

# Person County, North Carolina

## Comprehensive Annual Financial Report

For the Year Ended

June 30, 2014



Prepared by the  
Person County Finance Department  
Issued January 2015

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

# Person County, North Carolina

## Comprehensive Annual Financial Report

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# INTRODUCTORY SECTION

## INTRODUCTORY SECTION



# PERSON COUNTY

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

The Board of County Commissioners  
Person County, North Carolina  
January 8, 2015

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, 2014.

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, 2014, 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, 2014, 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.

## **Financial Reporting Entity**

The financial statements include all funds of Person County, including all activities controlled by or dependent on the County. Control by, or dependence on the County was determined in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) and included in the GASB's guidance in defining the governmental reporting entity.

The financial reporting entity includes all funds of Person County, as well as its component unit. A component unit is a legally separate entity for which Person County is financially accountable.

A proprietary fund is used to account for a government's continuing business-type organization and activity. The Person County Board of Alcoholic Beverage Control is a component unit of the County and is discretely presented as a separate proprietary fund. Most of the generally accepted accounting principles of proprietary funds are those applicable to similar private businesses.

## Profile of Person County

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

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

The County provides its citizens with a wide range of services that include public safety, health and social services, cultural and recreational activities, general administration, and others. This report includes all the County's activities in maintaining these services. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the following: Person County Board of Education; Piedmont Community College; Person County Tourism Development Authority; Developmental Disabilities, Substance Abuse Authority (Cardinal Health Innovations); and Kerr-Tar Regional Council of Governments. Since the County Commissioners appoint all three members of the Person County ABC Board (the "ABC Board"), the government-wide statements include the ABC Board as a discretely presented component unit.

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

## Factors Affecting Economic Condition

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

Person County has not been immune to the job losses in the textile, tobacco, and other manufacturing industries over the last decade, but there have been significant improvements in the labor market since 2013. As of June 30, 2014, Person County's unemployment rate was 6.2%, a decrease of 3.8% over last year's rate of 10.0%, and 0.2% less than the statewide average of 6.4%.

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 has begun, but the speed of that recovery will continue to impact the local economy.

Local manufacturing developments include the following ongoing projects:

- Strata Solar finalized the construction of two new solar farms in Person County for a total new investment of \$30M. One of the solar farms is called "Wagstaff" and the other one is called "Roxboro". The combined energy for these two solar plants is 12.7 megawatts. That would be enough energy to power over 1500 homes.
- Duke Power is completing an \$80M dollar plant upgrade to the Mayo Steam plant. The upgrades do not increase the long term job count for Duke Energy at the facility.
- Louisiana Pacific made retrofits on the flagship Roxboro Plant this past year at a cost of over \$18M. The upgrades keep the plant competitive for future manufacturing in Person County.
- Spuntech Industries has announced a doubling of their plant capacity with their new investment that was calculated to be \$35M (although the actual is now projected to be over \$55M) and the creation of from 40-70 new jobs at the average wage of \$42K annually.
- 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.
- PCBIC, Inc., the non-profit economic development group for the City of Roxboro and Person County, has worked to obtain land options and new business development for future opportunities this fiscal year.

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.

Agriculture continues to be an important contributor to the overall financial well-being of Person County. Agriculture and Agribusiness generate over \$138 million in total value-added income, which is just under 16% of Person County's total income. Additionally, these industries employ about 20% of the county's employed individuals. Of the entire agricultural industry within Person County, tobacco still remains the number one gross income producer, generating approximately 50% of the total cash receipts. While Person County is a significant producer of flue-cured tobacco, soybeans, and wheat, growers have also expanded burley tobacco production, making Person County one of the top five burley tobacco producing counties in the State.

Awareness of how and where food is produced continues to influence food purchasing decisions of consumers. The Person County Farmer's Market showcases locally produced foods and provides an additional location where farmers can market their products. The number of growers selling locally grown foods and the number of consumers purchasing foods at the Farmers Market has increased over the last few years. Consumers learn how their food is produced and the benefits to families and communities of spending locally. As a result of this increased interest in local foods, Person County now has two locally produced beef retailers, a bison producer and several small and part-time growers marketing locally grown meats, fruits and vegetables. Another benefit of locally grown food is that money spent with local growers stays in the County.

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

## **Long-Term Financial Planning**

Many of the successes of the Board of County Commissioners can be attributed to the long-term planning efforts initiated by the Board. In fiscal year 2014, the Person County Capital Improvement Plan ("CIP") for the years 2015-2019 was presented and approved in April 2014 and serves as a mechanism for future planning. It has become an effective and strategic tool that typically includes a mixture of "pay as you go" and financed projects that take advantage of the current debt market conditions. The CIP addresses many of the capital improvements needed within the county and will be revisited and updated annually to correspond with changing revenues and the current economic environment.

On June 16, 2014, the Board of County Commissioners adopted a capital project ordinance for the purchase and renovation of the Person County Recycling Center and re-roofing construction for Earl Bradsher Preschool and the Kirby Civic Auditorium. The total expenditures were estimated to be \$3,250,775. Of this total, \$913,680 was advanced from the General Fund to cover initial engineering work and other costs that would determine the full scope of the project. After initial construction bids were received, it was estimated that the portion needed to finance the project was \$2.36M. Final financing documents were approved in the Board of Commissioners meeting on October, 6, 2014. The final closing on this financing took place on November 6, 2014.

On October 1, 2012, the Board of County Commissioners adopted a capital project ordinance for engineering, design, new construction and renovation to Huck Sansbury Recreational Facility for the creation of a Recreation and Senior Center. The total expenditures were estimated to be \$4,950,700. Of this total, \$476,850 was advanced from the General Fund to cover initial engineering work and other costs that would determine the full scope of the project. However, in October 2013, the City of Roxboro's Board of Adjustment denied an amendment to the existing conditional use permit that would allow the County to continue with the project at the proposed location. The Board of County Commissioners voted to appeal this decision to Superior Court. In December 2013, the Superior Court heard the case and determined that a re-hearing with the City's Board of Adjustment was not warranted. Therefore, the County is proceeding with the search for an alternate location.

On February 29, 2012, the Board of Education deeded the old Helena Elementary School and associated property to Person County. The Board of County Commissioners made the decision to engage a firm to conduct a facility study that determined needed improvements at an estimated cost of \$2 million. The County Manager consulted with the General Services Director to determine what improvements were the most critical that would prevent further deterioration, and this resulted in a capital project ordinance that was presented and adopted by the Board of County Commissioners on November 12, 2012, authorizing various



critical improvements at an estimated cost of \$28,000 that covered exterminating services, plumbing repairs, minimal grading services and contingency funds for any unforeseen costs associated with these improvements. As part of the County's 2014-2018 Capital Improvement Program adopted on April 29, 2013, a decision was made to locate an EMS & Sheriff's satellite office within part of the old Helena School Building in an effort to reduce response times to the southern end of the County and provide oversight of the facility. A community group was formed in FY 2013 to address the future use options for this facility. After much community input in FY 2014, it was determined that the best use would be for an enhanced early college. Using the STEAM curriculum, an educational committee is researching funding and collaboration opportunities.

### **Relevant Financial Policies**

On June 17, 2013, the Board of County Commissioners approved funding for a Pay for Performance Program for Person County employees that would be funded from remaining lapsed salaries at fiscal year ending 2013. As part of the adopted budget for fiscal year 2014-15, the Board agreed to use remaining lapsed salaries at fiscal year ending 2014 to fund this program for another year. Supervisors review employees' performance based on established performance standards, and award as follows: exceeds standards (3% increase to salary), achieves standards (2% increase to salary), or fails to achieve standards (no increase). Only individuals hired prior to July 1, 2013 are eligible for merit pay in fiscal year 2015. The program will be evaluated each year by the Board to determine its continuation.

### **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: Emergency Taxiway Lighting repairs; conducting an Airport Development Study which includes a new Master Plan, replacing airfield signs with LED features; and the maintenance and repair of the fuel farm.

Projects completed include the construction of a loading pad for cargo and fuel truck, and Phase 1 of the airport fencing project.

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.

#### *The Kirby Civic Center Rebirth Project*

The Kirby Civic Center ("the Kirby") Rebirth Project is a joint project between Piedmont Community College ("PCC") and Person County. The Kirby is a performing arts theater located in Uptown Roxboro. PCC initiated the project and began raising funds from various community groups, with an initial donation of \$50,000 from Roxboro Savings Bank. Funds will be used to remodel the upstairs of the Kirby to create additional performing arts space, rehearsal space, a music room, art gallery and additional dressing rooms. The project also includes installing an elevator to allow for access to the upstairs area. The total project cost is \$584,000. Thus far, the upstairs area has been gutted and contractors are beginning to install the framework for the new rooms. The project is scheduled for completion in January 2015. PCC and Person County are working together to continue to raise community funds for the project by offering naming rights to the new upstairs spaces.

#### *Public Safety Communication System and Broadband Improvements*

The Person County Board of Commissioners have had multiple discussions in FY 14 regarding improvements to the public safety communication system and the provision of broadband services to unserved areas in Person County. It has been determined that the County's current system does not meet the public safety standard of providing coverage for 99% of the County. The existing system has gaps in communication along the County borders. In FY14, Person County conducted focus groups with both the City and County public safety departments. Recommendations from the focus group included replacing the existing system with a Simulcast system. The Board of Commissioners approved hiring a consultant to conduct a feasibility study which resulted in the recommendation to construct four, 300 foot towers and installing Simulcast public safety communication equipment. It also included the cost of providing grant funds to a private broadband provider to hang broadband equipment on the towers for a total project cost of approximately \$4M. The Commissioners approved \$100,000 in the FY15 budget to pay for environmental studies to be conducted at the four potential tower locations. In August 2014, the State announced that it would pay for the construction of one of the towers to use for the State's VIPER system network, reducing the total project cost to \$3.6M. Currently, the environmental studies are underway and should be completed by the end of FY15. The project is scheduled to be completed in December 2016.

#### *Stormwater Management*

For FY14, the Person County Board of Commissioners adopted stormwater fees to cover the escalating cost of stormwater regulations. As an enterprise fund, the revenues from the stormwater fees will cover the costs of the county's stormwater services.

This funding is designated to cover stormwater services such as floodplain management, development plan review, reporting, surface water quality management programs, remediation assistance, Upper Neuse River Association dues, retrofits to meet existing development regulations, billing and collections, and other general administrative expenses. Departments that are directly affected by these newly mandated requirements are Tax Administration, 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, 2013. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government published an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

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



Government Finance Officers Association

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

Presented to

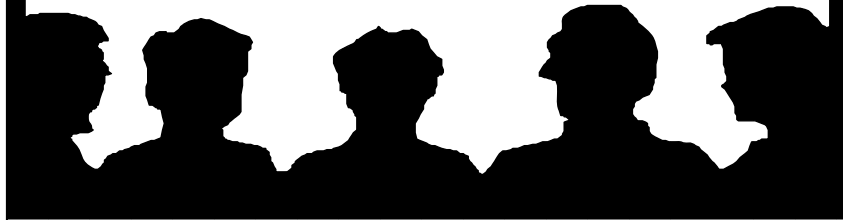
**County of Person  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

## COUNTY OF PERSON LIST OF PRINCIPAL OFFICIALS



### **Board of County Commissioners**

Jimmy B. Clayton, Chairman  
Kyle W. Puryear, Vice-Chairman  
B. Ray Jeffers  
Frances Blalock  
David Newell, Sr.

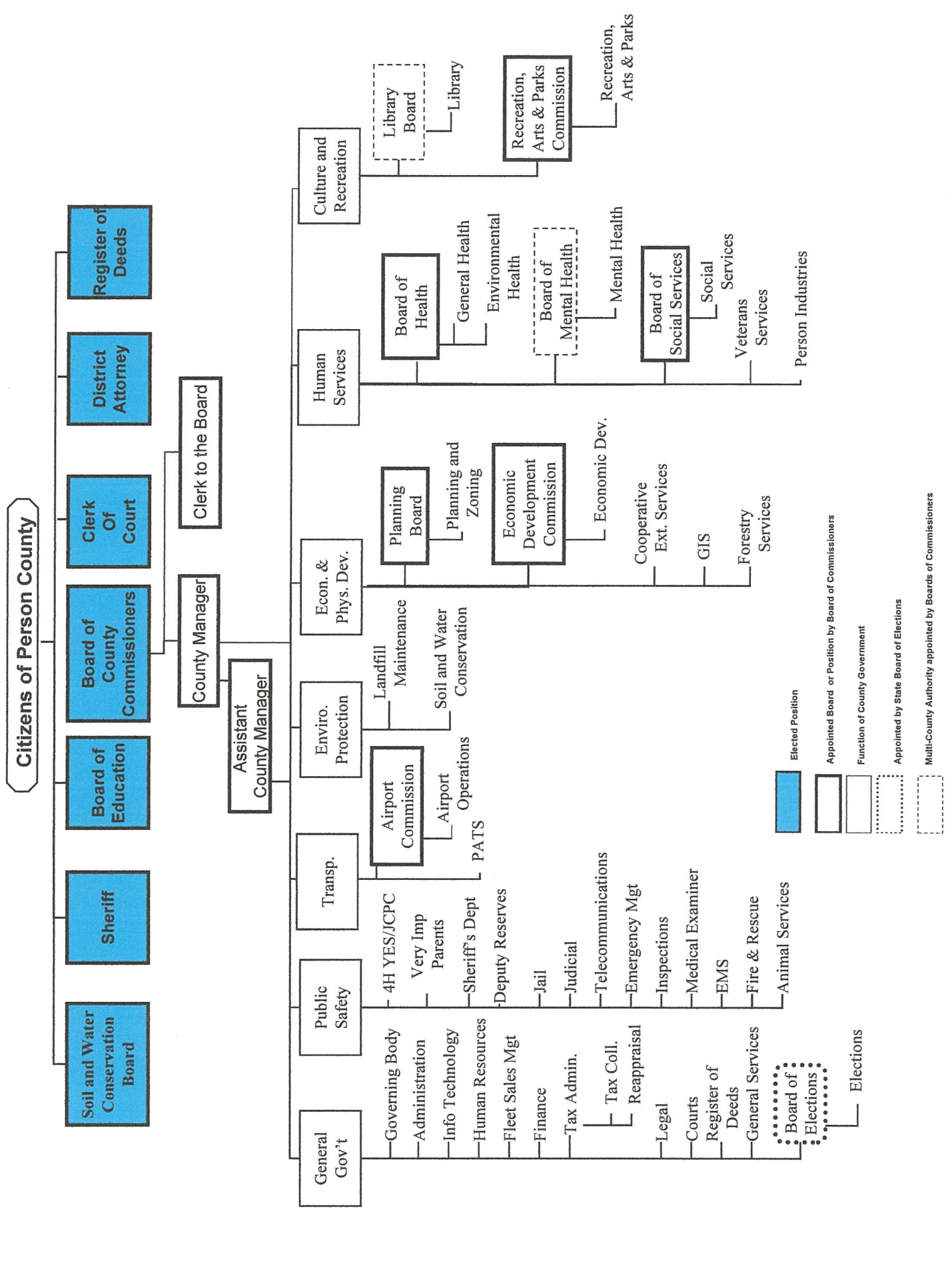
### **Manager**

Heidi York

### **Finance Director**

Amy Wehrenberg

# PERSON COUNTY GOVERNMENT ORGANIZATIONAL CHART BY FUNCTION



# FINANCIAL SECTION

## FINANCIAL SECTION

# 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  
K. Jamison Crampton, CPA

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## Independent Auditor's Report

To the Board of County Commissioners  
Person County, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Person County, North Carolina, as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Person County's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Person County ABC Board was not audited in accordance with *Government Auditing Standards*.

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

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[www.wwcecpa.com](http://www.wwcecpa.com)



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

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Person County, North Carolina as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section, 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 State and Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis are not a required part of the financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund



financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015 on our consideration of Person County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Person County's internal control over financial reporting and compliance.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, North Carolina  
January 8, 2015

## Person County, North Carolina

### Management's Discussion and Analysis

For the Year Ended June 30, 2014

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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, 2014. We encourage users to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

#### Financial Highlights

- The assets and deferred outflows of resources of Person County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$35,400,212 (*net position*).
- The government's total net position increased by \$1,508,673 when compared to the previous fiscal year, primarily due management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, Person County's governmental funds reported combined ending fund balances of \$22,359,860, a decrease of \$2,647,888 on a comparable basis with the prior year. Approximately 36% of this total amount, or \$8,125,141, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,644,006, which represents 18.41% of total General Fund expenditures for the fiscal year.
- Person County's total debt decreased by \$3,461,577 (6.6% of total governmental expenditures) during the current fiscal year. The key factors in this decrease are the debt payments for the 2008 Refinanced Debt for \$2.23M and other scheduled debt repayments 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

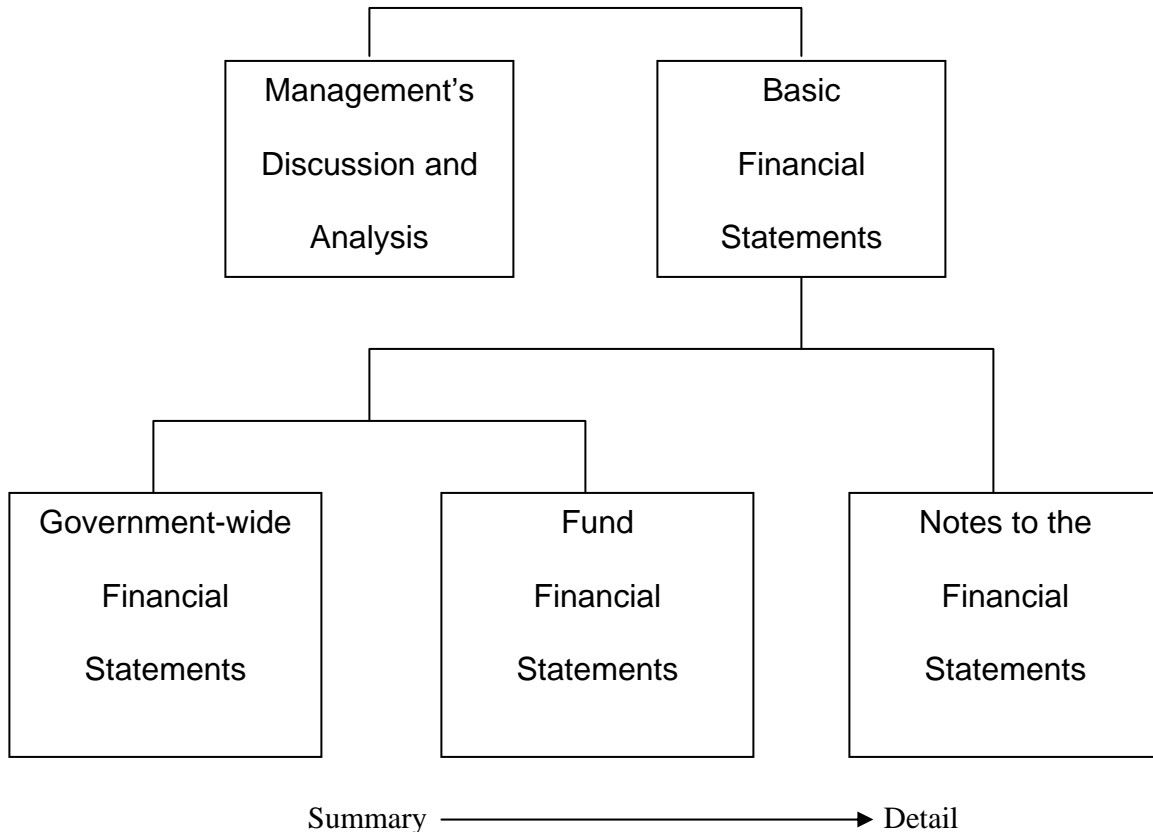
This discussion and analysis are intended to serve as an introduction to Person County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see 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, 2014

### Required Components of Annual Financial Report



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

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

# Person County, North Carolina

## Management's Discussion and Analysis

For the Year Ended June 30, 2014

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### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

The government-wide financial statements are on pages 26 through 28 of this report.

### Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Person County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Person County are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

## Person County, North Carolina

### Management's Discussion and Analysis

For the Year Ended June 30, 2014

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

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

**Proprietary Funds** – Person County has one kind of proprietary fund. *Enterprise* Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Person County uses the enterprise fund category to account for its funding applicable to the Stormwater Management Utility including measures and activities designed to protect, restore and manage stormwater quality; all associated costs are supported solely through assessed user fees. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Person County has nine fiduciary funds, one of which is a pension trust fund, one of which is a private-purpose trust fund, and seven of which are agency funds.

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Person County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 67 of this report.

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

For the Year Ended June 30, 2014

### Government-wide Financial Analysis

The following table summarizes Net Position at June 30, 2014 and 2013:

#### PERSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total
	2014	2013	2014	2014	2013
Current and other assets	\$ 25,414,850	\$ 28,899,105	\$ 77,675	\$ 25,492,525	\$ 28,899,105
Capital assets	26,692,605	25,373,432	-	26,692,605	25,373,432
Total assets	52,107,455	54,272,537	77,675	52,185,130	54,272,537
Total deferred outflows of resources	-	52,420	-	-	52,420
Long-term liabilities outstanding	14,109,971	17,419,657	-	14,109,971	17,419,657
Other liabilities	2,589,230	2,951,821	6,007	2,595,237	2,951,821
Total liabilities	16,699,201	20,371,478	6,007	16,705,208	20,371,478
Total deferred inflows of resources	79,710	61,940	-	79,710	61,940
Net position:					
Net investment in capital assets	23,065,359	21,364,462	-	23,065,359	21,364,462
Restricted	7,729,273	8,869,798	-	7,729,273	8,869,798
Unrestricted	4,533,912	3,657,279	71,668	4,605,580	3,657,279
Total net position	\$ 35,328,544	\$ 33,891,539	\$ 71,668	\$ 35,400,212	\$ 33,891,539

The assets and deferred outflows of resources of Person County exceeded liabilities and deferred inflows of resources by \$35,400,212 as of June 30, 2014. The County's net position increased by \$1,508,673 for the fiscal year ended June 30, 2014. Net position of \$23,065,359 (65%) is net investment in capital assets (e.g. land, buildings, improvements, machinery, and equipment net of any related outstanding debt of those assets). Person County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Person County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Person County's net position represents resources that are subject to external restrictions on how they may be used and is \$7,729,273 (22%) at June 30, 2014.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition; however, it does not adequately reflect the County's position. In accordance with NCGS, the County is the issuer of debt used for capital purposes for other agencies, namely, Person County Schools (PCS) and Piedmont Community College (PCC). This debt totals approximately \$7 million at June 30, 2014 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 \$4,605,580 (13%) is unrestricted.

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

## Person County, North Carolina

### Management's Discussion and Analysis

For the Year Ended June 30, 2014

- Continued emphasis on the collection of property taxes. The tax collection percentage increased slightly from the previous year from 97.71% to 98.4%. However, the overall tax collections for current year's taxes increased by \$2,251,306.
- 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 the re-roofing project for Southern Middle School and Person High School.
- Continued low cost of debt due to the County's high bond rating and the paydown of current debt service.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget

The following table presents the change in net position for the year ended June 30, 2014 and 2013 for governmental activities:

#### PERSON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2014	2013	
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,441,502	\$ 7,576,320	\$ 271,342	\$ 6,712,844	\$ 7,576,320	
Operating grants and contributions	10,569,504	11,189,606	-	10,569,504	11,189,606	
Capital grants and contributions	491,649	539,828	-	491,649	539,828	
General revenues:						
Property taxes	30,883,915	28,772,219	-	30,883,915	28,772,219	
Local option sales taxes	6,430,850	6,092,052	-	6,430,850	6,092,052	
Other taxes and licenses	462,739	493,228	-	462,739	493,228	
Investment earnings, unrestricted	508	13,715	-	508	13,715	
Miscellaneous, unrestricted	372,661	(498,552)	-	372,661	(498,552)	
Total revenues	55,653,328	54,178,416	271,342	55,924,670	54,178,416	
<b>Expenses:</b>						
General government	6,055,901	5,806,008	-	6,055,901	5,806,008	
Public safety	12,476,577	11,961,190	-	12,476,577	11,961,190	
Transportation	1,286,978	1,415,053	-	1,286,978	1,415,053	
Economic and physical development	1,404,663	2,103,294	-	1,404,663	2,103,294	
Environmental protection	649,147	1,088,616	-	649,147	1,088,616	
Human services	16,563,554	16,333,971	-	16,563,554	16,333,971	
Cultural and recreation	1,592,550	1,587,995	-	1,592,550	1,587,995	
Education	12,096,514	13,043,761	-	12,096,514	13,043,761	
Capital Outlay	1,560,160	385,929	-	1,560,160	385,929	
Interest on long-term debt	530,279	534,264	-	530,279	534,264	
Stormwater	-	-	199,674	199,674	534,264	
Total expenses	54,216,323	54,260,081	199,674	54,415,997	54,260,081	
Increase in net position	1,437,005	(81,665)	71,668	1,508,673	(81,665)	
Net position, July 1	33,891,539	33,973,204	-	33,891,539	33,973,204	
Net position, June 30	\$ 35,328,544	\$ 33,891,539	\$ 71,668	\$ 35,400,212	\$ 33,891,539	

## Person County, North Carolina

### Management's Discussion and Analysis

For the Year Ended June 30, 2014

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**Governmental Activities:** Governmental activities resulted in an increase of the County's net position by \$1,437,005, which was \$1,518,670 more than the change in net position for fiscal year 2012-13. Key elements of this net increase are as follows:

- Property tax collections increased by \$2,111,696.
- Sales tax revenues reflect a moderate recovery showing an increase of \$338,798 over fiscal year 2013.
- Miscellaneous revenues increased by \$871,213, due to the loss on transfer of certain airport assets to the Federal Aviation Administration per the terms of the Reimbursable Agreement regarding the Medium Intensity Approach Light System with Runway Alignment Indicator Lights in 2013.
- A decrease in Education of \$947,247 which is tied to the completion of a new alternative school with lottery funds.

**Business-type Activities:** Business-type activities increased Person County's net position by \$71,668, accounting for 4.8% of the total growth in the government's net position. Key elements of this increase are as follows:

- The Board of Commissioners' decision to assess stormwater fees to cover the County's cost of providing stormwater management services
- Applied diligence in stormwater revenue collection and resolution of delinquent accounts
- Reduced costs in operation of stormwater management costs

### 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 \$13,256,714, while total fund balance reached \$19,665,816. The Governing Body of Person County has determined that the County should maintain an available fund balance of 18% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 25.31% of general fund expenditures, while total fund balance represents 37.54% of that same amount.

The Person County Recycling Center & Various Roofing Capital Project Fund (classified as a major fund within Person County's financial statements), reported a fund balance of \$(852,204) at June 30, 2014. The Board agreed in June 2014 to borrow funds to purchase and renovate the Person County



## Person County, North Carolina

### Management's Discussion and Analysis

For the Year Ended June 30, 2014

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Recycling Center as well as re-roof the Kirby Civic Auditorium and Earl Bradsher Preschool. The fund balance amount is the net result of advanced funds from the general fund and initial roofing engineering fees in anticipation of receiving loan proceeds in the fall to cover project expenditures.

At June 30, 2014, the governmental funds of Person County reported a combined fund balance of \$22,359,860, a 10.6% decrease from last year. The primary cause for this decrease is increased activity for capital projects have greatly contributed to the use of fund balance in the General Fund category specifically for the purchase re-roofing projects and the purchase of the Person County Recycling Center.

**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 \$1,416,814.

Sales tax collections showed some recovery which is reflected by the \$395,325 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 \$39,807 higher than the final budgeted amount. Intergovernmental revenues were short of budget by \$1,007,431. A large portion of this difference is due to the delay of the drawdown requests for lottery proceeds. The impact of this budget deficit is off-set by ad valorem taxes which were over budget by \$974,419 and local option sales tax which was over budget by \$395,325.

Appropriations within the General Fund covered actual expenditures by more than \$4 million. Over \$1.7 million of these remaining funds was the result of the timing differences in the State allocations for departments in the Human Services function.

**Proprietary Funds:** Person County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Stormwater Management Fund at the end of the fiscal year amounted to \$71,668. The total growth in net position was \$71,668. Other factors concerning the finances of this fund have already been addressed in the discussion of Person County's business-type activities.

### Capital Asset and Debt Administration

**Capital Assets:** Person County's capital assets for its governmental activities as of June 30, 2014, total \$26,692,605 (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

- Person County Recycling Center, Telephone system for County, network for IT, a replacement vehicle, renovations to Helena for an EMS satellite office, and various roofing projects on County buildings.

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

For the Year Ended June 30, 2014

### Human Services

- Switch and a replacement vehicle

### Public Safety

- 8 replacement vehicles, generator for EMS, Narcotics dog, vehicle radios, and GPS/Laser Equipment for E-911.

### Culture and Recreation

- Improvements to the Kirby Theater, a microfilm and laserfiche machine for the library, replacement vehicle, and a security system for the library.

### Transportation

- Three replacement vehicles and improvements to the airport.

### PERSON COUNTY CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2014	2013	2013
Land	\$ 2,887,573	\$ 2,878,843	\$ -	\$ 2,887,573	\$ 2,878,843	
Buildings	10,163,207	9,760,436	-	10,163,207	9,760,436	
Improvements	5,883,135	2,887,053	-	5,883,135	2,887,053	
Machinery and equipment	3,222,493	2,889,460	-	3,222,493	2,889,460	
Infrastructure	2,484,065	2,982,422	-	2,484,065	2,982,422	
Construction in progress	<u>2,052,132</u>	<u>3,975,218</u>	<u>-</u>	<u>2,052,132</u>	<u>3,975,218</u>	
Total	<u>\$ 26,692,605</u>	<u>\$ 25,373,432</u>	<u>\$ -</u>	<u>\$ 26,692,605</u>	<u>\$ 25,373,432</u>	

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

**Long-term Debt:** As of June 30, 2014, Person County had no total bonded debt outstanding. Other total outstanding debt is included below:

### PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2014	2013
Installment purchases	\$ 10,849,284	\$ 14,534,393
Capital lease	<u>223,532</u>	<u>-</u>
Total outstanding debt	<u>\$ 11,072,816</u>	<u>\$ 14,534,393</u>

Person County's total debt decreased by \$3,461,577 (23.8 percent) during the past fiscal year, due to the repayment of debt. The only new debt involved a capital lease for a new telephone system.

## **Person County, North Carolina**

### **Management's Discussion and Analysis**

For the Year Ended June 30, 2014

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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 \$350,176,450.

The Person County Board of Commissioners has had a history of fiscal conservatism that also contributes to the favorable bond rating. Additional information regarding Person County's long-term debt can be found in Note 2 of the basic financial Statements.

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

- The County's average unemployment rate as of June 30, 2014, was 6.2%, a decrease of 3.8% over last year's rate of 10.0%, and 0.2% less than the statewide average of 6.4%.
- Inflationary trends in the region are comparable to national indices.
- Management is implementing programs which will allow it to capitalize on manufacturing growth.
- Population estimation of 39,409 is slightly lower than in previous year.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2015**

**Governmental Activities:** The original appropriations in the General Fund will decrease by \$824,973 to \$53.65 million or 1.5% less than the previous year's adopted budget. Property taxes and intergovernmental revenues are expected to be the primary causes for the decrease in revenue projections. The projected property tax revenue is \$464,179 less than for FY2014. An appropriation of \$3,064,697 from fund balance provides the balance of the estimated revenues. No tax increase was proposed or implemented in Person County's fiscal year 2015 budget.

Almost half of the segments of the General Fund report a projected decrease to their budgeted expenditures. The largest decreases are due to the repayment of debt and the deferral of capital projects in an attempt to align with reduced revenues. Other causes for the decrease in the Adopted Budget include the ending of the Community Transformation Grant program in Public Health and less General Fund support required for Person Industries and the Recycling Center operations.

**Business-type Activities:** The stormwater rates in the County will remain the same, which is projected to adequately cover the costs of operations. Budgeted revenues and expenditures remained flat at \$239,215.

#### **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

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

For the Year Ended June 30, 2014

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219, Roxboro, NC 27573. You can also call (336)-597-1726 or visit our website <http://www.personcounty.net/> for more information.

# Basic Financial Statements

## Basic Financial Statements

**Person County, North Carolina**  
**Statement of Net Position**

**Exhibit 1**

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business Type Activity	Total	Person County ABC Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,585,038	\$ 68,890	\$ 18,653,928	\$ 525,295
Receivables (net)	4,900,168	8,785	4,908,953	-
Inventories	-	-	-	246,409
Prepaid items	395,868	-	395,868	11,923
Restricted cash and cash equivalents	1,481,962	-	1,481,962	-
Advance funding of pension obligation	51,814	-	51,814	-
Capital assets:				
Land, improvements, and construction in progress	4,939,705	-	4,939,705	34,188
Other capital assets, net of depreciation	21,752,900	-	21,752,900	54,221
Total capital assets	26,692,605	-	26,692,605	88,409
Total assets	52,107,455	77,675	52,185,130	872,036
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	2,466,693	6,007	2,472,700	184,418
Accrued interest payable	122,537	-	122,537	-
Due to primary government	-	-	-	26,667
Long-term liabilities:				
Due within one year	3,833,961	-	3,833,961	-
Due in more than one year	10,276,010	-	10,276,010	-
Total long-term liabilities	14,109,971	-	14,109,971	-
Total liabilities	16,699,201	6,007	16,705,208	211,085
<b>DEFERRED INFLOWS OF RESOURCES</b>	79,710	-	79,710	-
<b>NET POSITION</b>				
Net investment in capital assets	23,065,359	-	23,065,359	88,409
Restricted for:				
Public safety	177,713	-	177,713	-
Human services	11,682	-	11,682	-
Environmental protection	37,376	-	37,376	-
Cultural and recreation	75,810	-	75,810	-
Education	631,376	-	631,376	-
Register of deeds	22,649	-	22,649	-
Stabilization by State Statute	6,605,573	-	6,605,573	-
Capital	167,094	-	167,094	100,000
Working capital	-	-	-	78,326
Unrestricted	4,533,912	71,668	4,605,580	394,216
Total net position	\$ 35,328,544	\$ 71,668	\$ 35,400,212	\$ 660,951

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, 2014

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 6,055,901	\$ 396,260	\$ 2	\$ 19
Public safety	12,476,577	1,842,884	1,208,057	-
Transportation	1,286,978	294,459	362,452	231,347
Economic and physical development	1,404,663	11,433	392,042	171,039
Environmental Protection	649,147	822,423	114,204	4,510
Human services	16,563,554	2,728,473	8,392,466	-
Cultural and recreation	1,592,550	345,570	100,281	12,269
Education	12,096,514	-	-	72,465
Capital Outlay	1,560,160	-	-	-
Interest on long-term debt	530,279	-	-	-
Total governmental activities	54,216,323	6,441,502	10,569,504	491,649
Business-Type Activity:				
Stormwater Department	199,674	271,342	-	-
Total primary government	\$ 54,415,997	\$ 6,712,844	\$ 10,569,504	\$ 491,649
Component unit:				
ABC Board	\$ 2,603,027	\$ 2,643,407	\$ -	\$ -

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes

Investment earnings, unrestricted

Miscellaneous, unrestricted:

Loss on disposal of capital asset

Other miscellaneous

Total general revenues, special items, and transfers

Change in net position

Net position-beginning

Net position-ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activity	Total	Person County ABC Board
\$ (5,659,620)	\$ -	\$ (5,659,620)	
(9,425,636)	-	(9,425,636)	
(398,720)	-	(398,720)	
(830,149)	-	(830,149)	
291,990	-	291,990	
(5,442,615)	-	(5,442,615)	
(1,134,430)	-	(1,134,430)	
(12,024,049)	-	(12,024,049)	
(1,560,160)	-	(1,560,160)	
(530,279)	-	(530,279)	
(36,713,668)	-	(36,713,668)	
-	71,668	71,668	
(36,713,668)	71,668	(36,642,000)	
			\$ 40,380
30,883,915	-	30,883,915	-
6,430,850	-	6,430,850	-
462,739	-	462,739	-
508	-	508	1,299
		-	
30,925	-	30,925	-
341,736	-	341,736	-
38,150,673	-	38,150,673	1,299
1,437,005	71,668	1,508,673	41,679
33,891,539	-	33,891,539	619,272
\$ 35,328,544	\$ 71,668	\$ 35,400,212	\$ 660,951



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

**Exhibit 3**

June 30, 2014

	<u>Major</u>		<u>Non-Major</u>	
		<b>Person County Recycling Center &amp; Various Roofing Improvements Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<u>General</u>			
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,561,300	\$ 60,001	\$ 2,963,737	\$ 18,585,038
Restricted cash	327,711	-	1,154,251	1,481,962
Ad valorem taxes receivable	455,839	-	-	455,839
Receivables, net	3,612,040	-	674,642	4,286,682
Due from other funds	1,563,752	-	-	1,563,752
Prepaid expenditures	305,868	-	90,000	395,868
Due from component unit	7,958	-	-	7,958
Total assets	<u>\$ 21,834,468</u>	<u>\$ 60,001</u>	<u>\$ 4,882,630</u>	<u>\$ 26,777,099</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,557,175	\$ -	\$ 684,835	\$ 2,242,010
Miscellaneous liabilities	75,928	-	-	75,928
Due to other funds	-	912,205	651,547	1,563,752
Total liabilities	<u>1,633,103</u>	<u>912,205</u>	<u>1,336,382</u>	<u>3,881,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>535,549</u>	<u>-</u>	<u>-</u>	<u>535,549</u>
Fund balances:				
Nonspendable:				
Prepays	305,868	-	90,000	395,868
Restricted:				
Stabilization by State Statute	6,103,234	-	502,339	6,605,573
Register of Deeds	22,649	-	-	22,649
Public safety	100,344	-	77,369	177,713
Education	-	-	631,376	631,376
Culture and recreation	-	-	75,810	75,810
Environmental protection	-	-	37,376	37,376
Human services	-	-	11,682	11,682
Capital projects	-	-	167,094	167,094
Committed:				
Tax reappraisal	204,718	-	-	204,718
Economic development	-	-	449,436	449,436
Environmental protection	-	-	146,845	146,845
Capital projects	-	-	1,345,221	1,345,221
Assigned:				
Pay for performance program	220,300	-	11,700	232,000
Subsequent year's expenditures	3,064,697	-	-	3,064,697
Unassigned:	9,644,006	(852,204)	-	8,791,802
Total fund balances	<u>19,665,816</u>	<u>(852,204)</u>	<u>3,546,248</u>	<u>22,359,860</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,834,468</u>	<u>\$ 60,001</u>	<u>\$ 4,882,630</u>	<u>\$ 26,777,099</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,692,605
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	201,503
Liabilities for earned but deferred revenues in the fund statements	455,839
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.	(14,381,263)
Net position of governmental activities	<u>\$ 35,328,544</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**

**Exhibit 4**

For the fiscal year ended June 30, 2014

	<b>Major</b>		<b>Non-Major</b>	
		<b>Person County Recycling Center &amp; Various Roofing Improvements Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>			
<b>REVENUES</b>				
Ad valorem taxes	\$ 31,076,698	\$ -	\$ -	\$ 31,076,698
Local options sales taxes	6,430,850	-	-	6,430,850
Other taxes and licenses	326,400	-	-	326,400
Fees	424,116	-	-	424,116
Intergovernmental	9,659,574	-	1,585,405	11,244,979
Investment earnings	511	-	(48,042)	(47,531)
Charges for services	4,417,662	-	1,533,865	5,951,527
Other	437,670	-	185,138	622,808
Total revenues	<u>52,773,481</u>	<u>-</u>	<u>3,256,366</u>	<u>56,029,847</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,968,929	-	24,402	5,993,331
Public safety	11,738,140	-	395,738	12,133,878
Transportation	918,658	-	-	918,658
Human services	14,288,824	-	2,049,595	16,338,419
Environmental protection	100,046	-	575,394	675,440
Economic and physical development	770,811	-	625,000	1,395,811
Cultural and recreational	1,583,278	-	-	1,583,278
Intergovernmental:				
Education	10,714,367	-	1,382,147	12,096,514
Capital outlay:				
Infrastructure	-	853,679	2,735,475	3,589,154
Debt service:				
Principal	3,588,836	-	96,274	3,685,110
Interest and other charges	520,204	-	2,395	522,599
Total expenditures	<u>50,192,093</u>	<u>853,679</u>	<u>7,886,420</u>	<u>58,932,192</u>
Excess (deficiency) of revenues over expenditures	<u>2,581,388</u>	<u>(853,679)</u>	<u>(4,630,054)</u>	<u>(2,902,345)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	545	1,475	2,188,541	2,190,561
Transfers to other funds	(2,190,016)	-	(545)	(2,190,561)
Capital lease obligations issued	223,532	-	-	223,532
Sale of capital assets	30,925	-	-	30,925
Total other financing sources and uses	<u>(1,935,014)</u>	<u>1,475</u>	<u>2,187,996</u>	<u>254,457</u>
Net change in fund balances	646,374	(852,204)	(2,442,058)	(2,647,888)
Fund balances-beginning	19,019,442	-	5,988,306	25,007,748
Fund balances-ending	<u>\$ 19,665,816</u>	<u>\$ (852,204)</u>	<u>\$ 3,546,248</u>	<u>\$ 22,359,860</u>

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

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

**Exhibit 4 (Cont.)**

For the fiscal year ended June 30, 2014

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

Net changes in fund balances - total governmental funds	\$ (2,647,888)
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	1,319,173
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. 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.	3,385,118
The payment of pension obligations is reported as expenses in the fund statements but has no effect on the statement of activities	(30,267)
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	(231,867)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(192,783)
Receipt of notes receivable principal payments are recorded as revenue in the fund statements but has no effect on the statement of activities	<u>(164,481)</u>
Total changes in net position of governmental activities	<u>\$ 1,437,005</u>

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

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

Exhibit 5

For the fiscal year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget-- Positive (Negative)</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 30,102,279	\$ 30,102,279	\$ 31,076,698	\$ 974,419
Local option sales taxes	6,035,525	6,035,525	6,430,850	395,325
Other taxes and licenses	282,000	313,944	326,400	12,456
Fees	382,700	382,700	424,116	41,416
Intergovernmental	9,705,750	10,667,005	9,659,574	(1,007,431)
Investment earnings	16,000	16,000	511	(15,489)
Charges for services	4,425,080	4,432,409	4,417,662	(14,747)
Other	367,526	783,812	437,670	(346,142)
Total revenues	<u>51,316,860</u>	<u>52,733,674</u>	<u>52,773,481</u>	<u>39,807</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,727,782	6,104,337	5,955,181	149,156
Public safety	11,766,755	12,246,112	11,738,140	507,972
Transportation	1,033,709	1,146,881	918,658	228,223
Human services	15,364,707	15,993,664	14,288,824	1,704,840
Environmental protection	109,663	137,449	100,046	37,403
Economic and physical development	925,139	936,898	770,811	166,087
Cultural and recreational	1,525,347	2,242,957	1,583,278	659,679
Contingency	661,933	156,603	-	156,603
Intergovernmental:				
Education	10,632,831	11,158,609	10,714,367	444,242
Debt service:				
Principal retirement	3,588,836	3,588,836	3,588,836	-
Interest and other charges	520,206	520,206	520,204	2
Total expenditures	<u>51,856,908</u>	<u>54,232,552</u>	<u>50,178,345</u>	<u>4,054,207</u>
Revenues over (under) expenditures	<u>(540,048)</u>	<u>(1,498,878)</u>	<u>2,595,136</u>	<u>4,094,014</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	545	545	-
Transfers to other funds	(2,230,018)	(2,265,016)	(2,265,016)	-
Sale of capital assets	5,000	35,400	30,925	(4,475)
Total other financing sources (uses)	<u>(2,225,018)</u>	<u>(2,229,071)</u>	<u>(2,010,014)</u>	<u>219,057</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,765,066)</u>	<u>(3,727,949)</u>	<u>585,122</u>	<u>4,313,071</u>
<b>APPROPRIATED FUND BALANCE</b>	<u>2,765,066</u>	<u>3,727,949</u>	<u>-</u>	<u>(3,727,949)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>585,122</u>	<u>\$ 585,122</u>
Fund balances-beginning			<u>18,870,701</u>	
Fund balances-ending			<u>\$ 19,455,823</u>	
Legally budgeted Tax Reappraisal and Stormwater expenditures have been consolidated into the General Fund for reporting purposes:				
Transfer in from General Fund			75,000	
Expenditures			(13,748)	
Fund balance-beginning			<u>148,741</u>	
Fund balance-ending			<u>\$ 19,665,816</u>	

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

**Person County, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**

Exhibit 6

For the fiscal year ended June 30, 2014

	Enterprise Fund Stormwater Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 68,890
Receivables	8,785
Total current assets	<u>77,675</u>
Total assets	<u>\$ 77,675</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 6,007
Total current liabilities	<u>6,007</u>
Total liabilities	<u>6,007</u>
<b>Net Position</b>	
Unrestricted	71,668
Total net position	<u>\$ 71,668</u>

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

**Person County, North Carolina** **Exhibit 7**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**

For the fiscal year ended June 30, 2014

	<b>Enterprise Fund Stormwater Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 271,342
Total operating revenues	<u>271,342</u>
<b>Operating expenses</b>	
Salaries and employee benefits	79,506
Professional services	8,675
Contracted services	47,558
Dues and subscriptions	54,571
Wastewater remediation assist	9,364
Total operating expenses	<u>199,674</u>
Operating income	<u>71,668</u>
Change in net position	71,668
Total net position, beginning	<u>-</u>
Total net position, ending	<u><u>\$ 71,668</u></u>

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

**Person County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**

Exhibit 8

For the fiscal year ended June 30, 2014

	<u>Enterprise Fund</u> <u>Stormwater</u> <u>Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 262,557
Cash paid for goods and services	(114,161)
Cash paid to employees for services	(79,506)
Net cash provided by operating activities	<u>68,890</u>
 Net increase in cash and cash equivalents	 68,890
 <b>Cash and cash equivalents</b>	
Beginning of year, July 1	<u>-</u>
End of year, June 30	<u><u>\$ 68,890</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 71,668</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,785)
Increase (decrease) in accounts payable and accrued liabilities	6,007
Total adjustments	<u>(2,778)</u>
Net cash provided by operating activities	<u><u>\$ 68,890</u></u>

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

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

**Exhibit 9**

June 30, 2014

	<b>LEOSSA Pension Trust Fund</b>	<b>Museum of History Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,733	\$ 186	\$ 147,292
Investments	249,167	24,264	-
Taxes receivables	-	-	211,531
Total assets	<u>279,900</u>	<u>24,450</u>	<u>358,823</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	-	-	36,211
Due to individuals	-	-	67,412
Due to inmates	-	-	1,325
Due to 4H	-	-	42,344
Reserve for taxes receivable	-	-	211,531
Total liabilities	<u>-</u>	<u>-</u>	<u>358,823</u>
<b>NET POSITION</b>			
Assets held in trust for pension benefits and other purposes	<u>\$ 279,900</u>	<u>\$ 24,450</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 Position**  
**Fiduciary Funds**

**Exhibit 10**

For the fiscal year ended June 30, 2014

	<b>LEOSSA Pension Trust Fund</b>	<b>Museum of History Trust Fund</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 50,000	\$ -
Investment interest	4	2
Total additions	50,004	2
<b>DEDUCTIONS</b>		
Benefits	29,887	-
Total deductions	29,887	-
Change in net position	20,117	2
Net position - beginning of year	259,783	24,448
Net position - end of year	<u>\$ 279,900</u>	<u>\$ 24,450</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, 2014**

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**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

<b>Component Unit</b>	<b>Reporting Method</b>	<b>Criteria for Inclusion</b>	<b>Separate Financial Statements</b>
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. Basis of Presentation, Basis of Accounting**

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

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

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

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

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

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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The County reports the following major governmental funds:

*General Fund:* This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes. The Governmental Activity Stormwater Fund is also separately budgeted. For statement presentation in accordance with GASB Statement No. 54, the Tax Revaluation and Stormwater Funds are consolidated in the General Fund.

*Person County Recycling Center & Various Roofing Improvements Capital Projects Fund:* This capital projects fund accounts for revenues and expenditures involving the purchase and renovation of Person County Recycling Center as well as various roofing projects.

The County maintains fifteen legally budgeted non-major 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 non-major fund types:

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

*Capital Project Funds:* Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Currently, the County maintains seven Capital Project Funds within its non-major governmental fund types: Airport Capital Projects Fund, Capital Improvement Projects Fund, Community Development Housing Revival Fund, Courthouse Renovations and Various Roofing Capital Projects Fund, Reroofing Schools Fund, Recreation & Senior Center Project Fund, and the Old Helena School Improvement Fund.

The County reports the following non-major enterprise fund:

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

The County reports the following fiduciary fund types:

*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 the following Agency Funds: the Person County Tourism Development Authority, which accounts for the expenditures of occupancy tax received from the County; the Social Services Trust Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Sheriff's Executions and Commissions Fund, which accounts for collections by the Sheriff of small claims remitted to the Clerk of Court and collection of commissions remitted to the County Finance Director; the 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 moneys deposited with the Sheriff's Department on behalf of inmates held in the Person County jail; the Fines and Forfeitures which accounts for fines and forfeitures received from the Clerk of Court; the 4-H Program Fund which accounts for moneys to be spent for future 4-H

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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programs; the Municipal Tax Fund, which accounts for funds that are billed and collected by the county for various municipalities and special districts within the County but that are not revenues to the County; 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.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements:* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue (excluding the Community Development Block Grant Fund and the Mattie Maude Williams Library Development Trust Fund) and the Enterprise Funds. 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.

**D. Assets, Liabilities, Deferred Inflows and Outflows, 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, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**3. Restricted Assets**

The unexpended debt proceeds are classified as restricted assets in the capital projects funds because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Reappraisal Fund, the Register of Deeds Technology Fund, and the Law Enforcement Restricted Fund are classified as restricted assets because their use is restricted per North Carolina General Statute 153A-150.

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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**Person County Restricted Cash**

Governmental Activities		
General Fund	Tax revaluation	\$ 204,718
General Fund	Register of deeds	22,649
General Fund	Law enforcement	100,344
Reroofing Schools Fund	Unexpended Debt Proceeds	<u>1,154,251</u>
Total Governmental Activities		<u>1,481,962</u>
Total Restricted Cash		<u>\$ 1,481,962</u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013. Ad valorem tax revenues are reported in the County's General Fund.

**5. Allowances for Doubtful Accounts**

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

**6. Inventories and Prepaid Items**

The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market. The inventory of the ABC Board consists of goods held for resale. The cost of the inventory carried for the ABC Board is recorded as an expense as it is sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**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 that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Person County Board of Education.

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

	<u>Years</u>
Buildings	50
Infrastructure	15-20
Improvements	5-25
Equipment	3-25
Vehicles	3-15
Furniture	10

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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

	<u>Years</u>
Buildings	30-40
Store Equipment	5-25
Office Furniture and Fixtures	5-20
Truck	4

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.

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the assets in total.

#### **8. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows or resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will be recognized as revenue until then. The County has only two items that meet the criterion for this category – prepaid taxes and deferred revenue.

#### **9. Long-Term Obligations**

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

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

#### **10. Compensated Absences**

The vacation policy of the County provides for the accumulation of up to 12 days annual leave per year for the first five years of employment and up to 21 days per year after twenty years. Annual leave fully vests when earned. Employees may accumulate up to thirty (30) days earned vacation leave. Accumulated leave earned in excess of 30 days for any calendar year converts to sick leave at the end of the calendar year. For the County, the current portion of the accumulated vacation pay is not considered to be material. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2014 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.



**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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**11. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted; and unrestricted. Restricted net position represents constraints on resources that are 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.

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

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

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

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

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

Restricted for Education – portion of fund balance that is restricted by debt proceeds for the replacement of various roofing projects for the Schools and Community College.

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

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

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

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

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

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

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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

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

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

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

Pay for Performance Program – portion of fund balance that has been assigned by the board to fund the Pay for Performance Program.

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

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

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

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

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$12,968,684 consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 57,170,004
Less Accumulated Depreciation	<u>(30,477,399)</u>
Net capital assets	26,692,605
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 \$201,503 difference are as follows:	
Net negative pension obligation not recorded in the fund statements is treated as a prepaid asset on the government-wide statement	51,814
Note receivables are recorded on the government-wide statements because the funds are not available within 90 days and therefore are excluded from the fund statements.	123,967
Accrued interest receivable on taxes	25,722

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	455,839
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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 \$14,381,263 difference are as follows:

Bonds, leases, and installment financing and debt issuance premiums	(11,072,815)
Accrued Post-Closure Care Costs of closed Person County Landfill	(144,645)
Compensated absences	(1,073,050)
Pension and other postemployment benefits	(1,819,461)
Retainage payable	(148,755)
Accrued interest payable	(122,537)
Total adjustment	\$ 12,968,684

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$4,084,893 is comprised of the following:

Description	Amount
Another element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$1,319,173 are as follows:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 3,305,663
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	(1,986,490)
Another element of that reconciliation explains that "issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. 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 \$3,385,118 are as follows:	
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(223,532)
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	3,685,110
Retainage payables are recorded on the government-wide statements because the funds were not available within 90 days and therefore are excluded from the fund statements.	(148,755)
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 Position	72,295
Net negative pension obligations payments recorded in the fund statements are recorded as net unamortized prepaid pension obligation expenses in the Statement of Net Position	(30,267)

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 \$(231,867) are as follows:

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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Amortized refunding costs and premiums	(52,420)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	44,740
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	2,748
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(226,935)
Receipt of note receivable principal payments are recorded only on the Statement of Activities	(164,481)
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 \$(192,783) are as follows:	
Reversal of deferred tax revenue recorded at 7/1/13	(616,839)
Recording of tax receipts deferred in the fund statements as of 6/30/14	455,839
Increase in accrued interest receivable on taxes for year ended 6/30/14	(31,783)
Total adjustment	<u>\$ 4,084,893</u>

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

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

In Exhibit 3, the Person County Recycling Center & Various Roofing Improvements Capital Projects Fund had a deficit fund balance in the amounts of \$852,204. This deficit fund balance resulted from incurring expenses prior to receipt of installment financing.

**B. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2014, the expenditures made in the Person Industries Community Rehabilitation Program and Material Recovery Facility Fund exceeded the authorized appropriations for Human Services made by the governing board for \$71,140. These expenditures will be monitored more closely in the future to ensure budget amendments are made timely for additional expenditures.

**III. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

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

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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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, 2014, the County's deposits had a carrying amount of \$3,365,386 and a bank balance of \$4,426,439. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,676,439 in interest-bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2014, Person County had \$4,774 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2014, the Person County ABC Board's deposits had a carrying amount of \$486,224 and a bank balance of \$535,252. Of this balance, \$236,224 was covered by federal depository insurance.

At June 30, 2014, the Person County ABC Board also had \$2,200 in cash on hand.

## **2. Investments**

At June 30, 2014, the County had the following investments and maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 6 Months</b>
NC Capital Management Trust - Cash Portfolio	\$ 9,698,429	N/A
NC Capital Management Trust - Term Portfolio*	<u>7,518,943</u>	<u>\$ 7,518,943</u>
Total:	<u>\$ 17,217,372</u>	<u>\$ 7,518,943</u>

\* Because the NC Capital Management Trust Term Portfolio had a duration of 0.3 years, it was presented as an investment with a maturity of less than 6 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, 2014, 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, 2014, 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 as of June 30, 2014. 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 \$1,154,251 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, 2014, the ABC Board's investments consisted of a savings account in the amount of \$36,871.

**Person County, North Carolina**  
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**For the Year Ended June 30, 2014**

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,104,652	\$ 262,344	\$ 1,366,996
2012	1,131,818	166,921	1,298,739
2013	1,732,885	99,613	1,832,498
2014	1,788,447	-	1,788,447
Total	<u>\$ 5,757,802</u>	<u>\$ 528,878</u>	<u>\$ 6,286,680</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Leases</u>	<u>Taxes and Related Accrued Interest</u>	<u>Inter- governmental</u>	<u>Total</u>
Governmental Activities:					
General fund	\$ 6,901,068	\$ -	\$ 2,242,556	\$ 1,911,149	\$ 11,054,773
Non-major funds	230,345	123,967	-	444,297	798,609
Total receivables	7,131,413	123,967	2,242,556	2,355,446	11,853,382
Allowance for doubtful	(6,364,623)	-	(590,000)	-	(6,954,623)
Total governmental activities	<u>\$ 766,790</u>	<u>\$ 123,967</u>	<u>\$ 1,652,556</u>	<u>\$ 2,355,446</u>	<u>\$ 4,898,759</u>

Taxes and related accrued interest consist of the following:

Local option sales taxes	\$ 1,153,623
Property taxes, net	455,839
Accrued property tax interest receivable	25,722
Occupancy taxes	17,372
Total	<u>\$ 1,652,556</u>

Intergovernmental receivables consist of the following:

Child care	\$ 130,524
Transportation grant	88,735
Social services	534,130
CDBG	172,303
Airport grants	127,876
School nurse initiative	150,000
Community Transformation Program	543,528
WIC grant	201,738
Family planning grant	114,154
State aid to counties	85,785
Bioterrorism grant	28,010
Other health grants	53,055
Miscellaneous	125,608
Total	<u>\$ 2,355,446</u>

**Person County, North Carolina**  
**Notes to the Financial Statements**  
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Leases receivables consist of the following:

Direct-financing lease:

In May 2011, the County received a private grant totaling \$500,000 for the purpose of purchasing equipment to lease to a manufacturing company in the county. In response to the lease, the manufacturing company agreed to expand their manufacturing facility and create new jobs in the county. The total cost of the equipment was \$492,760. The equipment was purchased and sent to the manufacturing company over a period from December 2011 through April 2012. The manufacturing company began making quarterly lease payments of \$41,438 in June 2012. There was no profit on the sale of the asset and the manufacturing company will own the equipment at the end of the lease. This lease was recorded as a lease receivable in the government-wide financial statements.

Future project receipts of the lease are as follows:

Year ended June 30	<u>Principal</u>	<u>Interest</u>
2015	\$ 123,967	\$ 347
Total principal payments	<u>\$ 123,967</u>	
Total interest payments		<u>\$ 347</u>

Operating leases:

In March 2009, the County entered into a lease and fixed base operator agreement with an aviation company to lease certain buildings, equipment and other property located at and to operate the Person County Executive Airport. The lease expires on February 28, 2019. Except for the lease amounts to be paid to the County, the aviation company retains all income from the operation of the leased premises. As part of the fixed base operator agreement, the aviation company is to maintain fuel inventory and fueling service, maintain a winter and summer schedule for the public, and furnish services to the public on a reasonable basis and charge reasonable prices for each unit/service. The monthly rental fee shall be \$7,719 per month for the lease of the facilities. The aviation company will also pay the county fuel flowage fee based on the amount aviation fuel dispensed during the month.

In May 2012, the lease was amended to provide that the County will now pay for all utilities, the cost of the general liability insurance, fix the fuel flowage fee to a set fee per gallon – regardless of the amount dispensed, and to waive one month's rent each year during the term of the lease.

Future projected receipts of the lease are as follows:

Year ended June 30	
2015	\$ 84,909
2016	84,909
2017	84,909
2018	84,909
2019	<u>56,606</u>
Total future operating lease receivables	<u>\$ 396,242</u>

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**Notes to the Financial Statements**  
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**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,878,843	\$ 8,730	\$ -	\$ 2,887,573
Construction in progress	3,975,218	2,381,259	(4,304,345)	2,052,132
Total capital assets not being depreciated	<u>6,854,061</u>	<u>2,389,989</u>	<u>(4,304,345)</u>	<u>4,939,705</u>
Capital assets being depreciated:				
Buildings	17,061,090	852,204	-	17,913,294
Improvements	7,389,046	3,270,528	-	10,659,574
Equipment	10,576,863	1,097,287	(155,496)	11,518,654
Infrastructure	12,138,777	-	-	12,138,777
Total capital assets being depreciated	<u>47,165,776</u>	<u>5,220,019</u>	<u>(155,496)</u>	<u>52,230,299</u>
Less accumulated depreciation for:				
Buildings	7,300,654	449,433	-	7,750,087
Improvements	4,501,993	274,446	-	4,776,439
Equipment	7,687,403	764,254	(155,496)	8,296,161
Infrastructure	9,156,355	498,357	-	9,654,712
Total accumulated depreciation	<u>28,646,405</u>	<u>\$ 1,986,490</u>	<u>\$ (155,496)</u>	<u>30,477,399</u>
Total capital assets being depreciated, net	<u>18,519,371</u>			<u>21,752,900</u>
Governmental activity capital assets, net	<u>\$ 25,373,432</u>			<u>\$ 26,692,605</u>

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

General government	\$ 545,251
Public safety	565,955
Transportation	573,954
Economic and physical development	1,612
Environmental protection	42,620
Human services	147,186
Cultural and recreational	<u>109,912</u>
Total depreciation expense	<u>\$ 1,986,490</u>



**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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**Construction commitments**

As of June 30, 2014, the County has active contracts for engineering services and construction contracts for projects associated with the Airport, various re-roofing projects, recreation field construction repairs, and an HVAC project at the Law Enforcement Center.

Project	Spent-to-date	Remaining Commitment
Airport Construction Projects	\$ 157,475	\$ 12,197
Roofing, paving and HVAC projects	505,574	32,021
SMS/PHS Roofing project	2,347,822	444,134
General Fund Projects	12,454	491,196
Total	<u>\$ 3,023,325</u>	<u>\$ 979,548</u>

**Discretely presented component units**

Activity for the ABC Board for the year ended June 30, 2014, 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	92,177	-	-	92,177
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	<u>240,832</u>	<u>-</u>	<u>-</u>	<u>240,832</u>
Less accumulated depreciation for:				
Buildings	87,131	2,224	-	89,355
Office furniture and fixtures	9,611	-	-	9,611
Store equipment	60,441	10,622	-	71,063
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	<u>173,765</u>	<u>\$ 12,846</u>	<u>\$ -</u>	<u>186,611</u>
Total capital assets being depreciated, net	<u>67,067</u>			<u>54,221</u>
ABC capital assets, net	<u>\$ 101,255</u>			<u>\$ 88,409</u>

**Person County, North Carolina**  
**Notes to the Financial Statements**  
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**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	Vendors	Accrued Interest	Other	Total
Governmental Activities:				
General	\$ 1,705,930	\$ 122,537	\$ 75,928	\$ 1,904,395
Other Governmental	684,835	-	-	684,835
Total-governmental activities	<u>\$ 2,390,765</u>	<u>\$ 122,537</u>	<u>\$ 75,928</u>	<u>\$ 2,589,230</u>

**2. Pension Plan and Other Postemployment 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 7.07% and 7.28%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 7.07% and 7.55%, respectively, of annual covered payroll for the years ended June 30, 2014 and 2013. 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, 2014, 2013, and 2012 were \$1,098,850, \$1,019,139 and \$1,012,609 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$11,970, \$11,205, and \$11,496, 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**

**1. Plan Description**

Person County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. 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, 2013, 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>47</u>
Total	<u>49</u>

**Person County, North Carolina**  
**Notes to the Financial Statements**  
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**2. Summary of Significant Accounting Policies**

*Basis of Accounting.* 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.

*Method Used to Value Investments.* 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.

**3. 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 \$50,000 or 2.33% 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 6/30/2014**

Employer annual required contribution	\$ 77,684
Interest on net pension obligation	(4,104)
Adjustment to annual required contribution	<u>6,687</u>
Annual pension cost	80,267
Employer contributions made for fiscal year ending 6/30/2014	<u>50,000</u>
Increase (decrease) in net pension obligation	30,267
Net pension obligation beginning of fiscal year	<u>(82,081)</u>
Net pension obligation end of fiscal year	<u><u>\$ (51,814)</u></u>

The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an 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 projected payroll on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

**3 Year Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 66,522	105.23%	\$ (103,849)
2013	71,768	69.67%	(82,081)
2014	80,267	62.29%	(51,814)

**4. Funded Status and Funding Progress**

As of December 31 2013, the most recent actuarial valuation date, the plan was 35.38 percent funded. The actuarial accrued liability for benefits was \$833,366 and the actuarial value of assets was \$294,834, resulting in an unfunded

**Person County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

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actuarial accrued liability (UAAL) of \$538,532. The covered payroll (annual payroll of active employees covered by the plan) was \$2,143,148 and the ratio of the UAAL to the covered payroll was 25.13 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.

*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 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, 2014 were \$1,055,804, which consisted of \$773,368 from the County, \$42,916 from the law enforcement officers, and \$239,520 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 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$3,049.

**e. Other Postemployment Benefits**

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:

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

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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, 2013, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	24	3
Active plan members	<u>349</u>	<u>47</u>
Total	373	50

*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 2.89% of annual covered payroll. For the current year, the County contributed \$216,090 or 1.42% 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 1.46% and 1.14% 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 current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Employer annual required contribution	\$ 440,178
Valuation Rate	4.00%
Interest on Net OPEB Obligation	63,701
Amortization Factor	26.1695
Adjustment to annual required contribution	<u>60,854</u>
Annual OPEB cost (expense)	443,025
Employer contributions made for fiscal year ending 6/30/2014	<u>216,090</u>
Increase (decrease) in net OPEB obligation	226,935
Net OPEB obligation beginning of fiscal year	<u>1,592,526</u>
Net OPEB obligation end of fiscal year	<u>\$ 1,819,461</u>

**Person County, North Carolina**  
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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 496,838	38.7%	\$ 1,247,687
2013	512,238	32.7%	1,592,526
2014	443,025	48.8%	1,819,461

*Funded Status and Funding Process:* As of December 31, 2012, 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 \$4,802,340. The covered payroll (annual payroll of active employees covered by the plan) was \$15,256,889, and the ratio of the UAAL to the covered payroll was 31.5 percent.

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 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, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent 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 8.50% 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 five 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, 2012, 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 employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions.

For the fiscal year ended June 30, 2014, the County did not make contributions to the State for death benefits.

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

**Person County, North Carolina  
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themselves and their spouse and dependents. The cost of coverage for those employees whose death benefit exceeds \$50,000 is a taxable fringe benefit.

For the fiscal year ended June 30, 2014 the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
Less than 10	1	2014
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Person County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**Person County ABC Board**

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

**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 \$15,759 in post-closure care costs for the year ending June 30, 2014. The \$144,645 reported as Accrued Post-closure Care Costs in Note 3(E) represents the estimated costs remaining at June 30, 2014. 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.

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**4. Deferred Outflows and Inflows of Resources**

	<b>Unavailable Revenue</b>	<b>Unearned Revenue</b>
Prepaid taxes not yet earned (General)	\$ -	\$ 73,301
Prepaid grant adjustment (General)		6,409
Taxes receivable, net (General)	455,839	-
Total	<u>\$ 455,839</u>	<u>\$ 79,710</u>

**5. Risk Management**

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

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

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

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

In accordance with G.S 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance 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.

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, 2014, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

**7. Long-Term Obligations**

**a. Operating Leases**

The County leases certain offices, land, and buildings. Generally, these leases carry renewal provisions. Rent expense for operating leases was \$1,644,205 for the year ended 6/30/14. The County subleases office space to Duke University Health System. Sublease rental income for the year ended 6/30/14 was \$6,600.



**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

The following is a schedule of future minimum lease payments and future minimum rentals to be received under subleases required under these agreements as of June 30, 2014:

<u>Year Ending June 30</u>	<u>Future Minimum Lease Payments</u>	<u>Future Minimum Rentals Under Subleases</u>
2015	\$ 1,195,091	\$ 2,400
2016	1,286,333	-
2017	1,280,596	-
2018	1,264,574	-
2019	1,248,656	-
2020-2024	6,600,078	-
2025-2028	1,340,783	-
Total	<u>\$ 14,216,111</u>	<u>\$ 2,400</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. Installment Purchase**

***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 a 30 year term with semi-annual payments ranging from \$155,106 to \$243,948 beginning on December 1, 2006 and ending on June 1, 2021 including interest at 3.86%.

\$ 2,350,000

***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 a 7 year term with semi-annual payments ranging from \$961,774 to \$1,324,583 beginning on August 1, 2008 and ending on February 1, 2015 including interest at 3.55%.

2,230,000

***Courthouse Renovation and Re-roofing Capital Project Fund***

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

3,450,000

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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

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

2,819,284

***Total Installment Purchases remaining balance***

\$10,849,284

Future minimum lease payments for Installment Purchases:

	<b>Principal</b>	<b>Interest</b>
2015	\$ 3,463,836	\$ 386,247
2016	1,258,836	280,330
2017	1,258,836	229,621
2018	933,836	182,539
2019	908,835	145,928
2020-2024	2,294,179	313,521
2025-2028	730,926	57,450
Total principal payments	<u>\$ 10,849,284</u>	
Total interest payments		<u>\$ 1,595,636</u>

**c. 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, 2014, the County has no General Obligation debt.

At June 30, 2014, Person County had a legal debt margin of \$350,176,450.

**d. 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 \$3,627,246 relates to assets the County holds title. Restricted cash related to this debt amounts to \$1,154,251.

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

**e. 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, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion of Balance
<b><i>Governmental activities:</i></b>					
Installment purchases	\$ 14,534,393	\$ -	\$ (3,685,109)	\$ 10,849,284	\$ 3,463,836
Capital lease	-	223,532	-	223,532	87,397
Accrued post-closure care costs	216,940	-	(72,295)	144,645	14,465
Net OPEB obligation	1,592,526	226,935	-	1,819,461	-
Compensated absences	1,075,798	1,117,631	(1,120,380)	1,073,049	268,263
Total	<u>\$ 17,419,657</u>	<u>\$ 1,568,098</u>	<u>\$ (4,877,784)</u>	<u>\$ 14,109,971</u>	<u>\$ 3,833,961</u>

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

**C. Interfund Balances and Activity**

Transfers to/from other fund at June 30, 2014, 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	\$ 642,856
From General Fund to Capital Improvement Projects Fund for various capital projects approved in the County's CIP Plan.	1,145,685
From General Fund to Person County Recycling Center & Various Roofing Improvements Capital Projects Fund for engineering costs associated with the Recycling Center's roof assessment.	1,475
From the General Fund to the Airport Capital Projects Fund to for the planned future construction of an additional airport hangar.	200,000
From the General Fund to the Economic Catalyst Fund to supplement other funding sources.	200,000
From Courthouse Renovations and Various Roofing Projects Fund to the General Fund to since project was completed and funds were no longer needed.	<u>545</u>
Total	<u>\$ 2,190,561</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, 2014, 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
Due from the Community Development Housing Revival Fund to the General Fund to supplement cash until grant funds are received	172,303
Due from the Person County Recycling Center & Various Roofing Improvements Capital Projects Fund to the General Fund to supplement cash until debt proceeds are received	<u>912,205</u>
Total	<u>\$ 1,563,752</u>

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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.

**D. 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 expenditures. Any portion of the General Fund balance in excess of 21% of expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

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

Total fund balance-General Fund	<b>\$19,665,816</b>
Less:	
Prepays	305,868
Stabilization by State Statute	6,103,234
Appropriated Fund Balance in 2015 budget	3,064,697
Pay for Performance Program	220,300
Register of Deeds	22,649
Public Safety	100,344
Tax Reappraisal	204,718
Working Capital/ Unassigned Fund Balance	9,428,780
Remaining Fund Balance	215,226

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>Non-Major Funds</i>
	\$ 919,484	\$ 6,498

**III. Joint Ventures**

The County also participates in a joint venture to operate the Hyconeechee Regional Library (Library) with two other local governments. Each participating government appoints three board members to the nine-member board of the Library, one of whom must be a member of the County's Board of Commissioners. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$367,392 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 300 West Tryon Street, Hillsborough, NC 27278.

The County, in conjunction with the State of North Carolina and the Person County Board of Education, participates in a joint venture to operate the Piedmont Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, ex office member of the board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,021,533 the community college for operating purposes during the fiscal year ended June 30, 2014. 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, 2014. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1715 College Drive, Roxboro, NC 27573.

On April 1, 2012 the NC Division of Health and Human Services (DHHS) transferred management of all Medicaid and state funding for Mental Health, Intellectual/Developmental Disabilities, and Substance Abuse from Orange-Person-Chatham (OPC) Local Management Entity to Cardinal Innovations Health Care Solutions , a Managed Care Organization.

Person County, in conjunction with Orange and Chatham Counties, contributes to Cardinal Innovations for Mental Health, Intellectual/Developmental Disabilities and Substance Abuse services to individuals in the Orange-Person-Chatham catchment area. Each participating government appoints representation on the Orange-Person-Chatham County Oversight Board. Orange-Person-Chatham also has representation on the Board of Directors of Cardinal Innovations. Person County contributed \$516,744 to Cardinal Innovations for the year ended June 30, 2014. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

**V. Jointly Governed Organization**

The County, in conjunction with four other counties and fifteen municipalities, established the Kerr-Tar Regional Council of Governments (KTRCOG). The participating governments established the KTRCOG to coordinate joint planning and joint ventures. Each county appoints two members to the Council's thirty-two member governing board. The County paid membership fees of \$14,928 of \$42,232 to the KTRCOG during the fiscal year ended June 30, 2014. The County was the subrecipient of grants for \$358,683 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources and \$8,717 from the U.S. Department of Agriculture which were passed through the KTRCOG.

The County, in conjunction with fourteen other counties, is a member of the Multi-County Water Conservation and Infrastructure District. The District is a public authority established under NCGS 158-15.1. Each member county appoints one person to serve on the Multi-County Water Commission, the governing body of the District. All moneys received by the State of North Carolina for sale of water under the Roanoke River Basin Compact, if enacted, shall be paid to the District. Net revenues of the District are distributed to the member counties according to the following formula: 1) one-half pro-rata based on population and 2) one-half pro-rata based on land area. Person County received no funds from the District for fiscal year ended June 30, 2014. 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, 2014.

As of June 30, 2014, no sales of water have occurred and all moneys received originally from the State of North Carolina have been distributed to member counties.

Person County provides support in the form of appropriations and pass-through grants from the State of North Carolina and the KTRCOG to the Person County Senior Center (PCSC), which is currently operated by Kerr-Tar whose intention it is of creating a non-profit for use by the counties within the region. The Senior Center provides services to senior citizens in Person County. The PCSC also receives support from the United Way, donations from the general public and program service fees. The organization leases its facilities from the City of Roxboro. For the year ended June 30, 2014, 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; \$18,000; \$340,059 and \$24,970, respectively.

The Person County Business and Industrial Center, Inc. ("PCBIC") is a nonprofit organization created to promote business and industrial development in Person County. The governing board of the organization consists of the members of the board of directors of the Person County Economic Development Commission. There were no expenditures in the year ended June 30, 2014 due to the County having a full-time Economic Development Director on staff.

The Person Caswell Lake Authority regulates activities concerning Lake Hyco. Person County appoints three persons to serve on the seven member governing board of the Lake Authority. The Lake Authority is self-supporting and receives no

**Person County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

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funds from Person County. The County is not financially responsible for the Person Caswell Lake Authority and has no authority to approve the budget.

**VI. 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.

	<b>Federal</b>	<b>State</b>
Temporary Assistance to Needy Families.....	\$ 308,607	\$ (201)
Independent Living Transitional .....	2,831	-
CWS Adoption Subsidy .....	-	61,078
IV-E Foster Care.....	163,839	50,140
IV-E Adoption Subsidy .....	155,178	41,594
Medical Assistance Program .....	36,602,027	20,290,377
Health Choice .....	859,570	271,029
Women, Infants and Children .....	772,583	-
SC/SA Adult Care Payments .....	-	496,354
State Foster Care.....	-	47,683
SFHF Maximization.....	-	59,988
F/C at Risk Maximization.....	-	3,738
Total.....	<u>\$ 38,864,635</u>	<u>\$ 21,321,780</u>

**VII. Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State Assisted Programs**

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

**VIII. Significant Effects of Subsequent Events**

The County has evaluated events and transactions that occurred between June 30, 2014 and January 8, 2015, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County entered into an installment purchase contract for \$2.36 million on November 6, 2014 with BB&T to finance a portion of the cost of acquisition land improvement of the Person County Recycling Center, the re-roofing of the Earl Bradsher Preschool, and the re-roofing of the Kirby Civic Auditorium. There were no other events that occurred during this time that were deemed to be significant enough to be disclosed.

# 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**

Exhibit A-1

<b>Actuarial Valuation as of December 31</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL)- Proj Unit Credit (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll for Year Ending On Val Date (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
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
2012	274,626	783,621	508,995	35.05	2,107,834	24.15
2013	294,834	833,366	538,532	35.38	2,143,148	25.13



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

Exhibit A-2

Last six years ended June 30, 2014

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 45,307	155 %
2010	49,566	141
2011	69,622	101
2012	65,553	107
2013	70,497	71
2014	77,684	64

**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, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 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**

Exhibit A-3

Actuarial Valuation as of December 31	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)- Proj Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll for Year Ending On Val Date (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
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
2012	-	4,802,340	4,802,340	0.00	15,256,889	31.48

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

**Exhibit A-4**

Last six years ended June 30, 2014

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 475,334	23 %
2010	403,306	27
2011	495,153	25
2012	495,153	39
2013	510,008	33
2014	440,178	49

**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, 2012
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	8.5% 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.

### Capital Projects Fund

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

- ◆ **Person County Recycling Center & Various Roofing Improvements Capital Projects Fund:** accounts for revenues and expenditures relative to the purchase and renovation of current existing facilities associated with the Person County Recycling Center and re-roofing construction for various county and school buildings.

General Fund

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<b>REVENUES</b>				
<u>Ad valorem taxes</u>				
Current year levy	\$ 29,264,504	\$ 29,264,504	\$ 30,145,755	\$ 881,251
Prior year levy	615,775	615,775	656,483	40,708
Penalties and interest	170,000	170,000	208,789	38,789
Advertising	52,000	52,000	65,671	13,671
Total ad valorem taxes	30,102,279	30,102,279	31,076,698	974,419
<u>Local option sales taxes</u>				
Article 39 one per cent	2,935,000	2,935,000	3,120,844	185,844
Article 40 one-half per cent	1,653,655	1,653,655	1,766,353	112,698
Article 42 one-half per cent	1,446,870	1,446,870	1,544,505	97,635
Article 44 one-half per cent	-	-	(852)	(852)
Total local option sales taxes	6,035,525	6,035,525	6,430,850	395,325
<u>Other taxes</u>				
Deed stamp excise tax	80,000	80,000	83,638	3,638
Occupancy tax	170,000	201,944	209,947	8,003
Gross receipts tax	12,500	12,500	13,995	1,495
Animal taxes	17,000	17,000	16,030	(970)
Privilege licenses tax	2,500	2,500	2,790	290
Total other taxes	282,000	313,944	326,400	12,456
<u>Fees</u>				
Planning and zoning fees	19,500	19,500	29,820	10,320
Register of Deeds fees	183,700	183,700	171,069	(12,631)
Inspection fees	179,500	179,500	223,227	43,727
Total fees	382,700	382,700	424,116	41,416
<u>Intergovernmental revenues</u>				
State and Federal Funds				
Public Health Services	2,179,293	2,336,991	2,209,650	(127,341)
Environmental Health Services	4,000	4,000	4,291	291
Social Services	5,730,674	5,897,770	5,437,612	(460,158)
Home and Community Care	321,032	321,032	334,255	13,223
Elderly and handicapped transportation	18,000	18,000	18,000	-
Community Alternatives	289,914	293,734	268,065	(25,669)
Beer and Wine Tax	138,000	138,000	136,338	(1,662)
Video Programming	70,000	70,000	67,701	(2,299)
DWI Revenues	3,500	3,500	3,747	247
Court Facilities fees	60,000	66,000	58,000	(8,000)
Sheriff's Grants	-	9,985	36,045	26,060
Inmate cost reimbursement	50,000	50,000	86,991	36,991
Federal Inmate cost reimbursement	6,000	6,912	7,573	661
Drug Enforcement-Related Revenues	85,000	97,073	121,892	24,819
Emergency Management	25,584	85,584	82,891	(2,693)

General Fund

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Federal Interest Subsidy	154,692	154,692	155,939	1,247
Lottery Proceeds	-	466,641	71,906	(394,735)
Library Grants	90,000	90,000	90,886	886
Soil and Water Conservation	28,005	28,005	27,913	(92)
Transportation Grant	340,245	417,275	344,452	(72,823)
Veterans Services	1,452	1,452	1,452	-
Subtotal State and Federal funds	9,595,391	10,556,646	9,565,599	(991,047)
Local Funds				
Parks and Recreation	14,359	14,359	12,269	(2,090)
E-911 City Participation	96,000	96,000	81,706	(14,294)
Subtotal Local funds	110,359	110,359	93,975	(16,384)
Total Intergovernmental revenues	9,705,750	10,667,005	9,659,574	(1,007,431)
<u>Investment income</u>	16,000	16,000	511	(15,489)
<u>Charges for services</u>				
Sheriff and Jail fees	189,000	197,766	227,883	30,117
School Resource Officer Contract	103,702	103,702	102,344	(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	525,000	525,000	545,125	20,125
EMS fees	1,395,000	1,395,000	1,160,525	(234,475)
Animal fees	30,000	30,000	48,685	18,685
Cooperative Extension Fees	8,801	6,464	4,899	(1,565)
Library fines and fees	21,000	21,000	24,465	3,465
Recreation fees	275,001	275,901	281,985	6,084
Map fees	600	600	608	8
GIS fees	700	700	711	11
EDC reimbursement from other governments	7,555	7,555	6,534	(1,021)
Inspection services to other governments	30,000	30,000	30,000	-
IT services to other governments	56,160	56,160	58,853	2,693
Transportation Services	332,279	332,279	308,930	(23,349)
Tax Collection Fees	60,000	60,000	119,343	59,343
Arts Council Reimbursement	30,000	30,000	30,846	846
Health fees	1,171,282	1,171,282	1,263,493	92,211
Environmental Health fees	100,000	100,000	113,988	13,988
DSS Fees	1,000	1,000	445	(555)
Total charges for services	4,425,080	4,432,409	4,417,662	(14,747)
<u>Other revenues</u>				
Rents and leases	86,368	91,168	108,071	16,903
ABC Board distributions	180,000	180,000	176,408	(3,592)
Miscellaneous	71,158	146,442	115,769	(30,673)
Donations	30,000	366,202	37,422	(328,780)
Total other revenues	367,526	783,812	437,670	(346,142)
Total general revenues	51,316,860	52,733,674	52,773,481	39,807

General Fund

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
EXPENDITURES				
General government				
Governing Body				
Personnel expenses			75,368	
Operating expenses			40,429	
ABC profits to City of Roxboro			47,078	
Total	214,838	176,846	162,875	13,971
Administration				
Personnel expenses			314,654	
Operating expenses			16,335	
Capital outlay			1,804	
Total	332,878	340,677	332,793	7,884
Information Technology				
Personnel expenses			412,417	
Operating expenses			206,488	
Capital outlay			5,499	
Total	722,629	756,149	624,404	131,745
Human Resources				
Personnel expenses			312,691	
Operating expenses			378,014	
Total	406,850	695,405	690,705	4,700
Fleet Sales Management				
Operating expenses			9,841	
Total	10,000	9,842	9,841	1
Elections				
Personnel expenses			121,809	
Operating expenses			74,148	
Total	222,141	210,693	195,957	14,736
Finance				
Personnel expenses			329,885	
Operating expenses			114,803	
Capital outlay			5,608	
Total	447,886	454,419	450,296	4,123
Tax Administration				
Personnel expenses			610,293	
Operating expenses			162,985	
Total	784,610	792,981	773,278	19,703
Legal				
Personnel expenses			57,469	
Operating expenses			2,715	
Total	63,497	63,497	60,184	3,313
Register of Deeds				
Personnel expenses			238,266	
Operating expenses			23,969	
Capital outlay			32,756	
Total	292,558	306,774	294,991	11,783
Courts				
Operating expenses	3,000	5,000	4,799	201



## General Fund

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
General Services				
Personnel expenses			736,291	
Operating expenses			1,336,172	
Capital outlay			282,595	
Total	2,226,895	2,292,054	2,355,058	(63,004)
Total general government	5,727,782	6,104,337	5,955,181	149,156
<u>Public Safety</u>				
Sheriff				
Personnel expenses			2,951,629	
Operating expenses			385,817	
Capital outlay			331,097	
Total	3,667,463	3,858,979	3,668,543	190,436
Jail				
Personnel expenses			1,579,657	
Operating expenses			968,981	
Total	2,524,408	2,604,558	2,548,638	55,920
Judicial				
Personnel expenses			343,753	
Operating expenses			6,260	
Total	354,755	360,476	350,013	10,463
JCPC Administration				
Operating expenses	9,141	6,677	6,677	-
Roots & Wings				
Operating expenses	13,000	17,820	17,820	-
Central Children's Home				
Operating expenses	5,522	5,522	4,712	810
Youth and Community Development				
Personnel expenses			99,123	
Operating expenses			17,251	
Capital outlay			4,537	
Total	118,857	124,108	120,911	3,197
Very Important Parents				
Personnel expenses			106,215	
Operating expenses			32,205	
	166,701	166,001	138,420	27,581

General Fund

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Emergency Management				
Personnel expenses			91,052	
Operating expenses			20,351	
Capital outlay			40,221	
Total	100,110	174,297	151,624	22,673
Fire and Rescue				
Personnel expenses			62,833	
Operating expenses			24,682	
VFD annual appropriation			861,362	
Total	954,646	956,397	948,877	7,520
Ambulance Service				
Personnel expenses			1,994,978	
Operating expenses			270,597	
Capital outlay			10,686	
Total	2,332,309	2,376,296	2,276,261	100,035
Code Enforcement				
Personnel expenses			361,094	
Operating expenses			21,272	
Capital outlay			4,494	
Total	402,765	417,943	386,860	31,083
Emergency Communications				
Personnel expenses			661,120	
Operating expenses			86,680	
Total	727,644	769,444	747,800	21,644
Medical Examiner	20,000	19,390	9,800	9,590
Animal Control				
Personnel expenses			256,813	
Operating expenses			76,377	
Capital outlay			27,994	
Total	369,434	388,204	361,184	27,020
Total public safety	11,766,755	12,246,112	11,738,140	507,972
Transportation				
Airport Operations				
Operating expenses			29,185	
Total	52,350	54,500	29,185	25,315
Public Transportation				
Personnel expenses			502,806	
Operating expenses			232,232	
Capital outlay			154,435	
Total	981,359	1,092,381	889,473	202,908
Total transportation	1,033,709	1,146,881	918,658	228,223

General Fund

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Human Services</u>				
Public Health				
Personnel expenses			2,401,334	
Operating expenses			1,781,157	
Capital outlay			16,918	
Total	4,436,431	4,654,242	4,199,409	454,833
Environmental Health				
Personnel expenses			364,788	
Operating expenses			23,852	
Capital outlay			27,411	
Total	414,635	428,384	416,051	12,333
Mental Health				
Operating expenses	517,003	517,003	516,744	259
Social Services				
Personnel expenses			4,427,733	
Operating expenses			934,612	
Capital outlay			6,504	
Public assistance			3,261,463	
Total	9,525,326	9,914,723	8,630,312	1,284,411
Veterans Services				
Personnel expenses			14,079	
Operating expenses			309	
Total	16,280	16,280	14,388	1,892
Special Appropriations				
Council on Aging			483,029	
Drug Court			23,984	
Group Home			4,907	
Total	455,032	463,032	511,920	(48,888)
Total human services	15,364,707	15,993,664	14,288,824	1,704,840
<u>Education</u>				
Public Schools				
Current expense			9,038,798	
Capital outlay			590,036	
Terrell Fund			17,000	
Total	9,524,298	10,090,076	9,645,834	444,242
Community College				
Operating expenses			1,021,533	
Capital outlay			47,000	
Total	1,108,533	1,068,533	1,068,533	-
Total education	10,632,831	11,158,609	10,714,367	444,242

**Person County, North Carolina  
General Fund**

**Exhibit B-1 (Cont.)**

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
<u>Environmental Protection</u>				
Operating expenses			15,759	
Total	22,000	34,196	15,759	18,437
Soil Conservation				
Personnel expenses			75,384	
Operating expenses			8,903	
Total	87,663	103,253	84,287	18,966
Total environmental protection	109,663	137,449	100,046	37,403
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			110,791	
Operating expenses			238,206	
Total	338,450	371,864	348,997	22,867
Personnel expenses			80,482	
Operating expenses			3,926	
Total	152,399	124,039	84,408	39,631
GIS				
Personnel expenses			97,863	
Operating expenses			10,629	
Total	131,863	134,249	108,492	25,757
Cooperative Extension Service				
Personnel expenses			111,895	
Operating expenses			55,113	
Total	231,597	235,916	167,008	68,908
Forestry Services				
Operating expenses	70,830	70,830	61,906	8,924
Total economic and physical development	925,139	936,898	770,811	166,087
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			374,263	
Operating expenses			105,449	
Capital outlay			2,640	
Total	478,000	488,894	482,352	6,542
Recreation, Arts and Parks				
Personnel expenses			660,235	
Operating expenses			339,469	
Capital outlay			101,222	
Total	1,047,347	1,754,063	1,100,926	653,137
Total cultural and recreational	1,525,347	2,242,957	1,583,278	659,679

**Person County, North Carolina  
General Fund**

**Exhibit B-1 (Cont.)**

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
<u>Debt Service</u>				
Principal-installment financing	3,588,836	3,588,836	3,588,836	-
Interest and fees-installment financing	520,206	520,206	520,204	2
Total debt service	4,109,042	4,109,042	4,109,040	2
<u>Contingency</u>	661,933	156,603	-	156,603
Total expenditures	51,856,908	54,232,552	50,178,345	4,054,207
Revenues over (under) expenditures	(540,048)	(1,498,878)	2,595,136	4,094,014
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Capital project funds	-	545	545	-
Transfers out				
Reappraisal fund	(75,000)	(75,000)	(75,000)	-
Stormwater fund	-	-	-	-
Special revenue funds	(809,333)	(842,856)	(842,856)	-
Capital project funds	(1,345,685)	(1,347,160)	(1,347,160)	-
Sale of capital assets	5,000	35,400	30,925	(4,475)
Capital lease obligations issued	-	-	223,532	223,532
Total other financing sources (uses)	(2,225,018)	(2,229,071)	(2,010,014)	219,057
Revenues and other financing sources over (under) expenditures and other financing uses	(2,765,066)	(3,727,949)	585,122	4,313,071
<u>Fund balance appropriated</u>	2,765,066	3,727,949	-	(3,727,949)
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	585,122	\$ 585,122
Fund balance beginning of year			18,870,701	
Fund balance end of year			\$ 19,455,823	

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

Exhibit B-2

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
General Government				
Operating expenses	88,098	88,098	13,748	74,350
Total expenditures	88,098	88,098	13,748	74,350
Excess (deficiency) of revenues over expenditures	(88,098)	(88,098)	(13,748)	74,350
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
General Fund	75,000	75,000	75,000	-
Total other financing sources (uses)	75,000	75,000	75,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(13,098)	(13,098)	61,252	74,350
<b>APPROPRIATED FUND BALANCE</b>	13,098	13,098	-	(13,098)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	61,252	\$ 61,252
Fund balance beginning of year			143,466	
Fund balance end of year			\$ 204,718	

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

Exhibit B-3

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance beginning of year			5,275	
Fund balance end of year			<u>\$ 5,275</u>	

**Person County, North Carolina**

Exhibit B-4

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

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Professional services - architect and engineering	79,720	103,720	975	102,745
Building purchase	850,000	852,204	852,204	-
Construction	1,292,146	1,292,146	-	1,292,146
Issuance cost	60,000	60,000	-	60,000
Other	500	500	500	-
Total expenditures	2,282,366	2,308,570	853,679	1,454,891
Excess (deficiency) of revenues over expenditures	(2,282,366)	(2,308,570)	(853,679)	1,454,891
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
General Fund	850,000	1,475	1,475	-
Transfers out				
General Fund	(912,205)	-	-	-
Installment purchase obligations issued	2,307,095	2,307,095	-	(2,307,095)
Total other financing sources (uses)	2,244,890	2,308,570	1,475	(2,307,095)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(37,476)	-	-	(852,204)
<b>APPROPRIATED FUND BALANCE</b>	37,476	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(852,204)	\$ (852,204)
Fund balance beginning of year			-	
Fund balance end of year			\$ (852,204)	



## 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 resident's phone services and the use of those revenues to establish and maintain electronic capacity to determine the location of an emergency when citizens telephone 911 which will allow emergency services to more quickly and accurately respond.
- ◆ **Revolving Loan Fund:** accounts for revenues received from the Multi-County Water Infrastructure Fund and the use of those revenues for loans to develop small business enterprises.
- ◆ **Economic Catalyst Fund:** revenues associated with private and state economic development grant funding and general fund support for the purpose of providing expansion incentives to local industries.
- ◆ **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.)
- ◆ **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.
- ◆ **Community Development Housing Revitalization Grant Fund:** accounts for revenues and expenditures to rehabilitate substandard rural housing.
- ◆ **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.
- ◆ **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.
- ◆ **Reroofing Schools Fund:** accounts for revenues, debt proceeds, and expenditures relative to the replacement of various roofing projects for the Schools and Community College.
- ◆ **Recreation & Senior Center:** accounts for revenues, debt proceeds, and expenditures relative to the development of a combined recreation and senior center facility.
- ◆ **Old Helena School Improvement Fund:** accounts for revenues and expenditures related to the renovation of the Old Helena School.

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

June 30, 2014

	Special Revenue Funds							
	Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Community Development Housing Revival	Mattie Maude Williams Library Development Trust Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 556,163	\$ 101,156	\$ 181,268	\$ 268,168	\$ 146,845	\$ -	\$ 75,880	\$ 1,329,480
Restricted cash	-	-	-	-	-	-	-	-
Accounts receivable, net	373,763	-	-	-	-	172,303	700	546,766
Prepaid expenditures	-	-	-	-	-	-	-	-
Total assets	<u>\$ 929,926</u>	<u>\$ 101,156</u>	<u>\$ 181,268</u>	<u>\$ 268,168</u>	<u>\$ 146,845</u>	<u>\$ 172,303</u>	<u>\$ 76,580</u>	<u>\$ 1,876,246</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 16,161	\$ 23,787	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 40,018
Due to other funds	479,244	-	-	-	-	172,303	-	651,547
Total liabilities	<u>495,405</u>	<u>23,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,303</u>	<u>70</u>	<u>691,565</u>
Fund balances:								
Nonspendable:								
Prepaid	-	-	-	-	-	-	-	-
Restricted:								
Stabilization by State Statute	373,763	-	-	-	-	-	700	374,463
Education	-	-	-	-	-	-	-	-
Public safety	-	77,369	-	-	-	-	-	77,369
Culture and recreation	-	-	-	-	-	-	75,810	75,810
Environmental protection	37,376	-	-	-	-	-	-	37,376
Human services	11,682	-	-	-	-	-	-	11,682
Capital projects	-	-	-	-	-	-	-	-
Committed:								
Economic development	-	-	181,268	268,168	-	-	-	449,436
Environmental protection	-	-	-	-	146,845	-	-	146,845
Capital projects	-	-	-	-	-	-	-	-
Assigned:								
Pay for performance program	11,700	-	-	-	-	-	-	11,700
Total fund balances	<u>434,521</u>	<u>77,369</u>	<u>181,268</u>	<u>268,168</u>	<u>146,845</u>	<u>-</u>	<u>76,510</u>	<u>1,184,681</u>
Total liabilities and fund balances	<u>\$ 929,926</u>	<u>\$ 101,156</u>	<u>\$ 181,268</u>	<u>\$ 268,168</u>	<u>\$ 146,845</u>	<u>\$ 172,303</u>	<u>\$ 76,580</u>	<u>\$ 1,876,246</u>

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**Capital Project Funds**


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Airport Capital Projects Fund	Capital Improvement Projects Fund	Courthouse Renovations and Various Roofing Capital Projects Fund	Reroofing Schools Fund	Recreation & Senior Center Project Fund	Old Helena School Improvement Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 164,060	\$ 1,039,162	\$ 35,936	77,891	\$ 314,174	\$ 3,034	\$ 1,634,257	\$ 2,963,737
-	-	-	1,154,251	-	-	1,154,251	1,154,251
127,876	-	-	-	-	-	127,876	674,642
-	90,000	-	-	-	-	90,000	90,000
<u>\$ 291,936</u>	<u>\$ 1,129,162</u>	<u>\$ 35,936</u>	<u>\$ 1,232,142</u>	<u>\$ 314,174</u>	<u>\$ 3,034</u>	<u>\$ 3,006,384</u>	<u>\$ 4,882,630</u>
\$ -	\$ 8,115	\$ 35,936	\$ 600,766	\$ -	\$ -	\$ 644,817	\$ 684,835
-	-	-	-	-	-	-	651,547
-	8,115	35,936	600,766	-	-	644,817	1,336,382
-	90,000	-	-	-	-	90,000	90,000
127,876	-	-	-	-	-	127,876	502,339
-	-	-	631,376	-	-	631,376	631,376
-	-	-	-	-	-	-	77,369
-	-	-	-	-	-	-	75,810
-	-	-	-	-	-	-	37,376
-	-	-	-	-	-	-	11,682
164,060	-	-	-	-	3,034	167,094	167,094
-	-	-	-	-	-	-	449,436
-	-	-	-	-	-	-	146,845
-	1,031,047	-	-	314,174	-	1,345,221	1,345,221
-	-	-	-	-	-	-	11,700
<u>291,936</u>	<u>1,121,047</u>	<u>-</u>	<u>631,376</u>	<u>314,174</u>	<u>3,034</u>	<u>2,361,567</u>	<u>3,546,248</u>
<u>\$ 291,936</u>	<u>\$ 1,129,162</u>	<u>\$ 35,936</u>	<u>\$ 1,232,142</u>	<u>\$ 314,174</u>	<u>\$ 3,034</u>	<u>\$ 3,006,384</u>	<u>\$ 4,882,630</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, 2014

	Special Revenue Funds							Total Nonmajor Special Revenue Funds
	Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Community Development Housing Revival	Mattie Maude Williams Library Development Trust Fund	
<b>REVENUES</b>								
Restricted intergovernmental	\$ 546,488	\$ 412,813	\$ -	\$ 225,000	\$ -	\$ 169,757	\$ -	\$ 1,354,058
Investment earnings	4	-	2	1,278	2	-	1	1,287
Charges for services	1,533,865	-	-	-	-	-	-	1,533,865
Other revenues	12,382	-	-	164,481	-	-	8,275	185,138
Total revenues	<u>2,092,739</u>	<u>412,813</u>	<u>2</u>	<u>390,759</u>	<u>2</u>	<u>169,757</u>	<u>8,276</u>	<u>3,074,348</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	17,977	17,977
Public safety	-	395,738	-	-	-	-	-	395,738
Human services	2,049,595	-	-	-	-	-	-	2,049,595
Environmental protection	575,394	-	-	-	-	-	-	575,394
Economic and physical	-	-	-	625,000	-	-	-	625,000
Education	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	169,757	-	169,757
Debt service:								
Principal	96,274	-	-	-	-	-	-	96,274
Interest and other charges	2,395	-	-	-	-	-	-	2,395
Total expenditures	<u>2,723,658</u>	<u>395,738</u>	<u>-</u>	<u>625,000</u>	<u>-</u>	<u>169,757</u>	<u>17,977</u>	<u>3,932,130</u>
Excess (deficiency) of revenues over expenditures	<u>(630,919)</u>	<u>17,075</u>	<u>2</u>	<u>(234,241)</u>	<u>2</u>	<u>-</u>	<u>(9,701)</u>	<u>(857,782)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers from other funds	642,856	-	-	200,000	-	-	-	842,856
Transfers to other funds	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>642,856</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>842,856</u>
Net change in funds balances	11,937	17,075	2	(34,241)	2	-	(9,701)	(14,926)
Fund balances - beginning	<u>422,584</u>	<u>60,294</u>	<u>181,266</u>	<u>302,409</u>	<u>146,843</u>	<u>-</u>	<u>86,211</u>	<u>1,199,607</u>
Fund balances - ending	<u>\$ 434,521</u>	<u>\$ 77,369</u>	<u>\$ 181,268</u>	<u>\$ 268,168</u>	<u>\$ 146,845</u>	<u>\$ -</u>	<u>\$ 76,510</u>	<u>\$ 1,184,681</u>

Capital Project Funds							
Airport Capital Projects Fund	Capital Improvement Projects Fund	Courthouse Renovations and Various Roofing Capital Projects Fund	Reroofing Schools Fund	Recreation & Senior Center Project Fund	Old Helena School Improvement Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 231,347 (49,907)	\$ - 16	\$ - -	\$ - 559	\$ - 3	\$ - -	\$ 231,347 (49,329)	\$ 1,585,405 (48,042)
-	-	-	-	-	-	-	1,533,865
-	-	-	-	-	-	-	185,138
181,440	16	-	559	3	-	182,018	3,256,366
-	-	6,425	-	-	-	6,425	24,402
-	-	-	-	-	-	-	395,738
-	-	-	-	-	-	-	2,049,595
-	-	-	-	-	-	-	575,394
-	-	-	-	-	-	-	625,000
-	-	-	1,382,147	-	-	1,382,147	1,382,147
196,948	2,270,855	-	-	82,949	14,966	2,565,718	2,735,475
-	-	-	-	-	-	-	96,274
-	-	-	-	-	-	-	2,395
196,948	2,270,855	6,425	1,382,147	82,949	14,966	3,954,290	7,886,420
(15,508)	(2,270,839)	(6,425)	(1,381,588)	(82,946)	(14,966)	(3,772,272)	(4,630,054)
200,000	1,145,685	-	-	-	-	1,345,685	2,188,541
-	-	(545)	-	-	-	(545)	(545)
200,000	1,145,685	(545)	-	-	-	1,345,140	2,187,996
184,492	(1,125,154)	(6,970)	(1,381,588)	(82,946)	(14,966)	(2,427,132)	(2,442,058)
107,444	2,246,201	6,970	2,012,964	397,120	18,000	4,788,699	5,988,306
\$ 291,936	\$ 1,121,047	\$ -	\$ 631,376	\$ 314,174	\$ 3,034	\$ 2,361,567	\$ 3,546,248

**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, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 534,444	\$ 534,444	\$ 432,262	\$ (102,182)
ROAP Transportation	22,400	24,441	24,441	-
NC DENR Grant	4,510	4,510	4,510	-
White goods disposal tax	12,400	12,400	12,129	(271)
Scrap tire disposal tax	45,000	45,000	47,500	2,500
Electronics management tax	2,500	2,500	2,605	105
Solid waste disposal tax	26,400	26,400	23,041	(3,359)
Total intergovernmental revenues	647,654	649,695	546,488	(103,207)
Charge for services				
Sales	565,000	565,000	795,922	230,922
Medicaid	591,191	591,191	539,848	(51,343)
Transportation	19,000	19,000	16,774	(2,226)
Local services	35,000	35,000	28,444	(6,556)
Recycling fee	25,000	25,000	25,000	-
Recycling sales	189,700	189,700	127,877	(61,823)
Total charge for services	1,424,891	1,424,891	1,533,865	108,974
Investment earnings	-	-	4	4
Other revenues				
Donations and miscellaneous	9,500	15,570	12,382	(3,188)
Total revenues	2,082,045	2,090,156	2,092,739	2,583
<b>EXPENDITURES</b>				
Human Services				
Personnel expenditures			1,546,682	
Operating expenditures			502,913	
	1,948,290	1,978,455	2,049,595	(71,140)
Environmental protection-recycling				
Personnel expenditures			313,465	
Operating expenditures			261,929	
Capital outlay expenditures			-	
	657,203	675,276	575,394	99,882
Debt Service-MRF Equipment Lease				
Principal			96,274	
Interest			2,395	
	98,669	98,669	98,669	-
Total expenditures	2,704,162	2,752,400	2,723,658	28,742
Excess (deficiency) of revenues over expenditures	(622,117)	(662,244)	(630,919)	31,325
<b>OTHER FINANCING SOURCES</b>				
Transfers in				
General Fund	609,333	647,860	642,856	(5,004)
Total other financing sources	609,333	647,860	642,856	(5,004)
Excess (deficiency) of revenues and other sources over expenditures	(12,784)	(14,384)	11,937	26,321
<b>APPROPRIATED FUND BALANCE</b>	12,784	14,384	-	(14,384)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	11,937	\$ 11,937
Fund balance beginning of year			422,584	
Fund balance end of year			\$ 434,521	

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

Exhibit C-4

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ 412,813	\$ 412,813	\$ 412,813	\$ -
<b>EXPENDITURES</b>				
Implemental functions	6,400	6,400	2,374	4,026
Telephone	340,000	340,000	327,609	12,391
Software maintenance	10,000	10,000	16,815	(6,815)
Hardware maintenance	27,313	27,313	6,939	20,374
Training	1,500	1,500	1,976	(476)
Total expenditures	412,813	425,239	395,738	17,074
Excess (deficiency) of revenues over expenditures	-	(12,426)	17,075	29,501
<b>APPROPRIATED FUND BALANCE</b>	-	12,426	-	(12,426)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	17,075	\$ 17,075
Fund balance beginning of year			60,294	
Fund balance end of year			\$ 77,369	

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

Exhibit C-5

For the fiscal year ended June 30, 2014

	2014		VARIANCE
	Original and Final Budget	Actual	Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 2	\$ 2
<b>EXPENDITURES</b>	-	-	-
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
Fund balance beginning of year		181,266	
Fund balance end of year		<u>\$ 181,268</u>	



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

Exhibit C-6

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ -	\$ 300,000	\$ 225,000	\$ (75,000)
Investment earnings	1,270	1,270	1,278	8
Miscellaneous revenues				
Loan principle received	164,481	164,481	164,481	-
Total revenues	165,751	465,751	390,759	(74,992)
<b>EXPENDITURES</b>	400,000	800,000	625,000	175,000
Excess (deficiency) of revenues over expenditures	(234,249)	(334,249)	(234,241)	100,008
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
General Fund	200,000	200,000	200,000	-
Total Other Financing Sources	200,000	200,000	200,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	(34,249)	(134,249)	(34,241)	100,008
<b>APPROPRIATED FUND BALANCE</b>	34,249	134,249	-	(134,249)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	(34,241)	<u>\$ (34,241)</u>
Fund balance beginning of year			302,409	
Fund balance end of year			<u>\$ 268,168</u>	

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

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

Exhibit C-7

For the fiscal year ended June 30, 2014

	2014			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Investment earnings	-	-	2	2
Total revenues	30,000	30,000	2	(29,998)
<b>EXPENDITURES</b>				
Water and sewer construction	30,000	30,000	-	30,000
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	2	<u>\$ 2</u>
Fund balance beginning of year			146,843	
Fund balance end of year			<u>\$ 146,845</u>	

**Person County, North Carolina**  
**Community Development Housing Revival**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**

Exhibit C-8

For the fiscal year ended June 30, 2014

	<b>2014</b>		<b>VARIANCE</b>
	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 400,000	\$ 169,757	\$ (230,243)
<b>EXPENDITURES</b>	400,000	169,757	230,243
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance beginning of year		-	
Fund balance end of year		<u>\$ -</u>	

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

Exhibit C-9

For the fiscal year ended June 30, 2014

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	<u>Actual</u>
<b>REVENUES</b>	
Investment earnings	\$ 1
Other revenues	8,275
Total revenues	<u>8,276</u>
<b>EXPENDITURES</b>	
Public buildings and grounds	
Operating	<u>17,977</u>
Excess (deficiency) of revenues over expenditures	(9,701)
Fund balance beginning of year	<u>86,211</u>
Fund balance end of year	<u><u>\$ 76,510</u></u>

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

Exhibit C-10

From inception and for the fiscal year ended June 30, 2014

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 1,223,199	\$ 360,487	\$ 231,347	\$ 591,834	\$ (631,365)
Investment earnings	-	155,842	(49,907)	105,935	105,935
Total revenues	1,223,199	516,329	181,440	697,769	(525,430)
EXPENDITURES					
Construction	1,223,199	408,885	196,948	605,833	617,366
Excess (deficiency) of revenues over expenditures	-	107,444	(15,508)	91,936	91,936
OTHER FINANCING SOURCES					
Operating transfers-in					
General fund	-	-	200,000	200,000	200,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 107,444	184,492	\$ 291,936	\$ 291,936
Fund balance beginning of year			107,444		
Fund balance end of year			\$ 291,936		

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

Exhibit C-11

From inception and for the fiscal year ended June 30, 2014

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive Negative
<b>REVENUES</b>					
Investment earnings	\$ 3,100	\$ 3,912	\$ 16	\$ 3,928	\$ 828
Total revenues	3,100	3,912	16	3,928	828
<b>EXPENDITURES</b>					
County	2,502,866	693,657	1,139,239	1,832,896	669,970
Schools	1,772,217	39,964	1,079,299	1,119,263	652,954
PCC	281,929	-	52,317	52,317	229,612
Total expenditures	4,557,012	733,621	2,270,855	3,004,476	1,552,536
Excess (deficiency) of revenues over expenditures	(4,553,912)	(729,709)	(2,270,839)	(3,000,548)	1,553,364
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
General Fund	3,750,989	2,605,304	1,145,685	3,750,989	-
Schools Capital Reserve Fund	827,587	649,815	-	649,815	(177,772)
Transfers out					
Courthouse Renovation & Roofing Fund	(176,655)	(176,655)	-	(176,655)	-
Reroofing Schools Fund	(75,554)	(75,554)	-	(75,554)	-
Recreation & Senior Center Project Fund	(27,000)	(27,000)	-	(27,000)	-
Total Other Financing Sources	4,299,367	2,975,910	1,145,685	4,121,595	(177,772)
Excess (deficiency) of revenues and other financing sources over expenditures	(254,545)	2,246,201	(1,125,154)	1,121,047	1,375,592
Fund balance appropriated	254,545	-	-	-	(254,545)
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ 2,246,201	(1,125,154)	\$ 1,121,047	\$ 1,121,047
Fund balance beginning of year			2,246,201		
Fund balance end of year			\$ 1,121,047		

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

Exhibit C-12

From inception and for the fiscal year ended June 30, 2014

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
<b>REVENUES</b>					
Investment earnings	\$ 8,382	\$ 8,382	\$ -	\$ 8,382	\$ -
Total revenues	<u>8,382</u>	<u>8,382</u>	<u>-</u>	<u>8,382</u>	<u>-</u>
<b>EXPENDITURES</b>					
Courthouse renovations	3,268,376	3,261,951	6,425	3,268,376	-
Re-Roofing:					
County	255,769	255,769	-	255,769	-
Schools	802,625	802,625	-	802,625	-
PCC	884,755	884,755	-	884,755	-
Issuance Costs	49,084	49,084	-	49,084	-
Total expenditures	<u>5,260,609</u>	<u>5,254,184</u>	<u>6,425</u>	<u>5,260,609</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(5,252,227)	(5,245,802)	(6,425)	(5,252,227)	-
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
General Fund	981,117	981,117	-	981,117	-
County Capital Reserve Fund	176,655	176,655	-	176,655	-
Installment purchase obligations issued	4,500,000	4,500,000	-	4,500,000	-
Transfers out					
General Fund	(405,545)	(405,000)	(545)	(405,545)	-
Total other financing sources	<u>5,252,227</u>	<u>5,252,772</u>	<u>(545)</u>	<u>5,252,227</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 6,970</u>	(6,970)	<u>\$ -</u>	<u>\$ -</u>
Fund balance beginning of year			6,970		
Fund balance end of year			<u>\$ -</u>		

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

Exhibit C-13

From inception and for the fiscal year ended June 30, 2014

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 1,457	\$ 559	\$ 2,016	\$ 2,016
Total revenues	-	1,457	559	2,016	2,016
<b>EXPENDITURES</b>					
Professional services - architect and engineering	279,212	179,254	81,491	260,745	18,467
Re-Roofing:					
Person High School	1,445,969	-	1,021,514	1,021,514	424,455
Southern Middle School	1,357,357	971,425	279,142	1,250,567	106,790
Issuance Costs	50,000	45,906	-	45,906	4,094
Contingency	75,554	-	-	-	75,554
Total expenditures	3,208,092	1,196,585	1,382,147	2,578,732	629,360
Excess (deficiency) of revenues over expenditures	(3,208,092)	(1,195,128)	(1,381,588)	(2,576,716)	631,376
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
County Capital Reserve Fund	75,554	75,554	-	75,554	-
Installment purchase obligations issued	3,132,538	3,132,538	-	3,132,538	-
Total other financing sources	3,208,092	3,208,092	-	3,208,092	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ 2,012,964	(1,381,588)	\$ 631,376	\$ 631,376
Fund balance beginning of year			2,012,964		
Fund balance end of year			\$ 631,376		



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

Exhibit C-14

From inception and for the fiscal year ended June 30, 2014

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 250	\$ 3	\$ 253	\$ 253
Total revenues	-	250	3	253	253
<b>EXPENDITURES</b>					
Professional services - architect and engineering	476,850	106,980	82,949	189,929	286,921
Construction	3,910,000	-	-	-	3,910,000
Issuance Costs	60,000	-	-	-	60,000
Contingency	503,850	-	-	-	503,850
Total expenditures	4,950,700	106,980	82,949	189,929	4,760,771
Excess (deficiency) of revenues over expenditures	(4,950,700)	(106,730)	(82,946)	(189,676)	4,761,024
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
General Fund	476,850	476,850	-	476,850	-
County Capital Reserve Fund	27,000	27,000	-	27,000	-
Installment purchase obligations issued	4,446,850	-	-	-	(4,446,850)
Total other financing sources	4,950,700	503,850	-	503,850	(4,446,850)
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ 397,120	(82,946)	\$ 314,174	\$ 314,174
Fund balance beginning of year			397,120		
Fund balance end of year			\$ 314,174		

**Person County, North Carolina**  
**Old Helena School Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**

Exhibit C-15

From inception and for the fiscal year ended June 30, 2014

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Maintenance & repairs - Buildings and grounds	25,500	10,000	14,966	24,966	534
Contingency	2,500	-	-	-	2,500
Total expenditures	28,000	10,000	14,966	24,966	3,034
Excess (deficiency) of revenues over expenditures	(28,000)	(10,000)	(14,966)	(24,966)	3,034
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
General Fund	28,000	28,000	-	28,000	-
Total other financing sources	28,000	28,000	-	28,000	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ 18,000	(14,966)	\$ 3,034	\$ 3,034
Fund balance beginning of year			18,000		
Fund balance end of year			\$ 3,034		

# Enterprise Fund

## **Enterprise Fund**

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

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

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

Exhibit D-1

For the fiscal year ended June 30, 2014

	2014			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>REVENUES</b>				
Charge for services	\$ 239,215	\$ 239,215	\$ 271,342	\$ (32,127)
<b>EXPENDITURES</b>				
Environmental Protection				
Operating expenses	239,215	239,215	199,674	39,541
Total expenditures	239,215	239,215	199,674	39,541
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	71,668	\$ 71,668
Fund balance beginning of year			-	
Fund balance end of year			\$ 71,668	

# 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.

## Agency Funds

## Combining Statement of Changes in Assets and Liabilities

For the fiscal year ended June 30, 2014

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
<b><u>Social Services Trust</u></b>				
Assets				
Cash and cash equivalents	\$ 68,475	\$ 525,378	\$ 526,441	\$ 67,412
Liabilities				
Due to individuals	\$ 68,475	\$ 525,378	\$ 526,441	\$ 67,412
<b><u>Sheriff's Executions and Commissions</u></b>				
Assets				
Cash and cash equivalents	\$ 24,840	\$ 16,579	\$ 19,776	\$ 21,643
Liabilities				
Accounts payable and accrued liabilities	\$ 24,840	\$ 16,579	\$ 19,776	\$ 21,643
<b><u>City of Roxboro Property Tax and Vehicle Tax Interest</u></b>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,424,981	\$ 4,424,981	\$ -
Taxes receivable	267,521	4,363,097	4,419,087	211,531
Total assets	\$ 267,521	\$ 8,788,078	\$ 8,844,068	\$ 211,531
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 695	\$ 695	\$ -
Due to other government - City of Roxboro	-	4,493,424	4,493,424	-
Due to other governments - State of North Carolina	-	1,180	1,180	-
Reserve for taxes receivable	267,521	4,361,758	4,417,748	211,531
Total liabilities	\$ 267,521	\$ 8,857,057	\$ 8,913,047	\$ 211,531
<b><u>Inmate</u></b>				
Assets				
Cash and cash equivalents	\$ 11,899	\$ 217,090	\$ 215,738	\$ 13,251
Liabilities				
Accounts payable and accrued liabilities	\$ 9,300	\$ 150,087	\$ 147,461	\$ 11,926
Due to inmates	2,599	199,606	200,880	1,325
Total liabilities	\$ 11,899	\$ 349,693	\$ 348,341	\$ 13,251
<b><u>Person County Tourism Development Authority</u></b>				
Assets				
Cash and cash equivalents	\$ (3,912)	\$ 196,939	\$ 191,401	\$ 1,626
Liabilities				
Accounts payable and accrued liabilities	\$ (3,912)	\$ 196,939	\$ 191,401	\$ 1,626
<b><u>Deeds of Trust Fee Fund</u></b>				
Assets				
Cash and cash equivalents	\$ -	\$ 28,786	\$ 28,786	\$ -
Liabilities				
Due to other governments - State of North Carolina	\$ -	\$ 28,786	\$ 28,786	\$ -
<b><u>Fines and Forfeitures and 4H</u></b>				
Assets				
Cash and cash equivalents	\$ 37,448	\$ 25,444	\$ 19,532	\$ 43,360
Liabilities				
Accounts payable and accrued liabilities	\$ 139	\$ 17,347	\$ 16,470	\$ 1,016
Due to other governments - Person County Board of Education	-	90,827	90,827	-
Due to 4H	37,309	25,353	20,318	42,344
Total liabilities	\$ 37,448	\$ 133,527	\$ 127,615	\$ 43,360
<b><u>Total-All Agency Funds</u></b>				
Assets				
Cash and cash equivalents	\$ 138,750	\$ 5,435,197	\$ 5,426,655	\$ 147,292
Taxes receivable	267,521	4,363,097	4,419,087	211,531
Total assets	\$ 406,271	\$ 9,798,294	\$ 9,845,742	\$ 358,823
Liabilities				
Accounts payable and accrued liabilities	\$ 30,367	\$ 381,647	\$ 375,803	\$ 36,211
Due to individuals	68,475	525,378	526,441	67,412
Due to inmates	2,599	199,606	200,880	1,325
Due to other governments	-	4,614,217	4,614,217	-
Due to 4H	37,309	25,353	20,318	42,344
Reserve for taxes receivable	267,521	4,361,758	4,417,748	211,531
Total liabilities	\$ 406,271	\$ 10,107,959	\$ 10,155,407	\$ 358,823

# Other Schedules

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

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

**Person County, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**

**Exhibit F-1**

For the fiscal year ended June 30, 2014

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Uncollected Balance June 30, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013-2014	2013	\$ -	\$ 30,653,659	\$ 30,161,932	\$ 491,727
2012-2013	2012	654,992	8,456	464,434	199,014
2011-2012	2011	217,972	8,383	101,105	125,250
2010-2011	2010	116,261	4,804	48,950	72,115
2009-2010	2009	79,084	-	29,989	49,095
2008-2009	2008	44,095	-	9,509	34,586
2007-2008	2007	34,272	-	6,476	27,796
2006-2007	2006	21,256	-	2,444	18,812
2005-2006	2005	16,521	-	1,336	15,185
2004-2005	2004	13,056	-	797	12,259
2003-2004	2003	13,275	35	13,310	-
Total		<u>\$ 1,210,784</u>	<u>\$ 30,675,337</u>	<u>\$ 30,840,282</u>	1,045,839
Less: allowance for uncollectible accounts					<u>(590,000)</u>
Ad valorem taxes receivable, net:					<u>\$ 455,839</u>
Reconciliation with Revenues:					
Taxes - Ad Valorem - General Fund					
Current year					\$ 30,145,755
Prior years					656,483
Penalties and interest					208,939
Advertising					65,671
Total Ad Valorem Taxes					<u>31,076,848</u>
Refunds					4,827
Adjustments to prior years taxes					7,914
Amounts written off for tax year 2003 per statute of limitations					12,687
Subtotal					<u>31,102,276</u>
Less interest collected					196,323
Less advertising fees					65,671
Total collections and credits					<u>\$ 30,840,282</u>



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

**Exhibit F-2**

For the fiscal year ended June 30, 2014

	<b>Property Valuation</b>	<b>Rate per \$100 Valuation</b>	<b>Amount of Levy</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 4,259,653,000	\$ 0.70	\$ 29,817,571	\$ 27,756,889	\$ 2,060,682
Registered Motor Vehicles Taxed at Prior Year's Rate	120,082,429	0.70	840,577	-	840,577
Late Listing Penalties	-		12,856	12,856	-
Total	<u>4,379,735,429</u>		<u>30,671,004</u>	<u>27,769,745</u>	<u>2,901,259</u>
Discoveries and Corrections					
Current Years' Taxes	4,106,429	0.70	28,745	19,200	9,545
Penalties	-		1,361	1,361	-
	<u>4,106,429</u>		<u>30,106</u>	<u>20,561</u>	<u>9,545</u>
Releases	<u>(6,636,227)</u>		<u>(47,451)</u>	<u>(28,078)</u>	<u>(19,373)</u>
Total for Year	<u>\$ 4,377,205,631</u>		<u>30,653,659</u>	<u>27,762,228</u>	<u>2,891,431</u>
Less Uncollected tax at June 30, 2014			<u>491,727</u>	<u>426,595</u>	<u>65,132</u>
Current year's taxes collected			<u>\$ 30,161,932</u>	<u>\$ 27,335,633</u>	<u>\$ 2,826,299</u>
Percent current year collected			<u>98.40%</u>	<u>98.46%</u>	<u>97.75%</u>

**Secondary Market Disclosures:<sup>4</sup>**

Assessed Valuation:

Assessment Ratio<sup>1</sup>

100.0%

Real Property

\$ 2,836,620,935

Personal Property

730,291,185

Public Service Companies<sup>2</sup>

810,293,511

Total Assessed Valuation

4,377,205,631

Tax Rate per \$100

0.70

Levy (includes discoveries, releases and abatements)<sup>3</sup>

\$ 30,653,659

<sup>1</sup>Percentage of appraised value has been established by statute.

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

<sup>3</sup>The levy includes interest and penalties.

<sup>4</sup>The 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	111
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	120
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	128
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	133
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	136
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

(Page 1 of 2)

	<b>Fiscal Year</b>			
	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
Governmental activities				
Net investment in capital assets	\$ 17,692,385	\$ 19,475,976	\$ 20,630,021	\$ 22,660,368
Restricted	1,615,673	5,730,958	1,646,941	1,751,274
Unrestricted	(1,897,792)	(4,950,448)	(1,787,018)	(2,040,755)
Total governmental activities net position	<u>17,410,266</u>	<u>20,256,486</u>	<u>20,489,944</u>	<u>22,370,887</u>
Business-type activities				
Unrestricted	-	-	-	-
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government				
Net investment in capital assets	17,692,385	19,475,976	20,630,021	22,660,368
Restricted	1,615,673	5,730,958	1,646,941	1,751,274
Unrestricted	(1,897,792)	(4,950,448)	(1,787,018)	(2,040,755)
Total primary governmental net position	<u>\$ 17,410,266</u>	<u>\$ 20,256,486</u>	<u>\$ 20,489,944</u>	<u>\$ 22,370,887</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 20,440,012	\$ 20,020,058	\$ 18,741,532	\$ 21,155,561	\$ 21,364,462	\$ 23,065,359
1,141,656	4,018,047	8,563,948	8,219,339	8,869,798	7,729,273
2,835,383	4,203,584	2,322,140	4,191,640	3,657,279	4,533,912
<u>24,417,051</u>	<u>28,241,689</u>	<u>29,627,620</u>	<u>33,566,540</u>	<u>33,891,539</u>	<u>35,328,544</u>
-	-	-	-	-	71,668
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,668</u>
20,440,012	20,020,058	18,741,532	21,155,561	21,364,462	23,065,359
1,141,656	4,018,047	8,563,948	8,219,339	8,869,798	7,729,273
2,835,383	4,203,584	2,322,140	4,191,640	3,657,279	4,605,580
<u>\$ 24,417,051</u>	<u>\$ 28,241,689</u>	<u>\$ 29,627,620</u>	<u>\$ 33,566,540</u>	<u>\$ 33,891,539</u>	<u>\$ 35,400,212</u>

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

(Page 1 of 2)

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>					
Governmental activities					
General government	\$ 4,140,568	\$ 4,553,355	\$ 5,053,425	\$ 5,455,795	\$ 5,527,742
Public safety	8,794,171	9,378,105	10,381,525	11,429,612	11,408,762
Transportation	1,207,846	1,251,813	1,461,462	1,523,716	1,493,230
Economic and physical development	1,712,767	853,734	1,274,045	2,194,637	1,203,255
Environmental protection	298,051	290,608	276,301	252,509	257,916
Human services	12,743,826	16,610,533	17,488,722	18,185,434	17,140,056
Cultural and recreation	1,462,183	1,806,150	1,806,946	1,839,584	1,864,439
Education	8,561,737	9,557,566	12,763,768	12,007,976	11,856,706
Capital Outlay	-	-	-	-	-
Interest on long term debt	1,009,597	935,735	992,502	978,763	818,027
Total governmental activities expenses	<u>39,930,746</u>	<u>45,237,599</u>	<u>51,498,696</u>	<u>53,868,026</u>	<u>51,570,133</u>
Business-type activities					
Stormwater Department	-	-	-	-	-
Total primary government expenses	<u>\$ 39,930,746</u>	<u>\$ 45,237,599</u>	<u>\$ 51,498,696</u>	<u>\$ 53,868,026</u>	<u>\$ 51,570,133</u>
<b>Program Revenues</b>					
Governmental activities					
Charges for services:					
General government	\$ 492,954	\$ 429,771	\$ 555,495	\$ 624,024	\$ 443,859
Public safety	1,522,974	1,742,409	1,837,685	1,730,352	1,960,320
Transportation	297,209	380,770	426,620	304,304	337,548
Economic and physical development	15,235	11,164	3,836	35,526	34,162
Environmental protection	455,354	485,477	387,053	466,284	485,492
Human services	2,252,195	3,769,179	4,235,793	4,203,932	4,333,232
Cultural and recreation	179,501	244,521	308,000	257,603	252,807
Operating grants and contributions:					
General government	22,983	1,500	-	4,924	7,221
Public safety	691,774	787,203	620,938	861,665	903,557
Transportation	160,105	228,285	377,301	238,063	199,578
Economic and physical development	309,298	53,497	96,015	391,306	71,740
Environmental protection	85,123	93,357	90,024	84,352	96,243
Human services	4,940,750	5,938,274	6,457,371	6,805,017	7,381,474
Cultural and recreation	186,595	328,631	213,380	195,638	156,740
Education	26,213	599,762	442,397	1,262,155	973,488
Capital grants and contributions:					
General Government	-	-	-	-	-
Transportation	7,554	201,843	579,700	1,258,869	416,741
Economic and physical development	610,000	127,100	97,500	-	-
Environmental Protection	-	-	-	-	-
Cultural and recreation	11,753	17,380	7,400	6,050	22,004
Education	-	-	-	-	-
Total governmental activities program revenues	<u>12,267,570</u>	<u>15,440,123</u>	<u>16,736,508</u>	<u>18,730,064</u>	<u>18,076,206</u>
Business-type activities					
Charges for services:					
Stormwater Department	-	-	-	-	-
Total primary government program revenues	<u>\$ 12,267,570</u>	<u>\$ 15,440,123</u>	<u>\$ 16,736,508</u>	<u>\$ 18,730,064</u>	<u>\$ 18,076,206</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (27,663,176)	\$ (29,797,476)	\$ (34,762,188)	\$ (35,137,962)	\$ (33,493,927)
Business-type activities	-	-	-	-	-
Total primary government net expenses	<u>\$ (27,663,176)</u>	<u>\$ (29,797,476)</u>	<u>\$ (34,762,188)</u>	<u>\$ (35,137,962)</u>	<u>\$ (33,493,927)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities					
Property taxes	\$ 21,713,946	\$ 23,431,173	\$ 24,706,367	\$ 27,156,746	\$ 27,197,864
Local option sales tax	7,101,756	7,410,387	8,186,701	8,396,768	7,329,525
Other taxes and licenses	581,766	547,647	634,580	452,875	267,885
Investment earnings	321,475	663,738	859,397	705,759	258,570
Miscellaneous	630,905	590,751	608,601	306,757	486,247
Total primary government general revenues, special items and transfers	<u>\$ 30,349,848</u>	<u>\$ 32,643,696</u>	<u>\$ 34,995,646</u>	<u>\$ 37,018,905</u>	<u>\$ 35,540,091</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 2,686,672	\$ 2,846,220	\$ 233,458	\$ 1,880,943	\$ 2,046,164
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 2,686,672</u>	<u>\$ 2,846,220</u>	<u>\$ 233,458</u>	<u>\$ 1,880,943</u>	<u>\$ 2,046,164</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 5,014,727	\$ 4,828,349	\$ 4,655,404	\$ 5,806,008	\$ 6,055,901
11,381,743	11,468,186	11,437,656	11,961,190	12,476,577
1,494,361	1,454,342	1,435,983	1,415,053	1,286,978
898,345	1,470,929	1,753,033	2,103,294	1,404,663
832,951	1,228,807	891,073	1,088,616	649,147
15,891,412	15,440,313	15,746,664	16,333,971	16,563,554
1,781,842	1,511,796	1,466,125	1,587,995	1,592,550
10,705,681	11,460,882	10,269,913	13,043,761	12,096,514
-	-	1,014,882	385,929	1,560,160
712,074	703,782	669,146	534,264	530,279
<u>48,713,136</u>	<u>49,567,386</u>	<u>49,339,879</u>	<u>54,260,081</u>	<u>54,216,323</u>
-	-	-	-	199,674
<u>\$ 48,713,136</u>	<u>\$ 49,567,386</u>	<u>\$ 49,339,879</u>	<u>\$ 54,260,081</u>	<u>\$ 54,415,997</u>
\$ 420,971	\$ 383,400	\$ 388,611	\$ 350,744	\$ 396,260
1,889,029	1,937,117	2,047,710	1,717,878	1,842,884
268,113	245,332	240,965	322,797	294,459
43,545	99,364	90,001	6,956	11,433
868,952	731,989	932,314	796,321	822,423
4,006,896	3,916,676	4,027,375	4,023,486	2,728,473
276,533	322,708	341,512	358,138	345,570
-	52,398	65,114	14,492	2
966,832	905,318	1,055,904	1,024,467	1,208,057
236,930	235,717	225,765	310,036	362,452
39,410	361,743	499,604	1,148,118	392,042
106,835	119,917	118,497	113,343	114,204
6,973,325	7,033,549	7,100,930	6,926,407	8,392,466
162,052	156,210	120,282	117,926	100,281
493,209	189,873	17,862	1,534,817	-
-	6,571	140,641	6,227	19
417,819	111,955	157,454	454,726	231,347
25,500	37,000	1,500	2,638	171,039
668,046	566,260	54,587	55,737	4,510
317,496	5,000	4,000	20,500	12,269
-	-	-	-	72,465
<u>18,181,493</u>	<u>17,418,097</u>	<u>17,630,628</u>	<u>19,305,754</u>	<u>17,502,655</u>
-	-	-	-	271,342
<u>\$ 18,181,493</u>	<u>\$ 17,418,097</u>	<u>\$ 17,630,628</u>	<u>\$ 19,305,754</u>	<u>\$ 17,773,997</u>
\$ (30,531,643)	\$ (32,149,289)	\$ (31,709,251)	\$ (34,954,327)	\$ (36,713,668)
-	-	-	-	71,668
<u>\$ (30,531,643)</u>	<u>\$ (32,149,289)</u>	<u>\$ (31,709,251)</u>	<u>\$ (34,954,327)</u>	<u>\$ (36,642,000)</u>
\$ 27,606,040	\$ 27,291,587	\$ 27,393,771	\$ 28,772,219	\$ 30,883,915
5,758,729	5,542,646	6,045,749	6,092,052	6,430,850
260,617	237,858	305,012	493,228	462,739
49,125	24,950	14,619	13,715	508
681,770	438,179	1,889,020	(498,552)	372,661
<u>\$ 34,356,281</u>	<u>\$ 33,535,220</u>	<u>\$ 35,648,171</u>	<u>\$ 34,872,662</u>	<u>\$ 38,150,673</u>
\$ 3,824,638	\$ 1,385,931	\$ 3,938,920	\$ (81,665)	\$ 1,437,005
-	-	-	-	71,668
<u>\$ 3,824,638</u>	<u>\$ 1,385,931</u>	<u>\$ 3,938,920</u>	<u>\$ (81,665)</u>	<u>\$ 1,508,673</u>

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

<b>Fiscal Year</b>		<b>Property Tax</b>		<b>Local Sales Tax</b>		<b>Other Tax</b>		<b>Total</b>
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
2013		28,772,219		6,092,052		493,228		35,357,499
2014		30,883,915		6,430,850		462,739		37,777,504

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

(Page 1 of 2)

	<u><b>2005</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2008</b></u>
General Fund				
Reserved	\$ 4,183,764	\$ 4,634,247	\$ 7,337,788	\$ 6,607,330
Unreserved	12,433,181	12,124,627	10,886,128	12,627,805
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ <u>16,616,945</u>	\$ <u>16,758,874</u>	\$ <u>18,223,916</u>	\$ <u>19,235,135</u>
All Other Governmental Funds				
Reserved	\$ 754,610	\$ 728,896	\$ 585,116	\$ 519,364
Unreserved	786,886	4,148,910	(317,512)	1,959,496
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ <u>1,541,496</u>	\$ <u>4,877,806</u>	\$ <u>267,604</u>	\$ <u>2,478,860</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 4,686,298	\$ 5,237,082	\$ -	\$ -	\$ -	\$ -
15,717,000	13,582,453	-	-	-	-
-	-	-	-	99,956	305,868
-	-	3,409,571	4,134,503	5,227,556	6,226,227
-	-	63,057	88,995	143,466	204,718
-	-	2,403,817	4,493,237	3,611,857	3,284,997
-	-	14,967,838	12,631,079	9,936,607	9,644,006
<u>\$ 20,403,298</u>	<u>\$ 18,819,535</u>	<u>\$ 20,844,283</u>	<u>\$ 21,347,814</u>	<u>\$ 19,019,442</u>	<u>\$ 19,665,816</u>
\$ 402,338	\$ 408,959	\$ -	\$ -	\$ -	\$ -
615,897	4,269,403	-	-	-	-
-	-	-	-	-	90,000
-	-	1,732,534	1,098,020	3,642,242	1,503,046
-	-	2,428,100	1,829,907	2,971,430	1,941,502
-	-	55,801	30,000	86,474	11,700
-	-	(115,553)	-	(711,840)	(852,204)
<u>\$ 1,018,235</u>	<u>\$ 4,678,362</u>	<u>\$ 4,100,882</u>	<u>\$ 2,957,927</u>	<u>\$ 5,988,306</u>	<u>\$ 2,694,044</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>				
Property	\$ 21,731,962	\$ 23,327,612	\$ 24,870,158	\$ 27,233,073
Sales	7,101,756	7,410,387	8,186,701	8,396,768
Other	676,921	547,647	634,580	452,875
Total taxes	29,510,639	31,285,646	33,691,439	36,082,716
Fees	683,140	716,220	580,497	468,498
Intergovernmental	7,086,801	8,255,349	9,100,206	11,506,713
Investment earnings	357,257	753,013	1,010,574	844,762
Charges for services	3,858,051	5,586,367	6,369,381	6,290,486
Other	1,051,576	1,274,636	1,159,159	1,032,086
Total Revenues	42,547,464	47,871,231	51,911,256	56,225,261
<b>Expenditures</b>				
General government	4,180,432	5,172,517	5,855,693	5,519,966
Public safety	8,726,907	9,963,831	10,314,897	11,334,668
Transportation	572,303	757,706	1,069,108	1,032,789
Human services	12,718,709	16,562,161	17,453,636	18,184,814
Environmental protection	286,315	287,671	289,055	314,223
Economic and physical development	1,699,643	841,225	1,261,965	2,210,005
Cultural and recreational	1,391,753	1,852,012	1,748,282	1,755,889
Education	8,561,737	8,275,898	12,763,768	12,007,976
Capital projects	8,393	1,553,766	859,863	1,200,841
Debt service:				
Principal	2,322,517	2,282,438	2,478,354	2,756,077
Interest and other charges	1,088,729	937,985	1,020,772	1,112,233
Total expenditures	41,557,438	48,487,210	55,115,393	57,429,481
Excess of revenues over (under) expenditures	990,026	(615,979)	(3,204,137)	(1,204,220)
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,256,214	4,658,216	4,116,182	4,996,410
Transfers out	(3,256,214)	(4,658,216)	(4,116,182)	(4,996,410)
Installment purchase obligations issued	-	4,050,000	-	18,985,000
Capital lease obligations issued	-	-	-	-
Proceeds on G.O. Bond Refunding	3,725,000	-	-	-
Bonds Issued	27,983	-	-	-
Refunding payment to escrow agent	(3,697,500)	-	-	(14,643,878)
Sale of capital assets	60,435	44,218	58,977	85,573
Total other financing sources (uses)	115,918	4,094,218	58,977	4,426,695
Net change in fund balances	\$ 1,105,944	\$ 3,478,239	\$ (3,145,160)	\$ 3,222,475
Debt service as a percentage of noncapital expenditures	8.35%	7.03%	6.73%	7.06%

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 27,027,814	\$ 27,612,262	\$ 27,343,883	\$ 27,396,888	\$ 28,723,333	\$ 31,076,698
7,329,525	5,758,729	5,542,646	6,045,749	6,092,052	6,430,850
267,885	260,617	237,858	305,012	296,809	326,400
<u>34,625,224</u>	<u>33,631,608</u>	<u>33,124,387</u>	<u>33,747,649</u>	<u>35,112,194</u>	<u>37,833,948</u>
403,170	391,545	455,138	395,910	424,018	424,116
10,430,803	10,682,900	10,113,506	9,772,122	11,838,130	11,244,979
299,783	56,387	35,938	18,812	6,700	(47,531)
7,223,667	7,034,129	6,903,459	7,525,686	7,044,549	5,951,527
525,441	829,927	475,576	590,762	756,298	622,808
<u>53,508,088</u>	<u>52,626,496</u>	<u>51,108,004</u>	<u>52,050,941</u>	<u>55,181,889</u>	<u>56,029,847</u>
5,573,144	4,651,524	6,888,873	5,564,747	5,502,071	5,993,331
11,115,835	10,942,744	11,264,076	11,444,411	11,806,617	12,133,878
861,559	803,490	788,605	811,686	876,455	918,658
17,344,436	15,550,866	15,665,919	15,444,531	15,949,674	16,338,419
276,898	184,414	679,100	698,015	1,023,852	675,440
1,209,352	909,161	1,446,775	1,746,977	2,109,044	1,395,811
2,011,512	1,985,887	1,411,403	1,490,524	1,474,427	1,583,278
11,856,706	10,705,681	11,460,882	10,285,241	13,043,761	12,096,514
437,202	1,100,109	687,377	1,222,621	1,762,976	3,589,154
2,995,000	3,033,268	3,183,655	3,381,057	3,527,943	3,685,110
643,344	696,247	689,919	654,346	575,576	522,599
<u>54,324,988</u>	<u>50,563,391</u>	<u>54,166,584</u>	<u>52,744,156</u>	<u>57,652,396</u>	<u>58,932,192</u>
<u>(816,899)</u>	<u>2,063,105</u>	<u>(3,058,580)</u>	<u>(693,215)</u>	<u>(2,470,507)</u>	<u>(2,902,345)</u>
4,441,891	8,134,781	7,501,588	1,109,158	3,921,216	2,190,561
(4,441,891)	(8,134,781)	(7,501,588)	(1,109,158)	(3,921,216)	(2,190,561)
457,778	-	4,500,000	-	3,132,538	-
-	-	-	-	-	223,532
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>66,659</u>	<u>13,260</u>	<u>5,849</u>	<u>53,791</u>	<u>39,976</u>	<u>30,925</u>
<u>524,437</u>	<u>13,260</u>	<u>4,505,849</u>	<u>53,791</u>	<u>3,172,514</u>	<u>254,457</u>
\$ <u>(292,462)</u>	\$ <u>2,076,365</u>	\$ <u>1,447,269</u>	\$ <u>(639,424)</u>	\$ <u>702,007</u>	\$ <u>(2,647,888)</u>
6.85%	7.56%	7.63%	8.01%	7.39%	7.56%

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

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local Sales Tax</b>	<b>Other Tax</b>	<b>Total</b>
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
2013	28,723,333	6,092,052	296,809	35,112,194
2014	31,076,698	6,430,850	326,400	37,833,948

**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
2005	\$ 1,491,035,320	\$ 299,990,852	\$ 78,403,233	\$ 594,863,387
2006	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
2013 (5)	2,046,536,959	389,719,494	91,468,827	725,549,333
2014	2,309,609,512	416,429,268	110,582,155	730,291,185

**Source:** Annual County Report of Valuation and Property Tax Levies

**Notes:**

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

<b>Public Service Companies (2)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate (3)</b>	<b>Estimated Actual Taxable Value (4)</b>
\$ 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
822,660,836	4,075,935,449	0.700	4,079,607,095
810,293,511	4,377,205,631	0.700	4,306,154,089

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

(Page 1 of 2)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Person County (2)	\$ 0.6700	\$ 0.6500	\$ 0.6500	\$ 0.7000	\$ 0.7000
<u>Overlapping Rates</u>					
City of Roxboro	0.6400	0.6140	0.6140	0.6140	0.6140

**Note:** (1) Real property was revalued on January 1, 2012  
(2) Person County has no special districts or components of the total direct rate.

<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>	<u>2014</u>
\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
0.6140	0.6140	0.6140	0.6300	0.6600



**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 2014		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Progress Energy (formerly CP&L)	Public utility	\$ 706,909,585	1	16.15%
CertainTeed	Manufacturer	103,750,589	2	2.37%
Eaton Corporation	Manufacturer	67,116,830	3	1.53%
GKN Automotive, Inc.	Manufacturer	48,853,623	4	1.12%
NC Eastern Municipal Power Agency	Public utility	45,066,604	5	1.03%
Louisiana Pacific Corporation	Manufacturer	38,006,461	6	0.87%
US Flue Cured Tobacco Growers	Manufacturer	32,516,865	7	0.74%
Cogentrix of NC, Inc.	Private Utility	27,174,219	8	0.62%
DLP Person Memorial Hospital	Service Provider	27,090,087	9	0.62%
Piedmont EMC	Public utility	26,182,531	10	0.60%
Vector Tobacco, Inc.	Manufacturer			
Collins & Aikman	Manufacturer			
Georgia Pacific Corporation	Manufacturer			
Central Telephone Co. of NC	Public utility			
Totals		\$ <u>1,122,667,394</u>		25.65%

**Source:** Person County Tax Department

<b>Fiscal Year 2005</b>		
<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
\$ 644,280,309	1	20.05%
62,347,957	2	1.94%
27,656,960	6	0.86%
56,473,202	3	1.76%
26,385,970	8	0.82%
21,962,250	9	0.68%
49,979,300	5	1.56%
43,505,783	4	1.35%
26,657,859	7	0.83%
19,041,765	10	0.59%
\$ <u>978,291,355</u>		30.45%

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

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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
2005	\$ 21,538,636	\$ 20,953,040	97.28%	\$ 573,337	\$ 21,526,377	99.94%
2006	23,239,698	22,496,649	96.80%	727,864	23,224,513	99.93%
2007	24,439,484	23,917,438	97.86%	503,234	24,420,672	99.92%
2008	26,893,083	26,334,282	97.92%	531,005	26,865,287	99.90%
2009	27,082,062	26,376,266	97.39%	671,210	27,047,476	99.87%
2010	27,504,654	26,789,298	97.40%	666,261	27,455,559	99.82%
2011	27,077,081	26,448,394	97.68%	556,572	27,004,966	99.73%
2012	27,206,121	26,561,528	97.63%	519,343	27,080,871	99.54%
2013	28,565,618	27,910,626	97.71%	455,978	28,366,604	99.30%
2014	30,653,659	30,161,932	98.40%	-	30,161,932	98.40%

**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			
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	1.57%
2012	-	14,740,000	189,798	14,929,798	377	1.22%
2013	-	14,438,120	96,273	14,534,393	367	N/A *
2014	-	10,849,284	223,532	11,072,816	281	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 2013 personal income not available to calculate fiscal year 2014.

**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>
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%	-
2013	-	0.00%	0.00%	-
2014	-	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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed Value of Property	\$ 3,212,798	\$ 3,569,874	\$ 3,755,139	\$ 3,845,917
Debt Limit, 8% of Assessed Value (Statutory Limitation)	257,024	285,590	300,411	307,673
Amount of Debt Applicable to Limit	<u>3,650</u>	<u>2,795</u>	<u>1,080</u>	<u>230</u>
Legal Debt Margin	<u>\$ 253,374</u>	<u>\$ 282,795</u>	<u>\$ 299,331</u>	<u>\$ 307,443</u>
Total net debt applicable to the limit as a percentage of debt limit	1.42%	0.98%	0.36%	0.07%

**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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,865,470	\$ 3,928,096	\$ 3,864,800	\$ 3,881,891	\$ 4,075,935	\$ 4,377,206
309,238	314,248	309,184	310,551	326,075	350,176
-	-	-	-	-	-
<u>\$ 309,238</u>	<u>\$ 314,248</u>	<u>\$ 309,184</u>	<u>\$ 310,551</u>	<u>\$ 326,075</u>	<u>\$ 350,176</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2013:**

Assessed value subject to taxation	\$ <u>4,377,206</u>
Debt limitation (8% of assessed value subject to taxation)	350,176
Debt applicable to the limit	
General Obligation bonds	<u>-</u>
Legal debt margin	\$ <u><u>350,176</u></u>

**Person County, North Carolina**  
**Schedule 14**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes:</b>			
City of Roxboro	\$ -	N/A	\$ -
<b>Other debt</b>			
City of Roxboro			
Capitalized leases	656,499	15.98%	104,881
Installment purchase obligations	8,269,939	15.98%	1,321,192
Subtotal, overlapping debt			<u>1,426,073</u>
Person County direct debt			<u>14,534,393</u>
Total direct and overlapping debt			<u><u>\$ 15,960,466</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**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (2) (thousands of dollars)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public &amp; Charter Schools Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Number of Building Inspections Performed (5)</b>
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	1,164,775	29,386	4,877	10.12%	6,597
2012	39,594	1,226,622	31,237	5,742	10.40%	5,259
2013	39,594	N/A *	N/A *	5,631	10.00%	5,223
2014	39,409	N/A *	N/A *	5,637	6.20%	5,859

\* Information not yet available.

**Notes:**

- (1) NC Department of Commerce. 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	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Person County Schools	673	1	3.81%	808	1	4.57%
Person County Government	604	2	3.42%	450	3	2.55%
Duke Energy Progress	420	3	2.38%	280	6	1.59%
GKN Automotive Components	393	4	2.22%	380	4	2.15%
Eaton Corporation	313	5	1.77%	379	5	2.15%
Person Memorial Hospital	220	6	1.24%	-	-	-
Piedmont Community College	209	7	1.18%	186	10	1.05%
Louisiana-Pacific	150	8	0.85%	-	-	-
North American Aerodynamics	132	9	0.75%	250	8	1.42%
Wal-Mart Associates, Inc.	120	10	0.68%	-	-	-
Collins & Aikman	-	-	-	656	2	3.71%
AlSCO	-	-	-	238	9	1.35%
Georgia-Pacific	-	-	-	275	7	1.56%

**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	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	42	39	41	43	43	44	43	42	47
Public buildings & grounds	3	3	3	3	3	-	-	-	-
Public safety	118	125	128	133	140	138	134	134	140
Transportation	11	11	11	11	10	10	11	12	12
Human services									
Social Services	77	80	84	81	84	86	82	83	83
Public Health	44	44	49	40	45	44	42	41	50
Other	9	38	43	36	35	31	30	32	27
Environmental protection	3	3	3	3	2	2	2	2	2
Economic and physical development	5	5	5	5	5	5	5	5	8
Cultural and recreation	16	16	18	17	17	16	14	16	16
Total	<u>328</u>	<u>364</u>	<u>385</u>	<u>372</u>	<u>384</u>	<u>376</u>	<u>363</u>	<u>367</u>	<u>385</u>

**Source:** County Finance Department

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

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

(Page 1 of 2)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Function</b>				
Public Safety/Sheriff's Department & Jail				
Incident Reports	2,063	2,158	2,387	2,524
Calls for Service	11,121	11,292	12,378	12,618
Criminal Papers	5,621	5,647	6,030	6,532
Arrest Reports	2,569	2,628	2,645	2,588
Civil Papers	4,162	3,620	4,893	5,125
Gun Permits	468	481	524	573
Jail bookings	2,414	1,968	1,856	1,813
Average daily population	101	100	104	104
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	40,544	42,108	43,752	68,613
Public Safety/Code Enforcement				
Number of Building Permits Issued	501	366	470	363
Number of Mobile Home Permits Issued	89	84	67	60
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	226	134	162	173
Community Services/Library				
Items Added to Collection	5,981	5,928	4,502	7,433
Circulation	192,037	199,481	207,597	218,191
Internet Use	18,258	22,871	26,778	26,824
Program Attendance	12,936	15,696	16,376	6,646
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,188	2,279	2,292	2,281
Average # Family & Child Medicaid Cases	2,586	2,657	2,735	2,887
Average # Households Receiving Food Stamp	1,499	1,670	1,844	2,068
Average \$ Fraud Collections per Month	364	378	2,493	2,534
Education				
Public Schools enrollment	5,855	5,670	5,572	5,385
Charter Schools enrollment	319	350	581	651
Culture and Recreation				
Total park acreage	196	197	197	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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
1,758	1,992	1,954	1,865	1,695	1,550
14,907	18,234	23,281	17,393	20,447	23,417
6,216	5,376	3,412	5,316	3,510	6,466
1,625	1,705	2,755	3,001	2,949	2,208
5,437	5,346	5,031	4,646	3,595	4,012
815	690	529	563	947	645
1,797	2,200	2,303	2,163	2,167	2,116
98	88	90	105	111	124
62,573	56,273	47,376	58,095	62,019	57,016
278	312	277	312	281	282
75	36	46	22	36	33
337	307	636	582	632	593
6,092	5,238	4,800	5,215	4,790	5,123
226,876	212,362	182,708	191,249	191,775	201,275
28,256	23,567	23,287	22,507	19,148	21,566
4,061	6,217	5,864	6,910	6,399	6,090
2,318	2,331	2,412	2,478	2,542	2,598
2,744	3,034	2,971	3,020	3,220	3,265
2,474	2,929	3,468	3,761	3,902	3,980
4,315	5,409	4,470	5,205	5,759	4,727
5,112	4,992	4,877	4,775	4,625	4,567
791	903	956	967	1,006	1,070
183	183	187	187	187	187
9	9	10	10	10	10

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

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Function</b>										
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	14	14	14	14	14	14	14	14	14	14
Highways and streets										
Paved	610	714	714	721	723	723	723	724	725	726
Unpaved	58	57	57	50	50	50	50	49	48	47
Culture and recreation										
Parks	10	10	10	10	9	9	10	10	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

# COMPLIANCE SECTION

## COMPLIANCE SECTION

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

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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, in accordance with the audited standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Person County, North Carolina as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprises Person County's basic financial statements, and have issued our report thereon dated January 8, 2015. The financial statements of Person County ABC Board were not audited in accordance with *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

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. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not

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identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [14-1 and 14-2].

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Person County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 14-1 and 14-2.

### **Person County's Response to Findings**

Person County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 8, 2015

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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

### Report on Compliance for the Major Federal Program

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 Person County's major federal program for the year ended June 30, 2014. Person County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Person County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for the major federal program. However, our audit does not provide a legal determination of Person County's compliance.

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## **Basis for Qualified Opinion on Medical Assistance Program**

As described in the accompanying schedule of findings and questioned costs, Person County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding number 14-2 for Crosscutting and finding numbers 14-3, 14-4, and 14-5 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Person County to comply with the requirements applicable to that program.

## **Qualified Opinion on Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Person County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2014.

## **Other matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 14-2, 14-3, 14-4, and 14-5. Our opinion on the major federal program is not modified with respect to these matters.

Person County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Person County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## **Report on Internal Control over Compliance**

Management of Person County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Person County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-3 and 14-5 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-2 and 14-4 to be significant deficiencies.

Person County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Person County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

Winston, Williams, Creech, Evans & Company, LLP  
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January 8, 2015

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## Report On Compliance with Requirements Applicable To Each Major State 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

### Report on Compliance for the Major State Program

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 Person County's major state program for the year ended June 30, 2014. Person County's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Person County's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 on compliance for the major state program. However, our audit does not provide a legal determination on Person County's compliance.

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### **Basis for Qualified Opinion on the Medical Assistance Program**

As described in the accompanying schedule of findings and questioned costs, Person County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding number 14-2 for Crosscutting and finding numbers 14-3, 14-4, and 14-5 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Person County to comply with the requirements applicable to that program.

### **Qualified Opinion on the Medical Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Person County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 14-2, 14-3, 14-4, and 14-5. Our opinion on the major state program is not modified with respect to these matters.

Person County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Person County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Management of Person County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Person County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

or 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 state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-3 and 14-5 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 14-2 and 14-4 to be significant deficiencies.

Person County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. Person County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, NC  
January 8, 2015

**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        yes   X   no
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X   yes        none reported

Noncompliance material to financial statements noted   X   yes        no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?   X   yes        no
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X   yes        none reported

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

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

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,339,051

Auditee qualified as low-risk auditee?        yes   X   no



**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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State Awards

Internal control over major State programs:

- Material weakness(es) identified?   X  yes       no
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses   X  yes       none reported

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

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

Identification of major State programs:

Program Name

Medical Assistance

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**Section II – Financial Statement Findings**

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**Finding 14-1**

Excess of Expenditures over Appropriations

**SIGNIFICANT DEFICIENCY**  
**SIGNIFICANT NONCOMPLIANCE**

Criteria: G.S. 159-8(a) states that monies received and expended by a local government or public authority should be included in the budget ordinance.

Condition: Person County expended \$71,140 more in Person Industries Community Rehabilitation Program and Material Recovery Facility Fund than was appropriated in the annual budget ordinance and amendments.

Effect: Expenditures are over appropriations in the annual budget ordinance and amendments.

Cause: Person Industries was over budget in Human Services due to the temporary employment agencies.

Recommendation: Fund statements should be reviewed on a routine basis to ensure expenditures are in line with budget implications and appropriate budget amendments should be adopted.

Views of Responsible officials and corrective action plans: The County agrees with this finding. The County will look at all funds for budgetary compliance and make any necessary adjustments prior to the fiscal year end to try to prevent this from occurring again in the future.

**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 14-2**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Crosscutting

Criteria: The 1571 part II report is recalculated and amounts are tied to DSS reports. The part IV files for 1571 reporting should contain a valid DSS-5027 form indicating approval for the services being provided. We verify the date of services being provided as well as the services code. It is required that the client is receiving services within the approval dates indicated on the 5027 form. It is also required that the services that are being reported on the 1571 match the services that are approved on the 5027 form.

Condition: On the 1571 part II form for the month of April 2014, DSS did not include \$26,696.94 of indirect administrative supportive costs. 1 part IV file did not have the proper approval documentation known as form 5027.

Questioned Costs: There are no questioned costs.

Cause: DSS failed to report the \$26,696.94 of indirect costs due to a lack of accurate reporting and review controls. Ineffective file review process and incomplete documentation to support approval determination.

Recommendation: We recommend that another employee checks the 1571 form for accuracy and correctness behind the preparer. This should be done each month to ensure that no costs are left off as well as calculated correctly. Also the spreadsheet could be set up for the year to easily compare costs from month to month and make it easier to see discrepancies. Files should be reviewed internally to ensure proper documentation is in place for approval. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed

Views of the responsible officials and planned corrective actions: The County agrees with this finding. They will do a correction for this month. It appeared a formula had been deleted in error. They looked at the surrounding months and found no problem.

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**Section III – Federal Award Findings and Questioned Costs**

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See Finding 14-2

**US Department of Health and Human Services  
Centers for Medicare and Medicaid Services**

Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance

Program Name: Medicaid

CFDA #: 93.778

**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 14-3**

**MATERIAL WEAKNESS  
MATERIAL NONCOMPLIANCE**

Income Verification and Budget Calculations for Eligibility

Criteria: For Aged Blind and Disabled applications, the record should contain the DMA-5008A, Adult Budget Sheet, or similar document showing how the budget was computed. Medicaid for Families cases should contain the DMA-5065, MAF Application, or similar document

Condition: Two of these adult cases did not use the correct amount of Social Security on the budget. One Family and Children's Medicaid file should have been evaluated for another program. 1 Medicaid file contained two errors because it used an income limit from the wrong Medicaid program causing the deductible to be calculated incorrectly. Medicaid was authorized prematurely due to the incorrectly calculated deductible.

Questioned Costs: There were questioned costs of \$9,636.

Context: Out of the 26 Adult Medicaid files, 2 files did not use the correct Social Security amount in the budget. In one case, the net social security amount was used instead of the gross amount. Another file used a 2011 Social Security payment instead of the 2012 Social Security payment. Both cases were understating income however the applicants remained eligible after corrections. Out of the total 60 Medicaid files tested, one Medicaid file should have been evaluated for AAF-C Type 5 but was approved for MAF-C. This case transferred from Work First so there was no budget or paper work showing the client was evaluated for Transitional Medicaid. One file also contained two errors because it used an income limit from the wrong Medicaid program causing the deductible to be calculated incorrectly. Medical expenses were in the file, however, there were not enough to support meeting the correctly calculated deductible. This case was authorized for Medicaid prematurely.

Effect: Cases did not have a correct budget calculation for Medicaid eligibility. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits could be paid to ineligible applicants.

Cause: Ineffective case review process and incomplete documentation to support eligibility determination.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed.

Views of responsible officials and planned corrective actions: Management will continue to meet with workers to review Family and Children's Income MA-3300 and Budgeting MA-3305 sections. Random reviews will be completed on each worker for documentation, correct budget calculation and formal zero budgets. Workers will continue to attend trainings to prevent future errors.

**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**US Department of Health and Human Services  
Centers for Medicare and Medicaid Services  
Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance  
Program Name: Medical Assistance Program  
CFDA #: 93.778**

**Finding: 14-4**

SIGNIFICANT DEFICIENCY  
SIGNIFICANT NONCOMPLIANCE

Liquid Assets and Reserve Calculations for Eligibility

Criteria: Case records should contain verification that liquid assets were verified and whether countable or non-countable for purposes for determining eligibility. The countable reserves are then compared to and must be below the State-provided reserve limits for the particular Medicaid program

Condition: 26 Adult Medicaid cases were audited. 1 of these adult cases did not correctly calculate liquid assets for the countable reserves.

Questioned Costs: There were no questioned costs.

Context: Out of 26 Adult Medicaid files, 1 Adult Medicaid file used the prior year's tax value for vehicles in reserve. Actual value was less than the amount used. Eligibility of the client was not impacted as the value of the vehicle had decreased.

Effect: Case did not calculate liquid assets correctly. It is possible that these errors could lead to incorrectly approving or denying an applicant benefits. Benefits could be paid to ineligible applicants..

Cause: Ineffective case review process and incomplete documentation to support eligibility determination.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping stressed.

Views of responsible officials and planned corrective actions: Management will continue to meet with workers to review Family and Children's Income MA-3300 and Budgeting MA-3305 sections. Random reviews will be completed on each worker for documentation, correct budget calculation and formal zero budgets. Workers will continue to attend trainings to prevent future errors.

**US Department of Health and Human Services  
Centers for Medicare and Medicaid Services  
Passed-through the N.C. Dept. of Health and Human Services Division of Medical Assistance  
Program Name: Medical Assistance Program  
CFDA #: 93.778**

**Finding 14-5**

MATERIAL WEAKNESS  
MATERIAL NONCOMPLIANCE

Program Internal Control

Criteria: Local departments of Social Services (DSS) play an important role in determining eligibility for the Medical Assistance Program. Under authority of 42 CFR 431.1 and G.S. 108A, DSS has the

**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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responsibility to determine financial eligibility for families and non-SSI beneficiaries to be covered by the NC Medicaid Program. Internal Controls are in place as a safeguard to determine eligibility and to double check files for fraud and errors. With all of the changes in the eligibility rules, computer systems utilized, introduction of a universal caseworker and required changes by the Affordable Care Act, strong internal controls should be in place.

Condition: Due to new systems, changes in eligibility rules, introduction of a universal caseworker, higher caseloads, and recent state-wide publicity regarding Medicaid administration, the pressure on workers has increased and the time spent on 2nd party reviews and internal training has decreased. The legislative requirement to speed up the implementation of NC FAST caused an internal shift in focus from training and reviews to getting applications processed. There was also a lack of training from the State which caused the Agency to “learn as they went”. These conditions appear to be occurring state-wide but due to the decentralization of the eligibility determination; internal controls are addressed at the county level.

Questioned Costs: There are no questioned costs.

Context: A key internal control for eligibility is the second party review process. The idea behind this is to spot check a randomly selected sample of files for accuracy. After the files have been reviewed the agency would retrain workers in any ineffective areas. The supervisors review cases each month. Supervisors would like to see this number increase, but since NC FAST created a backlog, it’s been harder to keep the reviews going. Supervisors are spending time answering questions about policy and reviewing new workers cases which is leaving little time to do 2nd party reviews. Lead workers were utilized during the year to assist with second party reviews and the Agency is creating a quality control position to be filled internally to perform second party reviews going forward.

The Affordable Care Act, NC FAST, and the universal caseworker idea have impacted DSS negatively. With cases coming down from the marketplace, DSS had to increase the caseload for workers causing an increase in caseload and necessary overtime. With the pressure to clear backlog and to keep their ongoing cases, workers are more likely to make mistakes and not catch those mistakes.

With NC FAST being a new system, workers have to be trained on the system. Proper training has not taken place with workers. With technology changing daily, it is hard for workers to keep up with all the changes and handle their caseload each day. Workers are making errors due to changes in the system or not being able to understand the technology.

The introduction of Modified Adjusted Gross Income (MAGI) budgeting methodology has also caused an increase in the amount of time it takes to work a case (initial application or redetermination). Due to the process of household determination and composition, you may have several budgets to encompass all members of a “physical” household that are applying for services instead of being able to do one budget for all members of the household previously. In the initial phases of implementation, it was not unheard of for a case to double and sometimes triple in the time it took to process the application or redetermination.

The introduction of the universal caseworker has also highlighted issues in training. Many caseworkers are now handling Medicaid cases that did not receive adequate training of Medicaid’s complicated rules for eligibility. If a worker had been hired as a new employee, the training and supervision of that employee is different than that of a worker who came over from Food Stamps or another area of DSS. The lack of knowledge/training of the Medicaid criteria, for income especially, proves to be an issue since this is different depending on the program being considered.

Effect: There is an increased risk that applicants that have been approved to receive benefits may actually not be eligible and those that were denied may actually be eligible due to errors made in determining eligibility. Stressed and/or overworked workers may seek other employment and thus increase the turnover rate at DSS.

**PERSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Cause: Overwhelming changes from the Affordable Care Act, the implementation of NC FAST and NC Tracks, the introduction of the universal caseworkers, reorganization of DSS staff, and budget pressures.

Recommendation: More second party reviews need to take place to ensure that eligibility is determined correctly and timely. Group training sessions should be held on the new systems to allow time for team members to share best practices or tricks learned. Consider the additional role for a quality control reviewer or internal auditor to assist in second party reviews so supervisors can spend more time training and supervising workers. Morale boosters should be sought out. These do not have to be monetary, but some manner/means to make workers feel appreciated for the work that they do.

Views of responsible officials and planned corrective actions: The County agrees that there have been numerous challenges due to the roll out of NC FAST and implementation of the Affordable Care Act. As a result, there have been organizational changes in an effort to meet the demands of the changing system and to keep up with the work flow. The County also made efforts to follow the State's recommended model for the universal worker concept until we determined that doing so could impact quality as a result of insufficient time and resources to train staff. At that time, the County reorganized to specialize in Long Term Care, SA, CAP and PACE programs in order to ensure that quality was not compromised, but continued with the Universal Worker in all other programs. However the State added LTC and SA to the list of programs processed in NCFast and without prior training this added to staff struggles and frustration. Quality Control has always been a priority for Person County DSS. Since the inception of NC FAST and the ACA, supervisors and lead workers have had to place a strong emphasis on keeping up with the applications and recertifications, thus leaving less time for second party reviews. Lead workers often conducted second party reviews when supervisors were unable to do so due to work load and implementation issues encountered.

The Agency readily recognized the need and priority to ensure quality and continues weekly training and the completion of second party reviews as time allows but especially with new staff.

Due to the nature of the work within a department of social services, it is important that staff feel valued and appreciated. Person County DSS strives to ensure that morale of staff is as high as possible. There are times when morale is higher than others for many differing factors. However, during the NC FAST and ACA rollout, Person County experienced very little turnover. The agency put in place a mechanism for comp time as needed and requested in order that staff be allowed to determine their own caseload demands. This was worked with supervisory guidance and approval. Once additional Medicaid reimbursement was secured, the County began to pay for overtime in order to increase morale. In addition, there are frequent unit gatherings to celebrate successes and to simply gather to relieve stress. The agency director has provided lunch for the staff in the units affected as a demonstration of appreciation for their ongoing efforts.

Person County DSS agrees that errors can and will occur as caseloads increase, new systems are introduced, and changes frequently occur. However, it has not been the experience or observation by management within the agency that errors occur as a result of decreased dedication by staff or a reduced commitment to the assurance of quality in their work. Person County DSS strives to ensure quality in its delivery of services and to ensure the fiscal accountability and integrity of the funding in each program area.

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**Section IV – State Award Findings and Questioned Costs**

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See Findings 14-2, 14-3, 14-4, and 14-5

**PERSON COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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**Finding: 14-1**

Name of Contact Person: Amy Wehrenberg, Finance Director

Corrective Action: The County will look at all funds for budgetary compliance and make any necessary adjustments prior to the fiscal year end to try to prevent this from occurring again in the future.

Proposed Completion Date: June 30, 2015

**Finding: 14-2**

Name of Contact Person: Deborah Coley/Accounting/Administrative Supervisor

Corrective Action: Correction was made on the May 2014 1571 by reporting the April 2014 indirect admin support cost. All 1571's were checked for the fiscal year to find that indirect admin support costs were claimed. The cause of Finding #1, a deleted formula, has been corrected. Part IV file was corrected May 2014 by deducting the amount claimed in error.

Proposed Completion Date: May 2014

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**Section III – Federal Award Findings and Questioned Costs**

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See Finding 14-2

**Finding: 14-3**

Name of Contact Person: Carlton Paylor, Interim Director of Social Services

Corrective Action: Internal reviews will be performed on a test basis to ensure proper documentation is taking place for eligibility. Training will take place with employees to ensure they are aware of what information is required to be kept in files and the importance of complete and accurate record keeping will be stressed.

Proposed Completion Date: June 30, 2015.

**Finding: 14-4**

Name of Contact Person: Carlton Paylor, Interim Director of Social Services

Corrective Action: Internal reviews will be performed on a test basis to ensure proper documentation is taking place for eligibility. Training

**PERSON COUNTY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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will take place with employees to ensure they are aware of what information is required to be kept in files and the importance of complete and accurate record keeping will be stressed.

Proposed Completion Date: June 30, 2015.

**Finding: 14-5**

Name of Contact Person: Carlton Paylor, Interim Director of Social Services

Corrective Action: The agency continues to take advantage of any one on one or other local trainings to prepare staff for their duties. The agency has also provided each staff with two monitors to assist them with making their job easier in allowing them to view their job aides while entering information in the NCFAST system. We have knowledgeable staff that are able to train and the staff is asked to read their policies. Caseloads are reorganized as needed to help workers with their caseloads.

The agency has decided to go back to specialized caseworkers after issues were encountered with the universal caseworker and knowledge transfer of income and eligibility requirements.

The agency continues to praise staff, recognize staff in agency meetings, paid overtime is available, and activities within the agency are provided and business casual Fridays are offered each week to boost morale.

The Income Maintenance Caseworkers are currently fully staffed. Supervisors will research for more training in NCFAST for staff and schedule their staff to attend.

Proposed Completion Date: June 30, 2015.

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**Section IV – State Award Findings and Questioned Costs**

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See Finding 14-2, 14-3, 14-4, and 14-5



**PERSON COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Finding 13-1**

**Status:** Finding has been completed.

**Finding 13-2**

**Status:** See Findings 14-3 and 14-4.

**Person County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<b>Federal Awards:</b>			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 436,172.00	\$ -
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	201,739	-
Summer Food Service Program for Children	10.559	291	-
Direct Benefit Payments: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	772,583	-
Total U.S. Dept. of Agriculture		1,410,785	-
<u>U.S. Dept. of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed-through the N.C. Dept. of Commerce: Community Development Block Grant	14.228	169,757	-
Total U.S. Dept. of Housing and Urban Development		169,757	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Crime Control and Public Safety: Emergency Management Performance Grants	97.042	35,317	-
Emergency Food and Shelter National Board Program	97.024	3,500	-
Passed-through the N.C. Dept. of Public Safety: Hazard Mitigation Grant	97.039	40,223	-
Total U.S. Dept. of Homeland Security		79,040	-
<u>U.S. Dept. of Transportation:</u>			
<u>Federal Transit Administration (FTA)</u>			
Passed-through the N.C. Dept. of Transportation: Formula Grants for Rural Areas	20.509	234,273	11,756
<u>National Highway Traffic Safety Administration (NHTSA)</u>			
Passed-through the N.C. Dept. of Transportation: State and Community Highway Safety	20.600	36,045	-
<u>Federal Aviation Administration (FAA)</u>			
Passed-through the N.C. Dept. of Transportation: Airport Improvement Program	20.106	135,144	45,372
Total U.S. Dept. of Transportation		405,462	57,128
<u>Institute of Museum and Library Services</u>			
Grants to States	45.310	90,886	-
<u>U.S. Dept. of Health &amp; Human Services</u>			
<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>			
Foster Care-Title IV-E - ARRA:			
Title IV-E Foster Care	93.658	161,801	40,229
Foster Care - Direct Benefit Payments	93.658	163,839	50,140
Adoption Assistance - ARRA:			
Adoption Assistance - Direct Benefit Payments	93.659	155,178	41,594
ARRA - Foster Care	93.658		
Adoption Assistance	93.659	72,948	28,139
Total Foster Care and Adoption Cluster		553,766	160,102
Temporary Assistance for Needy Families	93.558	305,161	-
Direct Benefit Payments	93.558	309,339	-
Family Support Payments to States- Assistance Payments	93.560	(732)	(201)
Child Support Enforcement	93.563	381,442	-
Low-Income Home Energy Assistance Block Grant:			
Crisis Intervention	93.568	163,861	-
Administration	93.568	34,208	-
Assistance	93.568	164,400	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	44,849	-
Temporary Assistance for Needy Families	93.558	3,662	-
Social Services Block Grant	93.667	318,316	35,004
Chafee Foster Care Independence Program			
Independent Living Initiative-Links	93.674	10,381	2,595
Independent Living Transitional	93.674	2,831	-
Promoting Safe and Stable Families	93.556	22,088	-
Total Division of Social Services		2,313,572	197,500

**Person County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>Administration for Children and Families (cont.)</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Child Development:			
Subsidized Child Care			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care and Development Fund- Administration	93.596	81,062	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	419,552	-
Child Care and Development Fund - Mandatory	93.596	237,928	-
Child Care and Development Fund-Match	93.596	172,815	60,054
Total Child Care Development Fund Cluster		911,357	60,054
Temporary Assistance for Needy Families	93.558	216,623	-
Foster Care Title IV-E - ARRA	93.658	10,927	5,701
Smart Start		-	8,010
State Appropriations		-	211,035
TANF-MOE		-	159,036
Total Subsidized Child Care		1,138,907	443,836
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	36,602,027	20,290,377
Children's Health Insurance Program	93.767	859,570	271,029
Passed-through the N.C. Dept. of Health and Human Services, Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	791,396	17,209
Children's Health Insurance Program	93.767	20,991	1,899
<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	28,010	-
Immunization Cooperative Agreements	93.268	10,466	-
Preventive Health and Health Services Block Grant	93.991	10,783	-
PPHF-Community Transformation Grants and National Dissemination and Support for Community Transformation Grants- financed solely by Prevention and Public Health Funds	93.531	543,527	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	21,143	6,375
<u>Health Resources and Service Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services, Division of Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	53,518	42,043
<u>Office of Population Affairs</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Family Planning Services	93.217	27,496	-
<u>Office of the Secretary</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Medical Reserve Corps Small Grant Program	93.008	3,500	-
Total U.S. Dept. of Health and Human Services		42,424,906	21,270,268
<u>U.S. Department of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Bulletproof Vest Partnership Program	16.607	2,793	-
<u>Criminal Division</u>			
Equitable Sharing Program	16.922	51,401	-
Total U.S. Department of Justice		54,194	-
Total federal awards		44,635,030	21,327,396
<b>STATE AWARDS:</b>			
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Capital Fund		-	71,906
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
State/County Special Assistance for Adults-Direct Benefit Payments		-	496,354
Family Support Program		-	140,032
SFHS Maximization - Direct		-	59,988
State Foster Care Benefits Program-Direct		-	47,683
F/C At Risk Maximization-Direct		-	3,738
CWS-Direct Benefit Payments		-	61,078
Energy Program		-	26,289
Incent/Program Integrity		-	1,846
Total Division of Social Services		-	837,008

**Person County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2014**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
Division of Public Health:			
General Aid to Counties		-	85,785
General Communicable Disease Control		-	4,398
Tuberculosis		-	8,718
TB Medical Services		-	540
School Nurse Funding Initiative		-	150,000
Food and Lodging Fees		-	7,610
Environmental Health		-	4,000
CST Nurse Grant		-	25,658
Risk Reduction/Health Promotion		-	6,286
Maternal Health (HMHC)		-	760
WHSF		-	11,616
Total Division of Public Health		-	305,371
Total N.C. Dept. of Health and Human Resources		-	1,142,379
<u>N.C. Dept. of Transportation</u>			
ROAP-Elderly and Disabled Transportation Assistance Program		-	59,590
ROAP-Work First		-	16,441
ROAP-Rural General Public Program		-	74,833
Total N.C. Dept. of Transportation		-	150,864
<u>N.C. Dept. of Commerce</u>			
One NC Fund Grant (Certain Teed Gypsum NC, Inc. Match)		-	225,000
<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		-	2,599
Division of Environmental Health:			
DEA Off Waste R&D Trust Fund		-	4,510
Division of Waste Management:			
Electronics Management Program		-	2,605
Total N.C. Dept. of Environment and Natural Resources		-	9,714
<u>N.C. Dept. of Public Safety</u>			
Division of Juvenile Justice and Delinquency Prevention			
Juvenile Crime Prevention Programs		-	127,665
Total State awards		-	1,728,980
Total federal and State awards		\$ 44,635,030	\$ 23,056,376

**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:

Program Title	CFDA Number	Federal Expenditures	State Expenditures
ROAP - EDTAP		-	50,180
Person County Senior Center		-	383,029
Person County Group Home		-	4,907