	\$ 65,114	\$ 140,641
Public safety	11,437,656	2,047,710	1,055,904	-
Transportation	1,435,983	240,965	225,765	157,454
Economic and physical development	1,753,033	90,001	499,604	1,500
Environmental Protection	891,073	932,314	118,497	54,587
Human services	15,746,664	4,027,375	7,100,930	-
Cultural and recreation	1,466,125	341,512	120,282	4,000
Education	10,269,913	-	17,862	-
Capital Outlay	1,014,882	-	-	-
Interest on long-term debt	669,146	-	-	-
Total governmental activities	<u>49,339,879</u>	<u>8,068,488</u>	<u>9,203,958</u>	<u>358,182</u>
Component unit:				
ABC Board	<u>2,513,201</u>	<u>2,553,120</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 2,513,201</u>	<u>\$ 2,553,120</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes

Investment earnings, unrestricted

Miscellaneous, unrestricted

Total general revenues, special items, and transfers

Change in net assets

Net assets-beginning

Net assets-ending

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

**Net (Expense) Revenue and Changes in
Net Assets**

<u>Primary Government</u>	<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Person County ABC Board</u>
\$ (4,061,038)	
(8,334,042)	
(811,799)	
(1,161,928)	
206,417	
(4,618,359)	
(1,000,331)	
(10,252,051)	
(1,014,882)	
(669,146)	
<u>(31,709,251)</u>	
	<u>39,919</u>
	<u>39,919</u>
27,393,771	-
6,045,749	-
305,012	-
14,619	1,470
1,889,020	-
<u>35,648,171</u>	<u>1,470</u>
3,938,920	41,389
29,627,620	535,894
<u>\$ 33,566,540</u>	<u>\$ 577,283</u>

Person County, North Carolina
Balance Sheet
Governmental Funds

June 30, 2012

	<u>General</u>	<u>Person Industries Community Rehabilitation Program and Material Recovery Facility Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 18,487,104	\$ 681,388	\$ 2,291,800	\$ 21,460,292
Restricted cash	244,201	-	-	244,201
Ad valorem taxes receivable	1,166,996	-	-	1,166,996
Receivables, net	2,997,019	428,625	116,305	3,541,949
Due from other funds	479,244	-	-	479,244
Prepaid expenditures	240,859	-	-	240,859
Due from component unit	25,555	-	-	25,555
Total assets	<u>\$ 23,640,978</u>	<u>\$ 1,110,013</u>	<u>\$ 2,408,105</u>	<u>\$ 27,159,096</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 989,473	\$ 11,030	\$ 69,917	\$ 1,070,420
Miscellaneous liabilities	73,731	-	-	73,731
Deferred revenue	1,229,960	-	-	1,229,960
Due to other funds	-	479,244	-	479,244
Total liabilities	<u>2,293,164</u>	<u>490,274</u>	<u>69,917</u>	<u>2,853,355</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	3,986,269	442,366	116,305	4,544,940
Register of Deeds	62,181	-	-	62,181
Public safety	86,053	-	21,283	107,336
Culture and recreation	-	-	79,468	79,468
Environmental protection	-	46,131	-	46,131
Human services	-	101,242	-	101,242
Capital projects	-	-	291,225	291,225
Committed:				
Tax reappraisal	88,995	-	-	88,995
Economic development	-	-	181,120	181,120
Environmental protection	-	-	88,005	88,005
Capital projects	-	-	1,560,782	1,560,782
Assigned:				
Subsequent year's expenditures	4,493,237	30,000	-	4,523,237
Unassigned:	12,631,079	-	-	12,631,079
Total fund balances	<u>21,347,814</u>	<u>619,739</u>	<u>2,338,188</u>	<u>24,305,741</u>
Total liabilities and fund balances	<u>\$ 23,640,978</u>	<u>\$ 1,110,013</u>	<u>\$ 2,408,105</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,898,884
Other long-term assets are not available to pay for current period expenditures and therefore are not deferred in the funds.	357,562
Liabilities for earned but deferred revenues in the fund statements	566,015
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. (Note 2).	<u>(17,561,662)</u>
Net assets of governmental activities	<u>\$ 33,566,540</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 Balance
Governmental Funds

For the fiscal year ended June 30, 2012

	General Fund	Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 27,396,888	\$ -	\$ -	\$ 27,396,888
Local options Sales taxes	6,045,749	-	-	6,045,749
Other taxes and licenses	305,012	-	-	305,012
Fees	395,910	-	-	395,910
Intergovernmental	7,775,715	748,449	1,247,958	9,772,122
Investment earnings	14,722	521	3,569	18,812
Charges for services	5,936,130	1,548,118	41,438	7,525,686
Other	546,170	16,185	28,407	590,762
Total revenues	48,416,296	2,313,273	1,321,372	52,050,941
EXPENDITURES				
Current:				
General government	4,793,362	-	771,385	5,564,747
Public safety	10,967,753	-	476,658	11,444,411
Transportation	811,686	-	-	811,686
Human services	13,274,485	2,170,046	-	15,444,531
Environmental protection	162,223	535,792	-	698,015
Economic and physical development	1,254,217	-	492,760	1,746,977
Cultural and recreational	1,490,524	-	-	1,490,524
Intergovernmental:				
Education	10,269,913	-	15,328	10,285,241
Capital outlay:				
Infrastructure	-	-	1,222,621	1,222,621
Debt service:				
Principal	3,290,000	91,057	-	3,381,057
Interest and other charges	646,735	7,611	-	654,346
Total expenditures	46,960,898	2,804,506	2,978,752	52,744,156
Excess (deficiency) of revenues over expenditures	1,455,398	(491,233)	(1,657,380)	(693,215)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	60,000	562,836	486,322	1,109,158
Transfers to other funds	(1,065,658)	-	(43,500)	(1,109,158)
Sale of capital assets	53,791	-	-	53,791
Total other financing sources and uses	(951,867)	562,836	442,822	53,791
Net change in fund balances	503,531	71,603	(1,214,558)	(639,424)
Fund balances-beginning	20,844,283	548,136	3,552,746	24,945,165
Fund balances-ending	\$ 21,347,814	\$ 619,739	\$ 2,338,188	\$ 24,305,741

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

For the fiscal year ended June 30, 2012

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

Net changes in fund balances - total governmental funds	\$ (639,424)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	441,761
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,263,444
The payment of pension obligations is reported as expenses in the fund statements but has no effect on the statement of activities.	3,478
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	1,015,934
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(146,273)</u>
Total changes in net assets of governmental activities	<u><u>\$ 3,938,920</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

For the fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget-- Positive (Negative)</u>
REVENUES				
Ad valorem taxes	\$ 26,949,566	\$ 26,949,566	\$ 27,396,888	\$ 447,322
Local option sales taxes	5,495,000	5,495,000	6,045,749	550,749
Other taxes and licenses	245,000	295,000	305,012	10,012
Fees	362,850	362,850	395,910	33,060
Intergovernmental	7,599,724	8,548,682	7,775,715	(772,967)
Investment earnings	23,000	23,000	14,722	(8,278)
Charges for services	5,159,482	5,248,674	5,936,130	687,456
Other	304,930	485,621	546,170	60,549
Total revenues	<u>46,139,552</u>	<u>47,408,393</u>	<u>48,416,296</u>	<u>1,007,903</u>
EXPENDITURES				
Current:				
General government	4,838,655	5,106,587	4,675,550	431,037
Public safety	10,653,595	11,291,145	10,967,753	323,392
Transportation	903,201	996,041	811,686	184,355
Human services	13,944,667	14,860,324	13,274,485	1,585,839
Environmental protection	159,869	174,169	162,223	11,946
Economic and physical development	1,319,250	1,377,990	1,254,217	123,773
Cultural and recreational	1,399,114	1,561,554	1,490,524	71,030
Contingency	515,000	292,578	-	292,578
Intergovernmental:				
Education	10,160,766	10,307,480	10,269,913	37,567
Debt service:				
Principal retirement	3,290,000	3,290,000	3,290,000	-
Interest and other charges	647,301	647,301	646,735	566
Total expenditures	<u>47,831,418</u>	<u>49,905,169</u>	<u>46,843,086</u>	<u>3,062,083</u>
Revenues over (under) expenditures	<u>(1,691,866)</u>	<u>(2,496,776)</u>	<u>1,573,210</u>	<u>4,069,986</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	256,402	316,402	60,000	(256,402)
Transfers to other funds	(973,353)	(1,209,408)	(1,209,408)	-
Sale of capital assets	5,000	58,792	53,791	(5,001)
Total other financing sources (uses)	<u>(711,951)</u>	<u>(834,214)</u>	<u>(1,095,617)</u>	<u>(261,403)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,403,817)	(3,330,990)	477,593	3,808,583
APPROPRIATED FUND BALANCE	<u>2,403,817</u>	<u>3,330,990</u>	<u>-</u>	<u>(3,330,990)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	477,593	<u>\$ 477,593</u>
Fund balances-beginning			<u>20,781,226</u>	
Fund balances-ending			<u>\$ 21,258,819</u>	
Legally budgeted Tax Reappraisal expenditures have been consolidated into the General Fund for reporting purposes:				
Transfer in from General Fund			143,750	
Expenditures			(117,813)	
Fund balance-beginning			63,057	
Fund balance-ending			<u>\$ 21,347,814</u>	

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

Person County, North Carolina
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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 630,816	\$ 660,889	\$ 674,133	\$ 13,244
ROAP Transportation	28,000	28,000	24,577	(3,423)
NC DENR Grant	20,000	20,000	8,744	(11,256)
White goods disposal tax	12,000	12,000	12,369	369
Electronics management tax	-	3,067	3,067	-
Solid waste disposal tax	25,000	25,000	25,559	559
Total intergovernmental revenues	<u>715,816</u>	<u>748,956</u>	<u>748,449</u>	<u>(507)</u>
Charge for services				
Sales	805,000	805,000	808,960	3,960
Medicaid	480,000	480,000	472,445	(7,555)
Transportation	20,850	20,850	16,354	(4,496)
Local services	35,000	43,000	34,534	(8,466)
Recycling fee	25,000	25,000	25,000	-
Recycling sales	159,600	173,690	190,825	17,135
Total charge for services	<u>1,525,450</u>	<u>1,547,540</u>	<u>1,548,118</u>	<u>578</u>
Investment earnings	-	-	521	521
Other revenues				
Donations and miscellaneous	9,100	20,326	16,185	(4,141)
Total revenues	<u>2,250,366</u>	<u>2,316,822</u>	<u>2,313,273</u>	<u>(3,549)</u>
EXPENDITURES				
Human Services				
Personnel expenditures			1,920,717	
Operating expenditures			206,088	
Capital outlay expenditures			43,241	
	<u>2,131,939</u>	<u>2,219,218</u>	<u>2,170,046</u>	<u>49,172</u>
Environmental protection-recycling				
Personnel expenditures			367,565	
Operating expenditures			156,360	
Capital outlay expenditures			11,867	
	<u>554,564</u>	<u>579,490</u>	<u>535,792</u>	<u>43,698</u>
Debt Service-MRF Equipment Lease				
Principal			91,057	
Interest			7,611	
	<u>98,669</u>	<u>98,669</u>	<u>98,668</u>	<u>1</u>
Total expenditures	<u>2,785,172</u>	<u>2,897,377</u>	<u>2,804,506</u>	<u>92,871</u>
Excess (deficiency) of revenues over expenditures	(534,806)	(580,555)	(491,233)	89,322
OTHER FINANCING SOURCES				
Transfers in				
General Fund	534,806	562,836	562,836	-
Total other financing sources	<u>534,806</u>	<u>562,836</u>	<u>562,836</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	-	(17,719)	71,603	89,322
APPROPRIATED FUND BALANCE	<u>-</u>	<u>17,719</u>	<u>-</u>	<u>(17,719)</u>
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	71,603	<u>\$ 71,603</u>
Fund balance beginning of year			<u>548,136</u>	
Fund balance end of year			<u>\$ 619,739</u>	

**Person County, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Funds**

June 30, 2012

	LEOSSA Pension Trust Fund	Museum of History Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 28,547	\$ 186	\$ 145,038
Investments	210,903	24,251	-
Taxes receivables	-	-	239,286
Total assets	<u>239,450</u>	<u>24,437</u>	<u>384,324</u>
LIABILITIES			
Accounts payable and accrued liabilities	-	-	30,798
Due to individuals	-	-	84,866
Due to inmates	-	-	1,932
Due to other governments	-	-	(990)
Due to 4H	-	-	28,432
Reserve for taxes receivable	-	-	239,286
Total liabilities	<u>-</u>	<u>-</u>	<u>384,324</u>
NET ASSETS			
Assets held in trust for pension benefits and other purposes	<u>\$ 239,450</u>	<u>\$ 24,437</u>	<u>\$ -</u>

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

Person County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the fiscal year ended June 30, 2012

	LEOSSA Pension Trust Fund	Museum of History Trust Fund
ADDITIONS		
Employer contributions	\$ 70,000	\$ -
Investment interest	180	14
Total additions	<u>70,180</u>	<u>14</u>
DEDUCTIONS		
Benefits	<u>32,308</u>	<u>-</u>
Change in net assets	37,872	14
Net assets - beginning of year	<u>201,578</u>	<u>24,423</u>
Net assets - end of year	<u><u>\$ 239,450</u></u>	<u><u>\$ 24,437</u></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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Person County, North Carolina was established in 1792. It is located in the Central Piedmont section of North Carolina on the Virginia border. 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 GAAP, 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 (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") which has a June 30 year-end is presented as it is a separate proprietary fund 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

B. Government-wide and Fund Financial Statements

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. 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 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 and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

Major Funds: 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 Reappraisal Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

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.

Nonmajor Funds: The County maintains eleven legally budgeted nonmajor funds. The County Capital Reserve Fund and Schools Capital Reserve Fund are reported as capital project funds in accordance with GASB Statement No. 54. The County reports the following nonmajor 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 five Special Revenue Funds within its non-major governmental fund types: Emergency Telephone System Fund, Revolving Loan Fund, Economic Catalyst Fund, Water and Sewer Construction Reserve Fund, and the Mattie Maude Williams Library Development Trust Fund.

Capital Project Funds: Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Currently, the County maintains four Capital Project Funds within its nonmajor governmental fund types: Airport Construction Fund, Capital Improvement Projects Fund, Water and Sewer Construction Capital Projects Fund, and Courthouse Renovation and Various Roofing Capital Projects Fund.

Fiduciary Funds: The County reports the following fiduciary fund types:

Pension Trust Fund: The County has the LEOSSA Pension Trust Fund that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans.

Private-Purpose Trust Funds: The Private-Purpose Trust Funds accounts for a trust arrangement under which principal and income benefits individuals, private organizations, or the governments. The County maintains one Private-Purpose Trust Fund: the Person County Museum of History Trust Fund, which accounts for private contributions restricted by the donor for the benefit of the Person County Museum of History.

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 eight Agency Funds: the Person County Tourism Development Authority, which accounts for the expenditures of occupancy tax received from the County; the Social Services Trust Fund, which accounts for monies 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 Roxboro Property Tax Fund, which accounts for property taxes that are billed and collected by the County for the City of Roxboro; the Inmates Fund, which accounts for monies deposited with the Sheriff's Department on behalf of inmates held in the Person County jail; the Fines and Forfeitures which accounts for fines and forfeitures received from the Clerk of Court; the 4-H Program Fund which accounts for monies to be spent for future 4-H programs; the 3% additional first month's interest charged on delinquent motor vehicle tax bills; and the Deed of Trust Fee Fund which accounts for the fees collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 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 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.

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. Amounts received from the issuance of general long-term debt and amount representing 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

All governmental funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes (NCGS). An annual budget is adopted for the General and Special Revenue Funds (excluding the Community Development Block Grant Fund and the Mattie Maude Williams Library Development Trust Fund). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Community Development Block Grant 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 object 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 immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Money in the Reappraisal Fund, the Register of Deeds Technology Fund, and the Law Enforcement Restricted Fund are classified as restricted assets because their use is restricted per North Carolina General Statute 153A-150.

4. Ad Valorem Taxes Receivable and Deferred Revenues

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, 2011. Ad valorem tax revenues are reported in the County's General Fund.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

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.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 which have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Person County Board of Education.

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

Buildings	50 years
Infrastructure	15-20 years
Improvements	5-25 years
Equipment	3-25 years
Vehicles	3-15 years
Furniture	10 years

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

Buildings	30-40 years
Store Equipment	5-25 years
Office Furniture and Fixtures	5-20 years
Truck	4 years

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. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

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

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

9. 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, 2012 is recorded in the government-wide fund financial statements on a LIFO basis. Employees typically take leave as it is earned and the current portion is estimated to approximately the same amount as the previous year's leave taken.

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

The ABC Board's vacation policy provides for employees to earn a maximum of three weeks' vacation. This differs for each employee and is based on their length of service. There is no accumulation of vacation leave and it does not vest. Any vacation not taken by December 31 of each year 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.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are a) either 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. Person County has no Nonspendable Fund Balance for fiscal year ending June 30, 2012.

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 Law Enforcement - 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.

Person County, North Carolina Notes to the Financial Statements

For the Year Ended June 30, 2012

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

Restricted for Person County Recycling Center - portion of fund balance that is restricted by revenue source for the operation of a material recycling facility.

Restricted for Emergency Telephone System - portion of fund balance that is restricted by revenue source 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 Mattie Maude Williams Library Development - portion of fund balance that is restricted by the terms and direction of a Will and Testament for the sole purpose of the continued development of the Person County Public Library.

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

Restricted for Courthouse Renovations and Various Roofing Capital Projects - portion of fund balance that is restricted by debt proceeds for the renovation of the courthouse and replacement of various roofing projects for the County, Schools and Community College.

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

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

Committed for Revolving Loan Program - 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.

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

Committed for Capital Improvement Projects - portion of fund balance committed by the Board relative to capital improvement projects for the County, Schools and Community College.

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.

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 budgeted expenditures. Any portion of the General Fund balance in excess of 21% of budgeted 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, 2012

F. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. The details of this \$9,260,799 difference consist of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 53,042,262
Less Accumulated Depreciation	<u>(27,143,378)</u>
Net capital assets	25,898,884
One element of that reconciliation explains that "other long-term assets are not available to pay for current period expenditures and therefore are not deferred in the funds." The details of this \$357,562 difference are as follows:	
Unamortized debt issuance and refunding costs are recorded on the government-wide statements	194,270
Net negative pension obligation not recorded in the fund statements is treated as a prepaid asset on the government-wide statement	103,849
Accrued interest receivable on taxes	59,443
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	566,015
One element of that reconciliation explains that "some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$17,561,662 difference are as follows:	
Bonds, leases, and installment financing and debt issuance premiums	(14,929,798)
Accrued Post-Closure Care Costs of closed Person County Landfill	(166,376)
Compensated absences	(1,058,352)
Pension and other postemployment benefits	(1,247,687)
Accrued interest payable	<u>(159,449)</u>
Total adjustment	<u>\$ 9,260,799</u>

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. The details of this \$4,578,344 difference consist of several elements as follows:

<u>Description</u>	<u>Amount</u>
Another element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$441,761 are as follows:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,372,951
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,931,190)
Another element of that reconciliation explains that "issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$3,263,444 are as follows:	
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	3,381,057
Expenditures reported in the fund statements for landfill post-closure care costs but recorded as payments to the post-closure care costs long-term liability in the Statement of Net Assets	(117,613)
Net negative pension obligations payments recorded in the fund statements are recorded as net unamortized prepaid pension obligation expenses in the Statement of Net Assets	3,478
Another element of that reconciliation explains that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in the governmental funds." The details of this \$1,015,934 are as follows:	
Amortized issuance costs	(18,970)
Amortized refunding costs and premiums	(52,421)
Capital assets retired, scrapped or donated without proceeds	1,394,620
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	37,621
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(40,235)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(304,681)

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

Another element of that reconciliation explains that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$146,273 are as follows:

Reversal of deferred tax revenue recorded at 7/1/11	(558,588)
Gain on sales of capital assets	(143,156)
Recording of tax receipts deferred in the fund statements as of 6/30/12	566,015
Increase in accrued interest receivable on taxes for year ended 6/30/12	<u>(10,544)</u>
Total adjustment	<u>\$ 4,578,344</u>

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the County's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the ABC Board 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 and the ABC Board 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 has no formal policy regarding custodial credit risk for deposits.

At June 30, 2012, the County's deposits had a carrying amount of \$2,701,604 and a bank balance of \$4,015,911. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,090,571 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2012, Person County had \$4,371 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2012, the Person County ABC Board's deposits had a carrying amount of \$432,228 and a bank balance of \$410,621. Of this balance, \$286,756 was covered by federal depository insurance.

At June 30, 2012, the Person County ABC Board also had \$2,200 in cash on hand.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

2. Investments

At June 30, 2012, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months	6-12 Months
Repurchase Agreements	\$ 279,302	\$ 279,302	\$ -
NC Capital Management Trust- Cash Portfolio	16,102,225	N/A	N/A
NC Capital Management Trust- Term Portfolio*	3,001,665	-	3,001,665
NC Capital Management Trust- Museum Trust Fund	24,251	-	-
Total:	\$ 19,407,443	\$ 279,302	\$ 3,001,665

* Because the NC Capital Management Trust Term Portfolio had a duration of 0.17 years, it was presented as an investment with a maturity of 6-12 months.

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, 2012, the County has no investments that exceed a maturity of one year due to the existence of a low interest rate environment. If rates begin to improve, it is anticipated that there will be a more aggressive attempt to diversify the County's assets to achieve the maximum return on investment.

Credit Risk:

The County has no policy on credit risk. However, investments are limited to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, the County has no investments in commercial paper. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. 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. The County's \$279,302 investments in repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the County's name. It is understood that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

At June 30, 2012, the ABC Board's investments consisted of a savings account in the amount of \$36,756.

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

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,075,117	\$ 255,337	\$ 1,330,454
2010	1,097,178	161,833	1,259,011
2011	1,118,424	64,310	1,182,734
2012	1,145,946	-	1,145,946
Total	<u>\$ 4,436,665</u>	<u>\$ 481,480</u>	<u>\$ 4,918,145</u>

4. Receivables

Receivables at the government-wide level at June 30, 2012, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Inter-governmental</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General fund	\$ 1,465,324	\$ 2,227,775	\$ 775,901	\$ 210,369	\$ 4,679,369
Person Industries Community Rehabilitation Program Fund	406,099	-	22,526	-	428,625
Non-major funds	49,456	-	66,849	-	116,305
Total receivables	1,920,879	2,227,775	865,276	210,369	5,224,299
Allowance for doubtful accounts	(457,179)	(600,981)	-	-	(1,058,160)
Total governmental activities	<u>\$ 1,463,700</u>	<u>\$ 1,626,794</u>	<u>\$ 865,276</u>	<u>\$ 210,369</u>	<u>\$ 4,166,139</u>

Taxes and related accrued interest consist of the following:

Local option sales taxes	\$ 986,428
Property taxes	1,166,996
Accrued property tax interest receivable	59,443
Occupancy taxes	14,908
Total	<u>\$ 2,227,775</u>

Intergovernmental receivables consist of the following:

	<u>General fund</u>	<u>Person Industries Community Rehabilitation Program Fund</u>	<u>Non-major</u>	<u>Total</u>
Federal and State grants	\$ 720,459	\$ 13,486	\$ 13,743	\$ 747,688
White goods disposal tax	-	3,137	-	3,137
Scrap tire tax	12,387	-	-	12,387
Solid waste disposal tax	-	5,903	-	5,903
Consolidated E911 fees	-	-	32,748	32,748
ABC Board	25,555	-	-	25,555
City of Roxboro cooperative agreements	17,500	-	20,358	37,858
Total	<u>\$ 775,901</u>	<u>\$ 22,526</u>	<u>\$ 66,849</u>	<u>\$ 865,276</u>

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

5. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,647,642	\$ 200,500	\$ -	\$ 2,848,142
Construction in progress	2,771,844	1,346,096	(328,639)	3,789,301
Total capital assets not being Depreciated	5,419,486	1,546,596	(328,639)	6,637,443
Capital assets being depreciated:				
Buildings	14,880,495	1,194,120	(88,855)	15,985,760
Improvements	4,888,175	45,910	-	4,934,085
Equipment	13,093,801	1,004,176	(524,537)	13,573,440
Infrastructure	11,606,126	305,409	-	11,911,535
Total capital assets being depreciated	44,468,597	2,549,615	(613,392)	46,404,820
Less accumulated depreciation for:				
Buildings	6,465,672	327,904	(14,514)	6,779,062
Improvements	2,914,897	149,499	-	3,064,396
Equipment	7,261,956	1,053,973	(455,723)	7,860,206
Infrastructure	9,039,901	399,814	-	9,439,715
Total accumulated depreciation	25,682,426	\$ 1,931,190	\$ (470,237)	27,143,379
Total capital assets being depreciated, net	18,786,171			19,261,441
Governmental activity capital assets, net	<u>\$24,205,657</u>			<u>\$25,898,884</u>

Primary Government

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

General government	\$ 309,179
Public safety	524,785
Transportation	701,520
Economic and physical development	3,789
Environmental protection	35,296
Human services	243,030
Cultural and recreational	113,591
Total depreciation expense	<u>\$1,931,190</u>

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

Construction commitments

As of June 30, 2012, the County has active contracts for engineering services and construction contracts for projects associated with the Airport, various re-roofing projects, the Recreation and Senior Center Feasibility Study, and a waterproofing project for Person High School (PHS).

Project	Spent-to-date	Remaining Commitment
Airport Construction Projects	\$ 92,032	\$ 22,408
Re-roofing projects for various County, School & College buildings	351,797	56,401
Recreation & Senior Center Feasibility Study	13,006	11,994
PHS Waterproofing Project	-	4,510
Total	<u>\$ 456,835</u>	<u>\$ 95,313</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 34,188	\$ -	\$ -	\$ 34,188
Capital assets being depreciated:				
Buildings	122,462	-	-	122,462
Office furniture and fixtures	9,611	-	-	9,611
Store equipment	69,608	21,869	-	91,477
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	218,263	21,869	-	240,132
Less accumulated depreciation for:				
Buildings	82,683	2,224	-	84,907
Office furniture and fixtures	8,169	721	-	8,890
Store equipment	36,299	12,203	-	48,502
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	143,733	\$ 15,148	\$ -	158,881
Total capital assets being depreciated, net	74,530			81,251
ABC capital assets, net	<u>\$ 108,718</u>			<u>\$ 115,439</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2012, were as follows:

	Vendors	Accrued Interest	Other	Total
Governmental Activities:				
General	\$ 989,473	\$ 159,448	\$ 73,731	\$ 1,222,652
Person Industries Community Rehabilitation Program Fund	11,030	-	-	11,030
Other Governmental	69,917	-	-	69,917
Total-governmental activities	<u>\$ 1,070,420</u>	<u>\$ 159,448</u>	<u>\$ 73,731</u>	<u>\$ 1,303,599</u>

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description: Person County and the ABC Board contribute to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of NCGS Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy: Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.98% and 7.05%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 6.64% and 7.12%, respectively, of annual covered payroll for the years ended June 30, 2012 and 2011. The contribution requirements of members and of Person County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$1,881,192, \$1,793,437, and \$1,577,678 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$11,496, \$10,704, and \$7,952, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

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. 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. The Separation Allowance is reported only in the County's report under the LEOSSA Pension Trust Fund and no separate report has been issued.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits.....	2
Terminated plan members entitled to but not yet receiving benefits.....	-
Active plan members	<u>45</u>
Total	<u>47</u>

Summary of Significant Accounting Policies – Basis of Accounting and Method Used to Value Investments: Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Short-term debt, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

Contributions: The County is required by Article 12D of NCGS Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$70,000, or 3.47% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan, for which there is no separately issued report, is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending 6/30/2012

Employer annual required contribution	\$ 65,553
Interest on net pension obligation	(5,019)
Adjustment to annual required contribution	<u>5,988</u>
Annual pension cost	\$ 66,522
Employer contributions made for fiscal year ending 6/30/2012	<u>70,000</u>
Increase (decrease) in net pension obligation	(3,478)
Net pension obligation beginning of fiscal year	<u>(100,371)</u>
Net pension obligation end of fiscal year.....	<u>\$ (103,849)</u>

The annual required contribution for the fiscal year ended June 30, 2012 was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.0%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

3 Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 48,814	143.40%	\$(100,348)
6/30/2011	69,977	100.03%	(100,371)
6/30/2012	66,522	105.23%	(103,849)

Funded Status and Funding Progress: As of December 31 2011, the most recent actuarial valuation date, the plan was 34.98 percent funded. The actuarial accrued liability for benefits was \$726,955, and the actuarial value of assets was \$254,267, resulting in an unfunded actuarial accrued liability (UAAL) of \$472,688. The covered payroll (annual payroll of active employees covered by the plan) was \$2,019,540, and the ratio of the UAAL to the covered payroll was 23.41 percent. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers 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 NCGS 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.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

Funding Policy: Article 12E of NCGS 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 3.5 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. Contributions for the year ended June 30, 2012 were \$919,164, which consisted of \$649,762 from the County, \$38,436 from the law enforcement officers, and \$230,966 from other employees.

d. Registers of Deeds' Supplemental Pension Fund

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

Funding Policy: On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of NCGS 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$3,054.

e. Other Post Employment Benefits

Plan Description: Under the terms of a County resolution, the County administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits 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. The County provides a portion of the total cost for individual coverage for retirees based on the guidelines below:

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

Also, the County's retirees can purchase coverage for their dependents at the County's group rates. 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, 2010, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	30	4
Active plan members	356	45
Total	386	49

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

Funding Policy: 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.

The current ARC rate is 3.42% of annual covered payroll. For the current year, the County contributed \$192,157 or 1.33% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented .83% and .13% of covered payroll, respectively. The County's obligation to contribute to HCB Plan is established and may be amended by the County Board of Commissioners.

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

Annual OPEB Cost and Net OPEB Obligation: The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ending 6/30/2012

Employer annual required contribution	\$ 495,153
Interest on net OPEB obligation.....	37,720
Adjustment to annual required contribution	<u>(36,035)</u>
Annual OPEB cost (expense).....	\$ 496,838
Employer contributions made for fiscal year ending 6/30/2012	<u>(192,157)</u>
Increase (decrease) in net OPEB obligation.....	304,681
Net OPEB obligation beginning of fiscal year	<u>943,006</u>
Net OPEB obligation end of fiscal year	<u>\$1,247,687</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	477,341	22.5%	735,425
6/30/2011	404,621	48.7%	943,006
6/30/2012	496,838	38.7%	1,247,687

Funded Status and Funding Process: As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,382,287. The covered payroll (annual payroll of active employees covered by the plan) was \$14,477,970, and the ratio of the UAAL to the covered payroll was 37.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process, presented as required supplementary

Person County, North Carolina

Notes to the Financial Statements

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information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50% to 5.00% annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, in any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was 30 years.

f. Other Employment Benefits

Under the terms of a County resolution, the County has elected to provide death benefits to employees through the Death Benefit Plan for members of the LGERS (Death Benefit Plan), a multiple-employer, state administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the retirement system or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to his or her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the County made contributions to the state for death benefits of \$15,305. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The County also provides death benefits through a term life insurance policy from a private company in the amount \$10,000 to employees who are members of the LGERS. Employees have the option to purchase additional coverage for themselves and their spouse and dependents. The cost of coverage for those employees whose death benefit exceeds \$50,000 is a taxable fringe benefit.

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 \$20,000. All death benefit payments are made from the Death Benefit Plan. The Board has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Board, the Board does not determine the number of eligible participants. For the fiscal years ended June 30, 2012 and 2011, the Board

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

made contributions to the State for death benefits of \$333 and \$467, respectively. The Board's required contributions for employees not engaged in law enforcement represented .24% of the covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

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 for five years after closure. In 1994 the County accrued \$255,500 estimated for closure and postclosure care costs. The County incurred \$15,310 in post-closure care costs for the year ending June 30, 2012. The \$166,376 reported as Accrued Post-closure Care Costs in Note 3(E) represents the estimated costs remaining at June 30, 2012. 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 / Unearned Revenues

The balance in deferred revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ 60,897	\$ 60,897
Prepaid grant adjustment (General)	800	800
Ad Valorem taxes receivable, net (General)	1,166,996	-
Animal taxes receivable	<u>1,267</u>	<u>-</u>
Total	<u>\$ 1,229,960</u>	<u>\$ 61,697</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. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$500 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence and workers' compensation coverage up to the statutory limits for county employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. 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 a \$250,000 retention applies for property and auto physical damage.

The County has made the decision not to purchase flood insurance at this time because none of the property the County owns is located in a flood plain. Therefore the County does not deem the risk of flooding to outweigh the costs of insurance.

In accordance with G.S 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Finance Director and Tax Administrator (serving as official Tax Collector) are bonded individually for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

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

6. Contingent Liabilities

At June 30, 2012, 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.

NOTE 3- LONG-TERM DEBT

A. Operating Leases

During 1990 the County entered into an operating lease for land on the corner of N. Madison Blvd. and Walker Street (location of old Byrd's building currently occupied by Person Industries) which requires monthly payments of \$542 and expires May, 2025.

On April 15, 1996 the County entered into an operating lease for land and a building located at 26 Court Street in Roxboro, NC. The lease expires on April 30, 2016 and required monthly payments of \$300 through April 30, 2001. Beginning on May 1, 1997 and each succeeding May 1, the base rent of \$300 per month will be adjusted by the percentage increase or decrease in the Consumer Price Index. Beginning May 1, 2001 and every fifth year thereafter, the County shall pay an increased annual base rental equal to the then fair market rental as determined by two appraisers, one appointed by the County and one by the Lessor. According to this provision of the lease, and after a protracted period of negotiations, the monthly rental increased to \$1,132 retroactive to May 2001. The County is also responsible for paying the Lessor's ad valorem property taxes on the property. The County agreed to make certain renovations to the property in the amount of \$125,063 which were completed during the year ended June 30, 1996.

On December 16, 2004, the County entered into an operating lease for the land and a building (former Wal-mart) located on South Madison Boulevard in Roxboro, NC. The lease expires on August 1, 2025, twenty years from the commencement date of August 1, 2005. The monthly payments for the first five years are \$77,144.37 and are scheduled to increase in 5 year increments until the end of the lease term. The monthly payments are spread between the three departments that occupy them as follows, Department of Social Services \$37,646.45, Health Department \$24,609.06, and Mental Health \$14,888.86. The County is not responsible for paying any taxes on this lease, nor any repairs or maintenance to the building or lots.

On October 10, 2008, the County entered into an operating lease for land and a building located at the corner of South Main Street and Abbitt Avenue in Roxboro, N.C. (known as the old Maxway building). The lease originally expired on March 9, 2023, but was renegotiated to expire October 9, 2023 which is 20 years from the time it was occupied. The monthly payments are \$10,154. The Parties may renegotiate this lease at the end of its term. The County is responsible for paying the taxes and property insurance on the building.

On April 20, 2009, the County entered into an operating lease for land and a building located at 741 Leasburg Road in Roxboro, NC. The lease expires on April 30, 2014, five years after the commencement date of May 1, 2009. The monthly payments for the first year are \$6,250, second year \$7,875 and \$8,917 for years three through five. The County is not responsible for paying any taxes on this lease, nor any repairs or maintenance to the building or lots.

The State budget adopted by the General Assembly for fiscal year 2009-2010 included a special provision that shifted the funding responsibility for Probation Offices from the State Department of Correction to county governments. Person County was presented with several options for the transition of this responsibility by the

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

Department of Correction, one of which allowed the County to reimburse the State monthly for the costs of the lease. This is the option that Person County chose given that the renovation of the Courthouse was underway and would provide space for the Probation Officers. The County remitted the final rent payment on September 30, 2011 after the renovation of the Courthouse was completed to the point that the officers could move into the provided space at the Courthouse, negating the need to renew the lease agreement between W. Barry Walker, the owner of the building and the State of North Carolina (Department of Corrections) for the facility on 722 Durham Road in Roxboro, N.C. This transaction satisfied the lease agreement, and there are no outstanding lease payments at June 30, 2012 for this purpose.

On July 1, 2012, the County entered into an operating lease for the land and a building located at the Roxboro Square Shopping Center, specifically known as Store #6 with the address of 341 South Madison Boulevard. The lease expires on July 1, 2018. The monthly payments for the first year are \$1729.00 and are scheduled to increase in annual increments of 2% until the end of the lease term. The lease may be renegotiated at the end of the term. There is also an additional monthly charge of \$504 to cover operating costs and property tax. The County is not responsible for maintenance, repairs, or janitorial tasks.

The following is a schedule of future minimum lease payments required under these agreements as of June 30, 2012:

<u>Year Ending June 30</u>	
2013.....	\$ 1,282,281
2014.....	1,264,741
2015.....	1,175,865
2016.....	1,267,107
2017.....	1,264,574
Thereafter.....	10,454,091
Total.....	<u>\$ 16,708,659</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 an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

This agreement was executed on January 28, 2009 to lease a baler and equipment associated with the operation of a new material recovery facility and requires 5 yearly payments of \$98,668 beginning on December 1, 2009 and ending on November 1, 2013. Title passes to the County at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2012:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 457,778	\$ 84,407	\$ 373,371

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 93,525	\$ 5,144
2014	<u>96,273</u>	<u>2,395</u>
Total principal payments	<u>\$ 189,798</u>	
Total interest payments.....		<u>\$ 7,539</u>

C. Installment Financing Indebtedness

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. The financing contract requires 30 semi-annual payments ranging in amount from \$155,106 to \$243,948 beginning on December 1, 2006 and ending on June 1, 2021 including interest at 3.86%.

The future minimum payments of the installment agreement as of June 30, 2012, including \$581,280 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013.....	\$ 225,000	\$ 105,915
2014	225,000	97,230
2015	225,000	88,545
2016	250,000	79,831
2017	250,000	69,969
Thereafter.....	<u>1,625,000</u>	<u>139,790</u>
Total principal payments	<u>\$ 2,800,000</u>	
Total interest payments.....		<u>\$ 581,280</u>

Person County 2007 Schools Bus Garage, Health Buildings Renovation and PCC Roofing Projects

On July 18, 2007, the County entered into an installment purchase contract with RBC Centura Bank to finance a portion of the cost of construction of a bus garage for the Person County Schools administrative unit, re-roofing two classroom building at Piedmont Community College and renovating, equipping and furnishing former Health Department buildings to provide space for other County departments. The financing contract requires 14 semi-annual payments ranging in amount from \$171,829 to \$492,534 beginning on November 1, 2007 and ending on May 1, 2014 including interest at 3.75%.

The future minimum payments of the installment agreement as of June 30, 2012, including \$60,573 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 750,000	\$ 43,652
2014	<u>600,000</u>	<u>16,921</u>
Total principal payments	<u>\$ 1,350,000</u>	
Total interest payments.....		<u>\$ 60,573</u>

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

Person County 2008 Refinancing of 1999 Elementary School Construction, 2000 Elementary School Construction, and Law Enforcement Center Refinancing Projects

On May 15, 2008, the County entered into an installment purchase contract with BB&T to combine and refinance the previous debt held on the cost of construction to the elementary schools in 1999 and 2000, and the acquisition and construction on the law enforcement center and jail that was refinanced on June 26, 1991. The financing contract requires 14 semi-annual payments ranging in amount from \$961,774 to \$1,324,583 beginning on August 1, 2008 and ending on February 1, 2015 including interest at 3.55%.

The future minimum payments of the installment agreement as of June 30, 2012, including \$409,404 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,055,000	\$ 213,888
2014	2,255,000	139,160
2015	<u>2,230,000</u>	<u>56,356</u>
Total principal payments	<u>\$ 6,540,000</u>	
Total interest payments		<u>\$ 409,404</u>

Courthouse Renovation and Re-roofing Capital Project Fund

On July 15, 2010, the County entered into an installment purchase contract with RBC Centura Bank to finance the engineering and construction costs associated with the renovation of the Courthouse and some various re-roofing for certain school, community college and other public facilities. The financing contract requires 20 semi-annual payments ranging in amount 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%.

The future minimum payments of the installment agreement as of June 30, 2012, including \$697,680 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 300,000	\$ 162,180
2014	300,000	149,940
2015	800,000	132,600
2016	800,000	99,960
2017	800,000	67,320
Thereafter.....	<u>1,050,000</u>	<u>85,680</u>
Total principal payments	<u>\$ 4,050,000</u>	
Total interest payments		<u>\$ 697,680</u>

D. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. As of June 30, 2012, the County has no General Obligation debt.

At June 30, 2012, Person County had a legal debt margin of \$310,551,308.

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

E. Debt Related to Capital Activities

The County holds title to certain County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the County Board of Education. Of the total Governmental Activities debt listed only \$4,747,795 relates to assets the County holds title. None of the restricted cash is related to this debt.

F. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Governmental activities:					
Installment purchases.....	18,030,000	-	3,290,000	14,740,000	3,330,000
Capitalized Leases	280,855	-	91,057	189,798	93,525
Accrued post-closure care costs.....	48,763	132,923	15,310	166,376	65,000
Net OPEB obligation.....	943,006	304,681	-	1,247,687	-
Compensated absences	1,018,117	816,773	776,538	1,058,352	820,000
Total.....	<u>\$ 20,320,741</u>	<u>\$ 1,254,377</u>	<u>\$ 4,172,905</u>	<u>\$ 17,402,213</u>	<u>\$ 4,308,525</u>

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

G. Interfund Balances and Activity

Transfers to/from other fund at June 30, 2012, consist of the following:

From the General Fund to the Person Industries Community Rehabilitation and Recovery Facility Fund to provide resources and payments of ongoing program activities and material recover facility equipment and operations	562,836
From the General Fund to the Capital Improvement Projects Fund for various capital projects approved in the County's CIP Plan	502,822
From the Capital Improvement Projects Fund to the General Fund for support of operating expenditures in the Emergency Management and EMS Departments	(60,000)
Total	<u>\$1,005,658</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, 2012, consist of the following:

Due from the Person Industries Community Rehabilitation and Recovery Facility Fund to the General Fund for expenses and capital equipment debt associated with the startup of the Material Recovery Facility operated by Person Industries	\$479,244
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Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

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.

H. Fund Balance

As mentioned earlier in Note E.10., 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 budgeted expenditures. Any portion of the General Fund balance in excess of 21% of budgeted 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	\$21,347,814
Less:	
Stabilization by State Statute	3,986,269
Appropriated Fund Balance in 2012 budget	4,493,237
Register of Deeds	62,181
Law Enforcement	86,053
Tax Revaluation	88,995
Working Capital/ Unassigned Fund Balance	12,631,079
Remaining Fund Balance	0

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

<i>Encumbrances</i>	<i>General Fund</i>	<i>Person Industries & MRF Fund</i>	<i>Non-Major Funds</i>
	\$244,859	\$13,741	\$0

Note 4 - JOINT VENTURES

A. Hyconeechee Regional Library

The County also participates in a joint venture to operate the Hyconeechee Regional Library (Library) with two other local governments. Each participating government appoints three board members to the nine-member board of the Library, one of whom must be a member of the County's Board of Commissioners. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$98,833 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.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

B. Piedmont Community College

The County, in conjunction with the State of North Carolina and the Person County Board of Education, participates in a joint venture to operate the Piedmont Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, ex officio member of the board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,001,199 to the community college for operating purposes during the fiscal year ended June 30, 2012. 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, 2012. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1715 College Drive, Roxboro, NC 27573.

C. Orange Person Chatham Mental Health

Person County, in conjunction with Orange and Chatham Counties, participates in Orange-Person-Chatham Mental Health, Developmental Disabilities, and Substance Abuse Authority (OPC). Each participating government appoints five members to the Board of Directors of OPC. The organization was created to provide medical services and counseling to the residents of Orange, Person and Chatham Counties. Person County contributed \$516,733 to OPC for the year ended June 30, 2012. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2012. Complete financial statements for OPC may be obtained from their administrative offices located at 333 McMaster Street, Chapel Hill, NC 27514.

NOTE 5 - JOINTLY GOVERNED ORGANIZATIONS

A. Kerr-Tar Regional Council of Governments

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 \$13,374 to the KTRCOG during the fiscal year ended June 30, 2012. The County was the subrecipient of grants for \$326,345 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources and \$8,360 from the U.S. Department of Agriculture which were passed through the KTRCOG.

B. Multi-County Water Conservation and Infrastructure District

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 monies 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, 2012. 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, 2012.

As of June 30, 2012, no sales of water have occurred and all monies received originally from the State of North Carolina have been distributed to member counties.

Person County, North Carolina

Notes to the Financial Statements

For the Year Ended June 30, 2012

C. Person County Senior Center

Person County provides support in the form of appropriations and pass-through grants from the State of North Carolina and the KTRCOG to the Person County Senior Center (PCSC), which is currently operated by Kerr-Tar whose intention it is of creating a non-profit for use by the counties within the region. The Senior Center provides services to senior citizens in Person County. The PCSC also receives support from the United Way, donations from the general public and program service fees. The organization leases its facilities from the City of Roxboro. For the year ended June 30, 2012, the County appropriated from its general fund revenues, its Rural Operating Assistance Program Grant Funds, Home and Community Care grant funds, and the US Dept of Agriculture funds in the amounts of \$100,000; \$20,000; \$290,012 and \$8,360, respectively.

D. Person County Business and Industrial Center, Inc.

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. The County contracted with PCBIC to promote economic development in the amount of \$60,000. For the year ended June 30, 2012, only \$15,000 of this contract was expended due to staff administration changes and the Person County Board of Commissioner's decision to hire a full-time Economic Development Director.

E. Person Caswell Lake Authority

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.

NOTE 6 - SUPPLEMENTAL AND ADDITIONAL SUPPLEMENTAL ONE-HALF OF ONE PERCENT LOCAL GOVERNMENT SALES AND USE TAXES

State law (NCGS Chapter 105, Articles 40 and 42) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2012, the County reported these local option sales taxes within its General Fund.

The County expended \$1,532,328 of the restricted portion of these taxes for retirement of public school indebtedness for the fiscal year ended June 30, 2012.

NOTE 7 - ADDITIONAL SOCIAL SERVICES AND HEALTH DEPARTMENT BENEFIT PAYMENTS ISSUED BY THE STATE

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients which do not appear in the general purpose financial statements because they are not revenues and expenditures of the County.

Person County, North Carolina
Notes to the Financial Statements

For the Year Ended June 30, 2012

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 294,713	\$ 22,293
Energy Assistance Payment.....	74	-
CWS Adoption Subsidy	-	74,171
IV-E Foster Care	204,681	62,045
IV-E Adoption Subsidy	117,320	31,768
Medical Assistance Program.....	31,255,177	18,215,276
Women, Infants and Children.....	812,301	-
SC/SA Adult Care Payments.....	-	522,310
State Foster Care	-	25,658
SFHS Maximization.....	-	36,396
F/C at Risk Maximization.....	-	4,088
Total	<u>\$ 32,684,266</u>	<u>\$ 18,994,005</u>

NOTE 8 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Federal and State Assisted Programs

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

B. Unemployment Taxes

Person County and the Person County ABC Board have elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for benefit payment could accrue in the year following discharge of an employee.

C. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2012 and December 15, 2012, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. In September 2012, the County issued over \$3.1 million in debt for re-roofing construction for Southern Middle School and a portion of Person High School. The re-roofing construction is scheduled to be completed in fiscal year 2014.

Required Supplemental Information

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

- ◆ Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- ◆ Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- ◆ Notes to the Required Supplementary Schedules for the Law Enforcement Officers' Special Separation Allowance
- ◆ Schedule of Funding Progress for the Other Postemployment Benefits
- ◆ Schedule of Employer Contributions for the Other Postemployment Benefits
- ◆ Notes to the Required Schedules for the Other Postemployment Benefits

**Person County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplemental Information
Schedule of Funding Progress**

Last ten years ended December 31, 2011

<u>Actuarial Valuation as of December 31</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL)- Proj Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll for Year Ending On Val Date (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
2002	\$ 158,131	\$ 317,073	\$ 158,942	49.87 %	\$ 1,116,601	14.23 %
2003	124,934	339,450	214,516	36.80	1,193,652	17.97
2004	138,456	335,566	197,110	41.26	1,223,127	16.12
2005	205,809	261,091	55,282	78.83	1,298,404	4.26
2006	192,776	492,782	300,006	39.12	1,423,151	21.08
2007	216,183	548,720	332,537	39.40	1,579,837	21.05
2008	225,580	589,576	363,996	38.26	1,752,282	20.77
2009	225,004	748,204	523,200	30.07	1,832,854	28.55
2010	225,951	682,155	456,204	33.12	1,930,713	23.63
2011	254,267	726,955	472,688	34.98	2,019,540	23.41

**Person County, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplemental Information
 Schedule of Employer Contributions**

Last ten years ended June 30, 2012

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 27,870	129 %
2004	32,225	118
2005	31,774	126
2006	20,367	196
2007	39,725	101
2008	45,307	88
2009	49,566	141
2010	69,622	101
2011	65,553	107
2012	70,497	99

Notes to Required Supplemental Schedules:

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

Valuation date	December 31, 2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	N/A

**Person County, North Carolina
 Other Postemployment Benefits
 Required Supplemental Information
 Schedule of Funding Progress**

Last four years ended December 31, 2010

<u>Actuarial Valuation as of December 31</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL)- Proj Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll for Year Ending On Val Date (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
2007	\$ -	\$ 6,030,118	\$ 6,030,118	0.00 %	\$ 14,681,541	41.07 %
2008	-	4,956,591	4,956,591	0.00	14,932,925	33.19
2009	-	4,289,472	4,289,472	0.00	14,676,505	29.23
2010	-	5,382,287	5,382,287	0.00	14,477,970	37.18

Note: Actuarial valuation was not performed for 2011. Therefore, there is no data available for that year.

**Person County, North Carolina
Other Postemployment Benefits
Required Supplemental Information
Schedule of Employer Contributions**

Last five years ended June 30, 2012

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 571,997	16 %
2009	475,334	23
2010	403,306	27
2011	495,153	25
2012	495,153	39

Notes to Required Supplemental Schedules:

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

Valuation date	December 31, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	4.0%
Medical cost trend rate	10.5% to 5.0%
Year of ultimate trend rate	2018
Includes inflation at	3.00%



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.)

Person County, North Carolina

General Fund

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

For the fiscal year ended June 30, 2012

(Page 1 of 8)

	Original Budget	Amended Budget	Actual	VARIANCE Positive (Negative)
REVENUES				
<u>Ad valorem taxes</u>				
Current year levy	26,108,075	26,108,075	26,526,521	418,446
Prior year levy	654,491	654,491	614,661	(39,830)
Penalties and interest	160,000	160,000	185,067	25,067
Advertising	27,000	27,000	70,639	43,639
Total ad valorem taxes	<u>26,949,566</u>	<u>26,949,566</u>	<u>27,396,888</u>	<u>447,322</u>
<u>Local option sales taxes</u>				
Article 39 one per cent	2,665,000	2,665,000	2,926,031	261,031
Article 40 one-half per cent	1,510,000	1,510,000	1,669,182	159,182
Article 42 one-half per cent	1,320,000	1,320,000	1,442,999	122,999
Article 44 one-half per cent	-	-	7,537	7,537
Total local option sales taxes	<u>5,495,000</u>	<u>5,495,000</u>	<u>6,045,749</u>	<u>550,749</u>
<u>Other taxes</u>				
Deed stamp excise tax	70,000	70,000	90,386	20,386
Occupancy tax	145,000	195,000	182,666	(12,334)
Gross receipts tax	10,500	10,500	12,938	2,438
Animal taxes	17,000	17,000	16,582	(418)
Privilege licenses tax	2,500	2,500	2,440	(60)
Total other taxes	<u>245,000</u>	<u>295,000</u>	<u>305,012</u>	<u>10,012</u>
<u>Fees</u>				
Franchise fees	13,000	13,000	9,895	(3,105)
Planning and zoning fees	22,050	22,050	17,235	(4,815)
Register of Deeds fees	165,800	165,800	171,928	6,128
Inspection fees	162,000	162,000	196,852	34,852
Total fees	<u>362,850</u>	<u>362,850</u>	<u>395,910</u>	<u>33,060</u>
<u>Intergovernmental revenues</u>				
State and Federal Funds				
Public Health Services	683,647	1,072,738	837,007	(235,731)
Environmental Health Services	4,000	40,097	41,325	1,228
Social Services	5,358,449	5,649,109	5,302,692	(346,417)
Home and Community Care	342,700	342,700	302,979	(39,721)
Elderly and handicapped transportation	-	20,000	20,000	-
Community Alternatives	226,241	244,235	192,957	(51,278)
Beer and Wine Tax	125,000	125,000	135,172	10,172
Video Programming	70,000	70,000	71,465	1,465
Disposal taxes and grants	49,000	49,000	48,630	(370)
DWI Revenues	3,000	3,000	3,578	578
Court Facilities fees	70,000	70,000	56,212	(13,788)
Sheriff's Grants	-	17,624	14,173	(3,451)
Inmate cost reimbursement	40,000	40,000	7,365	(32,635)
Federal Inmate cost reimbursement	8,000	8,000	3,355	(4,645)
Drug Enforcement-Related Revenues	38,957	130,308	157,452	27,144
Emergency Management	31,000	86,534	85,468	(1,066)
Elections Grants	-	-	4,067	4,067
Farmers Market Grant	-	1,500	1,500	-

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

For the fiscal year ended June 30, 2012

(Page 2 of 8)

	Original Budget	Amended Budget	Actual	VARIANCE Positive (Negative)
Build America Bonds	61,047	61,047	61,047	-
Library Grants	106,966	115,275	115,215	(60)
Soil and Water Conservation	26,500	26,600	26,807	207
Transportation Grant	271,217	290,463	205,765	(84,698)
Veterans Services	-	1,452	1,452	-
Subtotal State and Federal funds	<u>7,515,724</u>	<u>8,464,682</u>	<u>7,695,683</u>	<u>(768,999)</u>
Local Funds				
Parks and Recreation	4,000	4,000	4,000	-
E-911 Hospital Services	5,000	5,000	5,000	-
E-911 City Participation	75,000	75,000	71,032	(3,968)
Subtotal Local funds	<u>84,000</u>	<u>84,000</u>	<u>80,032</u>	<u>(3,968)</u>
Total Intergovernmental revenues	<u>7,599,724</u>	<u>8,548,682</u>	<u>7,775,715</u>	<u>(772,967)</u>
<u>Investment income</u>	<u>23,000</u>	<u>23,000</u>	<u>14,722</u>	<u>(8,278)</u>
<u>Charges for services</u>				
Sheriff and Jail fees	118,400	155,519	195,010	39,491
School Resource Officer Contract	97,434	97,434	98,792	1,358
ABC Officer Contract	28,000	28,000	28,000	-
PCC Officer Contract	60,000	60,000	60,000	-
Solid waste and recycling fees	440,000	440,000	533,752	93,752
EMS fees	1,229,000	1,229,000	1,484,419	255,419
Animal fees	12,000	16,613	19,185	2,572
Cooperative Extension Fees	8,800	8,800	6,301	(2,499)
Library fines and fees	20,865	33,027	38,309	5,282
Recreation fees	265,000	265,298	294,853	29,555
Map fees	1,000	1,000	850	(150)
GIS fees	600	600	802	202
Inspection services to other governments	20,000	20,000	20,000	-
IT services to other governments	33,750	33,750	33,750	-
Transportation Services	324,033	324,033	315,140	(8,893)
Tax Collection Fees	59,000	59,000	60,621	1,621
Health fees	2,333,750	2,368,750	2,653,323	284,573
Environmental Health fees	106,850	106,850	92,358	(14,492)
DSS Fees	1,000	1,000	665	(335)
Total charges for services	<u>5,159,482</u>	<u>5,248,674</u>	<u>5,936,130</u>	<u>687,456</u>
<u>Other revenues</u>				
Rents and leases	73,778	75,993	93,166	17,173
ABC Board distributions	185,000	185,000	175,285	(9,715)
Miscellaneous	29,600	181,319	226,964	45,645
Donations	16,552	43,309	50,755	7,446
Total other revenues	<u>304,930</u>	<u>485,621</u>	<u>546,170</u>	<u>60,549</u>
Total general revenues	<u>46,139,552</u>	<u>47,408,393</u>	<u>48,416,296</u>	<u>1,007,903</u>

Person County, North Carolina

General Fund

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

For the fiscal year ended June 30, 2012

(Page 3 of 8)

	Original Budget	Amended Budget	Actual	VARIANCE Positive (Negative)
EXPENDITURES				
<u>General government</u>				
Governing Body				
Personnel expenses			72,454	
Operating expenses			118,671	
ABC profits to City of Roxboro			46,748	
	237,297	287,764	237,873	49,891
Administration				
Personnel expenses			188,122	
Operating expenses			10,801	
	197,681	214,000	198,923	15,077
Information Technology				
Personnel expenses			284,730	
Operating expenses			121,180	
Capital outlay			49,148	
	352,368	484,461	455,058	29,403
Human Resources				
Personnel expenses			193,067	
Operating expenses			289,182	
	380,028	511,171	482,249	28,922
Fleet Sales Management				
Operating expenses			8,366	
	5,000	34,726	8,366	26,360
Elections				
Personnel expenses			130,947	
Operating expenses			51,021	
	176,144	189,823	181,968	7,855
Finance				
Personnel expenses			308,335	
Operating expenses			79,257	
	386,236	389,083	387,592	1,491
Tax Administration				
Personnel expenses			548,423	
Operating expenses			112,613	
	834,656	691,631	661,036	30,595
Legal				
Personnel expenses			59,860	
Operating expenses			2,530	
	57,599	57,599	62,390	(4,791)
Register of Deeds				
Personnel expenses			214,614	
Operating expenses			48,348	
	281,909	284,297	262,962	21,335
Courts				
Operating expenses	2,500	2,500	1,410	1,090

Person County, North Carolina

General Fund

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

For the fiscal year ended June 30, 2012

(Page 4 of 8)

	Original Budget	Amended Budget	Actual	VARIANCE Positive (Negative)
General Services				
Personnel expenses			676,911	
Operating expenses			1,042,131	
Capital outlay			16,681	
	1,927,237	1,959,532	1,735,723	223,809
Total general government	4,838,655	5,106,587	4,675,550	431,037
<u>Public Safety</u>				
Sheriff				
Personnel expenses			2,836,798	
Operating expenses			451,586	
Capital outlay			233,485	
	3,311,160	3,654,283	3,521,869	132,414
Jail				
Personnel expenses			1,558,462	
Operating expenses			823,811	
	2,326,000	2,372,900	2,382,273	(9,373)
Judicial				
Personnel expenses			320,136	
Operating expenses			6,265	
	338,524	338,524	326,401	12,123
JCPC Administration				
Operating expenses	1,400	1,960	1,531	429
Roots & Wings				
Operating expenses	-	3,000	3,000	-
Central Children's Home				
Operating expenses	-	7,522	3,870	3,652
Incredible Years	49,800	49,800	-	49,800
Youth and Community Development				
Personnel expenses			131,432	
Operating expenses			18,752	
	146,456	161,834	150,184	11,650
Gang Prevention				
Operating expenses	-	20,459	18,981	1,478
Very Important Parents				
Personnel expenses			65,139	
Operating expenses			3,938	
	66,350	69,999	69,077	922

Person County, North Carolina

General Fund

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

For the fiscal year ended June 30, 2012

(Page 5 of 8)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
Emergency Management				
Personnel expenses			69,017	
Operating expenses			14,795	
Capital outlay			45,534	
	<u>62,402</u>	<u>128,828</u>	<u>129,346</u>	<u>(518)</u>
Fire and Rescue				
Personnel expenses			59,655	
Operating expenses			19,754	
VFD annual appropriation			814,336	
	<u>903,131</u>	<u>904,819</u>	<u>893,745</u>	<u>11,074</u>
Ambulance Service				
Personnel expenses			1,807,484	
Operating expenses			247,700	
Capital outlay			159,161	
	<u>2,130,662</u>	<u>2,229,408</u>	<u>2,214,345</u>	<u>15,063</u>
Code Enforcement				
Personnel expenses			376,088	
Operating expenses			17,791	
	<u>394,452</u>	<u>400,144</u>	<u>393,879</u>	<u>6,265</u>
Emergency Communications				
Personnel expenses			545,182	
Operating expenses			28,321	
	<u>642,838</u>	<u>649,698</u>	<u>573,503</u>	<u>76,195</u>
Medical Examiner	<u>20,000</u>	<u>12,000</u>	<u>8,800</u>	<u>3,200</u>
Animal Control				
Personnel expenses			230,644	
Operating expenses			46,305	
	<u>260,420</u>	<u>285,967</u>	<u>276,949</u>	<u>9,018</u>
Total public safety	<u>10,653,595</u>	<u>11,291,145</u>	<u>10,967,753</u>	<u>323,392</u>
Transportation				
Airport Operations				
Operating expenses			25,015	
	<u>53,650</u>	<u>64,154</u>	<u>25,015</u>	<u>39,139</u>
Public Transportation				
Personnel expenses			535,292	
Operating expenses			251,379	
	<u>849,551</u>	<u>931,887</u>	<u>786,671</u>	<u>145,216</u>
Total transportation	<u>903,201</u>	<u>996,041</u>	<u>811,686</u>	<u>184,355</u>

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

For the fiscal year ended June 30, 2012

(Page 6 of 8)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
<u>Human Services</u>				
Public Health				
Personnel expenses			2,351,976	
Operating expenses			1,392,672	
Capital outlay			43,590	
	<u>3,769,260</u>	<u>4,263,530</u>	<u>3,788,238</u>	<u>475,292</u>
Environmental Health				
Personnel expenses			336,135	
Operating expenses			24,470	
	<u>394,131</u>	<u>396,895</u>	<u>360,605</u>	<u>36,290</u>
Mental Health				
Operating expenses	<u>517,003</u>	<u>517,003</u>	<u>516,733</u>	<u>270</u>
Social Services				
Personnel expenses			4,004,868	
Operating expenses			937,174	
Capital outlay			41,204	
Public assistance			3,189,631	
	<u>8,805,533</u>	<u>9,202,704</u>	<u>8,172,877</u>	<u>1,029,827</u>
Veterans Services				
Personnel expenses			11,767	
Operating expenses			1,286	
	<u>16,040</u>	<u>17,492</u>	<u>13,053</u>	<u>4,439</u>
Special Appropriations				
Council on Aging			418,372	
Group Home			4,607	
	<u>442,700</u>	<u>462,700</u>	<u>422,979</u>	<u>39,721</u>
Total human services	<u>13,944,667</u>	<u>14,860,324</u>	<u>13,274,485</u>	<u>1,585,839</u>
<u>Education</u>				
Public Schools				
Current expense			8,861,568	
Capital outlay			378,924	
Terrell Fund			17,862	
	<u>9,134,567</u>	<u>9,281,281</u>	<u>9,258,354</u>	<u>22,927</u>
Community College				
Operating expenses			1,001,199	
Capital outlay			10,360	
	<u>1,026,199</u>	<u>1,026,199</u>	<u>1,011,559</u>	<u>14,640</u>
Total education	<u>10,160,766</u>	<u>10,307,480</u>	<u>10,269,913</u>	<u>37,567</u>

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

For the fiscal year ended June 30, 2012

(Page 7 of 8)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
<u>Environmental Protection</u>				
Landfill Maintenance				
Personnel expenses			1,506	
Operating expenses			64,113	
	62,000	66,564	65,619	945
Soil Conservation				
Personnel expenses			90,729	
Operating expenses			5,875	
	97,869	107,605	96,604	11,001
Total environmental protection	159,869	174,169	162,223	11,946
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			58,891	
Operating expenses			599,370	
	723,308	773,308	658,261	115,047
Special Appropriations				
Roxboro Development Group	16,245	16,245	16,245	-
Planning and Zoning				
Personnel expenses			129,307	
Operating expenses			4,642	
	134,303	135,830	133,949	1,881
GIS				
Personnel expenses			126,457	
Operating expenses			11,140	
	139,704	138,358	137,597	761
Cooperative Extension Service				
Personnel expenses			186,674	
Operating expenses			56,135	
	240,334	248,893	242,809	6,084
Forestry Services				
Operating expenses	65,356	65,356	65,356	-
Total economic and physical development	1,319,250	1,377,990	1,254,217	123,773
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			349,681	
Operating expenses			156,592	
	476,301	519,726	506,273	13,453
Recreation, Arts and Parks				
Personnel expenses			639,949	
Operating expenses			320,061	
Capital outlay			24,241	
	922,813	1,041,828	984,251	57,577
Total cultural and recreational	1,399,114	1,561,554	1,490,524	71,030

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

For the fiscal year ended June 30, 2012

(Page 8 of 8)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
<u>Debt Service</u>				
Principal-installment financing	3,290,000	3,290,000	3,290,000	-
Interest and fees-installment financing	647,301	647,301	646,735	566
Total debt service	<u>3,937,301</u>	<u>3,937,301</u>	<u>3,936,735</u>	<u>566</u>
<u>Contingency</u>				
	515,000	292,578	-	292,578
Total expenditures	<u>47,831,418</u>	<u>49,905,169</u>	<u>46,843,086</u>	<u>3,062,083</u>
Revenues over (under) expenditures	<u>(1,691,866)</u>	<u>(2,496,776)</u>	<u>1,573,210</u>	<u>4,069,986</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Special revenue funds	256,402	256,402	-	(256,402)
Capital project funds	-	60,000	60,000	-
Transfers out				
Reappraisal fund	-	(143,750)	(143,750)	-
Special revenue funds	(534,806)	(562,836)	(562,836)	-
Capital project funds	(438,547)	(502,822)	(502,822)	-
Sale of capital assets	5,000	58,792	53,791	(5,001)
Total other financing sources (uses)	<u>(711,951)</u>	<u>(834,214)</u>	<u>(1,095,617)</u>	<u>(261,403)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,403,817)	(3,330,990)	477,593	3,808,583
<u>Fund balance appropriated</u>	<u>2,403,817</u>	<u>3,330,990</u>	<u>-</u>	<u>(3,330,990)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	477,593	<u>477,593</u>
Fund balance beginning of year			<u>20,781,226</u>	
Fund balance end of year			<u>21,258,819</u>	

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

For the fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Operating expenses	-	143,750	117,813	25,937
Total expenditures	-	143,750	117,813	25,937
Excess (deficiency) of revenues over expenditures	-	(143,750)	(117,813)	25,937
OTHER FINANCING SOURCES				
Transfers in				
General Fund	-	143,750	143,750	-
Total other financing sources (uses)	-	143,750	143,750	-
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	25,937	<u>\$ 25,937</u>
Fund balance beginning of year			<u>63,057</u>	
Fund balance end of year			<u>\$ 88,994</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.

- ◆ **Emergency Telephone System Fund:** accounts for revenues from a surcharge on County residents 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 an Economic Catalyst Grant received from the Golden L.E.A.F. Foundation for the purpose of providing expansion incentives through the purchase of equipment for a local industry.
- ◆ **Water and Sewer Construction Reserve Fund:** accounts for revenues representing a portion of certain water service rates charged by the City of Roxboro to be held in reserve for future water and sewer extensions.
- ◆ **Mattie Maude Williams Library Development 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.
- ◆ **Water and Sewer Construction Capital Projects Fund:** accounts for revenues and expenditures relative to the construction improvement project for the GMH waterline using ARRA Stimulus funds.
- ◆ **Courthouse Renovation and Various Roofing Capital Projects Fund:** accounts for revenues and expenditures relative to the renovation of the courthouse and replacement of various roofing projects for the County, Schools, and Community College.

**Person County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2012

	Special Revenue Funds					
	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Mattie Maude Williams Library Development Trust Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 51,934	\$ 181,120	\$ -	\$ 88,005	\$ 79,468	\$ 400,527
Accounts receivable, net	32,748	-	41,438	20,358	900	95,444
Total assets	<u>\$ 84,682</u>	<u>\$ 181,120</u>	<u>\$ 41,438</u>	<u>\$ 108,363</u>	<u>\$ 80,368</u>	<u>\$ 495,971</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 30,651	\$ -	\$ -	\$ -	\$ -	\$ 30,651
Fund balances:						
Restricted:						
Stabilization by State Statute	32,748	-	41,438	20,358	900	95,444
Public safety	21,283	-	-	-	-	21,283
Culture and recreation	-	-	-	-	79,468	79,468
Capital projects	-	-	-	-	-	-
Committed:						
Economic development	-	181,120	-	-	-	181,120
Environmental protection	-	-	-	88,005	-	88,005
Capital projects	-	-	-	-	-	-
Total fund balances	<u>54,031</u>	<u>181,120</u>	<u>41,438</u>	<u>108,363</u>	<u>80,368</u>	<u>465,320</u>
Total liabilities and fund balances	<u>\$ 84,682</u>	<u>\$ 181,120</u>	<u>\$ 41,438</u>	<u>\$ 108,363</u>	<u>\$ 80,368</u>	<u>\$ 495,971</u>

Capital Project Funds

Airport Capital Projects Fund	Capital Improvement Projects Fund	Water and Sewer Construction Capital Projects Fund	Courthouse Renovations and Various Roofing Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 158,730	\$ 1,589,666	\$ -	\$ 142,877	\$ 1,891,273	\$ 2,291,800
13,743	7,118	-	-	20,861	116,305
<u>\$ 172,473</u>	<u>\$ 1,596,784</u>	<u>\$ -</u>	<u>\$ 142,877</u>	<u>\$ 1,912,134</u>	<u>\$ 2,408,105</u>
\$ 9,448	\$ 28,884	\$ -	\$ 934	\$ 39,266	\$ 69,917
13,743	7,118	-	-	20,861	116,305
-	-	-	-	-	21,283
-	-	-	-	-	79,468
149,282	-	-	141,943	291,225	291,225
-	-	-	-	-	181,120
-	-	-	-	-	88,005
-	1,560,782	-	-	1,560,782	1,560,782
<u>163,025</u>	<u>1,567,900</u>	<u>-</u>	<u>141,943</u>	<u>1,872,868</u>	<u>2,338,188</u>
<u>\$ 172,473</u>	<u>\$ 1,596,784</u>	<u>\$ -</u>	<u>\$ 142,877</u>	<u>\$ 1,912,134</u>	<u>\$ 2,408,105</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, 2012

	Special Revenue Funds				
	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Mattie Maude Williams Library Development Trust Fund
REVENUES					
Restricted intergovernmental	\$ 392,976	\$ -	\$ 492,760	\$ 41,460	\$ -
Investment earnings	103	131	-	51	59
Charges for services	-	-	41,438	-	-
Other revenues	-	-	-	-	8,350
Total revenues	<u>393,079</u>	<u>131</u>	<u>534,198</u>	<u>41,511</u>	<u>8,409</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	6,616
Public safety	476,658	-	-	-	-
Economic and physical development	-	-	492,760	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>476,658</u>	<u>-</u>	<u>492,760</u>	<u>-</u>	<u>6,616</u>
Excess (deficiency) of revenues over expenditures	<u>(83,579)</u>	<u>131</u>	<u>41,438</u>	<u>41,511</u>	<u>1,793</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in funds balances	(83,579)	131	41,438	41,511	1,793
Fund balances - beginning	<u>137,610</u>	<u>180,989</u>	<u>-</u>	<u>66,852</u>	<u>78,575</u>
Fund balances - ending	<u>\$ 54,031</u>	<u>\$ 181,120</u>	<u>\$ 41,438</u>	<u>\$ 108,363</u>	<u>\$ 80,368</u>

Capital Project Funds

Total Nonmajor Special Revenue Funds	Airport Capital Projects Fund	Capital Improvement Projects Fund	Water and Sewer Construction Capital Projects Fund	Courthouse Renovations and Various Roofing Capital Projects Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 927,196	\$ 157,454	\$ 117,465	\$ 45,843	\$ -	\$ 320,762	\$ 1,247,958
344	106	1,410	-	1,709	3,225	3,569
41,438	-	-	-	-	-	41,438
8,350	-	20,057	-	-	20,057	28,407
<u>977,328</u>	<u>157,560</u>	<u>138,932</u>	<u>45,843</u>	<u>1,709</u>	<u>344,044</u>	<u>1,321,372</u>
6,616	-	-	-	764,769	764,769	771,385
476,658	-	-	-	-	-	476,658
492,760	-	-	-	-	-	492,760
-	-	-	-	15,328	15,328	15,328
-	161,896	1,014,882	45,843	-	1,222,621	1,222,621
<u>976,034</u>	<u>161,896</u>	<u>1,014,882</u>	<u>45,843</u>	<u>780,097</u>	<u>2,002,718</u>	<u>2,978,752</u>
1,294	(4,336)	(875,950)	-	(778,388)	(1,658,674)	(1,657,380)
-	-	486,322	-	-	486,322	486,322
-	-	(43,500)	-	-	(43,500)	(43,500)
-	-	442,822	-	-	442,822	442,822
1,294	(4,336)	(433,128)	-	(778,388)	(1,215,852)	(1,214,558)
464,026	167,361	2,001,028	-	920,331	3,088,720	3,552,746
<u>\$ 465,320</u>	<u>\$ 163,025</u>	<u>\$ 1,567,900</u>	<u>\$ -</u>	<u>\$ 141,943</u>	<u>\$ 1,872,868</u>	<u>\$ 2,338,188</u>

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

For the fiscal year ended June 30, 2012

	Original Budget	Final Budget	Actual	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 392,976	\$ 392,976	\$ 392,976	\$ -
Investment earnings	-	-	103	103
Total revenues	<u>392,976</u>	<u>392,976</u>	<u>393,079</u>	<u>103</u>
EXPENDITURES				
Implemental functions	26,000	37,746	27,600	10,146
Telephone	347,976	347,976	335,753	12,223
Software maintenance	15,212	17,712	30,200	(12,488)
Hardware maintenance	12,300	5,900	34,742	(28,842)
Training	2,000	2,000	1,210	790
Capital outlay	-	84,969	47,153	37,816
Total expenditures	<u>403,488</u>	<u>496,303</u>	<u>476,658</u>	<u>19,645</u>
Total expenditures	403,488	411,334	429,505	(18,171)
Excess (deficiency) of revenues over expenditures	(10,512)	(103,327)	(83,579)	19,748
OTHER FINANCING SOURCES				
Transfers out:				
General Fund	<u>(256,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(266,914)	(103,327)	(83,579)	19,748
APPROPRIATED FUND BALANCE	<u>266,914</u>	<u>103,327</u>	<u>-</u>	<u>(103,327)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	(83,579)	<u>\$ (83,579)</u>
Fund balance beginning of year			<u>137,610</u>	
Fund balance end of year			<u>\$ 54,031</u>	

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

For the fiscal year ended June 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Investment earnings	\$ -	\$ 131	\$ 131
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	131	<u>\$ 131</u>
Fund balance beginning of year		<u>180,989</u>	
Fund balance end of year		<u>\$ 181,120</u>	

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

For the fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 500,000.00	\$ 492,760	\$ (7,240)
Charge for services	-	-	41,438	41,438
Total revenues	<u>-</u>	<u>500,000</u>	<u>534,198</u>	<u>34,198</u>
EXPENDITURES	<u>-</u>	<u>500,000</u>	<u>492,760</u>	<u>7,240</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	41,438	<u>\$ 41,438</u>
Fund balance beginning of year			<u>-</u>	
Fund balance end of year			<u>\$ 41,438</u>	

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

For the fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 41,460	\$ 11,460
Investment earnings	-	-	51	51
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>41,511</u>	<u>11,511</u>
EXPENDITURES				
Water and sewer construction	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	41,511	<u>\$ 41,511</u>
Fund balance beginning of year			<u>66,852</u>	
Fund balance end of year			<u>\$ 108,363</u>	

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

For the fiscal year ended June 30, 2012

	<u>Actual</u>
REVENUES	
Investment earnings	\$ 59
Other revenues	<u>8,350</u>
Total revenues	8,409
EXPENDITURES	
Public buildings and grounds	
Operating	<u>6,616</u>
Excess (deficiency) of revenues over expenditures	1,793
Fund balance beginning of year	<u>78,575</u>
Fund balance end of year	<u><u>\$ 80,368</u></u>

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

From inception and for the year ended June 30, 2012

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 1,745,000	\$ 1,001,704	\$ 157,454	\$ 1,159,158	\$ (585,842)
Investment earnings	193,890	291,714	106	291,820	97,930
Total revenues	<u>1,938,890</u>	<u>1,293,418</u>	<u>157,560</u>	<u>1,450,978</u>	<u>(487,912)</u>
EXPENDITURES					
Construction	<u>1,938,890</u>	<u>1,126,057</u>	<u>161,896</u>	<u>1,287,953</u>	<u>650,937</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 167,361</u>	<u>(4,336)</u>	<u>\$ 163,025</u>	<u>\$ 163,025</u>
Fund balance beginning of year			<u>167,361</u>		
Fund balance end of year			<u>\$ 163,025</u>		

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

From inception and for the year ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 89,643	\$ -	\$ 117,465	\$ 117,465	\$ 27,822
Other revenues	20,043	-	20,057	20,057	14
Investment earnings	3,100	367	1,410	1,777	(1,323)
Total revenues	112,786	367	138,932	139,299	26,513
EXPENDITURES					
County	1,249,098	-	759,406	759,406	489,692
Schools	827,259	-	108,815	108,815	718,444
PCC	439,912	-	146,661	146,661	293,251
Total expenditures	2,516,269	-	1,014,882	1,014,882	1,501,387
Excess (deficiency) of revenues over expenditures	(2,403,483)	367	(875,950)	(875,583)	1,527,900
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	502,822	-	502,822	502,822	-
County Capital Reserve Fund	689,742	706,242	(16,500)	689,742	-
Schools Capital Reserve Fund	1,310,919	1,310,919	-	1,310,919	-
Transfers out					
General Fund	(60,000)	(16,500)	(43,500)	(60,000)	-
Courthouse Renovation & Roofing Fund	(40,000)	-	-	-	40,000
Total Other Financing Sources	2,403,483	2,000,661	442,822	2,443,483	40,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,001,028	(433,128)	\$ 1,567,900	\$ 1,567,900
Fund balance beginning of year			2,001,028		
Fund balance end of year			\$ 1,567,900		

Person County, North Carolina
Water & Sewer Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

From inception and for the year ended June 30, 2012

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Restricted intergovernmental Federal grant	\$ 1,512,000	\$ 1,197,977	\$ 45,843	\$ 1,243,820	\$ (268,180)
EXPENDITURES					
Engineering	264,000	101,806	4,980	106,786	157,214
Construction	48,000	120	17,805	17,925	30,075
Administrative costs	1,200,000	1,096,051	23,058	1,119,109	80,891
Total expenditures	1,512,000	1,197,977	45,843	1,243,820	268,180
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance beginning of year			-		
Fund balance end of year			\$ -		

**Person County, North Carolina
 Courthouse Renovation and Various Roofing Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual**

From inception and for the year ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Investment earnings	\$ -	\$ 6,204	\$ 1,709	\$ 7,913	\$ 7,913
Total revenues	<u>-</u>	<u>6,204</u>	<u>1,709</u>	<u>7,913</u>	<u>7,913</u>
EXPENDITURES					
Courthouse renovations	3,121,436	2,230,088	759,765	2,989,854	131,582
Re-Roofing:					
County	255,769	250,766	5,004	255,769	-
Schools	802,625	800,216	2,409	802,625	-
PCC	887,203	871,836	12,919	884,755	2,448
Issuance Costs	49,084	49,084	-	49,084	-
Contingency	40,000	-	-	-	40,000
Total expenditures	<u>5,156,117</u>	<u>4,201,990</u>	<u>780,097</u>	<u>4,982,087</u>	<u>174,030</u>
Excess (deficiency) of revenues over expenditures	(5,156,117)	(4,195,786)	(778,388)	(4,974,174)	181,943
OTHER FINANCING SOURCES (USES):					
Transfers in					
General Fund	981,117	981,117	-	981,117	-
County Capital Reserve Fund	40,000	-	-	-	(40,000)
Installment purchase obligations issued	4,500,000	4,500,000	-	4,500,000	-
Transfers out					
General Fund	<u>(365,000)</u>	<u>(365,000)</u>	<u>-</u>	<u>(365,000)</u>	<u>-</u>
Total other financing sources	5,156,117	5,116,117	-	5,116,117	(40,000)
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 920,331</u>	<u>(778,388)</u>	<u>\$ 141,943</u>	<u>\$ 141,943</u>
Fund balance beginning of year			<u>920,331</u>		
Fund balance end of year			<u>\$ 141,943</u>		

Trust and Agency Funds

Trust funds are used to account for assets held by the county in a trustee capacity. 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 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:** accounts for fines and forfeitures that are passed through the County from the Clerk of Courts Office to the Board of Education.
- ◆ **4-H Program Fund:** accounts for monies held for future 4-H program expenses.
- ◆ **Deed of Trust Fee Fund:** accounts for the fees collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.



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

For the year ended June 30, 2012

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Social Services Trust</u>				
Assets				
Cash and cash equivalents	\$ 119,692	\$ 564,556	\$ 599,382	\$ 84,866
Liabilities				
Due to individuals	\$ 119,692	\$ 564,556	\$ 599,382	\$ 84,866
<u>Sheriff's Executions and Commissions</u>				
Assets				
Cash and cash equivalents	\$ 17,300	\$ 31,014	\$ 29,423	\$ 18,891
Liabilities				
Accounts payable and accrued liabilities	\$ 17,300	\$ 31,014	\$ 29,423	\$ 18,891
<u>City of Roxboro Property Tax and Vehicle Tax Interest</u>				
Assets				
Cash and cash equivalents	\$ 2,057	\$ 4,070,833	\$ 4,073,880	\$ (990)
Taxes receivable	211,144	4,061,307	4,033,165	239,286
Total assets	<u>\$ 213,201</u>	<u>\$ 8,132,140</u>	<u>\$ 8,107,045</u>	<u>\$ 238,296</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 834	\$ 62,444	\$ 63,278	\$ -
Due to other government - City of Roxboro	(621)	4,050,389	4,050,758	(990)
Due to other governments - State of North Carolina	1,844	23,398	25,242	-
Reserve for taxes receivable	211,144	4,062,289	4,034,147	239,286
Total liabilities	<u>\$ 213,201</u>	<u>\$ 8,198,520</u>	<u>\$ 8,173,425</u>	<u>\$ 238,296</u>
<u>Inmate</u>				
Assets				
Cash and cash equivalents	\$ 8,360	\$ 214,347	\$ 210,271	\$ 12,436
Liabilities				
Accounts payable and accrued liabilities	\$ 6,980	\$ 124,818	\$ 121,294	\$ 10,504
Due to inmates	1,380	225,521	224,969	1,932
Total liabilities	<u>\$ 8,360</u>	<u>\$ 350,339</u>	<u>\$ 346,263</u>	<u>\$ 12,436</u>
<u>Person County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 171,103	\$ 171,103	\$ -
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 171,103	\$ 171,103	\$ -
<u>Deeds of Trust Fee Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 21,818	\$ 21,818	\$ -
Liabilities				
Due to other governments - State of North Carolina	\$ -	\$ 21,818	\$ 21,818	\$ -
<u>Fines and Forfeitures and 4H</u>				
Assets				
Cash and cash equivalents	\$ 25,982	\$ 152,047	\$ 148,194	\$ 29,835
Accounts receivables	1,575	-	1,575	-
Total assets	<u>\$ 27,557</u>	<u>\$ 152,047</u>	<u>\$ 149,769</u>	<u>\$ 29,835</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 28,650	\$ 27,247	\$ 1,403
Due to other governments - Person County Board of Education	-	117,899	117,899	-
Due to 4H	27,557	32,574	31,699	28,432
Total liabilities	<u>\$ 27,557</u>	<u>\$ 179,123</u>	<u>\$ 176,845</u>	<u>\$ 29,835</u>
<u>Total-All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 173,391	\$ 5,225,718	\$ 5,254,071	\$ 145,038
Accounts receivables	1,575	-	1,575	-
Taxes receivable	211,144	4,061,307	4,033,165	239,286
Total assets	<u>\$ 386,110</u>	<u>\$ 9,287,025</u>	<u>\$ 9,288,811</u>	<u>\$ 384,324</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 25,114	\$ 418,029	\$ 412,345	\$ 30,798
Due to individuals	119,692	564,556	599,382	84,866
Due to inmates	1,380	225,521	224,969	1,932
Due to other governments	1,223	4,213,504	4,215,717	(990)
Due to 4H	27,557	32,574	31,699	28,432
Reserve for taxes receivable	211,144	4,062,289	4,034,147	239,286
Total liabilities	<u>\$ 386,110</u>	<u>\$ 9,516,473</u>	<u>\$ 9,518,259</u>	<u>\$ 384,324</u>



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**

For the fiscal year ended June 30, 2012

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	2011	\$ -	\$ 27,206,121	\$ 26,561,528	\$ 644,593
2010-2011	2010	628,687	8,463	439,936	197,214
2009-2010	2009	200,890	7,446	88,005	120,331
2008-2009	2008	109,896	5,151	46,002	69,045
2007-2008	2007	65,327	-	22,078	43,249
2006-2007	2006	35,549	-	9,623	25,926
2005-2006	2005	27,008	-	5,944	21,064
2004-2005	2004	18,193	-	3,250	14,943
2003-2004	2003	17,200	-	2,078	15,122
2002-2003	2002	18,182	-	2,673	15,509
2001-2002	2001	14,192	-	14,192	-
Total		<u>\$ 1,135,124</u>	<u>\$ 27,227,181</u>	<u>27,195,309</u>	<u>\$ 1,166,996</u>

Reconciliation with Revenues:

Taxes - Ad Valorem - General Fund

Current year	\$ 26,526,521
Prior years	614,661
Penalties and interest	185,067
Advertising	70,639
Total Ad Valorem Taxes	27,396,888
Refunds	1,944
Adjustments to prior years taxes	6,004
Amounts written off for tax year 2001 per statute of limitations	13,115
Subtotal	27,417,951
Less interest collected	152,003
Less advertising fees	70,639
Total collections and credits	27,195,309

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

For the fiscal year ended June 30, 2012

	<u>Property Valuation</u>	<u>Rate per \$100 Valuation</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 3,774,324,714	\$ 0.70	\$ 26,420,273	\$ 25,092,207	\$ 1,328,066
Registered Motor Vehicles Taxed at Prior Year's Rate	106,836,286	0.70	747,854	-	747,854
Late Listing Penalties	-		32,138	32,138	-
Total	<u>3,881,161,000</u>		<u>27,200,265</u>	<u>25,124,345</u>	<u>2,075,920</u>
Discoveries and Corrections					
Current Years' Taxes	6,717,143	0.70	47,020	33,344	13,676
Prior Years' Taxes	-	0.70	-	-	-
Penalties	-		2,615	2,615	-
	<u>6,717,143</u>		<u>49,635</u>	<u>35,959</u>	<u>13,676</u>
Releases	<u>(5,986,789)</u>		<u>(43,779)</u>	<u>(15,660)</u>	<u>(28,119)</u>
Total for Year	<u>\$ 3,881,891,354</u>		<u>27,206,121</u>	<u>25,144,644</u>	<u>2,061,477</u>
Less Uncollected tax at June 30, 2012			<u>644,593</u>	<u>410,143</u>	<u>234,450</u>
Current year's taxes collected			<u>\$ 26,561,528</u>	<u>\$ 24,734,501</u>	<u>\$ 1,827,027</u>
Percent current year collected			<u>97.63%</u>	<u>98.37%</u>	<u>88.63%</u>

Secondary Market Disclosures:⁴

Assessed Valuation:

Assessment Ratio ¹	100.0%
Real Property	\$ 2,554,205,154
Personal Property	552,081,607
Public Service Companies ²	<u>775,604,593</u>

Total Assessed Valuation 3,881,891,354

Tax Rate per \$100 0.70

Levy (includes discoveries, releases and abatements)³ \$ 27,206,121

¹Percentage of appraised value has been established by statute.

²Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³The levy includes interest and penalties.

⁴The County furnishes the "Secondary Market Disclosures" for the benefit of the users of its financial statements; however, it is not required to do so.



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 <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>	88
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	97
Debt Capacity <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>	105
Demographic and Economic Information <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>	110
Operating Information <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>	112

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 Assets by Component
Last Ten Fiscal Years
 (accrual basis of accounting)

(Page 1 of 2)
Fiscal Year

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Primary government - governmental activities				
Invested in capital assets, net of related debt	\$ 18,373,179	\$ 18,006,395	\$ 17,692,385	\$ 19,475,976
Restricted	1,737,660	1,746,603	1,615,673	5,730,958
Unrestricted	<u>(8,702,036)</u>	<u>(5,029,404)</u>	<u>(1,897,792)</u>	<u>(4,950,448)</u>
 Total primary government - governmental activities net assets	 <u>\$ 11,408,803</u>	 <u>\$ 14,723,594</u>	 <u>\$ 17,410,266</u>	 <u>\$ 20,256,486</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 20,630,021	\$ 22,660,368	\$ 20,440,012	\$ 20,020,058	\$ 18,741,532	\$ 21,155,561
1,646,941	1,751,274	1,141,656	4,018,047	8,563,948	8,219,339
<u>(1,787,018)</u>	<u>(2,040,755)</u>	<u>2,835,383</u>	<u>4,203,584</u>	<u>2,322,140</u>	<u>4,191,640</u>
<u>\$ 20,489,944</u>	<u>\$ 22,370,887</u>	<u>\$ 24,417,051</u>	<u>\$ 28,241,689</u>	<u>\$ 29,627,620</u>	<u>\$ 33,566,540</u>

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

(Page 1 of 2)
Fiscal Year

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Primary government - governmental activities:				
General government	\$ 3,908,432	\$ 4,300,737	\$ 4,140,568	\$ 4,553,355
Public safety	7,699,229	8,371,080	8,794,171	9,378,105
Transportation	1,076,986	1,001,941	1,207,846	1,251,813
Economic and physical development	879,882	827,842	1,712,767	853,734
Environmental protection	329,078	377,184	298,051	290,608
Human services	11,480,719	11,823,499	12,743,826	16,610,533
Cultural and recreation	1,384,242	1,461,604	1,462,183	1,806,150
Education	8,015,663	8,104,952	8,561,737	9,557,566
Capital Outlay	-	-	-	-
Interest on long term debt	1,263,368	1,215,553	1,009,597	935,735
Total primary government - governmental activities expenses	\$ 36,037,599	\$ 37,484,392	\$ 39,930,746	\$ 45,237,599
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 546,011	\$ 492,266	\$ 492,954	\$ 429,771
Public safety	1,399,421	1,599,830	1,522,974	1,742,409
Transportation	330,835	270,192	297,209	380,770
Economic and physical development	9,591	17,242	15,235	11,164
Environmental protection	439,418	405,462	455,354	485,477
Human services	2,034,989	2,145,437	2,252,195	3,769,179
Cultural and recreation	173,673	200,086	179,501	244,521
Operating grants and contributions:				
General government	166,973	16,560	22,983	1,500
Public safety	878,261	937,963	691,774	787,203
Transportation	158,679	162,195	160,105	228,285
Economic and physical development	65,873	121,940	309,298	53,497
Environmental protection	80,023	82,508	85,123	93,357
Human services	4,404,593	4,664,646	4,940,750	5,938,274
Cultural and recreation	146,974	154,699	186,595	328,631
Education	328,275	517,461	26,213	599,762
Capital grants and contributions:				
General Government	-	-	-	-
Public safety	-	6,531	-	-
Transportation	2,463,372	33,687	7,554	201,843
Economic and physical development	-	-	610,000	127,100
Environmental Protection	-	-	-	-
Cultural and recreation	-	104,309	11,753	17,380
Total primary government - governmental activities program revenues	\$ 13,626,961	\$ 11,933,014	\$ 12,267,570	\$ 15,440,123
Net (Expense)/Revenue				
Total primary government net (expense)/revenue	\$ (22,410,638)	\$ (25,551,378)	\$ (27,663,176)	\$ (29,797,476)
General Revenues and Other Changes in Net Assets				
Primary government - governmental activities:				
Property taxes	\$ 20,479,221	\$ 21,271,802	\$ 21,713,946	\$ 23,431,173
Local option sales tax	5,775,142	6,420,547	7,101,756	7,410,387
Other taxes and licenses	555,123	547,641	581,766	547,647
Investment earnings	121,822	113,201	321,475	663,738
Miscellaneous	353,916	512,978	630,905	590,751
Total primary government - governmental activities:	\$ 27,285,224	\$ 28,866,169	\$ 30,349,848	\$ 32,643,696
Change in Net Assets				
Total primary government	\$ 4,874,586	\$ 3,314,791	\$ 2,686,672	\$ 2,846,220

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	5,053,425	\$ 5,455,795	\$ 5,527,742	\$ 5,014,727	\$ 4,828,349	\$ 4,655,404
	10,381,525	11,429,612	11,408,762	11,381,743	11,468,186	11,437,656
	1,461,462	1,523,716	1,493,230	1,494,361	1,454,342	1,435,983
	1,274,045	2,194,637	1,203,255	898,345	1,470,929	1,753,033
	276,301	252,509	257,916	832,951	1,228,807	891,073
	17,488,722	18,185,434	17,140,056	15,891,412	15,440,313	15,746,664
	1,806,946	1,839,584	1,864,439	1,781,842	1,511,796	1,466,125
	12,763,768	12,007,976	11,856,706	10,705,681	11,460,882	10,269,913
	-	-	-	-	-	1,014,882
	992,502	978,763	818,027	712,074	703,782	669,146
\$	<u>51,498,696</u>	<u>\$ 53,868,026</u>	<u>\$ 51,570,133</u>	<u>\$ 48,713,136</u>	<u>\$ 49,567,386</u>	<u>\$ 49,339,879</u>
\$	555,495	\$ 624,024	\$ 443,859	\$ 420,971	\$ 383,400	\$ 388,611
	1,837,685	1,730,352	1,960,320	1,889,029	1,937,117	2,047,710
	426,620	304,304	337,548	268,113	245,332	240,965
	3,836	35,526	34,162	43,545	99,364	90,001
	387,053	466,284	485,492	868,952	731,989	932,314
	4,235,793	4,203,932	4,333,232	4,006,896	3,916,676	4,027,375
	308,000	257,603	252,807	276,533	322,708	341,512
	-	4,924	7,221	-	52,398	65,114
	620,938	861,665	903,557	966,832	905,318	1,055,904
	377,301	238,063	199,578	236,930	235,717	225,765
	96,015	391,306	71,740	39,410	361,743	499,604
	90,024	84,352	96,243	106,835	119,917	118,497
	6,457,371	6,805,017	7,381,474	6,973,325	7,033,549	7,100,930
	213,380	195,638	156,740	162,052	156,210	120,282
	442,397	1,262,155	973,488	493,209	189,873	17,862
	-	-	-	-	6,571	140,641
	-	-	-	-	-	-
	579,700	1,258,869	416,741	417,819	111,955	157,454
	97,500	-	-	25,500	37,000	1,500
	-	-	-	668,046	566,260	54,587
	7,400	6,050	22,004	317,496	5,000	4,000
\$	<u>16,736,508</u>	<u>\$ 18,730,064</u>	<u>\$ 18,076,206</u>	<u>\$ 18,181,493</u>	<u>\$ 17,418,097</u>	<u>\$ 17,630,628</u>
\$	<u>(34,762,188)</u>	<u>(35,137,962)</u>	<u>(33,493,927)</u>	<u>(30,531,643)</u>	<u>(32,149,289)</u>	<u>(31,709,251)</u>
\$	24,706,367	\$ 27,156,746	\$ 27,197,864	\$ 27,606,040	\$ 27,291,587	\$ 27,393,771
	8,186,701	8,396,768	7,329,525	5,758,729	5,542,646	6,045,749
	634,580	452,875	267,885	260,617	237,858	305,012
	859,397	705,759	258,570	49,125	24,950	14,619
	608,601	306,757	486,247	681,770	438,179	1,889,020
\$	<u>34,995,646</u>	<u>\$ 37,018,905</u>	<u>\$ 35,540,091</u>	<u>\$ 34,356,281</u>	<u>\$ 33,535,220</u>	<u>\$ 35,648,171</u>
\$	<u>233,458</u>	<u>\$ 1,880,943</u>	<u>\$ 2,046,164</u>	<u>\$ 3,824,638</u>	<u>\$ 1,385,931</u>	<u>\$ 3,938,920</u>



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

Fiscal Year	Property Tax	Local Sales Tax	Other Tax	Total
2003	\$ 20,479,221	\$ 5,775,142	\$ 555,123	\$ 26,809,486
2004	21,271,802	6,420,547	547,641	28,239,990
2005	21,713,946	7,101,756	581,766	29,397,468
2006	23,431,173	7,410,387	547,647	31,389,207
2007	24,706,367	8,186,701	634,580	33,527,648
2008	27,156,746	8,396,768	452,875	36,006,389
2009	27,197,864	7,329,525	267,885	34,795,274
2010	27,606,040	5,758,729	260,617	33,625,386
2011	27,291,587	5,542,646	237,858	33,072,091
2012	27,393,771	6,045,749	305,012	33,744,532

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

(Page 1 of 2)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 3,167,027	\$ 3,217,281	\$ 4,183,764	\$ 4,634,247
Unreserved	10,296,637	12,134,062	12,433,181	12,124,627
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 13,463,664</u>	<u>\$ 15,351,343</u>	<u>\$ 16,616,945</u>	<u>\$ 16,758,874</u>
All Other Governmental Funds				
Reserved	\$ 338,032	\$ 154,655	\$ 754,610	\$ 728,896
Unreserved	1,837,205	1,546,499	786,886	4,148,910
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 2,175,237</u>	<u>\$ 1,701,154</u>	<u>\$ 1,541,496</u>	<u>\$ 4,877,806</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	7,337,788	\$ 6,607,330	\$ 4,686,298	\$ 5,237,082	\$ -	\$ -
	10,886,128	12,627,805	15,717,000	13,582,453	-	-
	-	-	-	-	3,409,571	4,134,503
	-	-	-	-	63,057	88,995
	-	-	-	-	2,403,817	4,493,237
	-	-	-	-	14,967,838	12,631,079
\$	<u>18,223,916</u>	<u>19,235,135</u>	<u>20,403,298</u>	<u>18,819,535</u>	<u>20,844,283</u>	<u>21,347,814</u>
\$	585,116	\$ 519,364	\$ 402,338	\$ 408,959	\$ -	\$ -
	(317,512)	1,959,496	615,897	4,269,403	-	-
	-	-	-	-	1,732,534	1,098,020
	-	-	-	-	2,428,100	1,829,907
	-	-	-	-	55,801	30,000
	-	-	-	-	(115,553)	-
\$	<u>267,604</u>	<u>2,478,860</u>	<u>1,018,235</u>	<u>4,678,362</u>	<u>4,100,882</u>	<u>2,957,927</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes:				
Property	\$ 20,507,051	\$ 21,267,341	\$ 21,731,962	\$ 23,327,612
Sales	5,775,142	6,420,547	7,101,756	7,410,387
Other	644,292	642,679	676,921	547,647
Total taxes	<u>26,926,485</u>	<u>28,330,567</u>	<u>29,510,639</u>	<u>31,285,646</u>
Fees	398,864	678,982	683,140	716,220
Intergovernmental	8,303,718	6,848,717	7,086,801	8,255,349
Investment earnings	146,365	130,767	357,257	753,013
Charges for services	3,957,476	3,832,445	3,858,051	5,586,367
Other	1,207,107	970,139	1,051,576	1,274,636
Total Revenues	<u>40,940,015</u>	<u>40,791,617</u>	<u>42,547,464</u>	<u>47,871,231</u>
Expenditures				
General government	3,828,976	4,418,630	4,180,432	5,172,517
Public safety	7,334,811	8,385,572	8,726,907	9,963,831
Transportation	413,211	555,199	572,303	757,706
Human services	11,387,186	11,803,063	12,718,709	16,562,161
Environmental protection	319,545	392,609	286,315	287,671
Economic and physical development	836,569	806,632	1,699,643	841,225
Cultural and recreational	1,150,443	1,465,511	1,391,753	1,852,012
Education	8,015,663	8,104,952	8,561,737	8,275,898
Capital projects	2,774,108	747	8,393	1,553,766
Debt service:				
Principal	1,960,498	2,223,103	2,322,517	2,282,438
Interest and other charges	1,309,581	1,249,535	1,088,729	937,985
Total expenditures	<u>39,330,591</u>	<u>39,405,553</u>	<u>41,557,438</u>	<u>48,487,210</u>
Excess of revenues over (under) expenditures	<u>1,609,424</u>	<u>1,386,064</u>	<u>990,026</u>	<u>(615,979)</u>
Other Financing Sources (Uses)				
Transfers in	2,863,319	3,069,336	3,256,214	4,658,216
Transfers out	(2,863,319)	(3,069,336)	(3,256,214)	(4,658,216)
Installment purchase obligations issued	-	-	-	4,050,000
Bonds issued	1,470,000	-	-	-
Proceeds on G.O. Bond Refunding	-	-	3,725,000	-
Bonds Issued	-	-	27,983	-
Refunding payment to escrow agent	-	-	(3,697,500)	-
Sale of capital assets	-	27,532	60,435	44,218
Total other financing sources (uses)	<u>1,470,000</u>	<u>27,532</u>	<u>115,918</u>	<u>4,094,218</u>
Net change in fund balances	<u>\$ 3,079,424</u>	<u>\$ 1,413,596</u>	<u>\$ 1,105,944</u>	<u>\$ 3,478,239</u>
Debt service as a percentage of noncapital expenditures	8.98%	9.06%	8.35%	7.03%

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	24,870,158	\$ 27,233,073	\$ 27,027,814	\$ 27,612,262	\$ 27,343,883	\$ 27,396,888
	8,186,701	8,396,768	7,329,525	5,758,729	5,542,646	6,045,749
	634,580	452,875	267,885	260,617	237,858	305,012
	<u>33,691,439</u>	<u>36,082,716</u>	<u>34,625,224</u>	<u>33,631,608</u>	<u>33,124,387</u>	<u>33,747,649</u>
	580,497	468,498	403,170	391,545	455,138	395,910
	9,100,206	11,506,713	10,430,803	10,682,900	10,113,506	9,772,122
	1,010,574	844,762	299,783	56,387	35,938	18,812
	6,369,381	6,290,486	7,223,667	7,034,129	6,903,459	7,525,686
	1,159,159	1,032,086	525,441	829,927	475,576	590,762
	<u>51,911,256</u>	<u>56,225,261</u>	<u>53,508,088</u>	<u>52,626,496</u>	<u>51,108,004</u>	<u>52,050,941</u>
	5,855,693	5,519,966	5,573,144	4,651,524	6,888,873	5,564,747
	10,314,897	11,334,668	11,115,835	10,942,744	11,264,076	11,444,411
	1,069,108	1,032,789	861,559	803,490	788,605	811,686
	17,453,636	18,184,814	17,344,436	15,550,866	15,665,919	15,444,531
	289,055	314,223	276,898	184,414	679,100	698,015
	1,261,965	2,210,005	1,209,352	909,161	1,446,775	1,746,977
	1,748,282	1,755,889	2,011,512	1,985,887	1,411,403	1,490,524
	12,763,768	12,007,976	11,856,706	10,705,681	11,460,882	10,285,241
	859,863	1,200,841	437,202	1,100,109	687,377	1,222,621
	2,478,354	2,756,077	2,995,000	3,033,268	3,183,655	3,381,057
	1,020,772	1,112,233	643,344	696,247	689,919	654,346
	<u>55,115,393</u>	<u>57,429,481</u>	<u>54,324,988</u>	<u>50,563,391</u>	<u>54,166,584</u>	<u>52,744,156</u>
	<u>(3,204,137)</u>	<u>(1,204,220)</u>	<u>(816,899)</u>	<u>2,063,105</u>	<u>(3,058,580)</u>	<u>(693,215)</u>
	4,116,182	4,996,410	4,441,891	8,134,781	7,501,588	1,109,158
	(4,116,182)	(4,996,410)	(4,441,891)	(8,134,781)	(7,501,588)	(1,109,158)
	-	18,985,000	457,778	-	4,500,000	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	(14,643,878)	-	-	-	-
	58,977	85,573	66,659	13,260	5,849	53,791
	<u>58,977</u>	<u>4,426,695</u>	<u>524,437</u>	<u>13,260</u>	<u>4,505,849</u>	<u>53,791</u>
\$	<u>(3,145,160)</u>	<u>3,222,475</u>	<u>(292,462)</u>	<u>2,076,365</u>	<u>1,447,269</u>	<u>(639,424)</u>
	6.73%	7.06%	6.85%	7.74%	7.63%	8.01%



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
2003	\$ 20,507,051	N/A	N/A	\$ 20,507,051
2004	21,267,341	\$ 6,420,547	\$ 642,679	28,330,567
2005	21,731,962	7,101,756	676,921	29,510,639
2006	23,327,612	7,410,387	547,647	31,285,646
2007	24,870,158	8,186,701	634,580	33,691,439
2008	27,233,073	8,396,768	452,875	36,082,716
2009	27,027,814	7,329,525	267,885	34,625,224
2010	27,612,262	5,758,729	260,617	33,631,608
2011	27,343,883	5,542,646	237,858	33,124,387
2012	27,396,888	6,045,749	305,012	33,747,649

Note: General Governmental Tax Revenues by Source for Local Option Sales Tax and Other Tax is available back to 2003 only, the year GASB Statement 34 was implemented.

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			
	Residential Property	Commercial and Industrial Property (6)	Present-use Value (1)	Personal Property
2003	\$ 1,399,183,496	\$ 269,293,784	\$ 78,114,653	\$ 577,587,236
2004	1,443,146,177	291,158,004	77,761,343	595,330,658
2005	1,491,035,320	299,990,852	78,403,233	594,863,387
2006 (5)	1,798,798,824	324,598,184	78,947,005	600,168,764
2007	1,841,024,325	339,881,974	86,830,183	620,666,811
2008	1,903,289,631	324,096,098	87,750,589	656,316,793
2009	1,955,049,093	344,322,630	82,361,719	646,958,261
2010	2,022,745,364	347,248,645	85,219,209	589,008,474
2011	2,017,610,282	348,220,349	85,789,028	604,180,027
2012	2,115,957,821	350,088,048	88,159,285	552,081,607

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 in Person County is reassessed every four years. The last reassessment was on January 1, 2005 and was the basis for fiscal 2006 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.

<u>Public Service Companies (2)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (3)</u>	<u>Estimated Actual Taxable Value (4)</u>
\$ 695,635,397	\$ 3,019,814,566	\$ 0.670	\$ 3,146,623,493
741,884,336	3,149,280,518	0.670	3,344,605,478
748,505,543	3,212,798,335	0.670	3,538,324,157
767,361,498	3,569,874,275	0.650	3,569,874,275
866,735,585	3,755,138,878	0.650	3,860,531,385
874,463,479	3,845,916,590	0.700	4,233,259,868
836,778,439	3,865,470,142	0.700	4,341,761,364
883,874,459	3,928,096,151	0.700	4,097,742,699
808,999,923	3,864,799,609	0.700	4,108,866,265
775,604,593	3,881,891,354	0.700	3,885,388,203

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

(Page 1 of 2)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (1)</u>	<u>2007</u>
Person County (2)	\$ 0.6700	\$ 0.6700	\$ 0.6700	\$ 0.6700	\$ 0.6500	\$ 0.6500
<u>Overlapping Rates</u>						
City of Roxboro	0.6000	0.6500	0.6400	0.6400	0.6140	0.6140

Note: (1) Real property was revalued on January 1, 2005

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
0.6140	0.6140	0.6140	0.6140	0.6140

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 2012		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy (formerly CP&L)	Public utility	\$ 682,496,981	1	17.58%
Eaton Corporation	Manufacturer	55,970,747	2	1.44%
Louisiana Pacific Corporation	Manufacturer	42,249,868	3	1.28%
GKN Automative, Inc.	Manufacturer	38,486,972	4	0.99%
NC Eastern Municipal Power Agency	Public utility	49,631,665	5	1.09%
US Flue Cured Tobacco Growers	Manufacturer	33,246,170	6	0.86%
Cogentrix of NC, Inc.	Private Utility	28,116,412	7	0.69%
Piedmont EMC	Public utility	26,333,775	8	0.68%
North Park Drive, LLC (Spuntech Industries)	Manufacturer	26,937,143	9	0.72%
Georgia Pacific Corporation	Manufacturer	17,606,887	10	0.45%
Industrial Truck Sales & Service	Manufacturer			
Vector Tobacco, Inc.	Manufacturer			
Business Products Leasing Corporation	Manufacturer			
Central Telephone Co. of NC	Public utility			
Totals		\$ <u>1,001,076,620</u>		25.79%

Source: Person County Tax Department

Fiscal Year 2003

	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
\$	588,382,861	1	19.48%
	60,620,324	2	2.01%
	28,305,064	8	0.94%
	30,846,666	6	1.02%
	59,867,285	3	1.98%
			0.00%
	23,948,455	9	0.79%
			0.00%
			0.00%
			0.00%
	48,244,562	4	1.60%
	36,865,144	5	1.22%
	29,784,656	7	0.99%
	20,561,375	10	0.68%
	<hr/>		
\$	<u>927,426,392</u>		30.71%

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
2003	\$ 20,295,105	\$ 19,678,107	96.96%	\$ 601,489	\$ 20,279,596	99.92%
2004	21,105,433	20,501,130	97.14%	589,181	21,090,311	99.93%
2005	21,538,636	20,953,040	97.28%	570,653	21,523,693	99.93%
2006	23,239,698	22,496,649	96.80%	721,985	23,218,634	99.91%
2007	24,439,484	23,917,438	97.86%	496,120	24,413,558	99.89%
2008	26,893,083	26,334,282	97.92%	515,552	26,849,834	99.84%
2009	27,082,062	26,376,266	97.39%	636,751	27,013,017	99.75%
2010	27,504,654	26,789,298	97.40%	595,025	27,384,323	99.56%
2011	27,077,081	26,448,394	97.68%	431,473	26,879,867	99.27%
2012	27,206,121	26,561,528	97.63%	-	26,561,528	97.63%

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				
2003	\$ 4,500,000	\$ 21,294,420	\$ -	\$ 25,794,420	\$ 703	2.96%	
2004	3,650,000	19,921,317	-	23,571,317	637	2.59%	
2005	2,795,000	18,528,800	-	21,323,800	577	2.24%	
2006	1,925,000	21,166,362	-	23,091,362	618	2.32%	
2007	1,080,000	19,533,009	-	20,613,009	551	1.99%	
2008	230,000	22,335,000	-	22,565,000	593	2.00%	
2009	-	19,570,000	457,778	20,027,778	520	1.73%	
2010	-	16,625,000	369,510	16,994,510	444	1.47%	
2011	-	18,030,000	280,856	18,310,856	463	N/A	
2012	-	14,740,000	189,798	14,929,798	377	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. Calendar 2011 personal income not available to calculate fiscal year 2012.



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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Personal Income (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
2003	\$ 4,500,000	0.52%	0.15%	\$ 123
2004	3,650,000	0.40%	0.12%	99
2005	2,795,000	0.29%	0.09%	76
2006	1,925,000	0.19%	0.05%	52
2007	1,080,000	0.10%	0.03%	29
2008	230,000	0.02%	0.01%	6
2009	-	0.00%	0.00%	-
2010	-	0.00%	0.00%	-
2011	-	0.00%	0.00%	-
2012	-	0.00%	0.00%	-

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.
- (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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed Value of Property	\$ 3,019,815	\$ 3,149,281	\$ 3,212,798	\$ 3,569,874
Debt Limit, 8% of Assessed Value (Statutory Limitation)	241,585	251,942	257,024	285,590
Amount of Debt Applicable to Limit	<u>5,350</u>	<u>4,500</u>	<u>3,650</u>	<u>2,795</u>
Legal Debt Margin	<u>\$ 236,235</u>	<u>\$ 247,442</u>	<u>\$ 253,374</u>	<u>\$ 282,795</u>
Total net debt applicable to the limit as a percentage of debt limit	2.21%	1.79%	1.42%	0.98%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 3,755,139	\$ 3,845,917	\$ 3,865,470	\$ 3,928,096	\$ 3,864,800	\$ 3,881,891
300,411	307,673	309,238	314,248	309,184	310,551
<u>1,080</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 299,331</u>	<u>\$ 307,443</u>	<u>\$ 309,238</u>	<u>\$ 314,248</u>	<u>\$ 309,184</u>	<u>\$ 310,551</u>
0.36%	0.07%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013:

Assessed value subject to taxation	\$ <u>3,881,891</u>
Debt limitation (8% of assessed value subject to taxation)	310,551
Debt applicable to the limit	
General Obligation bonds	<u>-</u>
Legal debt margin	\$ <u>310,551</u>

Person County, North Carolina
Schedule 14
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

<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	320,910	16.65%	53,423
Installment purchase obligations	5,620,106	16.65%	935,591
Subtotal, overlapping debt			<u>989,014</u>
Person County direct debt			<u>14,929,798</u>
Total direct and overlapping debt			<u><u>\$ 15,918,812</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)
2003	36,708	\$ 870,709	\$ 23,824	5,775	8.90%	10,692
2004	36,980	908,515	24,695	5,791	8.20%	12,856
2005	36,985	950,572	25,552	5,855	6.40%	13,745
2006	37,344	995,502	26,847	5,670	5.70%	11,825
2007	37,440	1,033,618	27,706	5,572	6.80%	11,890
2008	38,022	1,128,689	30,098	5,385	6.50%	9,923
2009	38,522	1,155,908	30,688	5,112	12.10%	7,358
2010	38,272	1,155,133	29,282	4,992	11.25%	6,970
2011	39,585	N/A	N/A	4,877	10.12%	6,597
2012	39,594	N/A	N/A	5,742	10.40%	5,259

* Information not yet available.

Notes:

- (1) N.C. State Data Center. 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) N. C. Employment Security Commission, Annual Average for ending fiscal year.
- (5) Total number of inspections performed by Person County Inspections Department. Does not include inspections by municipalities.

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Person County Schools	644	1	3.60%	882	2	5.03%
Piedmont Community College	428	2	2.39%	511	4	2.91%
Progress Energy	400	3	2.24%			
Person County Government	400	4	2.24%	371	10	2.11%
GKN Automotive	382	5	2.14%	388	6	2.21%
North American Aerodynamics	357	6	2.00%			
Person Memorial Hospital	270	7	1.51%	338	8	1.93%
Eaton Corporation	218	8	1.22%	562	3	3.20%
WalMart	214	9	1.20%			
US Flue Cured Tobacco	121	10	0.68%			
Collins & Aikman Corp	-		-	1,094	1	6.24%
Crown Crafts, Inc	-		-	430	5	2.45%
Dialight Corp	-		-	383	7	2.18%
Fleetwood Homes	-		-	320	9	1.82%

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	40	41	42	39	41	43	43	44	43	42
Public buildings & grounds	3	3	3	3	3	3	3	-	-	-
Public safety	117	120	118	125	128	133	140	138	134	134
Transportation	11	11	11	11	11	11	10	10	11	12
Human services										
Social Services	75	76	77	80	84	81	84	86	82	83
Public Health	46	43	44	44	49	40	45	44	42	41
Other	9	8	9	38	43	36	35	31	30	32
Environmental protection	3	3	3	3	3	3	2	2	2	2
Economic and physical development	5	5	5	5	5	5	5	5	5	5
Cultural and recreation	16	16	16	16	18	17	17	16	14	16
Total	325	326	328	364	385	372	384	376	363	367

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)

Function	2003	2004	2005	2006
Public Safety/Sheriff's Department & Jail				
Incident Reports	N/A	2,191	2,063	2,158
Calls for Service	N/A	10,235	11,121	11,292
Criminal Papers	N/A	6,235	5,621	5,647
Arrest Reports	N/A	2,291	2,569	2,628
Civil Papers	N/A	4,213	4,162	3,620
Gun Permits	N/A	535	468	481
Jail bookings	N/A	1,753	2,414	1,968
Average daily population	N/A	99	101	100
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	20,395	28,288	40,544	42,108
Public Safety/Code Enforcement				
Number of Building Permits Issued	471	520	501	366
Number of Mobile Home Permits Issued	166	109	89	84
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	235	266	226	134
Community Services/Library				
Items Added to Collection	N/A	5,025	5,981	5,928
Circulation	180,323	192,239	192,037	199,481
Internet Use	15,189	17,932	18,258	22,871
Program Attendance	11,126	14,024	12,936	15,696
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,069	2,136	2,188	2,279
Average # Family & Child Medicaid Cases	2,223	2,407	2,586	2,657
Average # Households Receiving Food Stamp	1,045	1,333	1,499	1,670
Average \$ Fraud Collections per Month	306	343	364	378
Education				
Public Schools enrollment	5,775	5,791	5,855	5,670
Charter Schools enrollment	286	293	319	350
Culture and Recreation				
Total park acreage	196	196	196	197
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

Note:

Information marked as N/A is unavailable for those years.

2007	2008	2009	2010	2011	2012
2,387	2,524	1,758	1,992	1,954	1,865
12,378	12,618	14,907	18,234	23,281	17,393
6,030	6,532	6,216	5,376	3,412	5,316
2,645	2,588	1,625	1,705	2,755	3,001
4,893	5,125	5,437	5,346	5,031	4,646
524	573	815	690	529	563
1,856	1,813	1,797	2,200	2,303	2,163
104	104	98	88	90	105
43,752	68,613	62,573	56,273	47,376	58,095
470	363	278	312	277	312
67	60	75	36	46	22
162	173	337	307	636	582
4,502	7,433	6,092	5,238	4,800	5,215
207,597	218,191	226,876	212,362	182,708	191,249
26,778	26,824	28,256	23,567	23,287	22,507
16,376	6,646	4,061	6,217	5,864	6,910
2,292	2,281	2,318	2,331	2,412	2,478
2,735	2,887	2,744	3,034	2,971	3,020
1,844	2,068	2,474	2,929	3,468	3,761
2,493	2,534	4,315	5,409	4,470	5,205
5,572	5,385	5,112	4,992	4,877	4,775
581	651	791	903	956	967
197	197	183	183	187	187
10	10	9	9	10	10

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Sheriff/Police (Stations)	2	2	2	2	2	2	2	2	2	2
Correction facility capacities	136	136	136	136	136	136	136	136	136	136
Fire stations	13	14	14	14	14	14	14	14	14	14
Highways and streets										
Paved	627	672	610	714	714	721	723	723	723	724
Unpaved	50	48	58	57	57	50	50	50	50	49
Culture and recreation										
Parks	10	10	10	10	10	10	9	9	10	10
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
- Fire Marshal
- Department of Transportation
- Recreation, Arts & Parks
- Public Library
- Public Schools



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Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of County Commissioners
Person County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of Person County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises Person County's basic financial statements, and have issued our report thereon dated December 15, 2012. 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. The financial statements of the Person County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Person County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Person County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Person's County internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Person County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Person County, in a separate letter dated December 15, 2012.

This report is intended solely for the information and use of the audit committee, management, others within the entity, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams, Creech, Evans and Company, LLP

Winston, Williams, Creech, Evans and Company LLP
Certified Public Accountants
December 15, 2012

Winston, Williams, Creech, Evans, & Company, LLP

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Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Person County, North Carolina

Compliance

We have audited Person County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Person County's major federal programs for the year ended June 30, 2012. Person County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Person County's management. Our responsibility is to express an opinion on Person County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 Person 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. Our audit does not provide a legal determination of Person County's compliance with those requirements.

In our opinion, Person County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Person County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Person County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

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effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of Person County, in a separate letter dated December 15, 2012.

This report is intended solely for the information and use of the audit committee, management, others within the entity, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Winston, Williams, Creech, Evans and Company LLP

Winston, Williams, Creech, Evans and Company LLP
Certified Public Accountants
December 15, 2012

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Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Person County, North Carolina

Compliance

We have audited Person County, North Carolina, 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 its major State programs for the year ended June 30, 2012. Person County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Person County's management. Our responsibility is to express an opinion on Person County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 Person 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. Our audit does not provide a legal determination of Person County's compliance with those requirements.

In our opinion, Person County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

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Internal Control Over Compliance

Management of Person County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Person County's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the entity, members of the Board, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Winston, Williams, Creech, Evans and Company LLP
Certified Public Accountants
December 15, 2012

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable condition(s) identified that are not considered to be material weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal Control Over Federal Programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable condition(s) identified that are not considered to be material weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to federal awards	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Type of auditors' report issued on compliance for major state program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778 93.558, 93.596, 93.575, 93.658, 93.713, 93.714	Medical Assistance Program (Medicaid; Title XIX) Subsidized Child Care Cluster

Dollar threshold used to distinguish between Type A and Type B Programs: \$1,143,070

Auditee qualified as low-risk auditee? Yes No

**PERSON COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2012**

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

**PERSON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Prior Year Audit Findings:

None reported.

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
Federal Awards:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Agriculture:			
Nutrition for the Elderly	10.570	\$ 8,360	\$ -
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Food Stamp Cluster:</u>			
State Administrative Matching Grants			
Supplemental Nutrition Assistance Program	10.561	325,860	-
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Administration:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	212,400	-
AGRI-SFP Food Program Meal	10.559	478	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	812,301	-
Total U.S. Dept. of Agriculture		<u>1,359,399</u>	<u>-</u>
<u>U.S. Dept. of Energy</u>			
ARRA-Energy Efficiency and Conservation Block Grant Program	81.128	117,465	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Crime Control and Public Safety			
Division of Emergency Management			
Emergency Management Grant	97.042	27,943	-
Homeland Security Grant Program	97.067	45,534	-
Total U.S. Dept. of Homeland Security		<u>73,477</u>	<u>-</u>
<u>U.S. Dept. of Transportation:</u>			
<u>Community Transportation Program</u>			
Passed-through the N.C. Dept. of Transportation			
Community Transportation Program	20.509	98,800	29,686
Traffic Safety Grant	20.600	6,514	-
Total Community Transportation Program		<u>105,314</u>	<u>29,686</u>
<u>Federal Aviation Administration</u>			
Passed-through the N.C. Dept. of Transportation			
Airport Improvement Program			
State Block Grant Program			
Airport Improvement Program	20.106	107,203	50,251
Total U.S. Dept. of Transportation		<u>212,517</u>	<u>79,937</u>
<u>U.S. Dept. of Cultural Resources</u>			
Passed-through the N.C. Dept. of Cultural Resources			
State Library of NC			
Institute of Museum and Library Services	45.310	18,483	-

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration on Aging</u>			
Passed-through Kerr Tar Council of Governments:			
<u>Aging Cluster:</u>			
Family Caregiver Support	93.052	11,279	720
Special Programs for the Aging-Title III B			
Grants for Supportive Services and Senior Centers	93.044	95,089	133,613
Special Programs for the Aging-Title III C			
Nutrition Services	93.045	48,952	24,673
Senior Center Development		-	12,205
Total Aging Cluster		155,320	171,211
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
Title IV-E Foster Care	93.658	222,431	11,736
Foster Care - Direct Benefit Payments	93.658	204,681	62,045
Adoption Assistance - Direct Benefit Payments	93.659	117,320	31,768
Adoption Assistance	93.659	93,828	26,485
Total Foster Care and Adoption Cluster		638,260	132,034
Temporary Assistance for Needy Families (TANF)	93.558	329,211	-
TANF-Direct Benefit Payments	93.558	294,713	22,293
N.C. Child Support Enforcement	93.563	395,698	-
Low-Income Home Energy Assistance Block Grant:			
Administration	93.568	439,409	-
Energy Assistance Payments			
-Direct Benefit Payments	93.568	74	-
Permanency Planning-Families for Kids	93.645	12,643	-
SSBG-Other Service and Training	93.667	333,754	33,406
Independent Living Grant	93.674	8,194	2,048
Independent Living Grant	93.674	7,532	-
Family Preservation	93.556	5,206	-
Subsidized Child Care (Note 4)			
<u>Child Care Development Fund Cluster</u>			
Division of Social Services			
Child Care Development Fund-Administration	93.596	79,218	-
Division of Child Development			
Child Care and Development Fund-Discretions	93.575	379,760	-
Child Care and Development Fund - Mandatory	93.596	132,272	-
Child Care and Development Fund-Match	93.596	155,759	61,512
Total Child Care Fund Cluster		747,009	61,512
Temporary Assistance for Needy Families	93.558	157,333	-
ARRA - Temporary Assistance for Needy Families	93.714	14,721	-
Foster Care Title IV-E	93.658	4,727	-
Smart Start		-	3,664
State Appropriations		-	303,996
TANF-MOE		-	193,173
Total Subsidized Child Care Cluster		923,790	562,345
Medical Assistance Program	93.778	60,207	23,229

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance Program:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	31,255,177	18,215,276
Division of Social Services:			
Medical Assistance Program	93.778	700,502	22,521
Administration:			
State Childrens Insurance Program	93.767	25,304	2,145
<u>Center for Disease Control and Prevention</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Public Health Emergency Preparedness	93.069	38,859	-
Immunization Program/Aid to County Funding	93.268	12,756	-
Prevention Investigations & Tech Assistance	93.283	20,951	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	22,200	6,375
ARRA Preventing Healthcare-Associated Infections	93.717	2,330	-
Administration of Children and Families			
passed through NC Dept. of Health and Human Services			
Division of Social Services			
Social Service Block Grant	93.667	-	500
Temporary Assistance for Needy Families	93.558	4,449	-
Heath Resources and Service Administration			
passed through NC Dept. of Health and Human Services			
Division of Public Health			
Maternal and Child Health Services Block Grant	93.994	60,374	195,286
Office of Population Affairs			
passed through NC Dept. of Health and Human Services			
Office of Population Affairs			
Family Planning Services	93.217	41,594	-
Total U.S. Dept. of Health and Human Services		35,788,507	19,468,606
<u>US Department of Education</u>			
<u>Office of Special Education and Rehabilitative Services</u>			
Passed-through NC Dept of Health and Human Services:			
Division of Vocational Rehabilitation			
Vocational Rehabilitation	84.126	287,898	71,974
<u>U.S. Election Assistance Commission</u>			
Passed through the State Board of Elections:			
HAVA Grant	39.011	4,067	-
<u>U.S. Department of Justice</u>			
JAG Grant	16.738	6,384	-
ARRA - JAG Grant	16.804	1,275	-
ARRA - Gang Violence Prevention	16.803	-	18,981
Bulletproof Vest partnership	16.607	5,916	-
Equitable Sharing Program	16.922	114,451	-
Total US Department of Justice		128,026	18,981
<u>U.S Environmental Protection Agency</u>			
ARRA - Office of Solid Waste and Emergency Response			
Superfund State Political Subdivision and Indian			
Tribe Site Specific Cooperative Agreement	66.802	45,843	-
Total federal awards		38,035,682	19,559,561

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	113,726
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
State/County Special Assistance for			
Adults-Direct Benefit Payments		-	522,310
SFHS Maximization - Direct		-	36,396
State Foster Care Benefits Program-Direct		-	25,658
F/C At Risk Maximization-Direct		-	4,088
CWS-Direct Benefit Payments		-	74,171
Energy Program		-	20,087
Incent/Program Integrity		-	1,006
Total Division of Social Services		-	683,716
Division of Public Health:			
General Aid to Counties		-	95,474
General Communicable Disease Control		-	4,398
Tuberculosis		-	8,718
TB Medical Services		-	540
Food and Lodging Fees		-	4,343
Environmental Health		-	4,000
Lead Prevention Aid to County Funds		-	624
Risk Reduction/Health Promotion		-	8,590
WHSF		-	11,079
Total Division of Public Health		-	137,766
Total N.C. Dept. of Health and Human Resources		-	821,482
<u>N.C. Dept. of Transportation</u>			
ROAP-Elderly and Disabled Transportation Assistance Program		-	59,876
ROAP-Work First		-	18,201
ROAP-Rural General Public Program		-	56,279
Total N.C. Dept. of Transportation		-	134,356
<u>N.C. Dept. of Administration</u>			
Grant Veteran Service		-	1,452
<u>N.C. Dept. of Environment and Natural Resources</u>			
Division of Soil and Water Conservation:			
Soil and Water Distribution Grant		-	3,600
Division of Environmental Health:			
Environmental Health		-	750
DEA Off Waste R&D Trust Fund		-	8,744
Division of Waste Management:			
Electronics Management Program		-	3,067
Total N.C. Dept. of Environment and Natural Resources		-	16,161
<u>N.C. Dept. of Public Safety</u>			
Juvenile Crime and Delinquency Prevention		-	123,213
<u>N.C. Tobacco Trust Fund Commission</u>			
Passed through Rural Advancement Foundation International (RAFI)		-	1,500
<u>N.C. Solar Center</u>			
Passed through North Carolina State University			
Clean Fuel Advanced Technology Project		-	36,098
<u>N.C. Recreation & Park Association</u>			
Passed through Nourishing North Carolina		-	3,100
Total State awards		-	1,251,088
Total federal and State awards		\$ 38,035,682	\$ 20,810,649

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2012

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. **BASIS OF PRESENTATION**

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

2. **SUBRECIPIENTS**

Of the federal and state expenditures presented in this schedule, Person County provided state awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>		<u>Federal Expenditures</u>		<u>State Expenditures</u>
Special Programs for the Aging-Title III B					
Grants for Supportive Services and Senior Centers	93.044	\$	95,089	\$	133,613
Special Programs for the Aging-Title III C					
Nutrition Services	93.045		48,952		24,673
Nutrition for the Elderly	10.570		8,360		
ROAP - EDTAP					74,281
Person County Senior Center					318,372
Person County Group Home					4,607