

Person County, North Carolina

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2015



Prepared by the
Person County Finance Department
Issued December 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
December 22, 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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of Person County

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

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

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

The 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, 2015, Person County's unemployment rate was 7.2%, an increase of 1% over last year's rate of 6.2% and higher than the statewide June 30, 2015 rate of 6.1%. Interestingly, the State of North Carolina is one of the in the top 10 states in the US this past year in employment gains. The urban areas of North Carolina garnered high employment gains over the majority of the rural areas. The state wide average annual unemployment rate from July 2014 to June 2015 was averaging 5.75% while the average Person County unemployment rate was averaging approximately 1 % higher at 6.73%.

The impact of the recession and credit crisis has taken a toll on businesses and industries in Person County and the recovery has begun, but the speed of that recovery will continue to impact the local economy.

Local manufacturing developments include the following ongoing projects:

- Spuntech Industries has completed a doubling of their plant capacity with their new investment that was calculated to be \$35M (although the actual capital investment is now over \$65M) and the creation of from 40-70 new jobs at the average wage of \$42K annually.
- Person County, the City of Roxboro and the Roxboro Development Group worked together on a revitalization project located in the Uptown Roxboro with Halls Agribusiness for the renovation of around 10,000 square feet of new capital investment and the creation of up to 55 new jobs.
- P & A Fabricators has recently completed a new capital investment upgrade of \$1,000,000.00.
- 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. purchased 180 acres of property for new industry expansion and has already sold the 180 acres to business for future job development and capital expansions in Person County.
- PCBIC, Inc., the non-profit economic development group for the City of Roxboro and Person County, has worked to obtain land options of a substantial size for and new business development for future opportunities this fiscal year. Duke Power provided a site readiness grant to allow the economic development group to be more prepared in the area of business site and public infrastructure development.
- New apartments are finishing construction in Roxboro this year valued over \$2,800,000.00.

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 is an important contributor to the Person County economy. 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 provide about 20% of the county's jobs. Tobacco is the number one gross income producer, generating approximately 48% of the total cash receipts to Person County farmers. Other major agricultural income producing crops and livestock include soybeans, wheat, hay, corn, nursery and greenhouse crops vegetables, cattle, goats, sheep, horses, and hogs.

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 2015, the Person County Capital Improvement Plan ("CIP") for the years 2016-2020 was presented and approved in April 2015 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.

At the Board's meeting on October 5, 2015, Commissioners voted to demolish the existing Senior Center facility at the Depot Street location, construct a 12,000 square-foot facility on the site of the former facility, and develop a community park on an adjacent vacant lot at an estimated cost of \$2.87M. The Board has also approved this project for the FY15-16 Capital Improvement Plan with the intent to finance this project with General Obligation Bonds. On September 8, 2015, the Board of Commissioners approved the order extending the maximum time period for issuing Recreational Facilities Bonds from 7 to 10 years. By approval of this order, Person County will have a 3 year extension to authorize the issuance of General Obligation bonds to finance the construction of any facilities related to a Recreation and/or Senior Center for which citizen consent was received under the referendum dated November 4, 2008. The latest year that these bonds can now be issued is 2018. Construction is not estimated to begin for the senior center until FY 2017.

On August 17, 2015, the Board of County Commissioners adopted a capital project ordinance for the purchase and renovation of new property, currently known as "Roxplex", re-roofing construction for Huck Sansbury, South Elementary, Woodland Elementary, and Oak Lane Elementary, window replacements at North End Elementary, and the replacement of a chiller unit at Southern Middle School. The total loan financing for this project is estimated to be \$2,164,000. Construction bids are anticipated by December 2, 2015 with a loan closing scheduled for February 11, 2016.

Major Initiatives

Person County Executive Airport

Using federal grant dollars and matching local funds, the County is currently working on several projects at the Person County Airport. The primary project at this time is conducting an Airport Development Study which includes a new Master Plan. Projects completed include the repairs to Emergency Taxiway Lighting and Upgrading of the Fuel Farm. 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 was 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 in FY 2014 and began raising funds from various community groups, with an initial donation of \$50,000 from Roxboro Savings Bank. Funds were used to remodel the upstairs of the Kirby to create additional performing arts space, rehearsal space, a music room, meeting rooms, studio/classrooms, art gallery and additional dressing rooms. Renovations also included façade improvements to restore the historic integrity and uniform appearance of the structure, as well as the installation of an elevator to allow for access to the upstairs area. The total project cost was \$656,732 and completed in May 2015. PCC and Person County successfully collaborated 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 had multiple discussions in FY 14 and FY 15 regarding improvements to the public safety communication system and the provision of broadband services to unserved areas in Person County. It was determined that the County’s current system did 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. 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. A lease was created in FY 15 between the County and Bethel Hill Charter School to provide for revenue sharing in the event that any cell carrier leases space on the Bethel Hill tower. Also in FY 15, the existing lease with the Board of Education for the Woodland tower site was amended to allow the State to lease the property from the County. Currently, the environmental studies are underway on the three proposed tower sites and should be completed by the end of 2015. In FY16, a consultant will be hired to write the RFP for the public safety system and evaluate proposals. The project is scheduled to be completed in the fall of 2016.

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, 2014. This was the twenty-seventh 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

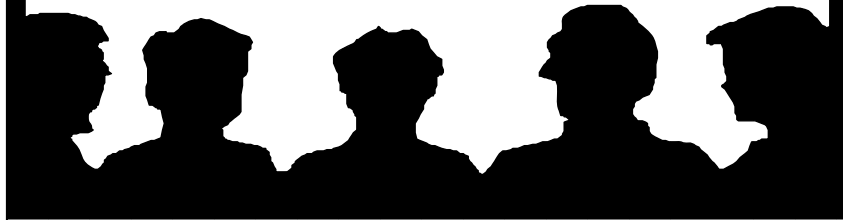
**County of Person
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

COUNTY OF PERSON LIST OF PRINCIPAL OFFICIALS



Board of County Commissioners

Kyle W. Puryear, Chairman
David B. Newell, Sr., Vice-Chairman
Jimmy B. Clayton
B. Ray Jeffers
Tracey L. Kendrick

Manager

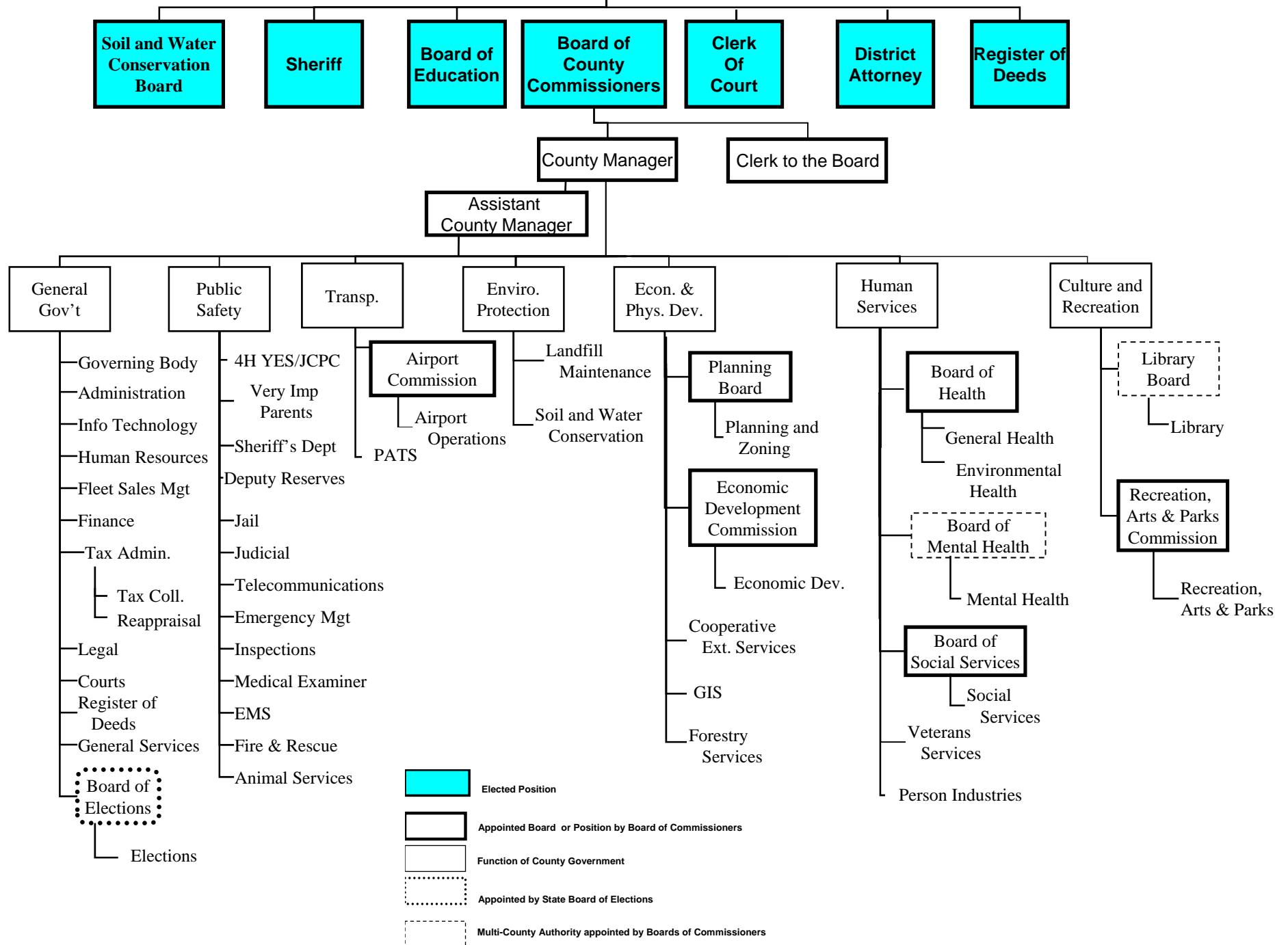
Heidi York

Finance Director

Amy Wehrenberg

PERSON COUNTY GOVERNMENT ORGANIZATIONAL CHART BY FUNCTION

Citizens of Person County



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

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 ended June 30, 2015, 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 of 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 were not audited in accordance with *Government Auditing Standards*.

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

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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 as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Person Industries Community Rehabilitation Program & Material Recovery Facility 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, the Law Enforcement Officers' Special Separation Allowance, and the Other Postemployment Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deed's Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on Exhibits A-1 thru A-8, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists 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 Person County's basic financial statements. 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 and are not a required part of the basic 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 December 22, 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
December 22, 2015

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

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, 2015. 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 \$47,926,113 (*net position*).
- The government's total net position increased by \$14,647,901 when compared to the previous fiscal year, primarily due to the receipt of two buildings from Person County Schools and management's focus on monitoring spending and maximizing revenue collection.
- As of the close of the current fiscal year, Person County's governmental funds reported combined ending fund balances of \$24,933,245, an increase of \$2,573,385 on a comparable basis with the prior year. Approximately 29% of this total amount, or \$7,215,427, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,163,785, which represents 25.23% of total General Fund expenditures for the fiscal year.
- Person County's total debt decreased by \$1,084,193 (1.8% of total governmental expenditures) during the current fiscal year. The key factors in this decrease are the scheduled debt repayments for the year offset by proceeds received for the Person County Recycling Center and various roofing improvements and the execution of a capital lease for elections equipment.
- 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

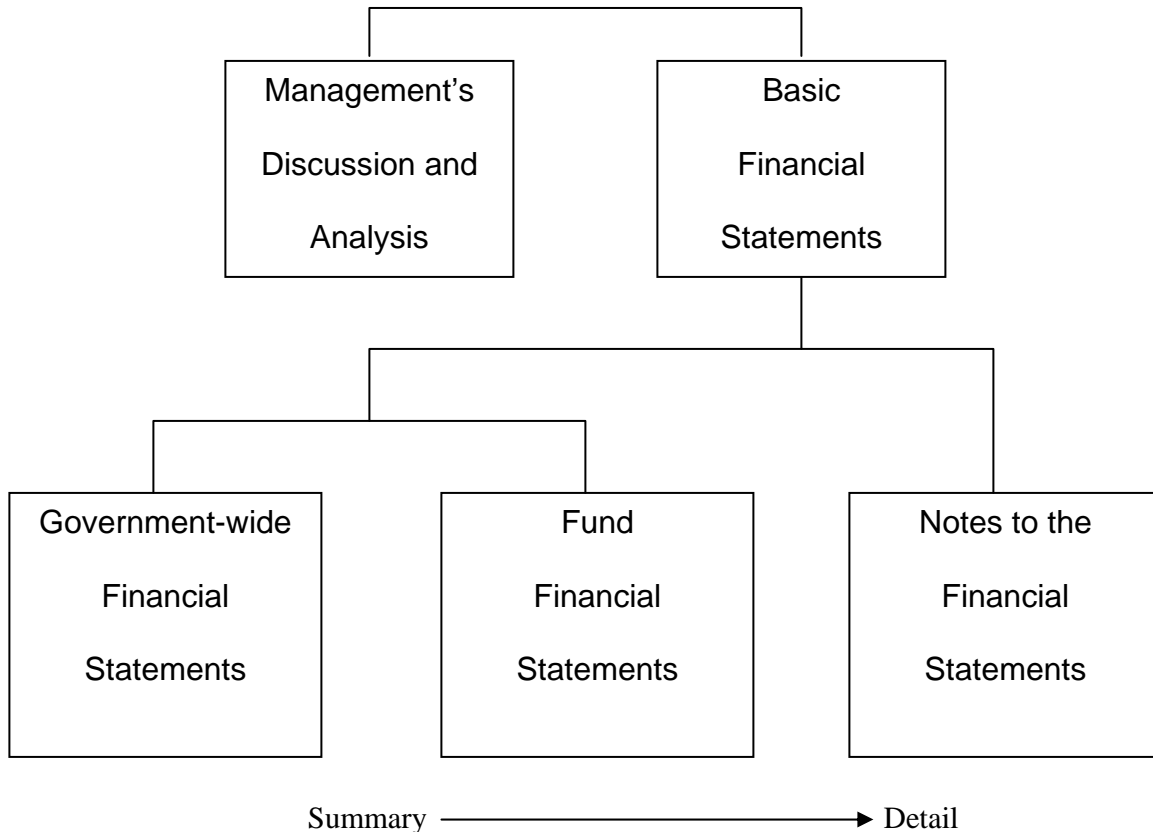
This discussion and analysis are intended to serve as an introduction to Person County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see 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, 2015

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, 2015

Government-wide Financial Statements

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

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

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

The government-wide financial statements are on pages 25 through 27 of this report.

Fund Financial Statements

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

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

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

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 39 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 74 of this report.

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2015

Government-wide Financial Analysis

The following table summarizes Net Position at June 30, 2015 and 2014:

PERSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 29,289,719	\$ 25,414,850	\$ 148,799	\$ 77,675	\$ 29,438,518	\$ 25,492,525
Capital assets	36,583,267	26,692,605	-	-	36,583,267	26,692,605
Total assets	65,872,986	52,107,455	148,799	77,675	66,021,785	52,185,130
Total deferred outflows of resources	1,020,774	-	-	-	1,020,774	-
Long-term liabilities outstanding	13,438,853	14,109,971	-	-	13,438,853	14,109,971
Other liabilities	1,687,717	2,589,230	4,615	6,007	1,692,332	2,595,237
Total liabilities	15,126,570	16,699,201	4,615	6,007	15,131,185	16,705,208
Total deferred inflows of resources	3,985,261	79,710	-	-	3,985,261	79,710
Net position:						
Net investment in capital assets	31,664,023	23,065,359	-	-	31,664,023	23,065,359
Restricted	7,043,470	7,729,273	-	-	7,043,470	7,729,273
Unrestricted	9,074,436	4,533,912	144,184	71,668	9,218,620	4,605,580
Total net position	\$ 47,781,929	\$ 35,328,544	\$ 144,184	\$ 71,668	\$ 47,926,113	\$ 35,400,212

The assets and deferred outflows of resources of Person County exceeded liabilities and deferred inflows of resources by \$47,926,113 as of June 30, 2015. The County's net position increased by \$12,525,901 for the fiscal year ended June 30, 2015. Net position of \$31,664,023 (66%) 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 \$7,043,470 (15%) at June 30, 2015.

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 \$4 million at June 30, 2015 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. During 2015, two PCS properties were returned 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. The outstanding debt related to these two properties is \$1,511,695.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

The remaining balance of \$9,218,620 (19%) is unrestricted.

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

- Continued emphasis on the collection of property taxes. The tax collection percentage increased slightly from the previous year from 98.4% to 98.7%. However, the overall tax collections for current year's taxes decreased by \$109,179.
- Received two buildings from PCS as contribution of capital.
- 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, 2015 and 2014 for governmental activities:

PERSON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,445,056	\$ 6,441,502	\$ 268,540	\$ 271,342	\$ 6,713,596	\$ 6,712,844
Operating grants and contributions	10,954,753	10,569,504	-	-	10,954,753	10,569,504
Capital grants and contributions	544,821	491,649	-	-	544,821	491,649
General revenues:						
Property taxes	31,358,952	30,883,915	-	-	31,358,952	30,883,915
Local option sales taxes	6,732,660	6,430,850	-	-	6,732,660	6,430,850
Other taxes and licenses	563,360	462,739	-	-	563,360	462,739
Unrestricted intergovernmental	208,437	-	-	-	208,437	-
Investment earnings, unrestricted	(32,398)	508	-	-	(32,398)	508
Miscellaneous, unrestricted	10,466,747	372,661	-	-	10,466,747	372,661
Total revenues	67,242,388	55,653,328	268,540	271,342	67,510,928	55,924,670
Expenses:						
General government	6,688,836	6,055,901	-	-	6,688,836	6,055,901
Public safety	12,475,439	12,476,577	-	-	12,475,439	12,476,577
Transportation	1,277,326	1,286,978	-	-	1,277,326	1,286,978
Economic and physical development	1,433,353	1,404,663	-	-	1,433,353	1,404,663
Environmental protection	2,510,486	649,147	-	-	2,510,486	649,147
Human services	14,335,792	16,563,554	-	-	14,335,792	16,563,554
Cultural and recreation	1,615,447	1,592,550	-	-	1,615,447	1,592,550
Education	11,626,709	12,096,514	-	-	11,626,709	12,096,514
Capital Outlay	460,869	1,560,160	-	-	460,869	1,560,160
Interest on long-term debt	242,746	530,279	-	-	242,746	530,279
Stormwater	-	-	196,024	199,674	196,024	199,674
Total expenses	52,667,003	54,216,323	196,024	199,674	52,863,027	54,415,997
Increase in net position	14,575,385	1,437,005	72,516	71,668	14,647,901	1,508,673
Net position, July 1	35,328,544	33,891,539	71,688	-	35,400,212	33,891,539
Net position, July 1, restated	33,206,544	33,891,539	71,688	71,688	33,278,212	33,891,539
Net position, June 30	\$ 47,781,929	\$ 35,328,544	\$ 144,184	\$ 71,668	\$ 47,926,113	\$ 35,400,212

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

Governmental Activities: Governmental activities resulted in an increase of the County's net position by \$14,575,385, which was \$13,138,380 more than the change in net position for fiscal year 2013-14. Key elements of this net increase are as follows:

- Capital contributions of \$10,363,160 related to a land and a building for use as the Senior Center and PCS deeding property 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.
- Property taxes increased \$475,037 related to a decrease in the allowance for doubtful accounts. This decrease is due to increased collectability of the receivable.
- Sales tax revenues reflect a moderate recovery showing an increase of \$301,810 over fiscal year 2014.

Business-type Activities: Business-type activities increased Person County's net position by \$72,516, accounting for 0.5% of the total growth in the government's net position. Key elements of this increase are as follows:

- 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 \$16,283,777, while total fund balance reached \$20,948,441. 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 31.33% of general fund expenditures, while total fund balance represents 39.99% of that same amount.

The Person Industries Community Rehabilitation Program and Material Recovery Facility Fund (classified as a major fund within Person County's financial statements), reported a fund balance of \$152,397 at June 30, 2015 a decrease of \$282,124 from last year. The decrease in fund balance can be attributed to an increase of the use of temporary employees of approximately \$320,000 offset by the reduction in building leases of approximately \$70,000 due to the purchase of a new recycling center.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

At June 30, 2015, the governmental funds of Person County reported a combined fund balance of \$24,933,245, a 11.5% increase from last year. The primary cause for this increase is decreased activity for capital projects as the Courthouse renovation, the purchase of the Person County Recycling Center and several roofing projects have completed.

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 \$1,727,842.

Sales tax collections showed some recovery which is reflected by the \$413,141 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 \$106,670 lower than the final budgeted amount due largely to the decrease in health fees. Intergovernmental revenues were short of budget by \$693,043. A large portion of this difference is due to the delay of the drawdown requests for lottery proceeds and a decrease from budget in Social Services. The impact of this budget deficit is off-set by ad valorem taxes which were over budget by \$1,277,607 and local option sales tax which was over budget by \$413,141.

Appropriations within the General Fund covered actual expenditures by more than \$3.8 million. \$2 million of these remaining funds was the result of the timing differences in the State allocations for departments in the Human Services function. Another \$0.6 million of these remaining funds was the result of timing differences related to lottery projects for the schools.

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 \$144,184. The total growth in net position was \$72,516. 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, 2015, total \$36,583,267 (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

- Senior Center land and building, Helena water line, elections voting equipment, improvements to the Kirby Theatre, and various roofing projects on County buildings.

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2015

Human Services

- A GPS package and a vehicle.

Public Safety

- 7 vehicles, 2 K-9 dogs, E-911 server and related software, radio equipment, and an ambulance.

Culture and Recreation

- Digital learning software for the library and sound equipment for the Kirby Theatre.

Transportation

- A replacement vehicle and improvements to the airport.

Education

- Receipt of Southern Middle School and the Earl Bradsher building from Person County Schools and roofing projects to both buildings.

PERSON COUNTY CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2015	2014	
Land	\$ 2,967,821	\$ 2,887,573	\$ -	\$ 2,967,821	\$ 2,887,573	
Buildings	18,099,437	10,163,207	-	18,099,437	10,163,207	
Improvements	7,371,411	5,883,135	-	7,371,411	5,883,135	
Machinery and equipment	3,159,892	3,222,493	-	3,159,892	3,222,493	
Infrastructure	2,106,228	2,484,065	-	2,106,228	2,484,065	
Construction in progress	<u>2,878,478</u>	<u>2,052,132</u>	<u>-</u>	<u>2,878,478</u>	<u>2,052,132</u>	
Total	<u>\$ 36,583,267</u>	<u>\$ 26,692,605</u>	<u>\$ -</u>	<u>\$ 36,583,267</u>	<u>\$ 26,692,605</u>	

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

Long-term Debt: As of June 30, 2015, Person County had no total bonded debt outstanding. Other total outstanding debt is included below:

PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2015	2014
Installment purchases	\$ 9,645,448	\$ 10,849,284
Capital lease	<u>343,175</u>	<u>223,532</u>
Total outstanding debt	<u>\$ 9,988,623</u>	<u>\$ 11,072,816</u>

Person County's total debt decreased by \$1,084,193 (9.8 percent) during the past fiscal year, due to the repayment of debt offset by proceeds from new debt. The new debt involved a capital lease for

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

new elections equipment and installment purchases for the Person County Recycling Center and various roofing projects.

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 \$349,727,297.

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, 2015, was 6.7%, an increase of 0.5% over last year's rate of 6.2%, and 0.9% higher than the statewide average of 5.8%.
- 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 39,265 is slightly lower than in previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The original appropriations in the General Fund will increase by \$1,314,589 to \$54.97 million or 2.4% more than the previous year's adopted budget. Property taxes and intergovernmental revenues are expected to be the primary causes for the increase in revenue projections. The projected property tax revenue is \$724,850 more than for FY2015. An appropriation of \$2,721,258 from fund balance provides the balance of the estimated revenues. No tax increase was proposed or implemented in Person County's fiscal year 2016 budget.

The majority of the segments of the General Fund report a projected increase to their budgeted expenditures. The largest increases are due to an overall increase in employee health insurance costs, a technology request by the PCS to supply laptops for the middle schools, and an increase in economic development incentives. Fiscal year 2016 realized the long anticipated retirement of school refinancing debt which helped to offset the increases in budget by \$1.6M.

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.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2015

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Person County, 304 S. Morgan Street, Suite 219, Roxboro, NC 27573. 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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business Type Activity	Total	Person County ABC Board
ASSETS				
Cash and cash equivalents	\$ 20,854,933	\$ 136,016	\$ 20,990,949	\$ 608,359
Receivables (net)	4,872,893	12,783	4,885,676	3,997
Due from component unit	78,480	-	78,480	-
Due from fiduciary funds	3,942	-	3,942	-
Inventories	-	-	-	273,555
Prepaid items	214,361	-	214,361	454
Restricted cash and cash equivalents	1,601,277	-	1,601,277	-
Advance funding of pension obligation	8,343	-	8,343	-
Capital assets:				
Land, improvements, and construction in progress	5,846,299	-	5,846,299	34,188
Other capital assets, net of depreciation	30,736,968	-	30,736,968	57,164
Total capital assets	36,583,267	-	36,583,267	91,352
Net pension asset	1,655,490	-	1,655,490	10,969
Total assets	65,872,986	148,799	66,021,785	988,686
DEFERRED OUTFLOWS OF RESOURCES	1,020,774	-	1,020,774	15,000
LIABILITIES				
Accounts payable and accrued expenses	1,605,114	4,615	1,609,729	193,831
Accrued interest payable	82,603	-	82,603	-
Due to primary government	-	-	-	78,480
Long-term liabilities:				
Due within one year	2,189,373	-	2,189,373	-
Due in more than one year	11,249,480	-	11,249,480	-
Total long-term liabilities	13,438,853	-	13,438,853	-
Total liabilities	15,126,570	4,615	15,131,185	272,311
DEFERRED INFLOWS OF RESOURCES	3,985,261	-	3,985,261	26,735
NET POSITION				
Net investment in capital assets	31,664,023	-	31,664,023	91,352
Restricted for:				
Public safety	202,608	-	202,608	-
Cultural and recreation	61,211	-	61,211	-
Education	375,119	-	375,119	-
Register of deeds	39,672	-	39,672	-
Stabilization by State Statute	5,015,916	-	5,015,916	-
Capital	1,348,944	-	1,348,944	100,000
Working capital	-	-	-	83,162
Unrestricted	9,074,436	144,184	9,218,620	430,126
Total net position	\$ 47,781,929	\$ 144,184	\$ 47,926,113	\$ 704,640

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, 2015

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 6,688,836	\$ 415,643	\$ -	\$ -
Public safety	12,475,439	1,987,725	1,323,629	-
Transportation	1,277,326	419,617	271,196	188,211
Economic and physical development	1,544,278	14,731	166,357	110,925
Environmental Protection	2,510,486	761,116	118,251	-
Human services	14,335,792	2,522,871	8,560,360	-
Cultural and recreation	1,615,447	323,353	514,960	15,877
Education	11,976,653	-	-	229,808
Interest on long-term debt	242,746	-	-	-
Total governmental activities	52,667,003	6,445,056	10,954,753	544,821
Business-Type Activity:				
Stormwater Department	196,024	268,540	-	-
Total primary government	\$ 52,863,027	\$ 6,713,596	\$ 10,954,753	\$ 544,821
Component unit:				
ABC Board	\$ 2,751,518	\$ 2,804,936	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local option sales tax				
Other taxes				
Unrestricted intergovernmental				
Investment earnings, unrestricted				
Miscellaneous, unrestricted:				
Gain on sale of capital asset				
Contributed capital				
Other miscellaneous				
Total general revenues, special items, and transfers				
Change in net position				
Net position-beginning, previously reported				
Restatement				
Net position-beginning, restated				
Net position-ending				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activity	Total	Person County ABC Board
\$ (6,273,193)	\$ -	\$ (6,273,193)	
(9,164,085)	-	(9,164,085)	
(398,302)	-	(398,302)	
(1,252,265)	-	(1,252,265)	
(1,631,119)	-	(1,631,119)	
(3,252,561)	-	(3,252,561)	
(761,257)	-	(761,257)	
(11,746,845)	-	(11,746,845)	
(242,746)	-	(242,746)	
(34,722,373)	-	(34,722,373)	
-	72,516	72,516	
(34,722,373)	72,516	(34,649,857)	
\$ -	\$ -	\$ -	\$ 53,418
31,358,952	-	31,358,952	-
6,732,660	-	6,732,660	-
563,360	-	563,360	-
208,437	-	208,437	-
(32,398)	-	(32,398)	1,203
15,325	-	15,325	-
10,363,160	-	10,363,160	-
88,262	-	88,262	-
49,297,758	-	49,297,758	1,203
14,575,385	72,516	14,647,901	54,621
35,328,544	71,668	35,400,212	660,951
(2,122,000)	-	(2,122,000)	(10,932)
33,206,544	71,668	33,278,212	650,019
\$ 47,781,929	\$ 144,184	\$ 47,926,113	\$ 704,640

Person County, North Carolina
Balance Sheet
Governmental Funds

Exhibit 3

June 30, 2015

	<u>Major</u>		<u>Non-Major</u>	
		Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Other Governmental Funds	Total Governmental Funds
	<u>General</u>			
ASSETS				
Cash and cash equivalents	\$ 17,985,639	\$ 310,014	\$ 2,559,280	\$ 20,854,933
Restricted cash	398,734	-	1,202,543	1,601,277
Ad valorem taxes receivable	810,437	-	-	810,437
Receivables, net	3,494,878	369,533	83,676	3,948,087
Due from other governments	3,942	-	-	3,942
Due from other funds	479,244	-	-	479,244
Prepaid expenditures	101,957	-	70,000	171,957
Due from component unit	78,480	-	-	78,480
Total assets	<u>\$ 23,353,311</u>	<u>\$ 679,547</u>	<u>\$ 3,915,499</u>	<u>\$ 27,948,357</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,416,411	\$ 47,906	\$ 83,092	\$ 1,547,409
Miscellaneous liabilities	57,705	-	-	57,705
Due to other funds	-	479,244	-	479,244
Total liabilities	<u>1,474,116</u>	<u>527,150</u>	<u>83,092</u>	<u>2,084,358</u>
DEFERRED INFLOWS OF RESOURCES	<u>930,754</u>	<u>-</u>	<u>-</u>	<u>930,754</u>
Fund balances:				
Nonspendable:				
Prepays	101,957	-	70,000	171,957
Restricted:				
Stabilization by State Statute	4,562,707	369,533	83,676	5,015,916
Register of Deeds	39,672	-	-	39,672
Public safety	94,493	-	108,115	202,608
Education	-	-	375,119	375,119
Culture and recreation	-	-	61,211	61,211
Capital projects	-	-	1,348,944	1,348,944
Committed:				
Tax reappraisal	264,569	-	-	264,569
Economic development	-	-	633,007	633,007
Environmental protection	-	-	136,326	136,326
Capital projects	-	-	1,016,009	1,016,009
Assigned:				
Subsequent year's expenditures	2,721,258	-	-	2,721,258
Unassigned:	<u>13,163,785</u>	<u>(217,136)</u>	<u>-</u>	<u>12,946,649</u>
Total fund balances	<u>20,948,441</u>	<u>152,397</u>	<u>3,832,407</u>	<u>24,933,245</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,353,311</u>	<u>\$ 679,547</u>	<u>\$ 3,915,499</u>	<u>\$ 27,948,357</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.	36,583,267
Net pension asset	1,655,490
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,020,774
Prepaid assets used in governmental activities are not financial resources and therefore are not reported in the fund statements	42,404
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	114,369
Net negative pension obligation not recorded in the fund statements is treated as a prepaid asset on the government-wide statement	8,343
Deferred inflows of resources for taxes receivable	810,437
Pension related deferrals	(3,864,944)
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current	(13,521,456)
	<u>\$ 47,781,929</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, 2015

	Major		Non-Major	
		Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Other Governmental Funds	Total Governmental Funds
	General Fund			
REVENUES				
Ad valorem taxes	\$ 30,915,707	\$ -	\$ -	\$ 30,915,707
Local options sales taxes	6,732,660	-	-	6,732,660
Other taxes and licenses	348,207	-	-	348,207
Fees	516,700	-	-	516,700
Intergovernmental	9,732,709	570,300	1,154,488	11,457,497
Investment earnings	384	(27)	(32,755)	(32,398)
Charges for services	4,128,553	1,623,337	-	5,751,890
Other	867,400	4,669	126,092	998,161
Total revenues	<u>53,242,320</u>	<u>2,198,279</u>	<u>1,247,825</u>	<u>56,688,424</u>
EXPENDITURES				
Current:				
General government	6,003,044	-	17,421	6,020,465
Public safety	12,151,033	-	597,489	12,748,522
Transportation	863,199	-	-	863,199
Human services	14,023,686	510,897	-	14,534,583
Environmental protection	122,115	2,378,271	-	2,500,386
Economic and physical development	977,498	-	464,750	1,442,248
Cultural and recreational	2,117,676	-	-	2,117,676
Intergovernmental:				
Education	10,765,108	-	256,314	11,021,422
Capital outlay:				
Infrastructure	-	-	1,461,191	1,461,191
Debt service:				
Principal	3,563,836	-	-	3,563,836
Interest and other charges	423,876	-	-	423,876
Total expenditures	<u>51,011,071</u>	<u>2,889,168</u>	<u>2,797,165</u>	<u>56,697,404</u>
Excess (deficiency) of revenues over expenditures	<u>2,231,249</u>	<u>(690,889)</u>	<u>(1,549,340)</u>	<u>(8,980)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	408,765	792,224	1,200,989
Transfers to other funds	(1,170,989)	-	(30,000)	(1,200,989)
Capital lease obligations issued	207,040	-	-	207,040
Installment purchase obligations issued	-	-	2,360,000	2,360,000
Sale of capital assets	15,325	-	-	15,325
Total other financing sources and uses	<u>(948,624)</u>	<u>408,765</u>	<u>3,122,224</u>	<u>2,582,365</u>
Net change in fund balances	1,282,625	(282,124)	1,572,884	2,573,385
Fund balances-beginning	19,665,816	434,521	2,259,523	22,359,860
Fund balances-ending	<u>\$ 20,948,441</u>	<u>\$ 152,397</u>	<u>\$ 3,832,407</u>	<u>\$ 24,933,245</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, 2015

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

Net changes in fund balances - total governmental funds	\$ 2,573,385
---	--------------

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.	(472,498)
---	-----------

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.	1,084,193
--	-----------

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,019,997
---	-----------

The payment of pension obligations is reported as expenses in the fund statements but has no effect on the statement of activities.	(43,471)
---	----------

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.	(268,659)
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,806,405
--	------------

Receipt of notes receivable principal payments are recorded as revenue in the fund statements but has no effect on the statement of activities.	(123,967)
---	-----------

Total changes in net position of governmental activities	<u>\$ 14,575,385</u>
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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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget-- Positive (Negative)</u>
REVENUES				
Ad valorem taxes	\$ 29,638,100	\$ 29,638,100	\$ 30,915,707	\$ 1,277,607
Local option sales taxes	6,319,519	6,319,519	6,732,660	413,141
Other taxes and licenses	294,500	334,500	348,207	13,707
Fees	409,200	409,200	516,700	107,500
Intergovernmental	9,297,286	10,425,752	9,732,709	(693,043)
Investment earnings	-	-	384	384
Charges for services	4,268,781	4,356,430	4,128,553	(227,877)
Other	344,718	816,445	867,400	50,955
Total revenues	<u>50,572,104</u>	<u>52,299,946</u>	<u>53,242,320</u>	<u>942,374</u>
EXPENDITURES				
Current:				
General government	5,859,508	6,343,850	5,987,895	355,955
Public safety	12,319,548	12,473,463	12,151,033	322,430
Transportation	1,007,157	1,072,985	863,199	209,786
Human services	15,319,280	16,023,185	14,023,686	1,999,499
Environmental protection	112,978	146,349	122,115	24,234
Economic and physical development	1,010,963	1,083,792	977,498	106,294
Cultural and recreational	1,541,388	2,206,169	2,117,676	88,493
Contingency	473,810	89,088	-	89,088
Intergovernmental:				
Education	10,730,414	11,414,316	10,765,108	649,208
Debt service:				
Principal retirement	3,463,836	3,563,836	3,563,836	-
Interest and other charges	386,249	466,998	423,876	43,122
Total expenditures	<u>52,225,131</u>	<u>54,884,031</u>	<u>50,995,922</u>	<u>3,888,109</u>
Revenues over (under) expenditures	<u>(1,653,027)</u>	<u>(2,584,085)</u>	<u>2,246,398</u>	<u>4,830,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	5,276	5,275	(1)
Transfers to other funds	(1,230,022)	(1,245,989)	(1,245,989)	-
Sale of capital assets	15,000	15,000	15,325	325
Installment purchase obligations issued	-	-	207,040	207,040
Total other financing sources (uses)	<u>(1,215,022)</u>	<u>(1,225,713)</u>	<u>(1,018,349)</u>	<u>207,364</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,868,049)</u>	<u>(3,809,798)</u>	<u>1,228,049</u>	<u>5,037,847</u>
APPROPRIATED FUND BALANCE	<u>2,868,049</u>	<u>3,809,798</u>	<u>-</u>	<u>(3,809,798)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>1,228,049</u>	<u>\$ 1,228,049</u>
Fund balances-beginning			<u>19,455,823</u>	
Fund balances-ending			<u>\$ 20,683,872</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	
Transfers out from General Fund			(5,275)	
Expenditures			(15,149)	
Fund balance-beginning			<u>209,993</u>	
Fund balance-ending			<u>\$ 20,948,441</u>	

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

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 564,962	\$ 564,962	\$ 464,232	\$ (100,730)
ROAP Transportation	24,400	16,500	16,500	-
White goods disposal tax	12,400	12,400	12,474	74
Scrap tire disposal tax	49,000	49,000	49,527	527
Electronics management tax	2,600	2,600	3,020	420
Solid waste disposal tax	21,600	21,600	24,547	2,947
Total intergovernmental revenues	674,962	667,062	570,300	(96,762)
Charge for services				
Sales	760,000	1,060,000	962,168	(97,832)
Medicaid	555,347	555,347	468,773	(86,574)
Transportation	19,000	19,000	18,849	(151)
Local services	26,867	26,867	27,503	636
Recycling fee	25,000	25,000	24,940	(60)
Recycling sales	167,800	167,800	121,104	(46,696)
Total charge for services	1,554,014	1,854,014	1,623,337	(230,677)
Investment earnings	-	-	(27)	(27)
Other revenues				
Donations and miscellaneous	9,400	9,400	4,669	(4,731)
Total revenues	2,238,376	2,530,476	2,198,279	(332,197)
EXPENDITURES				
Human Services				
Personnel expenditures			1,544,134	
Operating expenditures			834,137	
	2,112,008	2,417,908	2,378,271	39,637
Environmental protection-recycling				
Personnel expenditures			326,312	
Operating expenditures			184,585	
	519,166	527,831	510,897	16,934
Total expenditures	2,631,174	2,945,739	2,889,168	56,571
Excess (deficiency) of revenues over expenditures	(392,798)	(415,263)	(690,889)	(275,626)
OTHER FINANCING SOURCES				
Transfers in				
General Fund	392,798	408,765	408,765	-
Total other financing sources	392,798	408,765	408,765	-
Excess (deficiency) of revenues and other sources over expenditures	-	(6,498)	(282,124)	(275,626)
APPROPRIATED FUND BALANCE	-	6,498	-	(6,498)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	(282,124)	\$ (282,124)
Fund balance beginning of year			434,521	
Fund balance end of year			\$ 152,397	

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

Person County, North Carolina
Statement of Net Position
Proprietary Funds

Exhibit 7

For the fiscal year ended June 30, 2015

	Enterprise Fund Stormwater Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 136,016
Receivables	12,783
Total current assets	148,799
Total assets	<u>\$ 148,799</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 4,615
Total current liabilities	4,615
Total liabilities	<u>4,615</u>
Net Position	
Unrestricted	144,184
Total net position	<u>\$ 144,184</u>

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

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

Exhibit 8

For the fiscal year ended June 30, 2015

	Enterprise Fund Stormwater Fund
Operating revenues	
Charges for services	\$ 268,540
Total operating revenues	<u>268,540</u>
Operating expenses	
Professional services	6,114
Contracted services	34,575
Dues and subscriptions	66,896
Stormwater administration	64,852
Wastewater remediation assist	18,383
Other operating expenses	5,204
Total operating expenses	<u>196,024</u>
Operating income	<u>72,516</u>
Change in net position	72,516
Total net position, beginning	<u>71,668</u>
Total net position, ending	<u><u>\$ 144,184</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 9

For the fiscal year ended June 30, 2015

	<u>Enterprise Fund</u>
	<u>Stormwater Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 264,542
Cash paid for goods and services	(197,416)
Net cash provided by operating activities	<u>67,126</u>
 Net increase in cash and cash equivalents	 67,126
 Cash and cash equivalents	
Beginning of year, July 1	<u>68,890</u>
End of year, June 30	<u><u>\$ 136,016</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 72,516</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,998)
Increase (decrease) in accounts payable and accrued liabilities	<u>(1,392)</u>
Total adjustments	<u>(5,390)</u>
Net cash provided by operating activities	<u><u>\$ 67,126</u></u>

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

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

Exhibit 10

June 30, 2015

	LEOSSA Pension Trust Fund	Museum of History Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 34,735	\$ -	\$ 130,940
Investments	265,268	-	-
Taxes receivables	-	-	195,384
Total assets	<u>300,003</u>	<u>-</u>	<u>326,324</u>
LIABILITIES			
Accounts payable and accrued liabilities	-	-	32,140
Due to individuals	-	-	56,994
Due to inmates	-	-	3,808
Due to 4H	-	-	37,998
Reserve for taxes receivable	-	-	195,384
Total liabilities	<u>-</u>	<u>-</u>	<u>326,324</u>
NET POSITION			
Assets held in trust for pension benefits and other purposes	<u>\$ 300,003</u>	<u>\$ -</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 11

For the fiscal year ended June 30, 2015

	LEOSSA Pension Trust Fund	Museum of History Trust Fund
ADDITIONS		
Employer contributions	\$ 50,000	\$ -
Investment interest	(10)	3
Total additions	49,990	3
DEDUCTIONS		
Benefits	29,887	-
Transfer to Museum of History	-	24,454
Total deductions	29,887	24,454
Change in net position	20,103	(24,451)
Net position - beginning of year	279,900	24,451
Net position - end of year	\$ 300,003	\$ -

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, 2015

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Person County Industrial Facility and Pollution Control Financing Authority	Discrete	Person County appoints all seven members of the governing board of the Authority. The County can remove any member of the Authority with or without cause.	None issued.
Person County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Person County ABC Board 712 North Madison Boulevard Roxboro, NC 27573

B. 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, 2015

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

The County maintains twelve 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 five Special Revenue Funds within its non-major governmental fund types: Emergency Telephone System Fund, Revolving Loan Fund, Economic Catalyst Fund, Water and Sewer Construction Reserve Fund, Community Development Housing Revitalization Grant 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, Person County Recycling Center & Various Roofing Improvements 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. The resources in the LEOSSA Pension Trust Fund have been set aside to pay future obligations of the LEO Special Separation Allowance but are not held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4.

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 City of Roxboro Property and Vehicle Tax Fund, which accounts for property taxes that are billed and collected by the County for the City of Roxboro; the Inmates Fund, which accounts for moneys deposited with the Sheriff's Department on behalf of inmates held in the Person County jail; the Fines and Forfeitures which accounts for

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

finances and forfeitures received from the Clerk of Court; the 4-H Program Fund which accounts for moneys to be spent for future 4-H programs; and the Deeds 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 they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported

Person County, North Carolina
Notes to the Financial Statements
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as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue (excluding the 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 project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000. The governing board must approve all amendments. During the year, several 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 of Resources, 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, 2015

<u>Person County Restricted Cash</u>		
Governmental Activities		
General Fund	Tax revaluation	\$ 264,569
General Fund	Register of deeds	39,672
General Fund	Law enforcement	94,493
PC Recycling Center & Various Roofing		
Improvements Capital Projects Fund	Unexpended Debt Proceeds	896,977
Reroofing Schools Fund	Unexpended Debt Proceeds	<u>305,566</u>
Total Governmental Activities		<u>1,601,277</u>
Total Restricted Cash		<u>\$ 1,601,277</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, 2014. 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
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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.

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to 12 days annual leave per year for the first five years of employment and up to 21 days per year after twenty years. Annual leave fully vests when earned. Employees may accumulate up to thirty (30) days earned vacation leave. Accumulated leave earned in excess of 30 days for any calendar year converts to sick leave at the end of the calendar year. For the County, the current portion of the accumulated vacation pay is not considered to be material. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 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, 2015

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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.

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

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

12. Defined Benefit Pension Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$22,848,684 consists of the following:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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)	\$ 69,652,061
Less Accumulated Depreciation	<u>(33,068,794)</u>
Net capital assets	36,583,267
Net pension asset	1,655,490
Contributions to the pension plan in the current fiscal year	1,020,774
Net negative pension obligation not recorded in the fund statements is treated as a prepaid asset on the government-wide statement	8,343
Accrued interest receivable on taxes	114,369
Prepaid assets used in governmental activities are not financial resources and therefore are not reported in the fund statements	42,404
Pension related deferrals	(3,864,944)
Deferred inflows of resources for taxes receivable	810,437
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 \$13,521,456 difference are as follows:	
Bonds, leases, and installment financing and debt issuance premiums	(9,988,623)
Accrued Post-Closure Care Costs of closed Person County Landfill	(127,672)
Compensated absences	(1,072,493)
Pension and other postemployment benefits	(2,104,796)
Retainage payable	(145,269)
Accrued interest payable	<u>(82,603)</u>
Total adjustment	<u>\$ 22,848,684</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$12,002,000 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 \$(472,498) are as follows:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,336,418
Cost of disposed capital asset not recorded in fund statements	(10,402)
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	(2,798,514)
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 \$1,084,193 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	(2,567,040)
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	3,651,233
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	(43,471)

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,019,997
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 \$(268,659) are as follows:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	39,934
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.	3,486
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	556
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(285,335)
Expenditures reported in the fund statements for prepaid costs but recorded as a prepaid items in the Statement of Net Position	42,404
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	16,973
County's portion of collective pension expense	(86,677)
Receipt of note receivable principal payments are recorded only on the Statement of Activities	(123,967)
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 \$10,806,405 are as follows:	
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	10,363,160
Increase in deferred inflows of resources – taxes receivable – at end of year	354,598
Increase in accrued interest receivable on taxes at the end of year	88,647
Total adjustment	<u>\$ 12,002,000</u>

II. 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 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

At June 30, 2015, the County's deposits had a carrying amount of \$3,800,681 and a bank balance of \$4,723,390. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,973,390 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2015, Person County had \$4,724 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2015, the Person County ABC Board's deposits had a carrying amount of \$606,059 and a bank balance of \$601,814. Of this balance, \$286,296 was covered by federal depository insurance.

At June 30, 2015, the Person County ABC Board also had \$2,300 in cash on hand.

2. Investments

At June 30, 2015, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months
NC Capital Management Trust - Cash Portfolio	\$ 11,691,990	N/A
NC Capital Management Trust - Term Portfolio*	7,525,774	\$ 7,525,774
Total:	<u>\$ 19,217,764</u>	<u>\$ 7,525,774</u>

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

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, 2015, 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, 2015, 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, 2015. 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 \$1,202,542 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, 2015, the ABC Board's investments consisted of a savings account in the amount of \$36,926.

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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,123,553	\$ 266,821	\$ 1,390,374
2013	1,723,756	254,161	1,977,917
2014	1,780,008	102,340	1,882,348
2015	1,827,424	-	1,827,424
Total	<u>\$ 6,454,741</u>	<u>\$ 623,322</u>	<u>\$ 7,078,063</u>

4. Receivables

Receivables at the government-wide level at June 30, 2015, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Inter- govern- mental</u>	<u>Total</u>
Governmental Activities:				
General fund	\$ 6,804,925	\$ 2,250,983	\$ 1,921,224	\$ 10,977,132
Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	353,156	-	21,725	374,881
Non-major funds	-	-	83,676	83,676
Total receivables	7,158,081	2,250,983	2,026,625	11,435,689
Allowance for doubtful	(6,412,796)	(150,000)	-	(6,562,796)
Total governmental activities	<u>\$ 745,285</u>	<u>\$ 2,100,983</u>	<u>\$ 2,026,625</u>	<u>\$ 4,872,893</u>
Business-type Activities:				
Stormwater	\$ 12,783	\$ -	\$ -	\$ 12,783

Taxes and related accrued interest consist of the following:

Local option sales taxes	\$ 1,150,508
Property taxes, net	810,437
Accrued property tax interest receivable	114,369
Occupancy taxes	25,669
Total	<u>\$ 2,100,983</u>

Intergovernmental receivables consist of the following:

Child care	\$ 117,723
E-911 services reimbursement	22,485
Social services	587,779
PI Community Rehab	142,551
Airport grants	21,299
Home & Community Care Block Grant	94,597
WIC grant	18,730
Family planning grant	1,807
School Nurse Initiative Grant	28,434
Breast & Cervical Grant	3,315
Pregnancy Care Management	14,547
Lottery	3,942
2014 GCC Grant	9,910
2013 BVP Grant	2,231
VIP Grant	9,919
State inmate reimbursement	20,720
NC911 Emergency Telephone System	62,377
Miscellaneous	864,259
Total	<u>\$ 2,026,625</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

Leases receivables consist of the following:

Operating leases:

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

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	56,606
Total future operating lease receivables	<u>\$ 396,242</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2015, 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	\$ 2,887,573	\$ 80,248	\$ -	\$ 2,967,821
Construction in progress	2,052,132	3,075,543	(2,249,197)	2,878,478
Total capital assets not being depreciated	<u>4,939,705</u>	<u>3,155,791</u>	<u>(2,249,197)</u>	<u>5,846,299</u>
Capital assets being depreciated:				
Buildings	17,913,294	8,913,035	-	26,826,329
Improvements	10,659,574	1,844,405	-	12,503,979
Equipment	11,518,654	1,035,544	(217,521)	12,336,677
Infrastructure	12,138,777	-	-	12,138,777
Total capital assets being depreciated	<u>52,230,299</u>	<u>11,792,984</u>	<u>(217,521)</u>	<u>63,805,762</u>
Less accumulated depreciation for:				
Buildings	7,750,087	976,805	-	8,726,892
Improvements	4,776,439	356,129	-	5,132,568
Equipment	8,296,161	1,087,742	(207,118)	9,176,785
Infrastructure	9,654,712	377,837	-	10,032,549
Total accumulated depreciation	<u>30,477,399</u>	<u>\$ 2,798,513</u>	<u>\$ (207,118)</u>	<u>33,068,794</u>
Total capital assets being depreciated, net	<u>21,752,900</u>			<u>30,736,968</u>
Governmental activity capital assets, net	<u>\$ 26,692,605</u>			<u>\$ 36,583,267</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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

General government	\$ 930,984
Public safety	524,478
Transportation	480,651
Education	605,287
Economic and physical development	1,612
Environmental protection	37,650
Human services	83,829
Cultural and recreational	<u>134,022</u>
Total depreciation expense	<u>\$ 2,798,513</u>

Construction commitments

As of June 30, 2015, the County has active contracts for engineering services and construction contracts for projects associated with the Airport, Person County Recycling Center, and various re-roofing projects.

Project	Spent-to-date	Remaining Commitment
Airport Construction Projects	\$ 93,945	\$ 220,145
Person County Recycling Center & various roofing projects	545,940	33,202
SMS/PHS Roofing project	2,511,835	205,878
Total	<u>\$ 3,151,720</u>	<u>\$ 459,225</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2015, 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	12,689	-	135,151
Office furniture and fixtures	9,611	5,225	-	14,836
Store equipment	92,177	-	-	92,177
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	<u>240,832</u>	<u>17,914</u>	<u>-</u>	<u>258,746</u>
Less accumulated depreciation for:				
Buildings	89,355	4,225	-	93,580
Office furniture and fixtures	9,611	1,045	-	10,656
Store equipment	71,063	9,701	-	80,764
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	<u>186,611</u>	<u>\$ 4,971</u>	<u>\$ -</u>	<u>\$ 201,582</u>
Total capital assets being depreciated, net	<u>54,221</u>			<u>57,164</u>
ABC capital assets, net	<u>\$ 88,409</u>			<u>\$ 91,352</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors	Accrued Interest	Other	Total
Governmental Activities:				
General	\$ 1,416,411	\$ 82,603	\$ 57,705	\$ 1,556,719
Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	47,906	-	-	47,906
Other Governmental	83,092	-	-	83,092
Total-governmental activities	<u>\$ 1,547,409</u>	<u>\$ 82,603</u>	<u>\$ 57,705</u>	<u>\$ 1,687,717</u>
Business-type Activities				
Stormwater Fund	<u>\$ 4,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,615</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,139,961 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$1,570,847 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .266%, which was a decrease of .008% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$90,268. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 171,642
Net difference between projected and actual earnings on pension plan investments	-	3,656,899
Changes in proportion and differences between County contributions and proportionate share of contributions	-	32,783
County contributions subsequent to the measurement date	1,017,439	-
Total	<u>\$ 1,017,439</u>	<u>\$ 3,861,324</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

\$1,017,439 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (965,459)
2017	(965,459)
2018	(965,459)
2019	(964,947)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of

Person County, North Carolina
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For the Year Ended June 30, 2015

return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount</u> <u>Rate (7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
County's proportionate share of the net pension liability (asset)	\$ 5,332,138	\$ (1,570,847)	\$(7,382,939)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Person County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. 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 LEOSA Pension Trust Fund and no separate report has been issued. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, 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>46</u>
Total	<u>48</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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 G.S. 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 2.26% 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 6/30/2015

Employer annual required contribution	\$ 91,685
Interest on net pension obligation	(2,591)
Adjustment to annual required contribution	<u>4,377</u>
Annual pension cost	93,471
Employer contributions made for fiscal year ending 6/30/2015	<u>50,000</u>
Increase (decrease) in net pension obligation	43,471
Net pension obligation beginning of fiscal year	<u>(51,814)</u>
Net pension obligation end of fiscal year	<u><u>\$ (8,343)</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</u> <u>Year Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2013	\$ 71,768	69.67%	\$ (82,081)
2014	80,267	62.29%	(51,814)
2015	93,471	53.49%	(8,343)

4. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was 34.56% funded. The actuarial accrued liability for benefits was \$911,298 and the actuarial value of assets was \$314,919, resulting in an unfunded actuarial

Person County, North Carolina
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accrued liability (UAAL) of \$596,379. The covered payroll (annual payroll of active employees covered by the plan) was \$2,176,387 and the ratio of the UAAL to the covered payroll was 27.40%.

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 G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy: Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County has elected to contribute monthly 5 percent of each employee's salary for permanent full-time employees not engaged in law enforcement, and all amounts contributed are vested immediately. Also, the law enforcement officers and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$1,078,512, which consisted of \$800,222 from the County, \$28,766 from the law enforcement officers, and \$249,524 from other employees.

d. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,558 for the year ended June 30, 2015.

Person County, North Carolina
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For the Year Ended June 30, 2015

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

At June 30, 2015, the County reported an asset of \$84,639 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .373%, which was an increase of .021% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(3,589). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 777	\$ -
Net difference between projected and actual earnings on pension plan investments	-	456
Changes in proportion and differences between County contributions and proportionate share of contributions	-	3,164
County contributions subsequent to the measurement date	2,558	-
Total	<u>\$ 3,335</u>	<u>\$ 3,620</u>

\$2,558 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,199)
2017	(1,199)
2018	(331)
2019	(114)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

Person County, North Carolina
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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (<u>4.75%</u>)	Discount Rate (<u>5.75%</u>)	1% Increase (<u>6.75%</u>)
County's proportionate share of the net pension liability (asset)	\$ (76,002)	\$ (84,639)	\$ (92,063)

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

e. Other Postemployment Benefits

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:

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

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.

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Membership under this current plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	27	2
Active plan members	<u>351</u>	<u>46</u>
Total	378	48

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 2.85% of annual covered payroll. For the current year, the County contributed \$171,300 or 1.08% 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 0.513% and 1.093% 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	\$ 453,383
Valuation Rate	4.00%
Interest on Net OPEB Obligation	72,778
Amortization Factor	26.1695
Adjustment to annual required contribution	<u>69,526</u>
Annual OPEB cost (expense)	456,635
Employer contributions made for fiscal year ending 6/30/2015	<u>171,300</u>
Increase (decrease) in net OPEB obligation	285,335
Net OPEB obligation beginning of fiscal year	<u>1,819,461</u>
Net OPEB obligation end of fiscal year	<u>\$ 2,104,796</u>

Person County, North Carolina
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For the Year Ended June 30, 2015

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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>
2013	\$ 512,238	32.7%	\$ 1,592,526
2014	443,025	48.8%	1,819,461
2015	456,635	37.5%	2,104,796

Funded Status and Funding Process: As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$5,814,232. The covered payroll (annual payroll of active employees covered by the plan) was \$15,924,668, and the ratio of the UAAL to the covered payroll was 36.5 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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50% 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, 2014, 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, 2015, 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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For the Year Ended June 30, 2015

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, 2015 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 \$10,892 in post-closure care costs for the year ending June 30, 2015. The \$127,672 reported as Accrued Post-closure Care Costs in Note 3(E) represents the estimated costs remaining at June 30, 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. This liability was transferred from the Enterprise Fund to the General Fund on June 30, 1998.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements. The estimated costs are expected to be covered by future tax revenues.

Person County, North Carolina
Notes to the Financial Statements
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4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Pensions – difference between expected and actual experience		
LGERS	\$ -	\$ 171,642
Register of Deeds	777	-
Pensions – difference between projected and actual investment earnings	-	3,657,355
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	-	35,947
Contributions to pension plan in 2014-2015 fiscal year	1,019,997	-
Prepaid taxes not yet earned (General)	-	94,213
Prepaid grant adjustment (General)	-	26,104
Total	<u>\$ 1,020,774</u>	<u>\$ 3,985,261</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 Register of Deeds is bonded individually for \$50,000. The Sheriff is individually bonded for \$25,000. 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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

6. Contingent Liabilities

At June 30, 2015, 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 \$1,594,204 for the year ended 6/30/15. The County subleased office space to Duke University Health System. Sublease rental income for the year ended 6/30/15 was \$1,800. This sublease has terminated.

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, 2015:

<u>Year Ending June 30</u>	<u>Future Minimum Lease Payments</u>
2016	\$ 1,286,333
2017	1,280,596
2018	1,264,574
2019	1,248,656
2020	1,248,656
2021-2025	6,589,526
2025-2028	102,679
Total	<u>\$ 13,021,020</u>

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

b. Capital Leases

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

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

At June 30, 2015, the County leased equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 235,229	\$ 78,410	\$ 156,819
Construction in progress	207,040	-	207,040
Total	<u>\$ 442,269</u>	<u>\$ 78,410</u>	<u>\$ 363,859</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

For Person County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30</u>	
2016	\$ 119,243
2017	124,471
2018	49,243
2019	49,243
2020	49,243
Total minimum lease payments	391,443
Less: amount representing interest	48,268
Total	<u>\$ 343,175</u>

c. 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%.

\$ 2,125,000

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%.

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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%.

2,650,000

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

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

2,610,448

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Person County Recycling Center & Various Roofing Improvements Capital Projects Fund

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

2,260,000

Total Installment Purchases remaining balance

\$ 9,645,448

Future minimum payments for Installment Purchases:

	Principal	Interest
2016	\$ 1,658,836	\$ 340,809
2017	1,418,836	280,581
2018	1,133,836	228,739
2019	1,008,836	187,228
2020	1,008,836	148,604
2021-2025	2,494,179	346,991
2025-2028	922,089	55,977
Total principal payments	<u>\$ 9,645,448</u>	
Total interest payments		<u>\$ 1,588,929</u>

d. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. As of June 30, 2015, the County has no General Obligation debt.

At June 30, 2015, Person County had a legal debt margin of \$349,727,297.

e. Debt Related to Capital Activities

The County holds title to certain County Board of Education properties that have been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. Of the total Governmental Activities debt listed only \$3,407,549 relates to assets the County holds title and \$1, 511,695 relates to County Board of Education properties that the County holds title. Restricted cash related to this debt amounts to \$1,202,542.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

f. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
<i>Governmental activities:</i>					
Installment purchases	\$ 10,849,284	\$ 2,360,000	\$ (3,563,836)	\$ 9,645,448	\$ 1,658,836
Capital lease	223,532	207,040	(87,397)	343,175	102,959
Accrued post-closure care costs	144,645	-	(16,973)	127,672	14,186
Retainage payable	148,755	-	(3,486)	145,269	145,269
Net OPEB obligation	1,819,461	285,335	-	2,104,796	-
Compensated absences	1,073,050	1,141,785	(1,142,342)	1,072,493	268,123
Net pension liability (LGRS)	3,299,136	-	(3,299,136)	-	-
Total	<u>\$ 17,557,863</u>	<u>\$ 3,994,160</u>	<u>\$ (8,113,170)</u>	<u>\$ 13,438,853</u>	<u>\$ 2,189,373</u>

The LGRS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015, 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	\$ 408,765
From General Fund to Economic Catalyst Fund to supplement other funding sources.	359,249
From General Fund to Capital Improvement Projects Fund for various capital projects approved in the County's CIP Plan.	202,975
From the General Fund to the Airport Capital Projects Fund to for the planned future construction of an additional airport hangar.	200,000
From County Capital Reserve Fund to Person County Recycling Center & Various Roofing Improvements Capital Projects Fund for engineering costs associated with the Recycling Center's roof assessment..	<u>30,000</u>
Total	<u>\$ 1,200,989</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, 2015, consist of the following:

Due from the Person Industries Community Rehabilitation and Recovery Facility Fund to the General Fund for expenses and capital equipment debt associated with the startup of the Material Recovery Facility operated by Person Industries	\$ 479,244
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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. Net Investment in Capital Assets

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

	Governmental Activities
Net capital assets	\$ 36,583,267
Capital debt calculation:	
Total debt, gross	9,988,623
Less:	
School debt for assets to which the county does not hold title	3,449,664
Community college debt for assets to which the county does not hold title	417,173
Unexpended proceeds	1,202,542
Total capital debt	<u>4,919,244</u>
Net investment in capital assets	<u>\$ 31,664,023</u>

E. Fund Balance

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

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

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

Total fund balance-General Fund	\$20,948,441
Less:	
Prepays	101,957
Stabilization by State Statute	4,562,707
Appropriated Fund Balance in 2015 budget	2,721,258
Register of Deeds	39,672
Public Safety	94,493
Tax Reappraisal	264,569
Working Capital/ Unassigned Fund Balance	9,392,771
Remaining Fund Balance	<u>3,771,014</u>

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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>
	\$ 506,163	\$ 17,948

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$359,058 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 300 West Tryon Street, Hillsborough, NC 27278.

The County, in conjunction with the State of North Carolina and the Person County Board of Education, participates in a joint venture to operate the Piedmont Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government association serves as a non-voting, ex office member of the board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,103,533 the community college for operating purposes during the fiscal year ended June 30, 2015. 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, 2015. 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 \$517,046 to Cardinal Innovations for the year ended June 30, 2015. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

IV. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established the Kerr-Tar Regional Council of Governments (KTRCOG). The participating governments established the KTRCOG to coordinate joint planning and joint ventures. Each county appoints two members to the Council's thirty-two member governing board. The County paid membership fees of \$17,728 of \$47,722 to the KTRCOG during the fiscal year ended June 30, 2015. The County was the subrecipient of grants for \$322,488 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources and \$8,756 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015

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, 2015. 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, 2015.

As of June 30, 2015, 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, 2015, 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; \$15,000; \$285,912 and \$8,772, 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, 2015 due to the County having a full-time Economic Development Director on staff.

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

V. 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.

	Federal	State
Temporary Assistance to Needy Families.....	\$ 272,855	\$ -
Independent Living Transitional	12,044	-
CWS	-	65,216
IV-E Foster Care.....	151,971	47,106
IV-E Adoption Subsidy	164,824	43,520
Medical Assistance Program	38,678,343	21,345,710
Health Choice	580,127	183,308
Women, Infants and Children	737,811	-
SC/SA Adult Care Payments	-	441,781
State Foster Care.....	-	59,687
SFHS Maximization.....	-	49,626
F/C at Risk Maximization.....	-	1,535
Total.....	<u>\$ 40,597,975</u>	<u>\$ 22,237,489</u>

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2015**

VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2015 and December 22, 2015, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County approved a new capital project ordinance on August 17, 2015 for the acquisition and improvement of the Roxplex property and various other building and equipment improvements. As part of this capital project, the Roxplex property was purchased on September 9, 2015 for \$321,743. On September 9, 2015, the County received E-911 equipment that is being financed under a five year capital lease agreement. The equipment is valued at \$639,684 and will be paid by quarterly payments of \$36,873. The County moved to a self-insured plan for its employees health insurance in fiscal year 2016. As part of this change, an internal service fund was created on November 2, 2015 with an annual budget of \$2,912,900. There were no other events that occurred during this time that were deemed to be significant enough to be disclosed.

VIII. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental activities decreased by \$2,122,000.

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
- ◆ Schedule of County's Proportionate Share of Net Pension Asset (LGERS)
- ◆ Schedule of County Contributions (LGERS)
- ◆ Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- ◆ Schedule of County's Contributions (ROD)

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

Exhibit A-1

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)
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
2014	314,919	911,298	596,379	34.56	2,176,387	27.40

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

Exhibit A-2

Last seven years ended June 30, 2015

<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
2015	91,685	55

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, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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
2014	-	5,814,232	5,814,232	0.00	15,924,668	36.51

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

Exhibit A-4

Last seven years ended June 30, 2015

<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	36
2015	453,383	27

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, 2014
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	7.5% to 5.0%
Year of ultimate trend rate	2020
Includes inflation at	3.00%

Person County, North Carolina**Exhibit A-5****Schedule of County's Proportionate Share of the Net Pension Liability (Asset)****Local Governmental Employees' Retirement System****Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.266%	0.274%
County's proportionate share of the net pension liability (asset)	\$ (1,570,847)	\$ 3,299,136
County's covered-employee payroll	\$ 15,479,514	\$ 9,342,823
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.15%	35.31%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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

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

Exhibit A-6

	2015	2014
Contractually required contribution	\$ 1,017,439	\$ 1,098,928
Contributions in relation to the contractually required contribution	<u>1,017,439</u>	<u>1,098,928</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$16,017,799	\$15,479,514
Contributions as a percentage of covered-employee payroll	6.35%	7.10%

Person County, North Carolina**Exhibit A-7****Schedule of County's Proportionate Share of the Net Pension Liability (Asset)****Register of Deed's Supplemental Pensions Fund****Last Two Fiscal Years**

	2015	2014
County's proportion of the net pension liability (asset)	0.373%	0.352%
County's proportionate share of the net pension liability (asset)	\$ (84,639)	\$ (75,159)
County's covered-employee payroll	\$ 68,950	\$ 68,908
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-122.75%	-109.07%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

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

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

Exhibit A-8

	2015	2014
Contractually required contribution	\$ 2,558	\$ 3,049
Contributions in relation to the contractually required contribution	2,558	3,049
Contribution deficiency (excess)	-	-
County's covered-employee payroll	\$ 68,950	\$ 68,908
Contributions as a percentage of covered-employee payroll	3.71%	4.42%

Supplemental Information

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

Major Governmental Funds

General Fund

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

Special Revenue Fund

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

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

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
REVENUES				
Ad valorem taxes				
Current year levy	\$ 28,877,700	\$ 28,877,700	\$ 30,197,861	\$ 1,320,161
Prior year levy	575,400	575,400	488,467	(86,933)
Penalties and interest	150,000	150,000	182,530	32,530
Advertising	35,000	35,000	46,849	11,849
Total ad valorem taxes	29,638,100	29,638,100	30,915,707	1,277,607
Local option sales taxes				
Article 39 one per cent	3,053,950	3,053,950	3,229,781	175,831
Article 40 one-half per cent	1,752,758	1,752,758	1,906,569	153,811
Article 42 one-half per cent	1,512,811	1,512,811	1,594,824	82,013
Article 44 one-half per cent	-	-	1,486	1,486
Total local option sales taxes	6,319,519	6,319,519	6,732,660	413,141
Other taxes				
Deed stamp excise tax	82,000	82,000	93,511	11,511
Occupancy tax	180,000	220,000	221,528	1,528
Gross receipts tax	13,000	13,000	14,847	1,847
Animal taxes	17,000	17,000	15,706	(1,294)
Privilege licenses tax	2,500	2,500	2,615	115
Total other taxes	294,500	334,500	348,207	13,707
Fees				
Planning and zoning fees	27,000	27,000	34,055	7,055
Register of Deeds fees	181,100	181,100	158,994	(22,106)
Inspection fees	201,100	201,100	323,501	122,401
Special Use permit fees	-	-	150	150
Total fees	409,200	409,200	516,700	107,500
Intergovernmental revenues				
State and Federal Funds				
Public Health Services	1,839,727	1,858,395	1,874,048	15,653
Environmental Health Services	4,000	5,555	5,555	-
Social Services	5,709,447	6,167,457	5,924,519	(242,938)
Home and Community Care	341,779	341,779	297,820	(43,959)
Elderly and handicapped transportation	18,000	17,000	17,000	-
Community Alternatives	238,151	238,151	220,069	(18,082)
Beer and Wine Tax	130,000	130,000	147,874	17,874
Video Programming	68,000	68,000	67,279	(721)
DWI Revenues	3,500	3,500	3,786	286
Court Facilities fees	52,000	58,000	54,562	(3,438)
Sheriff's Grants	-	27,679	14,236	(13,443)
Inmate cost reimbursement	56,000	84,768	132,537	47,769
Federal Inmate cost reimbursement	7,800	7,949	8,224	275
Drug Enforcement-Related Revenues	100,000	100,000	63,113	(36,887)
Emergency Management	28,000	28,000	38,220	10,220

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Federal Interest Subsidy	142,798	142,798	143,799	1,001
Lottery Proceeds	-	552,332	229,808	(322,524)
Library Grants	90,000	97,614	97,287	(327)
Soil and Water Conservation	26,830	26,830	28,090	1,260
Transportation Grant	339,802	366,895	254,196	(112,699)
Veterans Services	1,452	-	-	-
Subtotal State and Federal funds	9,197,286	10,322,702	9,622,022	(700,680)
Local Funds				
Parks and Recreation	15,000	18,050	15,877	(2,173)
E-911 City Participation	85,000	85,000	94,810	9,810
Subtotal Local funds	100,000	103,050	110,687	7,637
Total Intergovernmental revenues	9,297,286	10,425,752	9,732,709	(693,043)
Investment income	-	-	384	384
Charges for services				
Sheriff and Jail fees	214,000	215,437	201,965	(13,472)
School Resource Officer Contract	110,670	110,670	105,915	(4,755)
ABC Officer Contract	28,000	28,000	28,000	-
PCC Officer Contract	60,000	60,000	60,000	-
Solid waste and recycling fees	530,000	530,000	530,011	11
EMS fees	1,207,200	1,207,200	1,229,019	21,819
Animal fees	23,000	33,603	34,131	528
Cooperative Extension Fees	5,000	8,715	7,231	(1,484)
Library fines and fees	23,500	23,500	30,960	7,460
Recreation fees	272,300	279,342	265,721	(13,621)
Map fees	600	600	582	(18)
GIS fees	700	700	-	(700)
EDC reimbursement from other governments	7,500	7,500	7,500	-
IT services to other governments	67,495	67,495	88,533	21,038
Stormwater Admin Fees	-	64,852	64,852	-
Transportation Services	327,279	327,279	317,524	(9,755)
Tax Collection Fees	58,750	58,750	68,477	9,727
Arts Council Reimbursement	30,000	30,000	24,547	(5,453)
Health fees	1,186,787	1,186,787	952,955	(233,832)
Environmental Health fees	115,000	115,000	110,195	(4,805)
DSS Fees	1,000	1,000	435	(565)
Total charges for services	4,268,781	4,356,430	4,128,553	(227,877)
Other revenues				
Rents and leases	110,068	105,268	103,893	(1,375)
ABC Board distributions	178,000	178,000	228,523	50,523
Miscellaneous	41,650	77,770	88,447	10,677
Donations	15,000	455,407	446,537	(8,870)
Total other revenues	344,718	816,445	867,400	50,955
Total general revenues	50,572,104	52,299,946	53,242,320	942,374

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
EXPENDITURES				
General government				
Governing Body				
Personnel expenses			80,662	
Operating expenses			64,973	
ABC profits to City of Roxboro			62,531	
Total	189,710	215,524	208,166	7,358
Administration				
Personnel expenses			325,036	
Operating expenses			17,939	
Total	342,010	343,911	342,975	936
Information Technology				
Personnel expenses			490,536	
Operating expenses			240,560	
Capital outlay			55,402	
Total	789,855	858,805	786,498	72,307
Human Resources				
Personnel expenses			262,177	
Operating expenses			317,708	
Total	467,344	653,757	579,885	73,872
Fleet Sales Management				
Operating expenses			8,556	
Total	10,000	15,224	8,556	6,668
Elections				
Personnel expenses			128,670	
Operating expenses			69,034	
Capital outlay			208,115	
Total	217,264	217,264	405,819	(188,555)
Finance				
Personnel expenses			352,831	
Operating expenses			106,169	
Total	459,960	466,960	459,000	7,960
Tax Administration				
Personnel expenses			632,545	
Operating expenses			180,552	
Total	819,059	832,282	813,097	19,185
Legal				
Personnel expenses			44,099	
Operating expenses			5,298	
Total	63,491	65,311	49,397	15,914
Register of Deeds				
Personnel expenses			230,114	
Operating expenses			43,741	
Total	302,579	302,579	273,855	28,724
Courts				
Operating expenses	3,000	3,000	2,797	203

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
General Services				
Personnel expenses			754,656	
Operating expenses			1,304,050	
Capital outlay			(856)	
Total	2,195,236	2,369,233	2,057,850	311,383
Total general government	5,859,508	6,343,850	5,987,895	355,955
<u>Public Safety</u>				
Sheriff				
Personnel expenses			3,040,334	
Operating expenses			439,545	
Capital outlay			222,699	
Total	3,769,049	3,834,559	3,702,578	131,981
Jail				
Personnel expenses			1,656,976	
Operating expenses			1,040,641	
Total	2,619,411	2,711,371	2,697,617	13,754
Judicial				
Personnel expenses			366,561	
Operating expenses			1,394	
Total	370,996	383,350	367,955	15,395
JCPC Administration				
Operating expenses	13,213	10,213	10,678	(465)
Roots & Wings				
Operating expenses	20,000	23,000	23,000	-
4H YES				
Personnel expenses			102,963	
Operating expenses			9,113	
Total	113,307	113,807	112,076	1,731
Very Important Parents				
Personnel expenses			89,213	
Operating expenses			23,805	
Total	114,938	114,938	113,018	1,920

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Emergency Management				
Personnel expenses			81,422	
Operating expenses			20,443	
Total	103,186	108,130	101,865	6,265
Fire and Rescue				
Personnel expenses			70,199	
Operating expenses			25,735	
VFD annual appropriation			890,120	
Total	992,891	995,869	986,054	9,815
Ambulance Service				
Personnel expenses			2,089,604	
Operating expenses			271,948	
Capital outlay			190,256	
Total	2,561,192	2,592,224	2,551,808	40,416
Code Enforcement				
Personnel expenses			367,659	
Operating expenses			20,701	
Total	405,703	408,426	388,360	20,066
Emergency Communications				
Personnel expenses			708,136	
Operating expenses			32,277	
Total	880,582	792,657	740,413	52,244
Medical Examiner	15,000	15,000	9,550	5,450
Animal Control				
Personnel expenses			274,559	
Operating expenses			71,931	
Capital outlay			(429)	
Total	340,080	369,919	346,061	23,858
Total public safety	12,319,548	12,473,463	12,151,033	322,430
<u>Transportation</u>				
Airport Operations				
Operating expenses			38,465	
Total	52,350	57,150	38,465	18,685
Public Transportation				
Personnel expenses			510,317	
Operating expenses			259,098	
Capital outlay			55,319	
Total	954,807	1,015,835	824,734	191,101
Total transportation	1,007,157	1,072,985	863,199	209,786

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Human Services</u>				
Public Health				
Personnel expenses			2,458,904	
Operating expenses			1,293,430	
Capital outlay			1,554	
Total	4,197,152	4,274,800	3,753,888	520,912
Environmental Health				
Personnel expenses			397,013	
Operating expenses			25,775	
Capital outlay			5,816	
Total	415,091	443,503	428,604	14,899
Mental Health				
Operating expenses	517,003	517,003	517,046	(43)
Social Services				
Personnel expenses			4,677,652	
Operating expenses			993,309	
Capital outlay			40,457	
Public assistance			3,168,896	
Total	9,724,564	10,309,909	8,880,314	1,429,595
Veterans Services				
Personnel expenses			14,093	
Operating expenses			974	
Total	16,168	16,168	15,067	1,101
Special Appropriations				
Council on Aging			409,684	
Drug Court			13,946	
Group Home			5,137	
Total	449,302	461,802	428,767	33,035
Total human services	15,319,280	16,023,185	14,023,686	1,999,499
<u>Education</u>				
Public Schools				
Current expense			9,243,381	
Capital outlay			357,228	
Terrell Fund			17,000	
Total	9,581,881	10,265,783	9,617,609	648,174
Community College				
Operating expenses			1,103,533	
Capital outlay			43,966	
Total	1,148,533	1,148,533	1,147,499	1,034
Total education	10,730,414	11,414,316	10,765,108	649,208

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Environmental Protection</u>				
Landfill Maintenance				
Operating expenses			10,892	
Total	22,000	22,000	10,892	11,108
Soil and Water Conservation				
Personnel expenses			97,923	
Operating expenses			13,300	
Total	90,978	124,349	111,223	13,126
Total environmental protection	112,978	146,349	122,115	24,234
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			114,831	
Operating expenses			270,086	
Total	360,019	408,219	384,917	23,302
Planning and Zoning				
Personnel expenses			171,764	
Operating expenses			13,954	
Capital outlay			1,225	
Total	185,094	192,579	186,943	5,636
GIS				
Personnel expenses			111,677	
Operating expenses			11,695	
Total	159,240	159,240	123,372	35,868
Cooperative Extension Service				
Personnel expenses			145,347	
Operating expenses			56,883	
Total	225,921	243,065	202,230	40,835
Forestry Services				
Operating expenses	80,689	80,689	80,036	653
Total economic and physical development	1,010,963	1,083,792	977,498	106,294
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			381,514	
Operating expenses			111,864	
Total	492,169	505,503	493,378	12,125
Recreation, Arts and Parks				
Personnel expenses			696,916	
Operating expenses			319,125	
Capital outlay			608,257	
Total	1,049,219	1,700,666	1,624,298	76,368
Total cultural and recreational	1,541,388	2,206,169	2,117,676	88,493

General Fund

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

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Debt Service</u>				
Principal-installment financing	3,463,836	3,563,836	3,563,836	-
Interest and fees-installment financing	386,249	466,998	423,876	43,122
Total debt service	3,850,085	4,030,834	3,987,712	43,122
<u>Contingency</u>	473,810	89,088	-	89,088
Total expenditures	52,225,131	54,884,031	50,995,922	3,888,109
Revenues over (under) expenditures	(1,653,027)	(2,584,085)	2,246,398	4,830,483
OTHER FINANCING SOURCES (USES)				
Transfers in				
Stormwater fund - governmental	5,275	5,276	5,275	(1)
Transfers out				
Reappraisal fund	(75,000)	(75,000)	(75,000)	-
Special revenue funds	(752,047)	(768,014)	(768,014)	-
Capital project funds	(402,975)	(402,975)	(402,975)	-
Sale of capital assets	15,000	15,000	15,325	325
Capital lease obligations issued	-	-	207,040	207,040
Total other financing sources (uses)	(1,215,022)	(1,225,713)	(1,018,349)	207,365
Revenues and other financing sources over (under) expenditures and other financing uses	(2,868,049)	(3,809,798)	1,228,049	5,037,848
<u>Fund balance appropriated</u>	2,868,049	3,809,798	-	(3,809,798)
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	1,228,049	\$ 1,228,050
Fund balance beginning of year			19,455,823	
Fund balance end of year			<u>\$ 20,683,872</u>	

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, 2015

	2015			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Operating expenses	90,899	90,899	15,149	75,750
Total expenditures	90,899	90,899	15,149	75,750
Excess (deficiency) of revenues over expenditures	(90,899)	(90,899)	(15,149)	75,750
OTHER FINANCING SOURCES				
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	(15,899)	(15,899)	59,851	75,750
APPROPRIATED FUND BALANCE	15,899	15,899	-	(15,899)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	59,851	\$ 59,851
Fund balance beginning of year			204,718	
Fund balance end of year			\$ 264,569	

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, 2015

	2015			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Transfers out				
General Fund	-	(5,276)	(5,275)	1
Total other financing sources (uses)	-	(5,276)	(5,275)	1
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(5,276)	(5,275)	1
APPROPRIATED FUND BALANCE	-	5,276	-	(5,276)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	(5,275)	\$ (5,275)
Fund balance beginning of year			5,275	
Fund balance end of year			\$ -	

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.
- ♦ **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.
- ♦ **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.
- ♦ **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, 2015

	Special Revenue Funds						
	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Community Development Housing Revitalization Grant Fund	Mattie Maude Williams Library Development Trust Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 130,999	\$ 181,263	\$ 451,744	\$ 136,326	\$ -	\$ 61,211	\$ 961,543
Restricted cash	-	-	-	-	-	-	-
Accounts receivable, net	62,377	-	-	-	-	-	62,377
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 193,376</u>	<u>\$ 181,263</u>	<u>\$ 451,744</u>	<u>\$ 136,326</u>	<u>\$ -</u>	<u>\$ 61,211</u>	<u>\$ 1,023,920</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 22,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,884
Total liabilities	<u>22,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,884</u>
Fund balances:							
Nonspendable:							
Prepaid	-	-	-	-	-	-	-
Restricted:							
Stabilization by State Statute	62,377	-	-	-	-	-	62,377
Education	-	-	-	-	-	-	-
Public safety	108,115	-	-	-	-	-	108,115
Culture and recreation	-	-	-	-	-	61,211	61,211
Capital projects	-	-	-	-	-	-	-
Committed:							
Economic development	-	181,263	451,744	-	-	-	633,007
Environmental protection	-	-	-	136,326	-	-	136,326
Capital projects	-	-	-	-	-	-	-
Total fund balances	<u>170,492</u>	<u>181,263</u>	<u>451,744</u>	<u>136,326</u>	<u>-</u>	<u>61,211</u>	<u>1,001,036</u>
Total liabilities and fund balances	<u>\$ 193,376</u>	<u>\$ 181,263</u>	<u>\$ 451,744</u>	<u>\$ 136,326</u>	<u>\$ -</u>	<u>\$ 61,211</u>	<u>\$ 1,023,920</u>

Capital Project Funds							
Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements 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
\$ 457,398	\$ 748,787	\$ 6,159	\$ 74,954	\$ 307,405	\$ 3,034	\$ 1,597,737	\$ 2,559,280
-	-	896,977	305,566	-	-	1,202,543	1,202,543
21,299	-	-	-	-	-	21,299	83,676
-	70,000	-	-	-	-	70,000	70,000
<u>\$ 478,697</u>	<u>\$ 818,787</u>	<u>\$ 903,136</u>	<u>\$ 380,520</u>	<u>\$ 307,405</u>	<u>\$ 3,034</u>	<u>\$ 2,891,579</u>	<u>\$ 3,915,499</u>
\$ -	\$ 40,000	\$ 14,624	\$ 5,401	\$ 183	\$ -	\$ 60,208	\$ 83,092
-	40,000	14,624	5,401	183	-	60,208	83,092
-	70,000	-	-	-	-	70,000	70,000
21,299	-	-	-	-	-	21,299	83,676
-	-	-	375,119	-	-	375,119	375,119
-	-	-	-	-	-	-	108,115
-	-	-	-	-	-	-	61,211
457,398	-	888,512	-	-	3,034	1,348,944	1,348,944
-	-	-	-	-	-	-	633,007
-	-	-	-	-	-	-	136,326
-	708,787	-	-	307,222	-	1,016,009	1,016,009
<u>478,697</u>	<u>778,787</u>	<u>888,512</u>	<u>375,119</u>	<u>307,222</u>	<u>3,034</u>	<u>2,831,371</u>	<u>3,832,407</u>
<u>\$ 478,697</u>	<u>\$ 818,787</u>	<u>\$ 903,136</u>	<u>\$ 380,520</u>	<u>\$ 307,405</u>	<u>\$ 3,034</u>	<u>\$ 2,891,579</u>	<u>\$ 3,915,499</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, 2015

	Special Revenue Funds						
	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Community Development Housing Revitalization Grant Fund	Mattie Maude Williams Library Development Trust Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Restricted intergovernmental	\$ 690,602	\$ -	\$ 164,750	\$ -	\$ 110,925	\$ -	\$ 966,277
Investment earnings	10	(5)	360	(4)	-	(3)	358
Other revenues	-	-	123,967	-	-	2,125	126,092
Total revenues	690,612	(5)	289,077	(4)	110,925	2,122	1,092,727
EXPENDITURES							
Current:							
General government	-	-	-	-	-	17,421	17,421
Public safety	597,489	-	-	-	-	-	597,489
Economic and physical development	-	-	464,750	-	-	-	464,750
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	10,515	110,925	-	121,440
Total expenditures	597,489	-	464,750	10,515	110,925	17,421	1,201,100
Excess (deficiency) of revenues over expenditures	93,123	(5)	(175,673)	(10,519)	-	(15,299)	(108,373)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	359,249	-	-	-	359,249
Transfers to other funds	-	-	-	-	-	-	-
Installment purchase obligations issued	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	359,249	-	-	-	359,249
Net change in funds balances	93,123	(5)	183,576	(10,519)	-	(15,299)	250,876
Fund balances - beginning	77,369	181,268	268,168	146,845	-	76,510	750,160
Fund balances - ending	\$ 170,492	\$ 181,263	\$ 451,744	\$ 136,326	\$ -	\$ 61,211	\$ 1,001,036

Capital Project Funds							
Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements 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
\$ 188,211 (33,229) -	\$ - (42) -	\$ - 110 -	\$ - 57 -	\$ - (9) -	\$ - - -	\$ 188,211 (33,113) -	\$ 1,154,488 (32,755) 126,092
154,982	(42)	110	57	(9)	-	155,098	1,247,825
-	-	-	-	-	-	-	17,421
-	-	-	-	-	-	-	597,489
-	-	-	-	-	-	-	464,750
-	-	-	256,314	-	-	256,314	256,314
168,221	515,193	649,394	-	6,943	-	1,339,751	1,461,191
168,221	515,193	649,394	256,314	6,943	-	1,596,065	2,797,165
(13,239)	(515,235)	(649,284)	(256,257)	(6,952)	-	(1,440,967)	(1,549,340)
200,000	202,975	30,000	-	-	-	432,975	792,224
-	(30,000)	-	-	-	-	(30,000)	(30,000)
-	-	2,360,000	-	-	-	2,360,000	2,360,000
200,000	172,975	2,390,000	-	-	-	2,762,975	3,122,224
186,761	(342,260)	1,740,716	(256,257)	(6,952)	-	1,322,008	1,572,884
291,936	1,121,047	(852,204)	631,376	314,174	3,034	1,509,363	2,259,523
\$ 478,697	\$ 778,787	\$ 888,512	\$ 375,119	\$ 307,222	\$ 3,034	\$ 2,831,371	\$ 3,832,407

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

Exhibit C-3

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 412,813	\$ 690,602	\$ 690,602	\$ -
Investment earnings	-	-	10	10
Total revenues	412,813	690,602	690,612	10
EXPENDITURES				
Implemental functions	300	16,500	8,419	8,081
Telephone	352,000	440,310	382,079	58,231
Software maintenance	16,158	16,158	76,920	(60,762)
Hardware maintenance	42,355	42,355	111,818	(69,463)
Training	2,000	2,000	10,058	(8,058)
Total expenditures	412,813	690,602	597,489	(71,971)
Excess (deficiency) of revenues over expenditures	-	-	93,123	93,123
APPROPRIATED FUND BALANCE	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	93,123	\$ 93,123
Fund balance beginning of year			77,369	
Fund balance end of year			\$ 170,492	

Person County, North Carolina
Revolving Loan 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, 2015

	2015		VARIANCE Positive (Negative)
	Original and Final Budget	Actual	
REVENUES			
Investment earnings	\$ -	\$ (5)	\$ (5)
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>(5)</u>	<u>\$ (5)</u>
Fund balance beginning of year		181,268	
Fund balance end of year		<u>\$ 181,263</u>	

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

Exhibit C-5

For the fiscal year ended June 30, 2015

	2015			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 164,750	\$ 164,750	\$ -
Investment earnings	1,270	1,270	360	(910)
Miscellaneous revenues				
Loan principle received	164,481	164,481	123,967	(40,514)
Total revenues	165,751	330,501	289,077	(41,424)
EXPENDITURES	525,000	689,750	464,750	225,000
Excess (deficiency) of revenues over expenditures	(359,249)	(359,249)	(175,673)	183,576
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	359,249	359,249	359,249	-
Total Other Financing Sources	359,249	359,249	359,249	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	183,576	183,576
APPROPRIATED FUND BALANCE	-	-	-	-
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	183,576	\$ 183,576
Fund balance beginning of year			268,168	
Fund balance end of year			\$ 451,744	

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

Water and Sewer Construction Reserve Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

For the fiscal year ended June 30, 2015

	2015			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Investment earnings	-	-	(4)	(4)
Total revenues	30,000	30,000	(4)	(30,004)
EXPENDITURES				
Water and sewer construction	30,000	30,000	10,515	19,485
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	(10,519)	\$ (10,519)
Fund balance beginning of year			146,845	
Fund balance end of year			\$ 136,326	

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

Exhibit C-7

For the fiscal year ended June 30, 2015

	2015		VARIANCE
	Original and Final Budget	Actual	Positive (Negative)
REVENUES			
Intergovernmental revenues	\$ 400,000	\$ 110,925	\$ (289,075)
EXPENDITURES	400,000	110,925	289,075
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance beginning of year		<u>-</u>	
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-8

For the fiscal year ended June 30, 2015

	<u>Actual</u>
REVENUES	
Investment earnings	\$ (3)
Other revenues	<u>2,125</u>
Total revenues	<u>2,122</u>
EXPENDITURES	
Public buildings and grounds	
Operating	<u>17,421</u>
Excess (deficiency) of revenues over expenditures	(15,299)
Fund balance beginning of year	<u>76,510</u>
Fund balance end of year	<u><u>\$ 61,211</u></u>

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

Exhibit C-9

From inception and for the fiscal year ended June 30, 2015

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 1,393,866	\$ 591,834	\$ 188,211	\$ 780,045	\$ (613,821)
Investment earnings	-	105,935	(33,229)	72,706	72,706
Total revenues	1,393,866	697,769	154,982	852,751	(541,115)
EXPENDITURES					
Construction	1,393,866	605,833	168,221	774,054	619,812
Excess (deficiency) of revenues over expenditures	-	91,936	(13,239)	78,697	78,697
OTHER FINANCING SOURCES					
Operating transfers-in					
General fund	-	200,000	200,000	400,000	400,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 291,936	186,761	\$ 478,697	\$ 478,697
Fund balance beginning of year			291,936		
Fund balance end of year			\$ 478,697		

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

Exhibit C-10

From inception and for the fiscal year ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Investment earnings	\$ 3,900	\$ 3,928	\$ (42)	\$ 3,886	\$ (14)
Total revenues	3,900	3,928	(42)	3,886	(14)
EXPENDITURES					
County	1,506,780	1,832,896	187,095	2,019,991	(513,211)
Schools	1,119,783	1,119,263	248,098	1,367,361	(247,578)
PCC	180,000	52,317	80,000	132,317	47,683
Total expenditures	2,806,563	3,004,476	515,193	3,519,669	(713,106)
Excess (deficiency) of revenues over expenditures	(2,802,663)	(3,000,548)	(515,235)	(3,515,783)	(713,120)
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	2,393,843	3,750,989	202,975	3,953,964	1,560,121
Schools Capital Reserve Fund	-	649,815	-	649,815	649,815
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)
Person County Recycling Center & Various					
Roofing Improvements Capital Projects Fund	(30,000)	-	(30,000)	(30,000)	-
Total Other Financing Sources	2,363,843	4,121,595	172,975	4,294,570	1,930,727
Excess (deficiency) of revenues and other financing sources over expenditures	(438,820)	1,121,047	(342,260)	778,787	1,217,607
Fund balance appropriated	438,820	-	-	-	(438,820)
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ 1,121,047	(342,260)	\$ 778,787	\$ 778,787
Fund balance beginning of year			1,121,047		
Fund balance end of year			\$ 778,787		

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

From inception and for the fiscal year ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Investment earnings	\$ -	\$ -	\$ 110	\$ 110	\$ 110
Total revenues	-	-	110	110	110
EXPENDITURES					
Professional services - architect and engineering	114,760	975	86,438	87,413	27,347
Building purchase	852,204	852,204	-	852,204	-
Construction	1,325,401	-	493,894	493,894	831,507
Issuance cost	60,000	-	60,650	60,650	(650)
Contingency	30,000	-	-	-	30,000
Other	9,110	500	8,412	8,912	198
Total expenditures	2,391,475	853,679	649,394	1,503,073	888,402
Excess (deficiency) of revenues over expenditures	(2,391,475)	(853,679)	(649,284)	(1,502,963)	888,512
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	1,475	1,475	-	1,475	-
County Capital Reserve Fund	30,000	-	30,000	30,000	-
Installment purchase obligations issued	2,360,000	-	2,360,000	2,360,000	-
Total Other Financing Sources	2,391,475	1,475	2,390,000	2,391,475	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	(852,204)	1,740,716	888,512	888,512
Fund balance appropriated	-	-	-	-	-
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ (852,204)	1,740,716	\$ 888,512	\$ 888,512
Fund balance beginning of year			(852,204)		
Fund balance end of year			\$ 888,512		

Person County, North Carolina
Reroofing Schools 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, 2015

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ 2,016	\$ 57	\$ 2,073	\$ 2,073
Total revenues	-	2,016	57	2,073	2,073
EXPENDITURES					
Professional services - architect and engineering	299,342	260,745	15,078	275,823	23,519
Re-Roofing:					
Person High School	1,425,839	1,021,514	241,236	1,262,750	163,089
Southern Middle School	1,357,357	1,250,567	-	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	2,578,732	256,314	2,835,046	373,046
Excess (deficiency) of revenues over expenditures	(3,208,092)	(2,576,716)	(256,257)	(2,832,973)	375,119
OTHER FINANCING SOURCES (USES):					
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	\$ -	\$ 631,376	(256,257)	\$ 375,119	\$ 375,119
Fund balance beginning of year			631,376		
Fund balance end of year			\$ 375,119		

Person County, North Carolina
Recreation & Senior Center Project 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, 2015

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ 253	\$ (9)	\$ 244	\$ 244
Total revenues	-	253	(9)	244	244
EXPENDITURES					
Professional services - architect and engineering	476,850	189,929	6,943	196,872	279,978
Construction	3,910,000	-	-	-	3,910,000
Issuance Costs	60,000	-	-	-	60,000
Contingency	503,850	-	-	-	503,850
Total expenditures	4,950,700	189,929	6,943	196,872	4,753,828
Excess (deficiency) of revenues over expenditures	(4,950,700)	(189,676)	(6,952)	(196,628)	4,754,072
OTHER FINANCING SOURCES (USES):					
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	\$ -	\$ 314,174	(6,952)	\$ 307,222	\$ 307,222
Fund balance beginning of year			314,174		
Fund balance end of year			\$ 307,222		

Person County, North Carolina
Old Helena School Improvement 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, 2015

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive Negative
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Maintenance & repairs - Buildings and grounds	25,500	24,966	-	24,966	534
Contingency	2,500	-	-	-	2,500
Total expenditures	28,000	24,966	-	24,966	3,034
Excess (deficiency) of revenues over expenditures	(28,000)	(24,966)	-	(24,966)	3,034
OTHER FINANCING SOURCES (USES):					
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	\$ -	\$ 3,034	-	\$ 3,034	\$ 3,034
Fund balance beginning of year			3,034		
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, 2015

	2015			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Charge for services	\$ 239,215	\$ 239,215	\$ 268,540	\$ (29,325)
EXPENDITURES				
Environmental Protection				
Operating expenses	239,215	239,215	196,024	43,191
Total expenditures	239,215	239,215	196,024	43,191
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	72,516	\$ 72,516
Fund balance beginning of year			71,668	
Fund balance end of year			\$ 144,184	

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 and Vehicle Tax Fund:** accounts for registered motor vehicle property taxes that are billed and collected by the County for the City of Roxboro. This fund also includes the 3% additional first month's interest charged on delinquent motor vehicle tax bills remitted to the State Treasurer.
- ◆ **Inmate Fund:** accounts for cash held for inmates who are serving time in the Person County Detention Center.
- ◆ **Person County Tourism Development Authority Fund:** accounts for the revenues and expenditures of occupancy tax received from the County.
- ◆ **Fines and Forfeitures:** 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.
- ◆ **Deeds of Trust Fee Fund:** accounts for the fees collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

Exhibit E-1

For the fiscal year ended June 30, 2015

	<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/15</u>
<u>Social Services Trust</u>				
Assets				
Cash and cash equivalents	\$ 67,412	\$ 535,935	\$ 546,353	\$ 56,994
Liabilities				
Due to individuals	\$ 67,412	\$ 535,935	\$ 546,353	\$ 56,994
<u>Sheriff's Executions and Commissions</u>				
Assets				
Cash and cash equivalents	\$ 21,643	\$ 8,520	\$ 9,407	\$ 20,756
Liabilities				
Accounts payable and accrued liabilities	\$ 21,643	\$ 8,520	\$ 9,407	\$ 20,756
<u>City of Roxboro Property Tax and Vehicle Tax Interest</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 4,565,427	\$ 4,565,427	\$ -
Taxes receivable	211,531	4,528,254	4,544,401	195,384
Total assets	\$ 211,531	\$ 9,093,681	\$ 9,109,828	\$ 195,384
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 6,936	\$ 6,936	\$ -
Due to other government - City of Roxboro	-	4,540,591	4,540,591	-
Due to other governments - State of North Carolina	-	13	13	-
Reserve for taxes receivable	211,531	4,528,259	4,544,406	195,384
Total liabilities	\$ 211,531	\$ 9,075,799	\$ 9,091,946	\$ 195,384
<u>Inmate</u>				
Assets				
Cash and cash equivalents	\$ 13,251	\$ 210,366	\$ 207,753	\$ 15,864
Liabilities				
Accounts payable and accrued liabilities	\$ 11,926	\$ 155,611	\$ 155,481	\$ 12,056
Due to inmates	1,325	219,137	216,654	3,808
Total liabilities	\$ 13,251	\$ 374,748	\$ 372,135	\$ 15,864
<u>Person County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ 1,626	\$ 270,168	\$ 274,229	\$ (2,435)
Liabilities				
Accounts payable and accrued liabilities	\$ 1,626	\$ 270,168	\$ 274,229	\$ (2,435)
<u>Deeds of Trust Fee Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 24,186	\$ 24,186	\$ -
Liabilities				
Due to other governments - State of North Carolina	\$ -	\$ 24,186	\$ 24,186	\$ -
<u>Fines and Forfeitures and 4H</u>				
Assets				
Cash and cash equivalents	\$ 43,360	\$ 28,941	\$ 32,540	\$ 39,761
Liabilities				
Accounts payable and accrued liabilities	\$ 1,016	\$ 29,183	\$ 28,436	\$ 1,763
Due to other governments - Person County Board of Education	-	76,054	76,054	-
Due to 4H	42,344	28,740	33,086	37,998
Total liabilities	\$ 43,360	\$ 133,977	\$ 137,576	\$ 39,761
<u>Total-All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 147,292	\$ 5,643,543	\$ 5,659,895	\$ 130,940
Taxes receivable	211,531	4,528,254	4,544,401	195,384
Total assets	\$ 358,823	\$ 10,171,797	\$ 10,204,296	\$ 326,324
Liabilities				
Accounts payable and accrued liabilities	\$ 36,211	\$ 470,418	\$ 474,489	\$ 32,140
Due to individuals	67,412	535,935	546,353	56,994
Due to inmates	1,325	219,137	216,654	3,808
Due to other governments	-	4,640,844	4,640,844	-
Due to 4H	42,344	28,740	33,086	37,998
Reserve for taxes receivable	211,531	4,528,259	4,544,406	195,384
Total liabilities	\$ 358,823	\$ 10,423,333	\$ 10,455,832	\$ 326,324

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, 2015

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	2014	\$ -	\$ 30,622,680	\$ 30,227,699	\$ 394,981
2013-2014	2013	491,727	10,455	297,072	205,110
2012-2013	2012	199,014	8,264	97,776	109,502
2011-2012	2011	125,250	4,302	55,175	74,377
2010-2011	2010	72,115	-	17,970	54,145
2009-2010	2009	49,095	-	12,599	36,496
2008-2009	2008	34,586	-	5,146	29,440
2007-2008	2007	27,796	-	3,202	24,594
2006-2007	2006	18,812	-	1,256	17,556
2005-2006	2005	15,185	-	949	14,236
2004-2005	2004	12,259	-	12,259	-
Total		<u>\$ 1,045,839</u>	<u>\$ 30,645,701</u>	<u>\$ 30,731,103</u>	960,437
Less: allowance for uncollectible accounts					<u>(150,000)</u>
Ad valorem taxes receivable, net:					<u>\$ 810,437</u>
Reconciliation with Revenues:					
Taxes - Ad Valorem - General Fund					
Current year					\$ 30,197,861
Prior years					488,467
Penalties and interest					182,530
Advertising					46,849
Total Ad Valorem Taxes					<u>30,915,707</u>
Refunds					5,080
Adjustments to prior years taxes					6,511
Amounts written off for tax year 2003 per statute of limitations					<u>12,259</u>
Subtotal					<u>30,939,557</u>
Less interest collected					161,605
Less advertising fees					46,849
Total collections and credits					<u>\$ 30,731,103</u>

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

Exhibit F-2

For the fiscal year ended June 30, 2015

	Property Valuation	Rate per \$100 Valuation	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 4,369,443,857	\$ 0.70	\$ 30,586,107	\$ 28,317,871	\$ 2,268,236
Registered Motor Vehicles Taxed at Prior Year's Rate	2,711,571	0.70	18,981	-	18,981
Late Listing Penalties	-		19,607	19,607	-
Total	<u>4,372,155,428</u>		<u>30,624,695</u>	<u>28,337,478</u>	<u>2,287,217</u>
Discoveries and Corrections					
Current Years' Taxes	4,657,429	0.70	32,602	32,137	465
Penalties	-		1,318	1,318	-
	<u>4,657,429</u>		<u>33,920</u>	<u>33,455</u>	<u>465</u>
Releases	<u>(5,221,639)</u>		<u>(35,935)</u>	<u>(35,865)</u>	<u>(70)</u>
Total for Year	<u>\$ 4,371,591,218</u>		<u>30,622,680</u>	<u>28,335,068</u>	<u>2,287,612</u>
Less Uncollected tax at June 30, 2015			<u>394,981</u>	<u>391,655</u>	<u>3,326</u>
Current year's taxes collected			<u>\$ 30,227,699</u>	<u>\$ 27,943,413</u>	<u>\$ 2,284,286</u>
Percent current year collected			<u>98.71%</u>	<u>98.62%</u>	<u>99.85%</u>

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	119
<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	128
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	136
<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	141
<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	144
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

(Page 1 of 2)
Fiscal Year

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Net investment in capital assets	\$ 19,475,976	\$ 20,630,021	\$ 22,660,368	\$ 20,440,012
Restricted	5,730,958	1,646,941	1,751,274	1,141,656
Unrestricted	<u>(4,950,448)</u>	<u>(1,787,018)</u>	<u>(2,040,755)</u>	<u>2,835,383</u>
Total governmental activities net position	<u>20,256,486</u>	<u>20,489,944</u>	<u>22,370,887</u>	<u>24,417,051</u>
Business-type activities				
Net investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government				
Net investment in capital assets	19,475,976	20,630,021	22,660,368	20,440,012
Restricted	5,730,958	1,646,941	1,751,274	1,141,656
Unrestricted	<u>(4,950,448)</u>	<u>(1,787,018)</u>	<u>(2,040,755)</u>	<u>2,835,383</u>
Total primary governmental net position	<u>\$ 20,256,486</u>	<u>\$ 20,489,944</u>	<u>\$ 22,370,887</u>	<u>\$ 24,417,051</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 20,020,058	\$ 18,741,532	\$ 21,155,561	\$ 21,364,462	\$ 23,065,359	\$ 31,664,023
4,018,047	8,563,948	8,219,339	8,869,798	7,729,273	7,043,470
4,203,584	2,322,140	4,191,640	3,657,279	4,533,912	9,074,436
<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>	<u>47,781,929</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	71,668	144,184
-	-	-	-	71,668	144,184
20,020,058	18,741,532	21,155,561	21,364,462	23,065,359	31,664,023
4,018,047	8,563,948	8,219,339	8,869,798	7,729,273	7,043,470
4,203,584	2,322,140	4,191,640	3,657,279	4,605,580	9,218,620
\$ <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>	\$ <u>47,926,113</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				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities					
General government	\$ 4,553,355	\$ 5,053,425	\$ 5,455,795	\$ 5,527,742	\$ 5,014,727
Public safety	9,378,105	10,381,525	11,429,612	11,408,762	11,381,743
Transportation	1,251,813	1,461,462	1,523,716	1,493,230	1,494,361
Economic and physical development	853,734	1,274,045	2,194,637	1,203,255	898,345
Environmental protection	290,608	276,301	252,509	257,916	832,951
Human services	16,610,533	17,488,722	18,185,434	17,140,056	15,891,412
Cultural and recreation	1,806,150	1,806,946	1,839,584	1,864,439	1,781,842
Education	9,557,566	12,763,768	12,007,976	11,856,706	10,705,681
Capital Outlay	-	-	-	-	-
Interest on long term debt	935,735	992,502	978,763	818,027	712,074
Total governmental activities expenses	<u>45,237,599</u>	<u>51,498,696</u>	<u>53,868,026</u>	<u>51,570,133</u>	<u>48,713,136</u>
Business-type activities					
Stormwater Department	-	-	-	-	-
Total primary government expenses	<u>\$ 45,237,599</u>	<u>\$ 51,498,696</u>	<u>\$ 53,868,026</u>	<u>\$ 51,570,133</u>	<u>\$ 48,713,136</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 429,771	\$ 555,495	\$ 624,024	\$ 443,859	\$ 420,971
Public safety	1,742,409	1,837,685	1,730,352	1,960,320	1,889,029
Transportation	380,770	426,620	304,304	337,548	268,113
Economic and physical development	11,164	3,836	35,526	34,162	43,545
Environmental protection	485,477	387,053	466,284	485,492	868,952
Human services	3,769,179	4,235,793	4,203,932	4,333,232	4,006,896
Cultural and recreation	244,521	308,000	257,603	252,807	276,533
Operating grants and contributions:					
General government	1,500	-	4,924	7,221	-
Public safety	787,203	620,938	861,665	903,557	966,832
Transportation	228,285	377,301	238,063	199,578	236,930
Economic and physical development	53,497	96,015	391,306	71,740	39,410
Environmental protection	93,357	90,024	84,352	96,243	106,835
Human services	5,938,274	6,457,371	6,805,017	7,381,474	6,973,325
Cultural and recreation	328,631	213,380	195,638	156,740	162,052
Education	599,762	442,397	1,262,155	973,488	493,209
Capital grants and contributions:					
General Government	-	-	-	-	-
Transportation	201,843	579,700	1,258,869	416,741	417,819
Economic and physical development	127,100	97,500	-	-	25,500
Environmental Protection	-	-	-	-	668,046
Cultural and recreation	17,380	7,400	6,050	22,004	317,496
Education	-	-	-	-	-
Total governmental activities program revenues	<u>15,440,123</u>	<u>16,736,508</u>	<u>18,730,064</u>	<u>18,076,206</u>	<u>18,181,493</u>
Business-type activities					
Charges for services:					
Stormwater Department	-	-	-	-	-
Total primary government program revenues	<u>\$ 15,440,123</u>	<u>\$ 16,736,508</u>	<u>\$ 18,730,064</u>	<u>\$ 18,076,206</u>	<u>\$ 18,181,493</u>
Net (Expense)/Revenue					
Governmental activities	\$ (29,797,476)	\$ (34,762,188)	\$ (35,137,962)	\$ (33,493,927)	\$ (30,531,643)
Business-type activities	-	-	-	-	-
Total primary government net expenses	<u>\$ (29,797,476)</u>	<u>\$ (34,762,188)</u>	<u>\$ (35,137,962)</u>	<u>\$ (33,493,927)</u>	<u>\$ (30,531,643)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Property taxes	\$ 23,431,173	\$ 24,706,367	\$ 27,156,746	\$ 27,197,864	\$ 27,606,040
Local option sales tax	7,410,387	8,186,701	8,396,768	7,329,525	5,758,729
Other taxes and licenses	547,647	634,580	452,875	267,885	260,617
Unrestricted intergovernmental	-	-	-	-	-
Investment earnings	663,738	859,397	705,759	258,570	49,125
Miscellaneous, unrestricted	-	-	-	-	-
Loss on disposal of capital asset	-	-	-	-	-
Contributed capital	-	-	-	-	-
Other miscellaneous	590,751	608,601	306,757	486,247	681,770
Total primary government general revenues, special items and transfers	<u>\$ 32,643,696</u>	<u>\$ 34,995,646</u>	<u>\$ 37,018,905</u>	<u>\$ 35,540,091</u>	<u>\$ 34,356,281</u>
Change in Net Position					
Governmental activities	\$ 2,846,220	\$ 233,458	\$ 1,880,943	\$ 2,046,164	\$ 3,824,638
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 2,846,220</u>	<u>\$ 233,458</u>	<u>\$ 1,880,943</u>	<u>\$ 2,046,164</u>	<u>\$ 3,824,638</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 4,828,349	\$ 4,655,404	\$ 5,806,008	\$ 6,055,901	\$ 6,688,836
11,468,186	11,437,656	11,961,190	12,476,577	12,475,439
1,454,342	1,435,983	1,415,053	1,286,978	1,277,326
1,470,929	1,753,033	2,103,294	1,404,663	1,433,353
1,228,807	891,073	1,088,616	649,147	2,510,486
15,440,313	15,746,664	16,333,971	16,563,554	14,335,792
1,511,796	1,466,125	1,587,995	1,592,550	1,615,447
11,460,882	10,269,913	13,043,761	12,096,514	11,626,709
-	1,014,882	385,929	1,560,160	460,869
703,782	669,146	534,264	530,279	242,746
<u>49,567,386</u>	<u>49,339,879</u>	<u>54,260,081</u>	<u>54,216,323</u>	<u>52,667,003</u>
-	-	-	199,674	196,024
<u>\$ 49,567,386</u>	<u>\$ 49,339,879</u>	<u>\$ 54,260,081</u>	<u>\$ 54,415,997</u>	<u>\$ 52,863,027</u>
\$ 383,400	\$ 388,611	\$ 350,744	\$ 396,260	\$ 415,643
1,937,117	2,047,710	1,717,878	1,842,884	1,987,725
245,332	240,965	322,797	294,459	419,617
99,364	90,001	6,956	11,433	14,731
731,989	932,314	796,321	822,423	761,116
3,916,676	4,027,375	4,023,486	2,728,473	2,522,871
322,708	341,512	358,138	345,570	323,353
52,398	65,114	14,492	2	-
905,318	1,055,904	1,024,467	1,208,057	1,323,629
235,717	225,765	310,036	362,452	271,196
361,743	499,604	1,148,118	392,042	166,357
119,917	118,497	113,343	114,204	118,251
7,033,549	7,100,930	6,926,407	8,392,466	8,560,360
156,210	120,282	117,926	100,281	514,960
189,873	17,862	1,534,817	-	-
6,571	140,641	6,227	19	-
111,955	157,454	454,726	231,347	188,211
37,000	1,500	2,638	171,039	110,925
566,260	54,587	55,737	4,510	-
5,000	4,000	20,500	12,269	15,877
-	-	-	72,465	229,808
<u>17,418,097</u>	<u>17,630,628</u>	<u>19,305,754</u>	<u>17,502,655</u>	<u>17,944,630</u>
-	-	-	271,342	268,540
<u>\$ 17,418,097</u>	<u>\$ 17,630,628</u>	<u>\$ 19,305,754</u>	<u>\$ 17,773,997</u>	<u>\$ 18,213,170</u>
\$ (32,149,289)	\$ (31,709,251)	\$ (34,954,327)	\$ (36,713,668)	\$ (34,722,373)
-	-	-	71,668	72,516
<u>\$ (32,149,289)</u>	<u>\$ (31,709,251)</u>	<u>\$ (34,954,327)</u>	<u>\$ (36,642,000)</u>	<u>\$ (34,649,857)</u>
\$ 27,291,587	\$ 27,393,771	\$ 28,772,219	\$ 30,883,915	\$ 31,358,952
5,542,646	6,045,749	6,092,052	6,430,850	6,732,660
237,858	305,012	493,228	462,739	563,360
-	-	-	-	208,437
24,950	14,619	13,715	508	(32,398)
-	-	-	-	15,325
-	-	-	-	10,363,160
438,179	1,889,020	(498,552)	372,661	88,262
<u>\$ 33,535,220</u>	<u>\$ 35,648,171</u>	<u>\$ 34,872,662</u>	<u>\$ 38,150,673</u>	<u>\$ 49,297,758</u>
\$ 1,385,931	\$ 3,938,920	\$ (81,665)	\$ 1,437,005	\$ 14,575,385
-	-	-	71,668	72,516
<u>\$ 1,385,931</u>	<u>\$ 3,938,920</u>	<u>\$ (81,665)</u>	<u>\$ 1,508,673</u>	<u>\$ 14,647,901</u>

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

Fiscal Year		Property Tax		Local Sales Tax		Other Tax		Total
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
2015		31,358,952		6,732,660		563,360		38,654,972

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

(Page 1 of 2)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 4,634,247	\$ 7,337,788	\$ 6,607,330	\$ 4,686,298
Unreserved	12,124,627	10,886,128	12,627,805	15,717,000
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ <u>16,758,874</u>	\$ <u>18,223,916</u>	\$ <u>19,235,135</u>	\$ <u>20,403,298</u>
All Other Governmental Funds				
Reserved	\$ 728,896	\$ 585,116	\$ 519,364	\$ 402,338
Unreserved	4,148,910	(317,512)	1,959,496	615,897
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ <u>4,877,806</u>	\$ <u>267,604</u>	\$ <u>2,478,860</u>	\$ <u>1,018,235</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 5,237,082	\$ -	\$ -	\$ -	\$ -	\$ -
13,582,453	-	-	-	-	-
-	-	-	99,956	305,868	101,957
-	3,409,571	4,134,503	5,227,556	6,226,227	4,696,872
-	63,057	88,995	143,466	204,718	264,569
-	2,403,817	4,493,237	3,611,857	3,284,997	2,721,258
-	14,967,838	12,631,079	9,936,607	9,644,006	13,163,785
<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>	<u>\$ 20,948,441</u>
\$ 408,959	\$ -	\$ -	\$ -	\$ -	\$ -
4,269,403	-	-	-	-	-
-	-	-	-	90,000	70,000
-	1,732,534	1,098,020	3,642,242	1,503,046	2,346,598
-	2,428,100	1,829,907	2,971,430	1,941,502	1,785,342
-	55,801	30,000	86,474	11,700	-
-	(115,553)	-	(711,840)	(852,204)	(217,136)
<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>	<u>\$ 3,984,804</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Property	\$ 23,327,612	\$ 24,870,158	\$ 27,233,073	\$ 27,027,814
Sales	7,410,387	8,186,701	8,396,768	7,329,525
Other	547,647	634,580	452,875	267,885
Total taxes	31,285,646	33,691,439	36,082,716	34,625,224
Fees	716,220	580,497	468,498	403,170
Intergovernmental	8,255,349	9,100,206	11,506,713	10,430,803
Investment earnings	753,013	1,010,574	844,762	299,783
Charges for services	5,586,367	6,369,381	6,290,486	7,223,667
Other	1,274,636	1,159,159	1,032,086	525,441
Total Revenues	47,871,231	51,911,256	56,225,261	53,508,088
Expenditures				
General government	5,172,517	5,855,693	5,519,966	5,573,144
Public safety	9,963,831	10,314,897	11,334,668	11,115,835
Transportation	757,706	1,069,108	1,032,789	861,559
Human services	16,562,161	17,453,636	18,184,814	17,344,436
Environmental protection	287,671	289,055	314,223	276,898
Economic and physical development	841,225	1,261,965	2,210,005	1,209,352
Cultural and recreational	1,852,012	1,748,282	1,755,889	2,011,512
Education	8,275,898	12,763,768	12,007,976	11,856,706
Capital projects	1,553,766	859,863	1,200,841	437,202
Debt service:				
Principal	2,282,438	2,478,354	2,756,077	2,995,000
Interest and other charges	937,985	1,020,772	1,112,233	643,344
Total expenditures	48,487,210	55,115,393	57,429,481	54,324,988
Excess of revenues over (under) expenditures	(615,979)	(3,204,137)	(1,204,220)	(816,899)
Other Financing Sources (Uses)				
Transfers in	4,658,216	4,116,182	4,996,410	4,441,891
Transfers out	(4,658,216)	(4,116,182)	(4,996,410)	(4,441,891)
Installment purchase obligations issued	4,050,000	-	18,985,000	457,778
Capital lease obligations issued	-	-	-	-
Refunding payment to escrow agent	-	-	(14,643,878)	-
Sale of capital assets	44,218	58,977	85,573	66,659
Total other financing sources (uses)	4,094,218	58,977	4,426,695	524,437
Net change in fund balances	\$ 3,478,239	\$ (3,145,160)	\$ 3,222,475	\$ (292,462)
Debt service as a percentage of noncapital expenditures	7.03%	6.73%	7.06%	6.85%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 27,612,262	\$ 27,343,883	\$ 27,396,888	\$ 28,723,333	\$ 31,076,698	\$ 30,915,707
5,758,729	5,542,646	6,045,749	6,092,052	6,430,850	6,732,660
<u>260,617</u>	<u>237,858</u>	<u>305,012</u>	<u>296,809</u>	<u>326,400</u>	<u>348,207</u>
33,631,608	33,124,387	33,747,649	35,112,194	37,833,948	37,996,574
391,545	455,138	395,910	424,018	424,116	516,700
10,682,900	10,113,506	9,772,122	11,838,130	11,244,979	11,457,497
56,387	35,938	18,812	6,700	(47,531)	(32,398)
7,034,129	6,903,459	7,525,686	7,044,549	5,951,527	5,751,890
<u>829,927</u>	<u>475,576</u>	<u>590,762</u>	<u>756,298</u>	<u>622,808</u>	<u>998,161</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>	<u>56,688,424</u>
4,651,524	6,888,873	5,564,747	5,502,071	5,993,331	6,020,465
10,942,744	11,264,076	11,444,411	11,806,617	12,133,878	12,748,522
803,490	788,605	811,686	876,455	918,658	863,199
15,550,866	15,665,919	15,444,531	15,949,674	16,338,419	14,534,583
184,414	679,100	698,015	1,023,852	675,440	2,500,386
909,161	1,446,775	1,746,977	2,109,044	1,395,811	1,442,248
1,985,887	1,411,403	1,490,524	1,474,427	1,583,278	2,117,676
10,705,681	11,460,882	10,285,241	13,043,761	12,096,514	11,021,422
1,100,109	687,377	1,222,621	1,762,976	3,589,154	1,461,191
3,033,268	3,183,655	3,381,057	3,527,943	3,685,110	3,563,836
<u>696,247</u>	<u>689,919</u>	<u>654,346</u>	<u>575,576</u>	<u>522,599</u>	<u>423,876</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>56,697,404</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>	<u>(8,980)</u>
8,134,781	7,501,588	1,109,158	3,921,216	2,190,561	1,200,989
(8,134,781)	(7,501,588)	(1,109,158)	(3,921,216)	(2,190,561)	(1,200,989)
-	4,500,000	-	3,132,538	-	2,360,000
-	-	-	-	223,532	207,040
-	-	-	-	-	-
<u>13,260</u>	<u>5,849</u>	<u>53,791</u>	<u>39,976</u>	<u>30,925</u>	<u>15,325</u>
<u>13,260</u>	<u>4,505,849</u>	<u>53,791</u>	<u>3,172,514</u>	<u>254,457</u>	<u>2,582,365</u>
\$ <u>2,076,365</u>	\$ <u>1,447,269</u>	\$ <u>(639,424)</u>	\$ <u>702,007</u>	\$ <u>(2,647,888)</u>	\$ <u>2,573,385</u>
7.56%	7.63%	8.01%	7.39%	7.56%	7.34%

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

Fiscal Year	Property Tax	Local Sales Tax	Other Tax	Total
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
2015	30,915,707	6,732,660	348,207	37,996,574

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

(Page 1 of 2)

Fiscal Year	Real Property			Personal Property
	Residential Property	Commercial and Industrial Property (6)	Present-use Value (1)	
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
2015	2,317,684,346	426,682,434	112,156,063	666,236,563

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

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

Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)
\$ 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
848,831,812	4,371,591,218	0.700	4,328,308,137

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

(Page 1 of 2)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Person County (2)	\$ 0.6500	\$ 0.6500	\$ 0.7000	\$ 0.7000	\$ 0.7000
<u>Overlapping Rates</u>					
City of Roxboro	0.6140	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>2011</u>	<u>2012 (1)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
0.6140	0.6140	0.6300	0.6600	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 2015		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 739,221,531	1	16.91%
CertainTeed	Manufacturer	103,701,878	2	2.37%
Eaton Corporation	Manufacturer	71,156,383	3	1.63%
Louisiana Pacific Corporation	Manufacturer	53,122,772	4	1.22%
NC Eastern Municipal Power Agency	Public utility	52,751,007	5	1.21%
GKN Automotive, Inc.	Manufacturer	47,913,652	6	1.10%
US Flue Cured Tobacco Growers	Manufacturer	32,571,740	7	0.75%
DLP Person Memorial Hospital	Service Provider	27,182,214	8	0.62%
Cogentrix of NC, Inc.	Private utility	26,930,377	9	0.62%
Piedmont EMC	Public utility	25,593,292	10	0.59%
Collins & Aikman	Manufacturer			
Georgia Pacific Corporation	Manufacturer			
Central Telephone Co. of NC	Public utility			
Totals		\$ <u>1,180,144,846</u>		27.00%

Source: Person County Tax Department

Fiscal Year 2006		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 670,090,899	1	18.77%
71,915,429	2	2.01%
35,297,432	4	0.99%
50,256,604	3	1.41%
26,261,792	6	0.74%
28,422,104	5	0.80%
19,585,018	9	0.55%
24,691,518	7	0.69%
23,461,372	8	0.66%
17,591,279	10	0.49%
<hr/>		
\$ <u>967,573,447</u>		27.10%

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Net Collections and Adjustments in Subsequent Years (Note 1)	Total Net Collections and Adjustments to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2006	\$ 21,538,636	\$ 20,953,040	97.28%	\$ 728,813	\$ 21,681,853	100.66%
2007	23,239,698	22,496,649	96.80%	504,490	23,001,139	98.97%
2008	24,439,484	23,917,438	97.86%	534,207	24,451,645	100.05%
2009	26,893,083	26,334,282	97.92%	676,356	27,010,638	100.44%
2010	27,082,062	26,376,266	97.39%	678,860	27,055,126	99.90%
2011	27,504,654	26,789,298	97.40%	574,542	27,363,840	99.49%
2012	27,077,081	26,448,394	97.68%	570,216	27,018,610	99.78%
2013	27,206,121	26,561,528	97.63%	545,490	27,107,018	99.64%
2014	28,565,618	27,910,626	97.71%	286,617	28,197,243	98.71%
2015	30,622,680	30,227,699	98.71%	-	30,227,699	98.71%

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			
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	1.18%
2014	-	10,849,283	223,532	11,072,815	281	N/A*
2015	-	9,645,448	343,175	9,988,623	254	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 2014 personal income not available to calculate fiscal year 2015.

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

Fiscal Year	General Obligation Bonds	Percentage of Personal Income (1)	Percentage of Actual Taxable Value of Property (2)	Per Capita (1)
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%	-
2015	-	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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Value of Property	\$ 3,569,874	\$ 3,755,139	\$ 3,845,917	\$ 3,865,470
Debt Limit, 8% of Assessed Value (Statutory Limitation)	285,590	300,411	307,673	309,238
Amount of Debt Applicable to Limit	<u>2,795</u>	<u>1,080</u>	<u>230</u>	<u>-</u>
Legal Debt Margin	<u>\$ 282,795</u>	<u>\$ 299,331</u>	<u>\$ 307,443</u>	<u>\$ 309,238</u>
Total net debt applicable to the limit as a percentage of debt limit	0.98%	0.36%	0.07%	0.00%

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,928,096	\$ 3,864,800	\$ 3,881,891	\$ 4,075,935	\$ 4,377,206	\$ 4,371,591
314,248	309,184	310,551	326,075	350,176	349,727
-	-	-	-	-	-
<u>\$ 314,248</u>	<u>\$ 309,184</u>	<u>\$ 310,551</u>	<u>\$ 326,075</u>	<u>\$ 350,176</u>	<u>\$ 349,727</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>4,371,591</u>
Debt limitation (8% of assessed value subject to taxation)	349,727
Debt applicable to the limit	
General Obligation bonds	<u>-</u>
Legal debt margin	\$ <u><u>349,727</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>
Debt repaid with property taxes:			
City of Roxboro	\$ -	na	\$ -
Other debt			
City of Roxboro			
Capitalized leases	845,299	16.89%	142,799
Installment purchase obligations	7,854,948	16.89%	1,326,962
Subtotal, overlapping debt			<u>1,469,761</u>
Person County direct debt			<u>9,645,448</u>
Total direct and overlapping debt			<u><u>\$ 11,115,209</u></u>

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

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

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

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

Year	Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Public & Charter Schools Enrollment (3)	Unemployment Rate (4)	Number of Building Inspections Performed (5)
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	1,234,358	31,428	5,631	10.00%	5,223
2014	39,409	N/A*	N/A*	5,637	6.20%	5,859
2015	39,265	N/A*	N/A*	5,611	7.20%	6,630

* 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	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Person County Schools	584	1	3.38%	944	1	5.80%
GKN Automotive Components	572	2	3.31%	475	2	2.56%
Person County Government	401	3	2.32%	400	3	2.10%
Duke Energy Progress	396	4	2.29%	305	8	1.64%
Eaton Corporation	328	5	1.90%	360	5	1.90%
Person Memorial Hospital	225	6	1.30%	400	4	2.10%
Piedmont Community College	151	7	0.87%	-	-	-
Louisiana-Pacific	151	7	0.87%	-	-	-
City of Roxboro	126	8	0.73%	-	-	-
Spuntech	122	9	0.71%	-	-	-
Wal-Mart Associates, Inc.	107	10	0.62%	325	7	1.75%
AlSCO	-	-	-	265	10	1.44%
Georgia-Pacific	-	-	-	285	9	1.54%
US Tobacco Growers	-	-	-	325	6	1.75%

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	39	41	43	43	44	43	42	47	49	53
Public buildings & grounds	3	3	3	3	-	-	-	-	-	
Public safety	125	128	133	140	138	134	134	140	162	141
Transportation	11	11	11	10	10	11	12	12	12	10
Human services										
Social Services	80	84	81	84	86	82	83	83	92	97
Public Health	44	49	40	45	44	42	41	50	50	48
Other	38	43	36	35	31	30	32	27	25	25
Environmental protection	3	3	3	2	2	2	2	2	2	2
Economic and physical development	5	5	5	5	5	5	5	8	4	5
Cultural and recreation	16	18	17	17	16	14	16	16	27	25
Total	<u>364</u>	<u>385</u>	<u>372</u>	<u>384</u>	<u>376</u>	<u>363</u>	<u>367</u>	<u>385</u>	<u>423</u>	<u>406</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function				
Public Safety/Sheriff's Department & Jail				
Incident Reports	2,158	2,387	2,524	1,758
Calls for Service	11,292	12,378	12,618	14,907
Criminal Papers	5,647	6,030	6,532	6,216
Arrest Reports	2,628	2,645	2,588	1,625
Civil Papers	3,620	4,893	5,125	5,437
Gun Permits	481	524	573	815
Jail bookings	1,968	1,856	1,813	1,797
Average daily population	100	104	104	98
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	42,108	43,752	68,613	62,573
Public Safety/Code Enforcement				
Number of Building Permits Issued	366	470	363	278
Number of Mobile Home Permits Issued	84	67	60	75
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	134	162	173	337
Community Services/Library				
Items Added to Collection	5,928	4,502	7,433	6,092
Circulation	199,481	207,597	218,191	226,876
Internet Use	22,871	26,778	26,824	28,256
Program Attendance	15,696	16,376	6,646	4,061
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,279	2,292	2,281	2,318
Average # Family & Child Medicaid Cases	2,657	2,735	2,887	2,744
Average # Households Receiving Food Stamps	1,670	1,844	2,068	2,474
Average \$ Fraud Collections per Month	378	2,493	2,534	4,315
Education				
Public Schools enrollment	5,670	5,572	5,385	5,112
Charter Schools enrollment	350	581	651	791
Culture and Recreation				
Total park acreage	197	197	197	183
Number of parks	10	10	10	9

Sources:

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

2010	2011	2012	2013	2014	2015
1,992	1,954	1,865	1,695	1,550	3,442
18,234	23,281	17,393	20,447	23,417	19,054
5,376	3,412	5,316	3,510	6,466	6,790
1,705	2,755	3,001	2,949	2,208	2,097
5,346	5,031	4,646	3,595	4,012	3,119
690	529	563	947	645	693
2,200	2,303	2,163	2,167	2,116	2,162
88	90	105	111	124	127
56,273	47,376	58,095	62,019	57,016	54,367
312	277	312	281	282	334
36	46	22	36	33	36
307	636	582	632	593	601
5,238	4,800	5,215	4,790	5,123	4,700
212,362	182,708	191,249	191,775	201,275	213,539
23,567	23,287	22,507	19,148	21,566	18,421
6,217	5,864	6,910	6,399	6,090	8,227
2,331	2,412	2,478	2,542	2,598	4,288
3,034	2,971	3,020	3,220	3,265	4,492
2,929	3,468	3,761	3,902	3,980	3,969
5,409	4,470	5,205	5,759	4,727	6,064
4,992	4,877	4,775	4,625	4,567	4,562
903	956	967	1,006	1,070	1,049
183	187	187	187	187	187
9	10	10	10	10	11

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
Public Safety										
Sheriff/Police (Stations)	2	2	2	2	2	2	2	2	2	3
Correction facility capacities	136	136	136	136	136	136	136	136	136	136
Fire stations	14	14	14	14	14	14	14	14	14	15
Highways and streets										
Paved	714	714	721	723	723	723	724	725	726	676*
Unpaved	57	57	50	50	50	50	49	48	47	34*
Culture and recreation										
Parks	10	10	10	9	9	10	10	10	10	11
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
NC Department of Transportation
Recreation, Arts & Parks
Public Library
Public Schools

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

COMPLIANCE SECTION

COMPLIANCE SECTION

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 auditing 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, 2015 and the related notes to the financial statements, which collectively comprises Person County's basic financial statements, and have issued our report thereon dated June 30, 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. Given these limitations, during our audit we did

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not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

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*.

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.

We noted certain matters that we reported to management of Person County, in a separate letter dated December 22, 2015.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 22, 2015

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

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

Independent Auditor's Report

To the Board of County Commissioners
Person County, North Carolina

Report on Compliance for Each 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 each of Person County's major federal programs for the year ended June 30, 2015. Person County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each 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 and State Children's Insurance 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 numbers 15-1, 15-2, and 15-3 for Eligibility, and CFDA 93.767 State Children's Insurance Program as described in 15-4 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 and State Children's Insurance 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 and State Children's Eligibility Insurance Program for the year ended June 30, 2015.

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 15-1, 15-2, 15-3, and 15-4. Our opinion on each 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 each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 15-1 and 15-4 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 15-2 and 15-3 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
December 22, 2015

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

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 Each 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 each of Person County's major state programs for the year ended June 30, 2015. Person County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 each major state program. However, our audit does not provide a legal determination on Person County's compliance.

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www.wwcecpa.com



Basis for Qualified Opinion on the Medical Assistance Program and State Children's Insurance 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 numbers 15-1, 15-2, and 15-3 for Eligibility, and CFDA 93.767 State Children's Insurance Program as described in finding 15-4 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 and State Children's Insurance 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 and the State Children's Insurance Program for the year ended June 30, 2015.

Unmodified Opinion on the Other Major State Program

In our opinion, 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 other major state program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

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 15-1, 15-2, 15-3 and 15-4. 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 each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 15-1 and 15-4 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 15-2 and 15-3 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.

We noted certain matters that we reported to management of Person County, in a separate letter dated December 22, 2015.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 22, 2015

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I. Summary of Auditor's Results

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 _____yes X none reported

Noncompliance material to financial statements noted _____yes X 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
93.767	State Children's Insurance Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,385,394

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, 2015**

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: Unmodified, for all State programs except for Medical Assistance Program and State Children's Health Insurance Program, which are 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

State Children's Health Insurance Program

Subsidized Child Care Program

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

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

Finding 15-1

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Income Verification and Budget Calculations for Eligibility

Criteria: Case files should contain income verification such as pay stubs, wage verification form, award letters for benefits, online verification, etc. Earned income is converted to a monthly amount. Unearned income must also be verified. On-line Verifications (OLV) are required to be run at every certification and recertification and any hits documented and determined whether they are included in budget/eligibility determination. Total countable income from a completed budget is then compared to and must be lower than the State-provided income maintenance amounts for the respective Medicaid program

Condition: There were four cases that contained errors regarding the budget calculations.

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Questioned Costs: There were questioned costs of \$307 on these cases.

Context: Out of the 60 cases, 2 used the incorrect unearned income due to utilizing court-ordered child support as opposed to the average child support paid over the three month base period. Another file ran an On-line Verification to check for unearned income but did not utilize the amount reported for the social security income. The social security amount used was not able to be traced to any supporting documentation. There was one file that did not convert earned income to a monthly amount. This is done by applying conversion factors based on the pay frequency. By not converting the income to a monthly amount, total income was understated.

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: Improper application of the changes to the budgets brought on by the Integrated Eligibility Policy Manual. 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. Workers should also be trained on the changes to the budgets due to the Integrated Eligibility Policy Manual.

Views of responsible officials and planned corrective actions: Management will review section 4000 in the Integrated manual concerning income. NCFASST communications and administrative letters from DMA will be reviewed with staff upon receipt to ensure that staff stays abreast of policy changes. Management will review records to ensure compliance with new policies.

**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: 15-2

**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: One adult Medicaid case did not correctly calculate liquid assets for the countable reserves.

Questioned Costs: There were questioned costs of \$35,450 on this case.

Context: The application for Medicaid was completed by a representative from a hospital. The applicant was unable to apply for benefits. Caseworker couldn't get any information as far as reserves and income other than the statements from the hospital. According to the statements obtained from the hospital she appeared to be eligible, but once further documentation was received she would have been over the reserve limit. The caseworker states that at the time of the hospital admission, the applicant would have spent down the reserves.

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This could not be verified and applicant was approved at the beginning of the month, not at the time the reserves had been spent down.

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: Improper application of the rules for reserves and required spend down if they are over the limit for the Medicaid program.

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. Workers should be retrained on the rules for reserve calculations and spend down of reserves.

Views of responsible officials and planned corrective actions: Management disagrees with the finding since the applicant would have spent down the reserves prior to any claims being paid.

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 15-3

SIGNIFICANT DEFICENCY

SIGNIFICANT NONCOMPLIANCE

Citizenship and Identity

Criteria: Required verification of citizenship/alien status should be recorded and labeled as "Citizenship/Identity Documentation." Case records should verify citizenship and identity for all members on the case.

Condition: Four files did not have the correct citizenship code in NCFAST.

Questioned Costs: There are no questioned costs.

Context: Citizenship codes relate to the type of documentation used to verify citizenship. One case file had a citizenship code of 10 which usually means that the mother was on Medicaid when the child was born. There was no documentation available that showed the mother was on Medicaid when this applicant was born. This was also an adult Medicaid case where the applicant was on Medicare. This would likely indicate that the citizenship code was 11 or a data match with another agency known to verify citizenship. Another case file was presumptively eligible by another agency and NCFAST indicated a code of 25 for citizenship. This would indicate a birth certificate or something similar was used to determine citizenship. This information was not available in the case file or scanned into NCFAST. A final case was an auto-newborn (baby was born to mother on Medicaid at time of delivery) however this was coded as a 25 in NCFAST (birth certificate present). There was no copy of the birth certificate available.

Effect: Files are incomplete/incorrect and do not support the citizenship declarations by the applicant or system-indicated citizenship.

Cause: Ineffective case review process, incomplete documentation, and an inaccurate understanding of acceptable forms of citizenship proof can cause files to be approved for applicants who are actually ineligible.

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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: Per DSS we agree with the findings. Management will have regular meetings with workers to review MA-3332 which contains the citizenship policy. The citizenship codes in NCFAS and proper documentation of citizenship status will also be discussed. Management will review cases to ensure compliance.

**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: State Children's Health Insurance Program

CFDA #: 93.767

Finding 15-4

MATERIAL WEAKNESS

MATERIAL NONCOMPLIANCE

Income Verification and Budget Calculations for eligibility

Criteria: Case records should contain verification that automated matchers were completed. These matches include Unemployment Benefits, Child Support, and Social Security. In income is listed in the matches, the case record should reflect that they were addressed. Case files should also contain income verification such as pay stubs wage verification form, award letters for benefits, etc. Earned income is converted to a monthly amount. Child support is calculated as the total amount paid for three months. That amount is then averaged for the base period. A standard deduction of \$50 should then be taken from the average. Total countable income is then compared to the State-provided income maintenance amounts for the State Children's Health Insurance Program and must be lower than that amount.

Condition: There 9 errors noted in the budget calculations and income verification.

Questioned Costs: Unable to determine questioned costs. Contact was made with the state to obtain questioned costs and we were unable to receive the information before the issuance of our audit report.

Context: The EIS profile sheet stated an amount in child care expense but there was no child expense care on the budget. It is likely that the profile sheet did not zero out at the recertification period so it was left from the prior period. There were four errors noted related to child support. Two of those errors the court-ordered support amount was used instead of the average amount actually paid during the base period. One file did not have the same child support amount on the budget and the EIS profile sheet. The fourth file did not include the calculated amount of child support on the budget. One case file was noted as being eligible for one program but was actually approved for another program. This case also used the wrong income amount in the budget. Another budget showed three jobs with incomes but the subtotals for income only picked up two of the jobs. The inclusion of the third job caused the case to be over the income for the program approved. The case was still eligible for coverage but under a different program. A final case did not include all pay periods in a month to calculate the average and convert that to a monthly amount.

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

Cause: Improper application of the changes to the budgets brought on by the Integrated Eligibility Policy Manual. Ineffective case review process and incomplete documentation to support eligibility determination.

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. Workers should also be trained on the changes to the budgets due to the Integrated Eligibility Policy Manual.

Views of responsible officials and planned corrective actions: Case files are being corrected for the identified discrepancies. Coaching /training has been provided to workers about reviewing and double checking work and figures being entered or used to determine eligibility. Regarding the calculation of Child Support in the budget: Management will review section 4000 in the Integrated manual concerning income. NCFASST communications and administrative letters from DMA will be reviewed with staff upon receipt to ensure that staff stays abreast of policy changes. Management will review records to ensure compliance with new policies. Regarding the errors related to EIS: This was an EIS problem that should not present with NCFASST, but being careful with entry of information and double-checking work will be stressed. Management will conduct random review of cases for compliance.

Section IV – State Award Findings and Questioned Costs

See Findings 15-1, 15-2, 15-3, and 15-4

**PERSON COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

Section III – Federal Award Findings and Questioned Costs

Finding: 15-1

Name of Contact Person: Erica P. Bryant

Corrective Action: Training and regular review of records.

Proposed Completion Date: 01/29/2016 and Ongoing

Finding: 15-2

Name of Contact Person: Erica P. Bryant

Corrective Action: Training and regular review of records.

Proposed Completion Date: 01/29/2016 and Ongoing

Finding: 15-3

Name of Contact Person: Erica P. Bryant

Corrective Action: Correct codes in NCFast, training and regular review of records.

Proposed Completion Date: 01/29/2016 and Ongoing

Finding: 15-4

Name of Contact Person: Erica P. Bryant

Corrective Action: Training on new policy immediately after implementation, continuous training on budget calculations and income verification, regular review of records.

Proposed Completion Date: 01/29/2016 and Ongoing

Section IV – State Award Findings and Questioned Costs

See Finding 15-1, 15-2, 15-3, and 15-4

**PERSON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Finding 14-2

Status: 1571 formula errors have been corrected in the tested items for the current year. The sample tested for the current year had no issues.

Finding 14-3

Status: Social Services continue to strive for more internal reviews and more training. There has been an improvement since the prior year.

Finding 14-4

Status: Social Services continue to strive for more internal reviews and more training. There has been an improvement since the prior year.

Finding 14-5

Status: Social Services continues to experience a large numbers of changes related to reorganization of staff, budget pressures, system changes in NC FAST and NC Tracks, and turnover in staffing however Social Services has improved and offers more training especially in NCFast and returned to the specialized caseworker to help employees be more efficient.

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
Federal Awards:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	10.561	\$ 439,321	\$ 32
Passed-through the N.C. Dept. of Health and Human Services			
Division of Public Health:			
Administration:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	209,467	-
Summer Food Service Program for Children	10.559	1,555	-
WIC Grants To States (WGS)	10.578	787	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	737,811	-
Total U.S. Dept. of Agriculture		1,388,941	32
<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	110,925	-
Total U.S. Dept. of Housing and Urban Development		110,925	-
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Public Safety:			
Emergency Management Performance Grants	97.042	38,220	-
Total U.S. Dept. of Homeland Security		38,220	-
<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	150,543	9,408
<u>National Highway Traffic Safety Administration (NHTSA)</u>			
Passed-through the N.C. Dept. of Transportation:			
State and Community Highway Safety	20.600	2,095	-
<u>Federal Aviation Administration (FAA)</u>			
Passed-through the N.C. Dept. of Transportation:			
Airport Improvement Program	20.106	133,680	-
Total U.S. Dept. of Transportation		286,318	9,408
<u>Institute of Museum and Library Services</u>			
Grants to States	45.310	6,319	-

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through Kerr Tar Council of Governments:			
Nutrition Services Incentive Program	93.053	8,772	-
<u>Aging Cluster:</u>			
Special Programs for the Aging-Title III B Grants for Supportive Services and Senior Centers	93.044	33,446	235,018
Special Programs for the Aging-Title III C Nutrition Services	93.045	37,348	16,803
<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	139,152	34,197
Foster Care - Direct Benefit Payments	93.658	151,971	47,106
Adoption Assistance - ARRA:			
Adoption Assistance - Direct Benefit Payments	93.659	164,824	43,520
Adoption Assistance - Administration	93.659	78,380	33,069
Total Foster Care and Adoption Cluster		534,327	157,892
Temporary Assistance for Needy Families	93.558	279,163	-
Direct Benefit Payments	93.558	272,855	-
Family Support Payments to States-Assistance Payments	93.560	(79)	(22)
Child Support Enforcement	93.563	389,901	-
Refugee and Entrant Assistance-State Administered Programs	93.566	227	-
Low-Income Home Energy Assistance Block Grant:			
Crisis Intervention	93.568	156,468	-
Administration	93.568	30,807	-
Assistance	93.568	219,900	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	11,662	-
Temporary Assistance for Needy Families	93.558	3,662	-
Social Services Block Grant	93.667	348,660	41,136
Chafee Foster Care Independence Program			
Independent Living Initiative-Links	93.674	7,798	1,949
Independent Living Transitional	93.674	12,043	-
Promoting Safe and Stable Families	93.556	28,684	-
Total Division of Social Services		2,296,078	200,955
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	80,606	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	396,541	-
Child Care and Development Fund - Mandatory	93.596	133,446	-
Child Care and Development Fund-Match	93.596	250,412	110,718
Total Child Care Development Fund Cluster		861,005	110,718
Temporary Assistance for Needy Families	93.558	105,882	-
Foster Care Title IV-E - ARRA	93.658	7,414	3,840
State Appropriations		-	231,606
TANF-MOE		-	111,521
Total Subsidized Child Care		974,301	457,685

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
<u>Division of Medical Assistance</u>			
Direct Benefit Payments:			
State Children's Health Insurance Program-N.C. Health Choice	93.767	580,127	183,308
<u>Division of Social Services</u>			
Administration:			
State Children's Health Insurance Program-N.C. Health Choice	93.767	22,052	994
Total State Children's Health Insurance Program-N.C. Health Choice		602,179	184,302
Passed-through the N.C. Dept. of Health and Human Services:			
<u>Division of Medical Assistance</u>			
Direct Benefit Payments			
Medical Assistance Program	93.778	38,678,343	21,345,710
<u>Division of Social Services</u>			
Administration			
Medical Assistance Program	93.778	1,385,697	6,987
Total Medical Assistance Program		40,064,040	21,352,697
<u>Center for Disease Control and Prevention</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
<u>Division of Public Health</u>			
Hospital Preparedness Program (HPP) and Public Health Emergency			
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	31,510	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	28	-
Immunization Cooperative Agreements	93.268	10,120	-
Preventive Health and Health Services Block Grant funded solely with			
Prevention and Public Health Funds (PPHF)	93.758	13,757	-
Preventive Health and Health Services Block Grant	93.991	6,789	-
PPHF-Community Transformation Grants and National Dissemination			
and Support for Community Transformation Grants- financed solely by	93.531	118,665	-
Prevention and Public Health Funds			
HIV Prevention Activities_Health Department Based	93.940	1,000	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	200	-
Cooperative Agreements for State-Based Comprehensive Breast and			
Cervical Cancer Early Detection Programs	93.919	11,985	-
Total Centers for Disease Control		194,054	-
<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	49,424	37,072
<u>Office of Population Affairs</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Family Planning Services	93.217	29,177	-
<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		44,292,319	22,484,532

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>U.S. Department of Justice</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	9,910	-
Bulletproof Vest Partnership Program	16.607	2,231	-
<u>Criminal Division</u>			
Equitable Sharing Program	16.922	44,620	-
Total U.S. Department of Justice		56,761	-
Total federal awards		46,179,803	22,493,972
STATE AWARDS:			
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	90,968
Total NC Dept of Cultural Resources		-	90,968
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Capital Fund		-	229,808
<u>N.C. Dept. of Health and Human Services</u>			
<u>Division of Social Services:</u>			
State/County Special Assistance for Adults-Direct Benefit Payments		-	441,785
SFHS Maximization - Direct		-	49,626
State Foster Care Benefits Program-Direct		-	59,687
F/C At Risk Maximization-Direct		-	1,535
CWS-Direct Benefit Payments		-	65,216
Energy Program		-	17,228
Incent/Program Integrity		-	1,772
CPS Expansion		-	86,757
Total Division of Social Services		-	723,606
<u>Division of Public Health:</u>			
General Aid to Counties		-	85,785
General Communicable Disease Control		-	4,398
Tuberculosis		-	8,718
Breast and Cervical Cancer Control		-	6,375
TB Medical Services		-	540
School Nurse Funding Initiative		-	150,000
Food and Lodging Fees		-	6,863
Child Health		-	792
Sexually Transmitted Diseases		-	536
Risk Reduction/Health Promotion		-	6,286
Maternal Health (HMHC)		-	1,118
HMHC - Family Planning		-	3,829
WHSF		-	11,616
HIV/STD SSBG Aid		-	100
HIV/STD State		-	400
Total Division of Public Health		-	287,356
Total N.C. Dept. of Health and Human Resources		-	1,010,962

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2015

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<u>N.C. Dept. of Transportation</u>			
ROAP-Elderly and Disabled Transportation Assistance Program		-	55,711
ROAP-Work First		-	19,067
ROAP-Rural General Public Program		-	57,534
Total N.C. Dept. of Transportation		-	132,312
<u>N.C. Dept. of Commerce</u>			
One NC Fund Grant (Certain Teed Gypsum NC, Inc. Match)		-	164,750
<u>N.C. Dept. of Environment and Natural Resources</u>			
Division of Soil and Water Conservation:			
Soil and Water Distribution Grant		-	3,600
Division of Environmental Health:			
DEA Off Waste R&D Trust Fund		-	-
Division of Waste Management:			
Electronics Management Program		-	3,020
Total N.C. Dept. of Environment and Natural Resources		-	6,620
Total State awards		-	1,635,420
Total federal and State awards		\$ 46,179,803	\$ 24,129,392

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

1. BASIS OF PRESENTATION

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

2. SUBRECIPIENTS

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
ROAP - EDTAP		-	55,711
Person County Senior Center		-	309,684
Person County Group Home		-	5,137