

**Comprehensive Annual
Financial Report**

For the Year Ended

June 30, 2016



Prepared by the
Person County Finance Department
Issued December 2016

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

Person County, North Carolina Comprehensive Annual Financial Report Table of Contents

For the Year Ended June 30, 2016

<u>INTRODUCTORY SECTION</u>		<u>Page</u>
Letter of Transmittal		2-5
Certificate of Achievement for Excellence in Financial Reporting		6
Principal Officials		7
Organization Chart		8
 <u>FINANCIAL SECTION</u>		
Independent Auditor’s Report		10-12
Management’s Discussion and Analysis.....		13-23
 <u>Basic Financial Statements:</u>		
Government-Wide Financial Statements:		
Exhibit 1: Statement of Net Position.....		25
Exhibit 2: Statement of Activities		26-27
Fund Financial Statements:		
Exhibit 3: Balance Sheet – Governmental Funds		28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....		29
Exhibit 4: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....		30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....		31
Exhibit 5: Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund.....		32
Exhibit 6: Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual- Person Industries Community Rehabilitation Program and Material Recovery Facility Fund.....		33
Exhibit 7: Statement of Net Position – Proprietary Funds.....		34
Exhibit 8: Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds		35
Exhibit 9: Statement of Cash Flows– Proprietary Funds.....		36
Exhibit 10: Statement of Fiduciary Net Position – Fiduciary Funds.....		37
Notes to the Financial Statements		38-73
 <u>Required Supplemental Information:</u>		
Law Enforcement Officers’ Special Separation Allowance:		
Exhibit A-1: Schedule of Funding Progress.....		75
Exhibit A-2: Schedule of Employer Contributions.....		76
Other Postemployment Benefits:		
Exhibit A-3: Schedule of Funding Progress.....		77
Exhibit A-4: Schedule of Employer Contributions.....		78
Notes to Required Supplemental Schedules.....		78
Exhibit A-5: Schedule of County’s Proportionate Share of Net Pension Liability (Asset) (LGERS).....		79
Exhibit A-6: Schedule of County Contributions (LGERS).....		80
Exhibit A-7: Schedule of County’s Proportionate Share of Net Pension Liability (Asset) Register of Deed’s Supplemental Pensions Fund.....		81
Exhibit A-8: Schedule of County Contributions Register of Deed’s Supplemental Pension Fund.....		82

Person County, North Carolina

Comprehensive Annual Financial Report

Table of Contents

For the Year Ended June 30, 2016

Combining and Individual Fund Statements and Schedules:

Major Governmental Funds:

Exhibit B-1: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	85-92
Exhibit B-2: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Reappraisal Fund	93
Exhibit B-3: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Roxplex & Various Improvements	94

Nonmajor Governmental Funds:

Exhibit C-1: Combining Balance Sheet – Nonmajor Governmental Funds	96-97
Exhibit C-2: Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds.....	98-99

Schedule of Revenues, Expenditures and Changes in Fund Balance–Budget and Actual:

Exhibit C-3: VFD & Rescue Capital Reserve Fund.....	100
Exhibit C-4: Emergency Telephone System Special Revenue Fund	101
Exhibit C-5: Revolving Loan Special Revenue Fund	102
Exhibit C-6: Economic Catalyst Fund	103
Exhibit C-7: Water and Sewer Construction Reserve Special Revenue Fund.....	104
Exhibit C-8: Mattie Maude Williams Library Development Special Revenue Fund.....	105
Exhibit C-9: Airport Capital Projects Fund	106
Exhibit C-10: Capital Improvement Projects Fund.....	107
Exhibit C-11: Person County Recycling Center and Various Roofing Capital Projects Fund.....	108
Exhibit C-12: Public Safety Towers and Broadband Capital Project Ordinance.....	109
Exhibit C-13: Reroofing Schools Fund	110
Exhibit C-14: Recreation & Senior Center Project Fund.....	111
Exhibit C-15: Old Helena School Improvement Fund.....	112

Enterprise Fund

Exhibit D-1: Schedule of Revenues, Expenditures and Changes in Fund Balance– Budget and Actual – Stormwater Fund	114
---	-----

Internal Service Fund

Exhibit E-1: Schedule of Revenues, Expenditures and Changes in Fund Balance– Budget and Actual – Insurance Fund.....	116
---	-----

Agency Funds

Exhibit F-1: Combining Statement of Changes in Assets and Liabilities – Agency Funds	118
--	-----

Other Schedules:

Exhibit G-1: Schedule of Ad Valorem Taxes Receivable.....	120
Exhibit G-2: Analysis of Current Tax Levy.....	121

STATISTICAL SECTION

Government-wide information:

Schedule 1: Net Position by Component.....	123-124
Schedule 2: Changes in Net Position.....	125-126

Fund information:

Schedule 3: Governmental Activities Tax Revenues by Source.....	127
Schedule 4: Fund Balances, Governmental Funds	128-129
Schedule 5: Changes in Fund Balances, Governmental Funds.....	130-131

Person County, North Carolina

Comprehensive Annual Financial Report

Table of Contents

For the Year Ended June 30, 2016

Schedule 6: General Governmental Tax Revenues by Source.....	132
Schedule 7: Assessed Value and Actual Value of Taxable Property.....	133-134
Schedule 8: Direct and Overlapping Governments-Property Tax Rates	135-136
Schedule 9: Principal Property Tax Payers	137-138
Schedule 10: Property Tax Levies and Collections	139
Schedule 11: Ratios of Outstanding Debt by Type.....	140
Schedule 12: Ratios of Net General Bonded Debt Outstanding	141
Schedule 13: Legal Debt Margin Information	142-143
Schedule 14: Direct and Overlapping Governmental Activities Debt.....	144
Schedule 15: Demographic and Economic Statistics.....	145
Schedule 16: Principal Employers.....	146
Schedule 17: Full-time Equivalent County Government Employees by Function	147
Schedule 18: Operating Indicators by Function.....	148-149
Schedule 19: Capital Asset Statistics by Function.....	150

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	152-153
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	154-156
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with the Uniform Guidance and the State Single Audit Implementation Act.....	157-159
Schedule of Findings and Questioned Costs	160-163
Corrective Action Plan	164
Summary Schedule of Prior Audit Findings.....	165
Schedule of Expenditures of Federal and State Awards.....	166-170

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, 2016

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, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2016, 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, 2016, Person County's unemployment rate was 5.5%, a decrease of almost 1.3% from last year's rate of 6.8% and 0.6% higher than the statewide June 30, 2016 rate of 4.9%. The State of North Carolina is one of the top 15 states in the US this past year in job growth. 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 2015 to June 2016 was averaging 5.49% while the average Person County unemployment rate was averaging approximately 1% higher at 6.46%.

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:

- PCBIC Inc. sold 20 acres of property to US Flued Tobacco in FY16. They are making a \$13 million dollar investment in a new tobacco storage facility, creating 6 new jobs and consolidating more of their business to Person County, NC.
- Georgia Pacific, a subsidiary of Koch Industries, sold their existing laminated veneered lumber to Boise Cascade earlier this year. Since Boise Cascade has purchased the facility this fiscal year, they have retained the 30 existing employees and have already hired back another 30 employees.
- Carolina Pride Car Wash purchased a 90,000 square foot facility in the PCBIC, Inc. Industrial Park and has achieved a substantial financial incentive in their new real estate investment, keeping all these jobs in Person County, NC.
- 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 \$77M) and the creation of from 40-70 new jobs at the average wage of \$42K annually. This investment is now identified as the largest non-woven industrial line in the world.
- 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.
- 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.

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, Film and Video Production Technology, Mechatronics, and transfer programs. PCC's Continuing Education programs serve as a catalyst for economic development by providing educational programs and training to meet citizens' educational needs for professional and personal development. The CE program also provides specialized training for businesses, industries, and governmental agencies.

Long-Term Financial Planning

Many of the successes of the Board of County Commissioners can be attributed to the long-term planning efforts initiated by the Board. In fiscal year 2016, the Person County Capital Improvement Plan ("CIP") for the years 2017-2021 was presented and approved in April 2016 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.

The Board of Commissioners approved a schematic design presented by the contracted architects for the Person County Senior Center on March 14, 2016. Until further determined, it is assumed that General Obligation Bonds will be issued to finance the property acquisition, construction, and issuance costs for the purposes of providing improved Senior Center facilities. On September 8, 2015, the Board of Commissioners approved the order extending the maximum time period for issuing up to \$6 million in 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. At the beginning of fiscal year 2016-17, the Board established a committee to investigate if there may be other more suitable locations due to poor soil findings at the initially proposed Depot Street location. On December 16, 2016, the County closed on the acquisition of the former Total Fitness Center, Inc. on 87 Semora Road in Roxboro, NC, to be the future home for the Senior Center for \$2,050 million which will continue to provide access to gym equipment to seniors and Person County employees. Minimal renovations are anticipated, and leases are in place through March with the previous owner to continue operating the gym facilities through no later than March 2017 until improvements are completed. Financing options will be considered by the Board in early 2017 to reimburse the County for the purchase, planning and renovations cost associated with the new Senior Center.

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 was \$2,164,000. In addition, \$30,000 was transferred from the General Fund to the Project for possible project overages. Final financing documents were approved in the Board of Commissioners meeting on January 19, 2016. The final closing on this financing took place on 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. Currently, these include a Signage and Lighting Project, as well as the creation of an Airport Development Study which encompasses a new Master Plan. The Signage and Lighting project involves replacing old taxiway lights and all signs on the taxiway and runway with new LED lighted signs to improve visibility. The Airport Development Study (i.e Master Plan) reviews all aspects of the airport, providing focus on areas of potential growth and expansion. No major projects were completed in the last 12 months. 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.

Public Safety Communication System and Broadband Improvements

The Person County Board of Commissioners has had multiple discussions since FY 14 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. This project will improve public safety communication among VFD's, Sheriff, City Fire and EMS and ensure communication coverage for the entire county. In 2015, a feasibility study was completed which resulted in the recommendation to construct four, 300 foot towers and the installment of a Simulcast public safety communication system. Since then, the State Highway Patrol has offered to construct two of the towers. Funding for this project includes the cost of constructing the two remaining towers, purchasing VHF equipment, purchasing hand-held and vehicular radios, and implementation of a broadband grant program. The total project cost is estimated to be approximately \$3.97 million. The project is scheduled to be completed by Nov 2017. It is anticipated that the loan closing for this project would be scheduled near the end of FY17. However, this is subject to change depending upon the timing of when construction bids are received.

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, 2015. This was the twenty-eighth 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

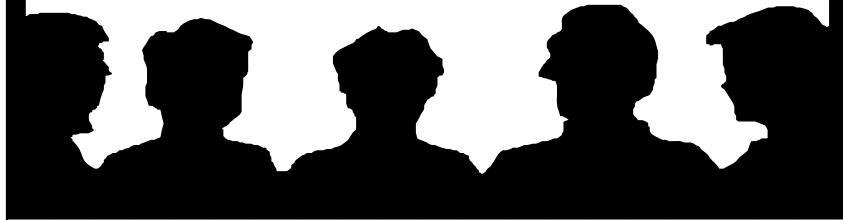
**County of Person
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**COUNTY OF PERSON
LIST OF PRINCIPAL OFFICIALS**



Board of County Commissioners

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

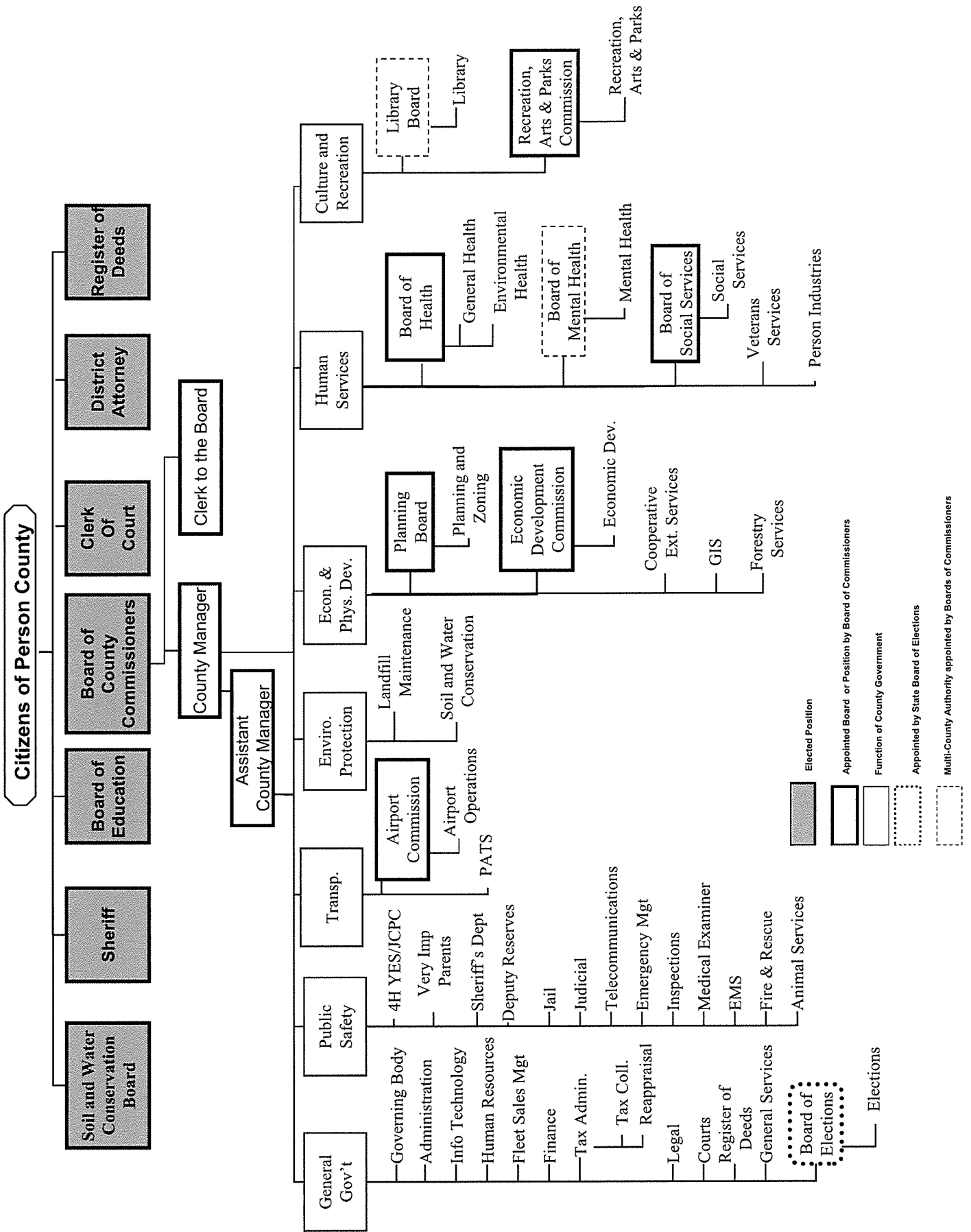
Manager

Heidi York

Finance Director

Amy Wehrenberg

PERSON COUNTY GOVERNMENT ORGANIZATIONAL CHART BY FUNCTION



FINANCIAL SECTION

FINANCIAL SECTION

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

Certified Public Accountants



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

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

Independent Auditor's Report

To the Board of County Commissioners
Person County, North Carolina

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, 2016, and the related notes to the financial statements, which collectively comprise Person County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

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 upon 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, 2016, 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 Other Postemployment Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Asset (Liability) 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 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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, 2016 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, 2016

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2016

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, 2016. 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 \$58,152,489 (*net position*).
- The government's total net position increased by \$9,773,489 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 \$28,388,160, an increase of \$3,002,027 on a comparable basis with the prior year. Approximately 31% of this total amount, or \$8,884,348, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,599,981, which represents 27.03% of total General Fund expenditures for the fiscal year.
- Person County's total debt increased by \$1,003,476 (2.0% of total governmental expenditures) during the current fiscal year. The key factors in this increase are the execution of the Master Lease Agreement for E-911 equipment and the proceeds received for the Roxplex and various other improvements offset by scheduled debt repayments.
- Person County has an A1 bond rating from Moody's Investor Service (Moody's) and an AA- from Standard and Poors Corporation (S&P). These ratings are consistent with Person County's reputation for conservative fiscal management and strong financial position.

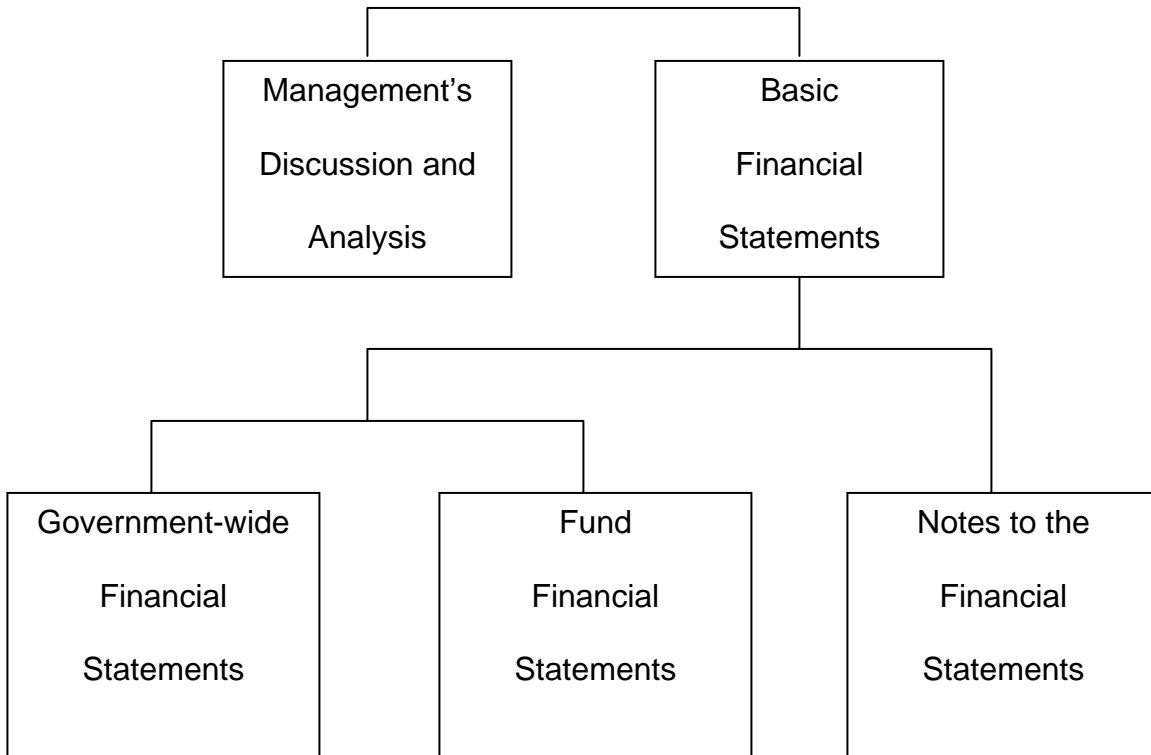
Overview of the Financial Statements

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, 2016

Required Components of Annual Financial Report



Summary → Detail

(Figure 1)

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next 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, 2016

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, 2016

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.

In fiscal 2016, Person County established the Insurance Fund, Internal Service Fund, to account for premiums and claims associated with the County self-funded health insurance plan. Fiscal year 2015-2016 activity resulted in an increase in net position of \$190,854.

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 40 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 76 of this report.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2016

Government-wide Financial Analysis

The following table summarizes Net Position at June 30, 2016 and 2015:

PERSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 31,500,077	\$ 29,289,719	\$ 265,634	\$ 148,799	\$ 31,765,711	\$ 29,438,518
Capital assets	43,924,341	36,583,267	-	-	43,924,341	36,583,267
Total assets	75,424,418	65,872,986	265,634	148,799	75,690,052	66,021,785
Total deferred outflows of resources	1,159,423	1,020,774	-	-	1,159,423	1,020,774
Long-term liabilities outstanding	15,984,733	13,438,853	-	-	15,984,733	13,438,853
Other liabilities	1,921,945	1,687,717	28,430	4,615	1,950,375	1,692,332
Total liabilities	17,906,678	15,126,570	28,430	4,615	17,935,108	15,131,185
Total deferred inflows of resources	761,878	3,985,261	-	-	761,878	3,985,261
Net position:						
Net investment in capital assets	38,358,826	31,664,023	-	-	38,358,826	31,664,023
Restricted	8,700,798	7,043,470	-	-	8,700,798	7,043,470
Unrestricted	10,855,661	9,074,436	237,204	144,184	11,092,865	9,218,620
Total net position	\$ 57,915,285	\$ 47,781,929	\$ 237,204	\$ 144,184	\$ 58,152,489	\$ 47,926,113

The assets and deferred outflows of resources of Person County exceeded liabilities and deferred inflows of resources by \$58,152,489 as of June 30, 2016. The County's net position increased by \$9,773,489 for the fiscal year ended June 30, 2016. Net position of \$38,358,826 (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 \$8,700,798 (15%) at June 30, 2016.

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 \$3.5 million at June 30, 2016 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 2016, one PCS property was 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

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2016

construction costs. The outstanding debt related to the four PCS properties deeded to the County is \$2,168,379.

The remaining balance of \$11,092,865 (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 98.7% to 98.9%. The overall tax collections for current year's taxes increased by \$510,260.
- Received one building 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, 2016 and 2015 for governmental activities:

PERSON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 7,090,941	\$ 6,445,056	\$ 268,135	\$ 268,540	\$7,359,076	\$ 6,713,596
Operating grants and contributions	10,363,335	10,954,753	-	-	10,363,335	10,954,753
Capital grants and contributions	284,949	544,821	-	-	284,949	544,821
General revenues:						
Property taxes	31,272,619	31,358,952	-	-	31,272,619	31,358,952
Local option sales taxes	7,058,217	6,732,660	-	-	7,058,217	6,732,660
Other taxes and licenses	698,818	563,360	-	-	698,818	563,360
Unrestricted intergovernmental	-	208,437	-	-	-	208,437
Investment earnings, unrestricted	52,812	(32,398)	-	-	52,812	(32,398)
Miscellaneous, unrestricted	7,076,578	10,466,747	-	-	7,076,578	10,466,747
Total revenues	63,898,269	67,242,388	268,135	268,540	64,166,404	67,510,928
Expenses:						
General government	6,377,104	6,688,836	-	-	6,377,104	6,688,836
Public safety	12,818,151	12,475,439	-	-	12,818,151	12,475,439
Transportation	1,333,946	1,277,326	-	-	1,333,946	1,277,326
Economic and physical development	1,246,837	1,433,353	-	-	1,246,837	1,433,353
Environmental protection	2,469,444	2,510,486	-	-	2,469,444	2,510,486
Human services	14,535,066	14,335,792	-	-	14,535,066	14,335,792
Cultural and recreation	1,800,505	1,615,447	-	-	1,800,505	1,615,447
Education	13,199,994	11,626,709	-	-	13,199,994	11,626,709
Capital Outlay	-	460,869	-	-	-	460,869
Interest on long-term debt	436,753	242,746	-	-	436,753	242,746
Stormwater	-	-	175,115	196,024	175,115	196,024
Total expenses	54,217,800	52,667,003	175,115	196,024	54,392,915	52,863,027
Increase in net position	9,680,469	14,575,385	93,020	72,516	9,773,489	14,647,901
Net position, July 1	47,781,929	35,328,544	144,184	71,668	47,926,113	35,400,212
Net position, July 1, restated	48,234,816	33,206,544	144,184	71,668	48,379,000	33,278,212
Net position, June 30	\$ 57,915,285	\$ 47,781,929	\$ 237,204	\$ 144,184	\$58,152,489	\$ 47,926,113

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2016

Governmental Activities: Governmental activities resulted in an increase of the County's net position by \$9,680,469, which was \$4,894,916 less than the change in net position for fiscal year 2014-15. Key elements of this net increase are as follows:

- Capital contributions of \$6,392,856 related to 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.
- Charges for services increased by \$616,982 for Human Services over fiscal year 2015 primarily due to receiving several back payments for cost settlements that Medicaid had been withholding from counties.
- Sales tax revenues reflect a moderate recovery showing an increase of \$325,557 over fiscal year 2015.

Business-type Activities: Business-type activities increased Person County's net position by \$93,020, accounting for 39.2% 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 \$17,860,434, while total fund balance reached \$23,408,463. 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 34.21% of general fund expenditures, while total fund balance represents 44.83% 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 \$515,025 at June 30, 2016 an increase of \$209,744 from last year. The increase in fund balance can be attributed to the freeze and reduction of vacated positions during the year and increased Medicaid reimbursements.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2016

At June 30, 2016, the governmental funds of Person County reported a combined fund balance of \$28,388,160, a 11.8% 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 \$887,221.

Sales tax collections showed some recovery which is reflected by the \$434,447 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 \$395,450 higher than the final budgeted amount due largely to the increase in Medicaid cost settlements, occupancy tax and Register of Deeds excise tax due to the sale of a large parcel of property. Intergovernmental revenues were short of budget by \$901,822. 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 \$913,357 and local option sales tax which was over budget by \$434,447.

Appropriations within the General Fund covered actual expenditures by more than \$4.7 million. \$2.1 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 \$237,204. The total growth in net position was \$93,020. 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, 2016, total \$43,924,341 (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

- Roxplex property and renovations, Law enforcement center chiller and other renovations

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2016

Human Services

- 3 vehicles and laserfiche servers

Public Safety

- 13 vehicles, E-911 equipment, UTV and trailer, and an ambulance

Culture and Recreation

- Lawn tractor, 1 vehicle, and library shelving

Transportation

- 4 vehicles and purchase of land at the airport

Education

- Receipt of North End Elementary building and land from Person County Schools and a chiller to Southern Middle School

PERSON COUNTY CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,705,517	\$ 2,967,821	\$ -	\$ -	\$ 6,705,517	\$ 2,967,821
Buildings	20,138,845	18,099,437	-	-	20,138,845	18,099,437
Improvements	9,853,997	7,371,411	-	-	9,853,997	7,371,411
Machinery and equipment	4,711,433	3,159,892	-	-	4,711,433	3,159,892
Infrastructure	1,743,317	2,106,228	-	-	1,743,317	2,106,228
Construction in progress	<u>771,232</u>	<u>2,878,478</u>	<u>-</u>	<u>-</u>	<u>771,232</u>	<u>2,878,478</u>
Total	<u>\$ 43,924,341</u>	<u>\$ 36,583,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,942,341</u>	<u>\$ 36,583,267</u>

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

Long-term Debt: As of June 30, 2016, Person County had no total bonded debt outstanding. Other total outstanding debt is included below:

PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2016	2015
Installment purchases	\$ 9,870,612	\$ 9,645,448
Capital lease	<u>1,121,487</u>	<u>343,175</u>
Total outstanding debt	<u>\$ 10,992,099</u>	<u>\$ 9,988,623</u>

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2016

Person County's total debt increased by \$1,003,476 (10.0 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 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 \$354,856,452.

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, 2016, was 5.5%, a decrease of 1.7% from last year's rate of 7.2%, and 0.4% over the statewide average of 5.1%.
- 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 39,574 is slightly higher than in previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities: The original appropriations in the General Fund will increase by \$4,531,294 to \$59.5 million or 8.2% more than the previous year's adopted budget. This is primarily due to the implementation of a Self-Funded Health Insurance Program that added \$3.24 million to budgeted revenues and expenditures, representing 5.9% of the 8.2% total percentage increase. The remaining 2.3% is caused by a substantial increase of over \$2M for Capital Improvement Projects. Other than the Self-Funded Health Insurance Program, increases in property taxes and sales tax are expected to be the primary causes for the increase in revenue projections. The projected property tax revenue is \$555,100 more than for FY2016. An appropriation of \$3,471,017 from fund balance provides the balance of the estimated revenues. No tax increase was proposed or implemented in Person County's fiscal year 2017 budget.

Other segments of the General Fund report a projected increase to their budgeted expenditures. Other than the expenditures mentioned above, other increases are due to an overall increase in employee health insurance costs, the addition of the Sportsplex property, the continued implementation of performance and merit pay, the salary adjustments associated with the approved Pay and Classification Study for Public Safety employees, and a mandatory increase in the State's retirement contribution rates.

Person County, North Carolina Management's Discussion and Analysis

For the Year Ended June 30, 2016

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

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Person County, 304 S. Morgan Street, Suite 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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business Type Activity	Total	Person County ABC Board
ASSETS				
Cash and cash equivalents	\$ 23,125,400	\$ 250,903	\$ 23,376,303	\$ 695,321
Receivables (net)	5,309,797	14,731	5,324,528	-
Due from component unit	71,671	-	71,671	-
Due from fiduciary funds	18,849	-	18,849	-
Inventories	-	-	-	271,627
Prepaid items	183,550	-	183,550	454
Restricted cash and cash equivalents	2,708,670	-	2,708,670	-
Capital assets:				
Land, improvements, and construction in progress	79,643,323	-	79,643,323	298,334
Other capital assets, net of depreciation	(35,718,982)	-	(35,718,982)	(217,035)
Total capital assets	43,924,341	-	43,924,341	81,299
Net pension asset	82,140	-	82,140	-
Total assets	75,424,418	265,634	75,690,052	1,048,701
DEFERRED OUTFLOWS OF RESOURCES	1,159,423	-	1,159,423	17,591
LIABILITIES				
Accounts payable and accrued expenses	1,811,174	28,430	1,839,604	223,555
Accrued interest payable	110,771	-	110,771	-
Due to primary government	-	-	-	71,671
Long-term liabilities:				
Net pension liability - LGERS	1,207,480	-	1,207,480	8,303
Net pension liability - LEOSSA	43,175	-	43,175	-
Due within one year	2,087,496	-	2,087,496	-
Due in more than one year	12,646,582	-	12,646,582	-
Total long-term liabilities	15,984,733	-	15,984,733	8,303
Total liabilities	17,906,678	28,430	17,935,108	303,529
DEFERRED INFLOWS OF RESOURCES	761,878	-	761,878	4,315
NET POSITION				
Net investment in capital assets	38,358,826	-	38,358,826	81,299
Restricted for:				
Public safety	280,238	-	280,238	-
Economic development	145,007	-	145,007	-
Human services	20,734	-	20,734	-
Environmental protection	82,415	-	82,415	-
Register of deeds	54,944	-	54,944	-
Stabilization by State Statute	5,996,059	-	5,996,059	-
Capital	2,121,401	-	2,121,401	100,000
Working capital	-	-	-	87,964
Unrestricted	10,855,661	237,204	11,092,865	489,185
Total net position	\$ 57,915,285	\$ 237,204	\$ 58,152,489	\$ 758,448

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 6,377,104	\$ 394,378	\$ 3,276	\$ -
Public safety	12,818,151	1,968,436	1,277,367	-
Transportation	1,333,946	449,196	506,589	65,488
Economic and physical development	1,246,837	16,063	277,603	-
Environmental Protection	2,469,444	754,409	125,363	6,000
Human services	14,535,066	3,139,853	8,031,774	-
Cultural and recreation	1,800,505	368,606	141,363	14,513
Education	13,199,994	-	-	198,948
Interest on long-term debt	436,753	-	-	-
Total governmental activities	<u>54,217,800</u>	<u>7,090,941</u>	<u>10,363,335</u>	<u>284,949</u>
Business-Type Activity:				
Stormwater Department	175,115	268,135	-	-
Total primary government	<u>\$ 54,392,915</u>	<u>\$ 7,359,076</u>	<u>\$ 10,363,335</u>	<u>\$ 284,949</u>
Component unit:				
ABC Board	<u>\$ 2,913,385</u>	<u>\$ 2,965,082</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Taxes:
Property taxes, levied for general purpose
Local option sales tax
Other taxes
Investment earnings, unrestricted
Miscellaneous, unrestricted:
Gain on sale of capital asset
Contributed capital
Other miscellaneous
Total general revenues, special items, and transfers
Change in net position
Net position-beginning
Restatement
Net position-beginning, restated
Net position-ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activity	Total	Person County ABC Board
\$ (5,979,450)	\$ -	\$ (5,979,450)	
(9,572,348)	-	(9,572,348)	
(312,673)	-	(312,673)	
(953,171)	-	(953,171)	
(1,583,672)	-	(1,583,672)	
(3,363,439)	-	(3,363,439)	
(1,276,023)	-	(1,276,023)	
(13,001,046)	-	(13,001,046)	
(436,753)	-	(436,753)	
<u>(36,478,575)</u>	<u>-</u>	<u>(36,478,575)</u>	
-	93,020	93,020	
<u>(36,478,575)</u>	<u>93,020</u>	<u>(36,385,555)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,697</u>
31,272,619	-	31,272,619	-
7,058,217	-	7,058,217	-
698,818	-	698,818	-
52,812	-	52,812	2,111
163,861	-	163,861	-
6,392,856	-	6,392,856	-
519,861	-	519,861	-
<u>46,159,044</u>	<u>-</u>	<u>46,159,044</u>	<u>2,111</u>
9,680,469	93,020	9,773,489	53,808
47,781,929	144,184	47,926,113	704,640
452,887	-	452,887	-
<u>48,234,816</u>	<u>144,184</u>	<u>48,379,000</u>	<u>704,640</u>
<u>\$ 57,915,285</u>	<u>\$ 237,204</u>	<u>\$ 58,152,489</u>	<u>\$ 758,448</u>

Person County, North Carolina
Balance Sheet
Governmental Funds

Exhibit 3

June 30, 2016

	Major			Non-Major	
	General	Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Roxplex & Various Improvements Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 19,142,792	\$ 640,078	\$ -	\$ 3,040,679	\$ 22,823,549
Restricted cash	790,458	-	1,371,311	546,901	2,708,670
Ad valorem taxes receivable	793,795	-	-	-	793,795
Receivables, net	3,708,338	411,876	-	215,480	4,335,694
Due from other governments	18,849	-	-	-	18,849
Due from other funds	960,890	-	-	-	960,890
Prepaid expenditures	183,550	-	-	-	183,550
Due from component unit	71,671	-	-	-	71,671
Total assets	<u>\$ 25,670,343</u>	<u>\$ 1,051,954</u>	<u>\$ 1,371,311</u>	<u>\$ 3,803,060</u>	<u>\$ 31,896,668</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,321,678	\$ 56,841	87,336	\$ 140,717	\$ 1,606,572
Miscellaneous liabilities	39,776	844	-	-	40,620
Due to other funds	-	479,244	461,646	20,000	960,890
Total liabilities	<u>1,361,454</u>	<u>536,929</u>	<u>548,982</u>	<u>160,717</u>	<u>2,608,082</u>
DEFERRED INFLOWS OF RESOURCES	<u>900,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900,426</u>
Fund balances:					
Nonspendable:					
Prepays	183,550	-	-	-	183,550
Restricted:					
Stabilization by State Statute	5,364,479	411,876	-	219,704	5,996,059
Register of Deeds	54,944	-	-	-	54,944
Public safety	89,338	-	-	190,900	280,238
Culture and recreation	-	-	-	145,007	145,007
Environmental protection	-	20,734	-	-	20,734
Human services	-	82,415	-	-	82,415
Capital projects	-	-	822,329	1,299,072	2,121,401
Committed:					
Tax reappraisal	324,425	-	-	-	324,425
Economic development	-	-	-	1,244,271	1,244,271
Environmental protection	-	-	-	136,580	136,580
Public safety	-	-	-	13,676	13,676
LEOSSA Pension	320,729	-	-	-	320,729
Capital projects	-	-	-	393,133	393,133
Assigned:					
Subsequent year's expenditures	3,471,017	-	-	-	3,471,017
Unassigned:	13,599,981	-	-	-	13,599,981
Total fund balances	<u>23,408,463</u>	<u>515,025</u>	<u>822,329</u>	<u>3,642,343</u>	<u>28,388,160</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,670,343</u>	<u>\$ 1,051,954</u>	<u>\$ 1,371,311</u>	<u>\$ 3,803,060</u>	<u>\$ 31,896,668</u>

Person County, North Carolina
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit 3 (Cont)

June 30, 2016

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.	43,924,341
Net pension asset	82,140
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,102,213
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	127,323
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets	190,854
Deferred inflows of resources for taxes receivable	793,795
Pension related deferrals	(598,037)
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore	(16,095,504)
	<u>\$ 57,915,285</u>

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

Exhibit 4

For the fiscal year ended June 30, 2016

	Major			Non-Major	
	General Fund	Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Roxplex & Various Improvements Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 31,276,307	\$ -	\$ -	\$ -	\$ 31,276,307
Local options sales taxes	7,058,217	-	-	-	7,058,217
Other taxes and licenses	477,014	-	-	-	477,014
Fees	433,330	-	-	-	433,330
Intergovernmental	9,649,725	514,866	-	881,859	11,046,450
Investment earnings	45,835	1,075	58	5,433	52,401
Charges for services	4,649,352	1,755,409	-	-	6,404,761
Other	596,311	8,488	-	-	604,799
Total revenues	<u>54,186,091</u>	<u>2,279,838</u>	<u>58</u>	<u>887,292</u>	<u>57,353,279</u>
EXPENDITURES					
Current:					
General government	5,841,949	-	-	7,058	5,849,007
Public safety	12,457,729	-	-	1,376,308	13,834,037
Transportation	1,007,835	-	-	-	1,007,835
Human services	14,212,755	482,240	-	-	14,694,995
Environmental protection	126,828	2,319,334	-	-	2,446,162
Economic and physical development	1,024,492	-	-	233,750	1,258,242
Cultural and recreational	1,731,294	-	-	-	1,731,294
Intergovernmental:					
Education	11,786,318	-	-	299,572	12,085,890
Capital outlay:					
Infrastructure	-	-	1,091,729	1,077,995	2,169,724
Debt service:					
Principal	1,759,568	-	-	220,080	1,979,648
Interest and other charges	359,319	-	-	49,266	408,585
Total expenditures	<u>50,308,087</u>	<u>2,801,574</u>	<u>1,091,729</u>	<u>3,264,029</u>	<u>57,465,419</u>
Excess (deficiency) of revenues over expenditures	<u>3,878,004</u>	<u>(521,736)</u>	<u>(1,091,671)</u>	<u>(2,376,737)</u>	<u>(112,140)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	122,705	731,480	30,000	1,285,849	2,170,034
Transfers to other funds	(1,906,239)	-	-	(288,884)	(2,195,123)
Capital lease obligations issued	-	-	-	1,099,125	1,099,125
Installment purchase obligations issued	-	-	1,884,000	-	1,884,000
Sale of capital assets	65,548	-	-	90,583	156,131
Total other financing sources and uses	<u>(1,717,986)</u>	<u>731,480</u>	<u>1,914,000</u>	<u>2,186,673</u>	<u>3,114,167</u>
Net change in fund balances	2,160,018	209,744	822,329	(190,064)	3,002,027
Fund balances-beginning	20,948,442	152,397	-	3,832,407	24,933,246
Restatement	300,003	152,884	-	-	452,887
Fund balances-beginning, restated	<u>21,248,445</u>	<u>305,281</u>	<u>-</u>	<u>3,832,407</u>	<u>25,386,133</u>
Fund balances-ending	<u>\$ 23,408,463</u>	<u>\$ 515,025</u>	<u>\$ 822,329</u>	<u>\$ 3,642,343</u>	<u>\$ 28,388,160</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, 2016

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

Net changes in fund balances - total governmental funds	\$ 3,002,027
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.	948,218
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.	(1,003,476)
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	190,854
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,102,213
The payment of pension obligations is reported as expenses in the fund statements but has no effect on the statement of activities.	(8,343)
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.	(940,192)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>6,389,168</u>
Total changes in net position of governmental activities	<u>\$ 9,680,469</u>

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

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

Exhibit 5

For the fiscal year ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget-- Positive (Negative)</u>
REVENUES				
Ad valorem taxes	\$ 30,362,950	\$ 30,362,950	\$ 31,276,307	\$ 913,357
Local option sales taxes	6,623,770	6,623,770	7,058,217	434,447
Other taxes and licenses	306,500	341,934	477,014	135,080
Fees	403,000	403,000	433,330	30,330
Intergovernmental	9,823,822	10,551,547	9,649,725	(901,822)
Investment earnings	500	500	45,831	45,331
Charges for services	4,406,912	4,419,312	4,649,352	230,040
Other	312,678	424,340	596,311	171,971
Total revenues	<u>52,240,132</u>	<u>53,127,353</u>	<u>54,186,087</u>	<u>1,058,734</u>
EXPENDITURES				
Current:				
General government	6,138,577	6,675,655	5,826,800	848,855
Public safety	12,884,643	13,227,189	12,457,729	769,460
Transportation	1,126,909	1,253,876	1,007,835	246,041
Human services	15,468,770	15,775,337	14,212,755	1,562,582
Environmental protection	133,212	150,111	126,828	23,283
Economic and physical development	988,511	1,062,650	1,024,492	38,158
Cultural and recreational	1,671,813	1,776,967	1,731,294	45,673
Contingency	643,886	217,508	-	217,508
Intergovernmental:				
Education	11,507,839	12,336,059	11,786,318	549,741
Debt service:				
Principal retirement	1,908,836	2,009,887	1,759,568	250,319
Interest and other charges	521,410	540,030	359,319	180,711
Total expenditures	<u>52,994,406</u>	<u>55,025,269</u>	<u>50,292,938</u>	<u>4,732,331</u>
Revenues over (under) expenditures	<u>(754,274)</u>	<u>(1,897,916)</u>	<u>3,893,149</u>	<u>5,791,065</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	147,671	122,705	(24,966)
Transfers to other funds	(1,906,085)	(1,981,240)	(1,981,239)	1
Sale of capital assets	5,000	61,048	65,548	4,500
Total other financing sources (uses)	<u>(1,901,085)</u>	<u>(1,772,521)</u>	<u>(1,792,986)</u>	<u>(20,465)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,655,359)</u>	<u>(3,670,437)</u>	<u>2,100,163</u>	<u>5,770,600</u>
APPROPRIATED FUND BALANCE				
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>2,100,163</u>	<u>\$ 2,100,163</u>
Fund balances-beginning			20,983,875	
Fund balances-ending			<u>\$ 23,084,038</u>	
Legally budgeted Tax Reappraisal expenditures have been consolidated into the General Fund for reporting purposes:				
Investment earnings			4	
Transfer in from General Fund			75,000	
Expenditures			(15,149)	
Fund balance-beginning			264,570	
Fund balance-ending			<u>\$ 23,408,463</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, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 528,000	\$ 528,000	\$ 395,019	\$ (132,981)
ROAP Transportation	16,500	19,786	19,786	-
NC DENR Grant	-	-	6,000	6,000
White goods disposal tax	13,000	13,000	13,357	357
Scrap tire disposal tax	49,000	49,000	52,074	3,074
Electronics management tax	3,020	3,020	3,780	760
Solid waste disposal tax	21,600	21,600	24,850	3,250
Total intergovernmental revenues	<u>631,120</u>	<u>634,406</u>	<u>514,866</u>	<u>(119,540)</u>
Charge for services				
Sales	800,000	800,000	1,077,159	277,159
Medicaid	552,034	552,034	525,905	(26,129)
Transportation	19,750	19,750	21,635	1,885
Local services	27,000	27,000	30,039	3,039
Recycling fee	25,000	25,000	25,000	-
Recycling sales	160,500	160,500	75,671	(84,829)
Total charge for services	<u>1,584,284</u>	<u>1,584,284</u>	<u>1,755,409</u>	<u>171,125</u>
Investment earnings	-	-	1,075	1,075
Other revenues				
Donations and miscellaneous	8,350	10,036	8,488	(1,548)
Total revenues	<u>2,223,754</u>	<u>2,228,726</u>	<u>2,279,838</u>	<u>51,112</u>
EXPENDITURES				
Human Services				
Personnel expenditures			1,409,152	
Operating expenditures			910,182	
	<u>2,396,141</u>	<u>2,411,783</u>	<u>2,319,334</u>	<u>92,449</u>
Environmental protection-recycling				
Personnel expenditures			292,503	
Operating expenditures			189,737	
	<u>539,027</u>	<u>559,812</u>	<u>482,240</u>	<u>77,572</u>
Total expenditures	<u>2,935,168</u>	<u>2,971,595</u>	<u>2,801,574</u>	<u>170,021</u>
Excess (deficiency) of revenues over expenditures	(711,414)	(742,869)	(521,736)	221,133
OTHER FINANCING SOURCES				
Transfers in				
General Fund	711,414	731,480	731,480	-
Total other financing sources	<u>711,414</u>	<u>731,480</u>	<u>731,480</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	-	(11,389)	209,744	221,133
APPROPRIATED FUND BALANCE				
	-	11,389	-	(11,389)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	209,744	<u>\$ 209,744</u>
Fund balance beginning of year			152,397	
Restatement			152,884	
Fund balance beginning of year, restatement			<u>305,281</u>	
Fund balance end of year			<u>\$ 515,025</u>	

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

Person County, North Carolina
Statement of Net Position
Proprietary Funds

Exhibit 7

For the fiscal year ended June 30, 2016

	<u>Enterprise Fund Stormwater Fund</u>	<u>Internal Service Fund Insurance Fund</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 250,903	\$ 301,851
Receivables	14,731	52,985
Total current assets	<u>265,634</u>	<u>354,836</u>
Total assets	<u>\$ 265,634</u>	<u>\$ 354,836</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 28,430	\$ 163,982
Total current liabilities	<u>28,430</u>	<u>163,982</u>
Total liabilities	<u>28,430</u>	<u>163,982</u>
Net Position		
Unrestricted	237,204	190,854
Total net position	<u>\$ 237,204</u>	<u>\$ 190,854</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, 2016

	<u>Enterprise Fund Stormwater Fund</u>	<u>Internal Service Fund Insurance Fund</u>
Operating revenues		
Charges for services	\$ 268,135	\$ 2,922,762
Miscellaneous income	-	366,502
Total operating revenues	<u>268,135</u>	<u>3,289,264</u>
Operating expenses		
Professional services	6,200	-
Contracted services	28,229	-
Dues and subscriptions	65,637	-
Stormwater administration	66,273	-
Wastewater remediation assist	7,422	-
Health insurance administration	-	3,123,910
Other operating expenses	1,354	-
Total operating expenses	<u>175,115</u>	<u>3,123,910</u>
Operating income	<u>93,020</u>	<u>165,354</u>
Nonoperating revenues (expenses)		
Interest earnings	-	411
Total nonoperating revenue (expenses) - net	<u>-</u>	<u>411</u>
Income (loss) before transfers	<u>93,020</u>	<u>165,765</u>
Transfers		
Transfer from General fund	<u>-</u>	<u>25,089</u>
Change in net position	93,020	190,854
Total net position, beginning	<u>144,184</u>	<u>-</u>
Total net position, ending	<u>\$ 237,204</u>	<u>\$ 190,854</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, 2016

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Stormwater Fund</u>	<u>Insurance Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 266,187	\$ 3,236,279
Cash paid for goods and services	(151,300)	(2,959,928)
Net cash provided by operating activities	<u>114,887</u>	<u>276,351</u>
Cash flows from noncapital financing activities		
Transfers in	<u>-</u>	<u>25,089</u>
Cash flows from investing activities		
Interest on investments	<u>-</u>	<u>411</u>
Net increase in cash and cash equivalents	114,887	301,851
Cash and cash equivalents		
Beginning of year, July 1	<u>136,016</u>	<u>-</u>
End of year, June 30	<u>\$ 250,903</u>	<u>\$ 301,851</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 93,020</u>	<u>\$ 165,354</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,948)	(52,985)
Increase (decrease) in accounts payable and accrued liabilities	<u>23,815</u>	<u>163,982</u>
Total adjustments	<u>21,867</u>	<u>110,997</u>
Net cash provided by operating activities	<u>\$ 114,887</u>	<u>\$ 276,351</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, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 159,320
Taxes receivables	194,271
Total assets	<u>353,591</u>
LIABILITIES	
Accounts payable and accrued liabilities	40,114
Due to individuals	81,052
Due to inmates	3,855
Due to 4H	34,320
Reserve for taxes receivable	194,228
Total liabilities	<u>\$ 353,591</u>

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

Notes to the Financial Statements

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

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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. However, any interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

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, 2016

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 Fund is consolidated in the General Fund.

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

Roxplex & Various Improvements Fund: This fund is used to account for the Roxplex and various other improvements capital project.

The County reports the following major internal service fund:

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

The County maintains fourteen legally budgeted non-major funds.

The County reports the following non-major fund types:

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

Capital Project Funds: Capital Project Funds account for financial resources to be used for the acquisition or construction of 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, Public Safety Towers and Broadband 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:

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

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

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

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

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

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

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000. The governing board must approve all amendments. During the year, several 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 majority of the County and the ABC Board's investments are carried at fair value. The NC Capital Management Trust Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The 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, 2016**

<u>Person County Restricted Cash</u>		
Governmental Activities		
General Fund	Tax revaluation	\$ 324,426
General Fund	Register of deeds	55,404
General Fund	Law enforcement	89,899
General Fund	LEOSSA Pension	320,729
PC Recycling Center & Various Roofing Improvements Capital Projects Fund	Unexpended Debt Proceeds	546,901
Roxplex and Various Improvements Fund	Unexpended Debt Proceeds	<u>1,371,311</u>
Total Governmental Activities		<u>2,708,670</u>
Total Restricted Cash		<u>\$ 2,708,670</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, 2015. Ad valorem tax revenues are reported in the County's General Fund.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used in accordance with the consumption method.

7. Capital Assets

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

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 items 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, 2016 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 depending on the length of service, employees may earn a maximum of three weeks' vacation per year, with the option to carry forward a maximum of one week per year. Any unused vacation over the one week carry over allowance at December 31 is forfeited. Vacation not taken at time of retirement may be used in determination of length of service for retirement benefit purposes.

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

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

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

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

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

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 \$29,144,258 consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 79,643,323
Less Accumulated Depreciation	<u>(35,718,982)</u>
Net capital assets	43,924,341
Net pension asset	82,140
Contributions to the pension plan in the current fiscal year	1,102,213
Accrued interest receivable on taxes	127,323
Internal service fund is used by management to charge insurance costs to individual funds; the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets	190,854
Pension related deferrals	(598,037)
Deferred inflows of resources for taxes receivable	793,795
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 \$16,095,504 difference are as follows:	
Bonds, leases, and installment financing and debt issuance premiums	(10,992,099)
Accrued Post-Closure Care Costs of closed Person County Landfill	(120,457)
Compensated absences	(1,084,220)
Pension and other postemployment benefits	(2,558,752)
Net pension liability	(1,207,480)
Retainage payable	(21,725)
Accrued interest payable	<u>(110,771)</u>
Total adjustment	<u>\$ 29,527,125</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 \$6,678,442 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 \$948,218 are as follows:	
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 4,191,958
Cost of disposed capital asset not recorded in fund statements	(720)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(3,243,020)

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 \$(1,003,476) 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	(2,983,125)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	1,979,649
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	(8,343)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,102,213
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities is reported with governmental activities	190,854
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 \$(940,192) are as follows:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(28,168)
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.	123,544
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(11,727)
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(410,781)
Net pension obligation is accrued in the government-wide statements but not in the fund statements because they do not use current resources	(43,175)
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	7,215
County's portion of collective pension expense	(534,696)
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 \$6,389,168 are as follows:	
Fair value of assets donated that is not recorded in the fund statements but is recorded in the government-wide statements	6,392,856
Increase in deferred inflows of resources – taxes receivable – at end of year	(16,642)
Increase in accrued interest receivable on taxes at the end of year	12,954
Total adjustment	\$ 6,678,442

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

In Exhibit C-4, expenditures in the Emergency Telephone System special revenue fund were in excess of appropriations by \$372,304 due to equipment received under a capital lease agreement. In Exhibit E-1, expenditures were in excess of appropriation by \$185,921. This over expenditure occurred because of unforeseen expenditures in this first year of implementation of the County's self-insurance plan and a slower response time from the claims administrator to allow for

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

timely budget amendments. These expenditures will be monitored more closely in the future to ensure budget amendments are made timely for additional expenditures.

III. Detail Notes On All Funds

A. Assets

1. Deposits

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

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

At June 30, 2016, the County's deposits had a carrying amount of \$3,747,731 and a bank balance of \$4,163,739. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,413,739 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2016, Person County had \$4,524 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2016, the Person County ABC Board's deposits had a carrying amount of \$693,021 and a bank balance of \$690,599. Of this balance, \$250,000 was covered by federal depository insurance. The balance in excess of FDIC coverage is covered by the Pooling Method of collateralization.

At June 30, 2016, the Person County ABC Board also had \$2,300 in cash on hand.

2. Investments

At June 30, 2016, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>
NC Capital Management Trust - Cash Portfolio	Amortized Cost	\$ 12,937,912	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value – Level 1	9,554,126	\$ 9,554,126
Total:		<u>\$ 22,492,038</u>	<u>\$ 9,554,126</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.

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

Interest Rate Risk. The County has no policy on interest rate risk. However, as a means of limiting the County's exposure to fair value losses arising from rising interest rates, investments are limited to at least half of the County's investment portfolio to maturities of less than 12 months. The attempt is made to stagger maturity dates and limit all securities to a final maturity of no more than 3 years. As of June 30, 2016, 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, 2016, 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, 2016. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,707,493	\$ 405,445	\$ 2,112,938
2014	1,763,646	260,133	2,023,779
2015	1,809,781	103,892	1,913,672
2016	1,841,564	-	1,841,564
Total	<u>\$ 7,122,484</u>	<u>\$ 769,470</u>	<u>\$ 7,891,953</u>

4. Receivables

Receivables at the government-wide level at June 30, 2016, 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	\$ 7,030,114	\$ 2,149,971	\$ 2,369,139	\$ 11,549,224
Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	334,852	-	77,343	412,195
Non-major funds	-	-	215,480	215,480
Total receivables	<u>7,364,966</u>	<u>2,149,971</u>	<u>2,661,962</u>	<u>12,175,267</u>
Allowance for doubtful	(6,727,102)	(140,000)	-	(6,867,102)
Total governmental activities	<u>\$ 637,864</u>	<u>\$ 2,009,971</u>	<u>\$ 2,661,962</u>	<u>\$ 5,308,165</u>
Business-type Activities:				
Stormwater	\$ 14,731	-	-	\$ 14,731

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Taxes and related accrued interest consist of the following:

Local option sales taxes	\$ 1,208,553
Property taxes, net	793,795
Accrued property tax interest receivable	127,323
Occupancy taxes	20,300
Total	\$ 2,149,971

Intergovernmental receivables consist of the following:

Child care	\$ 118,944
E-911 services reimbursement	26,404
Social services	699,491
PI Community Rehab	54,538
Airport grants	26,730
Home & Community Care Block Grant	77,240
WIC grant	191,798
Family planning grant	99,161
School Nurse Initiative Grant	150,000
Breast & Cervical Grant	16,830
Pregnancy Care Management	32,622
Lottery	18,849
2014 BVP Grant	11,082
2015 GCC Grant	14,475
2016 GCC Grant	16,643
VIP Grant	8,671
State inmate reimbursement	18,861
NC911 Emergency Telephone System	44,897
Sales tax refund	284,979
Water and sewer construction	143,853
Clerk of court	16,637
Video programming	16,597
Scrap Tire Disposal	13,436
White Goods Disposal	3,215
Solid waste disposal	6,154
Miscellaneous	257,032
Total	\$ 2,369,139

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

Operating leases:

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Future projected receipts of the lease are as follows:

Year ended June 30	
2017	84,909
2018	84,909
2019	56,606
Total future operating lease receivables	<u>\$ 226,424</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016, 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	\$ 2,967,821	\$ 3,737,696	\$ -	\$ 6,705,517
Construction in progress	2,878,478	1,956,972	(4,064,218)	771,232
Total capital assets not being depreciated	<u>5,846,299</u>	<u>5,694,668</u>	<u>(4,064,218)</u>	<u>7,476,749</u>
Capital assets being depreciated:				
Buildings	26,826,329	3,409,165	(27,000)	30,208,494
Improvements	12,503,979	2,913,825	-	15,435,804
Equipment	12,336,677	2,613,374	(566,552)	14,383,499
Infrastructure	12,138,777	-	-	12,138,777
Total capital assets being depreciated	<u>63,805,762</u>	<u>8,936,364</u>	<u>(593,552)</u>	<u>72,166,574</u>
Less accumulated depreciation for:				
Buildings	8,726,892	1,369,037	(26,280)	10,069,649
Improvements	5,132,568	449,239	-	5,581,807
Equipment	9,176,785	1,061,833	(566,552)	9,672,066
Infrastructure	10,032,549	362,911	-	10,395,460
Total accumulated depreciation	<u>33,068,794</u>	<u>\$ 3,243,020</u>	<u>\$ (592,832)</u>	<u>35,718,982</u>
Total capital assets being depreciated, net	<u>30,736,968</u>			<u>36,447,592</u>
Governmental activity capital assets, net	<u>\$ 36,583,267</u>			<u>\$ 43,924,341</u>

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

General government	\$ 710,252
Public safety	738,318
Transportation	538,830
Education	1,014,152
Economic and physical development	1,952
Environmental protection	36,799
Human services	69,665
Cultural and recreational	<u>133,052</u>
Total depreciation expense	<u>\$ 3,243,020</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Construction commitments

As of June 30, 2016, 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	\$ 151,470.00	\$ 145,530.00
PHS Wal/Window Proj (CIP)	303,643.75	15,981.25
PSRC/Roof	7,500.00	2,500.00
Senior Center	84,250.00	205,409.20
Roxplex & Roofing	<u>97,875.62</u>	<u>7,243.80</u>
Total	<u>\$ 644,739.37</u>	<u>\$ 376,664.25</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 34,188	\$ -	\$ -	\$ 34,188
Capital assets being depreciated:				
Buildings	135,151	-	-	135,151
Office furniture and fixtures	14,836	320	-	15,156
Store equipment	92,177	5,080	-	97,257
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	<u>258,746</u>	<u>5,400</u>	<u>-</u>	<u>264,146</u>
Less accumulated depreciation for:				
Buildings	93,580	3,849	-	97,429
Office furniture and fixtures	10,656	1,151	-	11,807
Store equipment	80,764	10,453	-	91,217
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	<u>201,582</u>	<u>\$ 15,453</u>	<u>\$ -</u>	<u>\$ 217,035</u>
Total capital assets being depreciated, net	<u>57,164</u>			<u>47,111</u>
ABC capital assets, net	<u>\$ 91,352</u>			<u>\$ 81,299</u>

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,488,902	\$ 110,771	\$ 36,534	\$ 1,636,207
Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	56,841	-	844	57,685
Roxplex & Various Improvements Fund	87,336	-	-	87,336
Other Governmental	140,717	-	-	140,717
Total-governmental activities	<u>\$ 1,773,796</u>	<u>\$ 110,771</u>	<u>\$ 37,378</u>	<u>\$ 1,921,945</u>
Business-type Activities				
Storm-water Fund	<u>\$ 28,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,430</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

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.76% 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 \$1,098,168 for the year ended June 30, 2016.

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, 2016, the County reported an asset of \$1,207,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .269%, which was an increase of .003% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$556,100. At June 30, 2016, 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	\$ -	\$ 283,827
Net difference between projected and actual earnings on pension plan investments	-	343,766
Changes in proportion and differences between County contributions and proportionate share of contributions	49,765	24,567
County contributions subsequent to the measurement date	<u>1,099,065</u>	<u>-</u>
Total	<u>\$ 1,148,830</u>	<u>\$ 652,159</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

\$1,148,830 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (395,736)
2018	(395,736)
2019	(395,219)
2020	584,297

Actuarial Assumptions. The total pension liability in the December 31, 2014 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, 2014 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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 liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25 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)	\$ 8,419,926	\$ 1,207,480	\$(4,868,846)

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 LEOSSA Pension Trust Fund and no separate report has been issued.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>47</u>
Total	<u>49</u>

2. Summary of Significant Accounting Policies

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

3. Contributions

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year is as follows:

Employer annual required contribution	\$ 101,202
Interest on net pension obligation	(417)
Adjustment to annual required contribution	733
Annual pension cost	101,518
Employer contributions made for fiscal year ending 6/30/2015	50,000
Increase (decrease) in net pension obligation	51,518
Net pension obligation beginning of fiscal year	(8,343)
Net pension obligation end of fiscal year	\$ 43,175

Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

4. Funded Status and Funding Progress

<u>3 Year Trend Information</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 80,267	62.29%	\$ (51,814)
2015	93,471	53.49%	(8,343)
2016	101,518	49.25%	43,175

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0.00% funded. The actuarial accrued liability for benefits was \$1,352,634 and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,352,634. The covered payroll (annual payroll of active employees covered by the plan) was \$2,374,905 and the ratio of the UAAL to the covered payroll was 56.96%.

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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2016 were \$1,069,048, which consisted of \$804,927 from the County, \$20,341 from the law enforcement officers, and \$243,780 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. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,148 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$82,140 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was .354%, which was a decrease of .019% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(1,865). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 402	\$ 1,360
Net difference between projected and actual earnings on pension plan investments	4,073	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,970	1,728
County contributions subsequent to the measurement date	3,148	-
Total	\$ 10,593	\$ 3,088

\$10,593 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 619
2018	1,502
2019	1,138
2020	1,098

Actuarial Assumptions. The total pension liability in the December 31, 2014 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, 2014 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. 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 2.2%:

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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)	\$ (74,108)	\$ (82,140)	\$ (89,052)

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:

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

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

Membership under this current plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	23	3
Active plan members	<u>329</u>	<u>46</u>
Total	352	49

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 annual required contribution (ARC) rate is 3.42% of annual covered payroll. For the current year, the County contributed \$116,027 or .76% of annual covered payroll. The County is self-insured for healthcare coverage. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.879% and 3.511% of covered payroll, respectively. The County's contributions totaled \$116,027 in fiscal year 2016. There were no contributions made by employees. 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 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:

Annual required contribution	\$ 523,045
Interest on Net OPEB Obligation	84,192
Adjustment to annual required contribution	<u>(80,429)</u>
Annual OPEB cost (expense)	526,808
Contributions made for fiscal year ending 6/30/2016	<u>(116,027)</u>
Increase (decrease) in net OPEB obligation	410,781
Net OPEB obligation, beginning of fiscal year	<u>2,104,796</u>
Net OPEB obligation, end of fiscal year	<u><u>\$ 2,515,577</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 were as follows:

For Year Ended <u>June 30</u>	<u>Three-Year Trend Information</u>		
	<u>Annual</u> <u>OPEB Cost</u>	Percentage of Annual <u>OPEB Cost</u> <u>Contributed</u>	Net OPEB <u>Obligation</u>
2014	\$ 443,025	48.8%	\$ 1,819,461
2015	456,635	37.5%	2,104,796
2016	526,808	22.0%	2,515,577

Funded Status and Funding Process: As of December 31, 2015, 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 \$5,889,208. The covered payroll (annual payroll of active employees covered by the plan) was \$15,296,954 and the ratio of the UAAL to the covered payroll was 38.5 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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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, 2015 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 7.75% 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, 2015, 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.

Person County ABC Board

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

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

On April 9, 1994, the Person County Sanitary Landfill ceased to accept municipal solid waste (MSW) for burial, began transferring to facilities outside the county and currently, contracts with a private company to accept its MSW for burial at a site within the County. State and federal laws and regulations require the County to place a final cover on the landfill when it stops accepting MSW and to perform certain maintenance and monitoring functions at the site for five years after closure. In 1994 the County accrued \$255,500 estimated for closure and postclosure care costs. The County incurred \$13,325 in post-closure care costs for the year ending June 30, 2016. The \$120,457 reported as Accrued Post-closure Care Costs in Note 3(E) represents the estimated costs remaining at June 30, 2016. 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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

4. Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pensions – difference between expected and actual experience		
LGERS	\$ -	\$ 283,826
Register of Deeds	402	1,360
Pensions – difference between projected and actual investment earnings	4,073	343,766
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	52,735	1,724
Contributions to pension plan in 2015-2016 fiscal year	1,102,213	-
Prepaid taxes not yet earned (General)	-	106,631
Prepaid grant adjustment (General)	-	24,571
Total	\$ 1,159,423	\$ 761,878

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 at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere.

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

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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

6. Contingent Liabilities

At June 30, 2016, 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 \$1,415,354 for the year ended 6/30/16.

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, 2016:

<u>Year Ending June 30</u>	<u>Future Minimum Lease Payments</u>
2017	1,306,262
2018	1,298,795
2019	1,282,877
2020	1,282,877
2021	1,385,395
Thereafter	5,349,588
Total	<u>\$ 11,905,794</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.

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

At June 30, 2016, the County leased equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$1,488,294	\$ 289,265	\$ 1,199,029
Construction in progress	53,101	-	53,101
Total	<u>\$1,541,395</u>	<u>\$ 289,265</u>	<u>\$ 1,252,130</u>

For Person County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Year Ending June 30</u>	
2017	\$ 341,023
2018	302,668
2019	302,668
2020	302,668
2021	<u>26,483</u>
Total minimum lease payments	1,275,510
Less: amount representing interest	<u>154,022</u>
Total	<u>\$ 1,121,488</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%.

\$ 1,875,000

Courthouse Renovation and Re-roofing Capital Project Fund

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

1,850,000

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%.

2,401,612

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Person County Recycling Center & Various Roofing Improvements Capital Projects Fund

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

1,860,000

Roxplex and Various Improvements Fund

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

1,884,000

Total Installment Purchases remaining balance

\$ 9,870,612

Future minimum payments for Installment Purchases:

	Principal	Interest
2017	1,518,836	324,052
2018	1,393,836	266,901
2019	1,228,836	219,839
2020	1,108,836	176,998
2021	1,038,836	135,583
2022-2026	2,968,179	317,453
2027-2028	613,253	27,010
Total principal payments	<u>\$ 9,870,612</u>	
Total interest payments		<u>\$ 1,467,836</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, 2016, the County has no General Obligation debt.

At June 30, 2016, Person County had a legal debt margin of \$354,856,452.

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Activities debt listed only \$5,315,348 relates to assets the County holds title and \$2,168,379 relates to County Board of Education properties that the County holds title. Restricted cash related to this debt amounts to \$1,918,212.

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, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
<i>Governmental activities:</i>					
Installment purchases	\$ 9,645,448	\$ 1,884,000	\$ (1,658,836)	\$ 9,870,612	\$ 1,518,836
Capital lease	343,175	1,099,125	(320,813)	1,121,487	282,548
Accrued post-closure care costs	127,672	-	(7,215)	120,457	15,057
Retainage payable	145,269	-	(123,544)	21,725	-
Net OPEB obligation	2,104,796	410,781	-	2,515,577	-
Compensated absences	1,072,493	1,084,220	(1,072,493)	1,084,220	271,055
Net pension liability (LEO)	-	43,175	-	43,175	-
		<u>1,207,480</u>			
Net pension liability (LGERS)	<u>-</u>		<u>-</u>	<u>1,207,480</u>	<u>-</u>
Total	<u>\$ 13,438,853</u>	<u>\$ 5,728,781</u>	<u>\$ (3,182,901)</u>	<u>\$ 15,984,733</u>	<u>\$ 2,087,496</u>

A

ccrued 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, 2016, 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	\$ 731,480
From General Fund to Economic Catalyst Fund to supplement other funding sources.	800,000
From General Fund to Capital Improvement Projects Fund for various capital projects approved in the County's CIP Plan.	19,670
From the General Fund to the Airport Capital Projects Fund to for the planned future construction of an additional airport hangar.	300,000
From the General Fund to Roxplex & Various Improvements Fund to supplement other funding sources.	30,000
From the General Fund to Insurance Fund to supplement contributions from employees	25,089
From the Reroofing Schools Fund to Capital Improvement Projects Fund for various capital projects approved in the County's CIP Plan.	75,554
From the Revolving Loan Fund to the VFD & Rescue Capital Reserve Fund for the awards of capital payments to volunteer fire departments and rescue squad	90,625
From Old Helena School Improvement Fund to General Fund for the return of capital contributed once the project closed out	3,034
From Capital Improvement Project Fund to General fund for the return of capital contributed once the project closed out	<u>119,671</u>
Total	<u>\$ 2,195,123</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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Balances due to/from other funds at June 30, 2016, consist of the following:

Due from the Person Industries Community Rehabilitation and Recovery Facility Fund to the General Fund for expenses and capital equipment debt associated with the startup of the Material Recovery Facility operated by Person Industries	\$ 479,244
Due from Roxplex & Various Improvements fund to the General fund for expenses associated with the improvements to the Roxplex	461,646
Due from Recreation & Senior Center Project Fund to the General Fund for expenses associated with the Recreation and Senior Center	20,000
	\$ 960,890

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	\$ 43,924,341
Capital debt calculation:	
Total debt, gross	10,992,099
Less:	
School debt for assets to which the county does not hold title	3,170,744
Community college debt for assets to which the county does not hold title	337,628
Unexpended proceeds	1,918,212
Total capital debt	5,565,515
Net investment in capital assets	\$ 38,358,826

E. Fund Balance

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

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

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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	\$23,408,463
Less:	
Prepays	183,550
Stabilization by State Statute	5,364,479
Appropriated Fund Balance in 2015 budget	3,471,017
Register of Deeds	54,944
Public Safety	89,338
Tax Reappraisal	324,425
LEOSSA Pension	320,729
Working Capital/ Unassigned Fund Balance	9,398,579
Remaining Fund Balance	4,201,402

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>
	\$ 605,929	\$ 4,224

IV. Joint Ventures

The County also participates in a joint venture to operate the Hyconeechee Regional Library (Library) with two other local governments. Each participating government appoints three board members to the nine-member board of the Library, one of whom must be a member of the County's Board of Commissioners. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$389,695 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 \$1,111,836 the community college for operating purposes during the fiscal year ended June 30, 2016. 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, 2016. 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,

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 \$532,237 to Cardinal Innovations for the year ended June 30, 2016. Complete financial statements for Cardinal Innovations Health Care Solutions may be obtained from their administrative offices located at 4855 Milestone Avenue, Kannapolis, NC 28081.

V. Jointly Governed Organization

The County, in conjunction with four other counties and fifteen municipalities, established the Kerr-Tar Regional Council of Governments (KTRCOG). The participating governments established the KTRCOG to coordinate joint planning and joint ventures. Each county appoints two members to the Council's thirty-two member governing board. The County paid membership fees of \$18,352 to the KTRCOG during the fiscal year ended June 30, 2016. The County was the subrecipient of grants for \$336,147 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources and which were passed through the KTRCOG.

The County, in conjunction with fourteen other counties, is a member of the Multi-County Water Conservation and Infrastructure District. The District is a public authority established under NCGS 158-15.1. Each member county appoints one person to serve on the Multi-County Water Commission, the governing body of the District. All moneys received by the State of North Carolina for sale of water under the Roanoke River Basin Compact, if enacted, shall be paid to the District. Net revenues of the District are distributed to the member counties according to the following formula: 1) one-half pro-rata based on population and 2) one-half pro-rata based on land area. Person County received no funds from the District for fiscal year ended June 30, 2016. 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, 2016.

As of June 30, 2016, 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, 2016, 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 \$92,800; \$11,000; \$288,466 and \$8,725, 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, 2016 due to the County having a full-time Economic Development Director on staff.

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

VI. Benefit Payments Issued By the State

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

**Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

	Federal	State
Temporary Assistance to Needy Families.....	\$ 219,572	\$ (102)
Independent Living Transitional	5,760	-
CWS Adoption Subsidy	-	67,836
IV-E Foster Care.....	138,194	42,778
IV-E Adoption Subsidy	175,696	45,350
Medical Assistance Program.....	36,249,045	19,917,686
Health Choice	1,226,595	41,634
Women, Infants and Children	732,189	-
SC/SA Adult Care Payments	-	450,678
State Foster Care.....	-	83,918
SFHF Maximization.....	-	<u>76,017</u>
Total.....	<u>\$ 38,747,051</u>	<u>\$ 20,725,795</u>

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2016 and December 22, 2016, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County approved on November 21, 2016, the purchase of a property on Semora Road for use as a senior center at a purchase price of \$2,050,000. There were no other events that occurred during this time that were deemed to be significant enough to be disclosed.

IX. Change in Accounting Principles/Restatement

In accordance with Governmental Accounting Standards Board (GASB) statement 73, the County reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by \$300,003.

X. Restatement

During the 15-16 audit, items were found that required adjustment to the financial statements. These items involve the change in accounting principle discussed in Note IX and booking receivables for Person Industries that were collected within the 90 days from year end in 14 – 15 but were not recorded as a receivable or revenue.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

The beginning balance would have changed as follows:

	<u>Governmental Activities Net Position</u>	<u>General Fund Fund Balance</u>	<u>Person Industries Community Rehabilitation Program and Material Recovery Facility Fund Net Position</u>
Balance, July 1, 2015	\$ 47,781,929	\$ 20,948,442	\$ 152,397
Change due to:			
LEOSSA Pension Trust Fund move to General Fund	300,003	300,003	-
Restatement for Person Industries receivables	<u>152,884</u>	<u>-</u>	<u>152,884</u>
Total	<u>452,887</u>	<u>300,003</u>	<u>152,884</u>
Balance, July 1, 2015, as restated	<u>\$ 48,234,816</u>	<u>\$ 21,248,445</u>	<u>\$ 305,281</u>

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)
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
2015	-	1,352,634	1,352,634	0.00	2,374,905	56.96

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

Exhibit A-2

Last six years ended June 30, 2016

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 69,622	101 %
2012	65,553	107
2013	70,497	71
2014	77,684	64
2015	91,685	55
2016	101,202	49

Notes to Required Supplemental Schedules:

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

Valuation date	December 31, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	3.57%
Projected salary increases	3.50% to 7.35%
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
2015	-	5,889,208	5,889,208	0.00	15,296,954	38.50

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

Exhibit A-4

Last six years ended June 30, 2016

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 495,153	25 %
2012	495,153	39
2013	510,008	33
2014	440,178	36
2015	453,383	27
2016	523,045	22

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, 2015
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	7.75% to 5.0%
Year of ultimate trend rate	2022
Includes inflation at	3.00%

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

Exhibit A-5

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.269%	0.266%	27.400%
County's proportionate share of the net pension liability (asset)	\$ 1,207,480	\$ (1,570,847)	\$ 3,299,136
County's covered-employee payroll	\$ 16,017,799	\$ 15,479,514	\$ 9,342,823
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.54%	-10.15%	35.31%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	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 Three Fiscal Years

Exhibit A-6

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,099,065	\$ 1,017,439	\$ 1,098,928
Contributions in relation to the contractually required contribution	<u>1,099,065</u>	<u>1,017,439</u>	<u>1,098,928</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 16,114,694	\$ 16,017,799	\$ 15,479,514
Contributions as a percentage of covered-employee payroll	6.82%	6.35%	7.10%

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

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

Exhibit A-7

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.354%	0.373%	35.200%
County's proportionate share of the net pension liability (asset)	\$ (82,140)	\$ (84,639)	\$ (75,159)
County's covered-employee payroll	\$ 68,950	\$ 68,950	\$ 68,950
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-119.13%	-122.75%	-109.07%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

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

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

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

Exhibit A-8

	2016	2015	2014
Contractually required contribution	\$ 3,148	\$ 2,558	\$ 3,049
Contributions in relation to the contractually required contribution	3,148	2,558	3,049
Contribution deficiency (excess)	-	-	-
County's covered-employee payroll	\$ 68,950	\$ 68,950	\$ 68,908
Contributions as a percentage of covered-employee payroll	4.57%	3.71%	4.42%

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

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.)

Capital Projects Fund

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

- ◆ **Roxplex and Various Improvements Fund:** accounts for revenues and expenditures relative to the purchase and renovation of facilities associated with Roxplex and construction for various county and school buildings.

Person County, North Carolina
General Fund

Exhibit B-1

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
REVENUES				
<u>Ad valorem taxes</u>				
Current year levy	\$ 29,602,300	\$ 29,602,300	\$ 30,691,158	\$ 1,088,858
Prior year levy	540,650	540,650	366,220	(174,430)
Penalties and interest	170,000	170,000	184,266	14,266
Advertising	50,000	50,000	34,663	(15,337)
Total ad valorem taxes	30,362,950	30,362,950	31,276,307	913,357
<u>Local option sales taxes</u>				
Article 39 one per cent	3,214,470	3,214,470	3,384,888	170,418
Article 40 one-half per cent	1,818,460	1,818,460	2,002,622	184,162
Article 42 one-half per cent	1,590,840	1,590,840	1,670,422	79,582
Article 44 one-half per cent	-	-	285	285
Total local option sales taxes	6,623,770	6,623,770	7,058,217	434,447
<u>Other taxes</u>				
Deed stamp excise tax	84,000	84,000	210,178	126,178
Occupancy tax	190,000	225,434	234,188	8,754
Gross receipts tax	14,000	14,000	14,405	405
Animal taxes	16,000	16,000	15,693	(307)
Privilege licenses tax	2,500	2,500	2,550	50
Total other taxes	306,500	341,934	477,014	135,080
<u>Fees</u>				
Planning and zoning fees	26,800	26,800	30,378	3,578
Register of Deeds fees	156,600	156,600	159,940	3,340
Inspection fees	217,100	217,100	242,662	25,562
Special Use permit fees	2,500	2,500	350	(2,150)
Total fees	403,000	403,000	433,330	30,330
<u>Intergovernmental revenues</u>				
State and Federal Funds				
Public Health Services	1,708,260	1,749,772	1,556,026	(193,746)
Environmental Health Services	4,000	4,000	991	(3,009)
Social Services	6,268,218	6,211,384	5,788,545	(422,839)
Home and Community Care	305,500	305,500	297,191	(8,309)
Elderly and handicapped transportation	17,000	13,000	13,000	-
Community Alternatives	240,694	247,051	258,377	11,326
Beer and Wine Tax	140,000	140,000	136,843	(3,157)
Video Programming	68,000	68,000	80,964	12,964
DWI Revenues	3,700	3,700	3,997	297
Court Facilities fees	50,000	59,000	55,985	(3,015)
Sheriff's Grants	-	47,444	44,664	(2,780)
Inmate cost reimbursement	80,000	102,492	212,021	109,529
Federal Inmate cost reimbursement	6,000	6,000	10,423	4,423
Drug Enforcement-Related Revenues	90,000	90,000	96,464	6,464
Emergency Management	56,104	76,530	38,542	(37,988)

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Federal Interest Subsidy	125,564	125,564	125,958	394
Lottery Proceeds	-	632,558	198,948	(433,610)
Library Grants	90,000	98,072	98,072	-
Soil and Water Conservation	28,600	28,600	29,063	463
Transportation Grant	422,182	422,880	493,589	70,709
Veterans Services	-	-	1,907	1,907
Subtotal State and Federal funds	9,703,822	10,431,547	9,541,570	(889,977)
Local Funds				
Parks and Recreation	20,000	20,000	14,513	(5,487)
E-911 City Participation	100,000	100,000	93,642	(6,358)
Subtotal Local funds	120,000	120,000	108,155	(11,845)
Total Intergovernmental revenues	9,823,822	10,551,547	9,649,725	(901,822)
<u>Investment income</u>	500	500	45,831	45,331
<u>Charges for services</u>				
Sheriff and Jail fees	182,500	197,513	225,937	28,424
School Resource Officer Contract	107,215	107,215	109,387	2,172
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	568,899	38,899
EMS fees	1,265,300	1,265,300	1,188,819	(76,481)
Animal fees	22,400	33,468	32,589	(879)
Cooperative Extension Fees	7,000	9,700	8,563	(1,137)
Library fines and fees	25,100	25,100	27,398	2,298
Recreation fees	325,501	309,120	322,095	12,975
Map fees	600	600	549	(51)
GIS fees	700	700	846	146
EDC reimbursement from other governments	7,500	7,500	7,500	-
IT services to other governments	65,900	65,900	64,074	(1,826)
Stormwater Admin Fees	66,273	66,273	66,273	-
Transportation Services	358,423	358,423	363,296	4,873
Tax Collection Fees	67,000	67,000	68,960	1,960
Arts Council Reimbursement	30,000	30,000	5,068	(24,932)
Health fees	1,138,500	1,138,500	1,348,395	209,895
Environmental Health fees	118,000	118,000	152,419	34,419
DSS Fees	1,000	1,000	285	(715)
Total charges for services	4,406,912	4,419,312	4,649,352	230,040
<u>Other revenues</u>				
Rents and leases	92,868	92,868	103,713	10,845
ABC Board distributions	176,700	176,700	232,001	55,301
Miscellaneous	33,110	102,284	189,006	86,722
Donations	10,000	52,488	71,591	19,103
Total other revenues	312,678	424,340	596,311	171,971
Total general revenues	52,240,132	53,127,353	54,186,087	1,058,734

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
EXPENDITURES				
<u>General government</u>				
Governing Body				
Personnel expenses			85,598	
Operating expenses			121,940	
ABC profits to City of Roxboro			63,402	
Total	294,193	318,253	270,940	47,313
Administration				
Personnel expenses			333,747	
Operating expenses			13,014	
Total	356,637	356,875	346,761	10,114
Information Technology				
Personnel expenses			506,043	
Operating expenses			207,389	
Capital outlay			81,592	
Total	776,210	830,762	795,024	35,738
Human Resources				
Personnel expenses			271,139	
Operating expenses			208,474	
Total	459,560	643,171	479,613	163,558
Fleet Sales Management				
Operating expenses			17,410	
Total	5,000	61,956	17,410	44,546
Elections				
Personnel expenses			151,680	
Operating expenses			91,990	
Total	315,499	323,999	243,670	80,329
Finance				
Personnel expenses			351,713	
Operating expenses			112,073	
Total	481,713	481,928	463,786	18,142
Tax Administration				
Personnel expenses			641,399	
Operating expenses			171,961	
Total	850,056	852,366	813,360	39,006
Legal				
Personnel expenses			41,798	
Operating expenses			2,819	
Total	63,456	63,471	44,617	18,854
Register of Deeds				
Personnel expenses			236,871	
Operating expenses			43,149	
Capital outlay			1,943	
Total	293,112	293,287	281,963	11,324
Courts				
Operating expenses	4,400	4,400	4,028	372

General Fund

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
General Services				
Personnel expenses			768,481	
Operating expenses			1,274,042	
Capital outlay			23,105	
Total	2,238,741	2,445,187	2,065,628	379,559
Total general government	6,138,577	6,675,655	5,826,800	848,855
<u>Public Safety</u>				
Sheriff				
Personnel expenses			3,147,886	
Operating expenses			422,806	
Capital outlay			381,067	
Total	3,783,868	4,045,716	3,951,759	93,957
Jail				
Personnel expenses			1,657,470	
Operating expenses			808,773	
Total	2,715,022	2,720,173	2,466,243	253,930
Judicial				
Personnel expenses			373,984	
Operating expenses			4,470	
Total	383,091	390,923	378,454	12,469
JCPC Administration				
Operating expenses	8,449	8,449	8,864	(415)
Roots & Wings				
Operating expenses	23,000	31,900	31,900	-
4H YES				
Personnel expenses			126,683	
Operating expenses			7,089	
Total	115,307	132,766	133,772	(1,006)
Very Important Parents				
Personnel expenses			102,402	
Operating expenses			11,057	
	117,481	114,938	113,459	1,479

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
Emergency Management				
Personnel expenses			76,050	
Operating expenses			45,622	
Capital outlay			20,000	
Total	128,699	153,057	141,672	11,385
Fire and Rescue				
Personnel expenses			16,162	
Operating expenses			40,119	
VFD annual appropriation			921,866	
Capital outlay			1,256	
Total	1,049,913	1,045,645	979,403	66,242
Ambulance Service				
Personnel expenses			2,220,637	
Operating expenses			323,778	
Capital outlay			213,034	
Total	2,930,409	2,984,805	2,757,449	227,356
Code Enforcement				
Personnel expenses			337,018	
Operating expenses			17,160	
Total	377,071	381,211	354,178	27,033
Emergency Communications				
Personnel expenses			718,504	
Operating expenses			22,193	
Total	860,623	800,242	740,697	59,545
Medical Examiner	15,000	25,050	22,450	2,600
Animal Control				
Personnel expenses			277,871	
Operating expenses			63,543	
Capital outlay			36,015	
Total	376,710	392,314	377,429	14,885
Total public safety	12,884,643	13,227,189	12,457,729	769,460
<u>Transportation</u>				
Airport Operations				
Operating expenses			33,165	
Total	52,350	76,661	33,165	43,496
Public Transportation				
Personnel expenses			529,064	
Operating expenses			237,766	
Capital outlay			207,840	
Total	1,074,559	1,177,215	974,670	202,545
Total transportation	1,126,909	1,253,876	1,007,835	246,041

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
<u>Human Services</u>				
Public Health				
Personnel expenses			2,403,861	
Operating expenses			1,299,044	
Capital outlay			2,654	
Total	4,056,435	4,105,693	3,705,559	400,134
Environmental Health				
Personnel expenses			350,128	
Operating expenses			26,707	
Total	376,385	386,760	376,835	9,925
Mental Health				
Operating expenses	534,990	534,990	532,237	2,753
Social Services				
Personnel expenses			4,969,597	
Operating expenses			931,304	
Capital outlay			93,419	
Public assistance			3,157,210	
Total	10,064,905	10,292,285	9,151,530	1,140,755
Veterans Services				
Personnel expenses			13,834	
Operating expenses			1,033	
Total	15,755	15,755	14,867	888
Special Appropriations				
Council on Aging			400,991	
Drug Court			28,736	
Total	420,300	439,854	431,727	8,127
Total human services	15,468,770	15,775,337	14,212,755	1,562,582
<u>Education</u>				
Public Schools				
Current expense			9,359,614	
Capital outlay			1,221,825	
Terrell Fund			17,000	
Total	10,371,003	11,145,109	10,598,439	546,670
Community College				
Operating expenses			1,111,836	
Capital outlay			76,043	
Total	1,136,836	1,190,950	1,187,879	3,071
Total education	11,507,839	12,336,059	11,786,318	549,741

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
<u>Environmental Protection</u>				
Landfill Maintenance				
Operating expenses			13,325	
Total	22,000	24,200	13,325	10,875
Soil and Water Conservation				
Personnel expenses			102,814	
Operating expenses			10,689	
Total	111,212	125,911	113,503	12,408
Total environmental protection	133,212	150,111	126,828	23,283
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			119,385	
Operating expenses			262,478	
Total	359,935	399,943	381,863	18,080
Planning and Zoning				
Personnel expenses			188,262	
Operating expenses			8,436	
Capital outlay			4,162	
Total	188,030	202,986	200,860	2,126
GIS				
Personnel expenses			140,692	
Operating expenses			28,975	
Total	163,268	174,270	169,667	4,603
Cooperative Extension Service				
Operating expenses			204,445	
Total	207,129	215,302	204,445	10,857
Forestry Services				
Operating expenses	70,149	70,149	67,657	2,492
Total economic and physical development	988,511	1,062,650	1,024,492	38,158
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			383,279	
Operating expenses			127,326	
Total	514,798	525,978	510,605	15,373
Recreation, Arts and Parks				
Personnel expenses			748,019	
Operating expenses			413,770	
Capital outlay			58,900	
Total	1,157,015	1,250,989	1,220,689	30,300
Total cultural and recreational	1,671,813	1,776,967	1,731,294	45,673

**Person County, North Carolina
General Fund**

Exhibit B-1 (Cont.)

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

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
<u>Debt Service</u>				
Principal retirement	1,908,836	2,009,887	1,759,568	250,319
Interest and fees	521,410	540,030	359,319	180,711
Total debt service	2,430,246	2,549,917	2,118,887	431,030
<u>Contingency</u>	643,886	217,508	-	217,508
Total expenditures	52,994,406	55,025,269	50,292,938	4,732,331
Revenues over (under) expenditures	(754,274)	(1,897,916)	3,893,149	5,791,065
OTHER FINANCING SOURCES (USES)				
Transfers in				
Capital project funds	-	147,671	122,705	(24,966)
Transfers out				
Reappraisal fund	(75,000)	(75,000)	(75,000)	-
Special revenue funds	(1,511,414)	(1,531,480)	(1,531,480)	-
Capital project funds	(319,671)	(349,671)	(349,670)	1
Internal service funds	-	(25,089)	(25,089)	-
Sale of capital assets	5,000	61,048	65,548	4,500
Total other financing sources (uses)	(1,901,085)	(1,772,521)	(1,792,986)	(20,465)
Revenues and other financing sources over (under) expenditures and other financing uses	(2,655,359)	(3,670,437)	2,100,163	5,770,600
<u>Fund balance appropriated</u>	2,655,359	3,670,437	-	(3,670,437)
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	2,100,163	\$ 2,100,163
Fund balance, beginning of year			20,683,872	
Restatement			300,003	
Fund balance beginning of year, restated			20,983,875	
Fund balance end of year			\$ 23,084,038	

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, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ 4	\$ (4)
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)	(15,145)	75,754
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)	59,855	75,754
APPROPRIATED FUND BALANCE	15,899	15,899	-	(15,899)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	59,855	\$ 59,855
Fund balance beginning of year			264,570	
Fund balance end of year			\$ 324,425	

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

Exhibit B-3

From inception and for the fiscal year ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Investment earnings	\$ -	\$ -	58	\$ 58	\$ 58
Total revenues	-	-	58	58	58
EXPENDITURES					
County	753,152	-	618,145	618,145	135,007
Schools	1,009,132	-	419,009	419,009	590,123
Issuance Costs	70,000	-	54,575	54,575	15,425
Contingency	81,716	-	-	-	81,716
Total expenditures	1,914,000	-	1,091,729	1,091,729	822,271
Excess (deficiency) of revenues over expenditures	(1,914,000)	-	(1,091,671)	(1,091,671)	822,329
OTHER FINANCING SOURCES (USES):					
Transfers in					
General Fund	30,000	-	30,000	30,000	-
Installment purchase obligations issued	1,884,000	-	1,884,000	1,884,000	-
Total other financing sources	1,914,000	-	1,914,000	1,914,000	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ -	822,329	\$ 822,329	\$ 822,329
Fund balance beginning of year			-		
Fund balance end of year			\$ 822,329		

Nonmajor Governmental Funds

Special Revenue Funds

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

- ◆ **VFD & Rescue Capital Reserve Fund:** accounts for revenues determined to be available from the Revolving Loan Fund for volunteer fire departments and the rescue squad to assist in the purchase or repairs of equipment used in the performance of the departments fire-fighting and rescue duties.
- ◆ **Emergency Telephone System Fund:** accounts for revenues from a surcharge on County resident's phone services and the use of those revenues to establish and maintain electronic capacity to determine the location of an emergency when citizens telephone 911 which will allow emergency services to more quickly and accurately respond.
- ◆ **Revolving Loan Fund:** accounts for revenues received from the Multi-County Water Infrastructure Fund and the use of those revenues for loans to develop small business enterprises.
- ◆ **Economic Catalyst Fund:** revenues associated with private and state economic development grant funding and general fund support for the purpose of providing expansion incentives to local industries.
- ◆ **Water and Sewer Construction Reserve Fund:** accounts for revenues representing a portion of certain water service rates charged by the City of Roxboro to be held in reserve for future water and sewer extensions.
- ◆ **Mattie Maude Williams Library Development 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.
- ◆ **Public Safety Towers and Broadband Fund:** accounts for revenues and expenditures related to the construction of two communication towers and installation of broadband equipment, as well as the purchase of hand-held and vehicular radios for improved public safety communications.
- ◆ **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, 2016

Special Revenue Funds							
	VFD & Rescue Capital Reserve Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Mattie Maude Williams Library Development Trust Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 13,676	\$ 269,602	\$ 90,809	\$ 1,153,462	\$ 136,580	\$ 145,007	\$ 1,809,136
Restricted cash	-	-	-	-	-	-	-
Accounts receivable, net	-	44,897	-	-	143,853	-	188,750
Total assets	<u>\$ 13,676</u>	<u>\$ 314,499</u>	<u>\$ 90,809</u>	<u>\$ 1,153,462</u>	<u>\$ 280,433</u>	<u>\$ 145,007</u>	<u>\$ 1,997,886</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ 74,478	\$ -	\$ -	\$ -	\$ -	\$ 74,478
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>74,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,478</u>
Fund balances:							
Restricted:							
Stabilization by State Statute	-	49,121	-	-	143,853	-	192,974
Public safety	-	190,900	-	-	-	-	190,900
Culture and recreation	-	-	-	-	-	145,007	145,007
Capital projects	-	-	-	-	-	-	-
Committed:							
Economic development	-	-	90,809	1,153,462	-	-	1,244,271
Environmental protection	-	-	-	-	136,580	-	136,580
Public safety	13,676	-	-	-	-	-	13,676
Capital projects	-	-	-	-	-	-	-
Total fund balances	<u>13,676</u>	<u>240,021</u>	<u>90,809</u>	<u>1,153,462</u>	<u>280,433</u>	<u>145,007</u>	<u>1,923,408</u>
Total liabilities and fund balances	<u>\$ 13,676</u>	<u>\$ 314,499</u>	<u>\$ 90,809</u>	<u>\$ 1,153,462</u>	<u>\$ 280,433</u>	<u>\$ 145,007</u>	<u>\$ 1,997,886</u>

Capital Project Funds

Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Public Safety Towers and Broadband Fund	Reroofing Schools Fund	Recreation & Senior Center Project Fund	Old Helena School Improvement Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 745,930	\$ 236,138	\$ 6,241	\$ -	\$ -	\$ 243,234	\$ -	\$ 1,231,543	\$ 3,040,679
-	-	546,901	-	-	-	-	546,901	546,901
26,730	-	-	-	-	-	-	26,730	215,480
<u>\$ 772,660</u>	<u>\$ 236,138</u>	<u>\$ 553,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,234</u>	<u>\$ -</u>	<u>\$ 1,805,174</u>	<u>\$ 3,803,060</u>
\$ -	\$ 23,798	\$ -	\$ -	\$ -	\$ 42,441	\$ -	\$ 66,239	\$ 140,717
-	-	-	-	-	20,000	-	20,000	20,000
-	23,798	-	-	-	62,441	-	86,239	160,717
26,730	-	-	-	-	-	-	26,730	219,704
-	-	-	-	-	-	-	-	190,900
-	-	-	-	-	-	-	-	145,007
745,930	-	553,142	-	-	-	-	1,299,072	1,299,072
-	-	-	-	-	-	-	-	1,244,271
-	-	-	-	-	-	-	-	136,580
-	-	-	-	-	-	-	-	13,676
-	212,340	-	-	-	180,793	-	393,133	393,133
772,660	212,340	553,142	-	-	180,793	-	1,718,935	3,642,343
<u>\$ 772,660</u>	<u>\$ 236,138</u>	<u>\$ 553,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,234</u>	<u>\$ -</u>	<u>\$ 1,805,174</u>	<u>\$ 3,803,060</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, 2016

	Special Revenue Funds						
	VFD & Rescue Capital Reserve Fund	Emergency Telephone System Fund	Revolving Loan Fund	Economic Catalyst Fund	Water and Sewer Construction Reserve Fund	Mattie Maude Williams Library Development Trust Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Restricted intergovernmental	\$ -	\$ 538,768	\$ -	\$ 133,750	\$ 143,853	\$ -	\$ 816,371
Investment earnings	-	341	171	1,718	254	271	2,755
Total revenues	<u>-</u>	<u>539,109</u>	<u>171</u>	<u>135,468</u>	<u>144,107</u>	<u>271</u>	<u>819,126</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	7,058	7,058
Public safety	76,949	1,299,359	-	-	-	-	1,376,308
Economic and physical development	-	-	-	233,750	-	-	233,750
Education	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	220,080	-	-	-	-	220,080
Interest and other charges	-	49,266	-	-	-	-	49,266
Total expenditures	<u>76,949</u>	<u>1,568,705</u>	<u>-</u>	<u>233,750</u>	<u>-</u>	<u>7,058</u>	<u>1,886,462</u>
Excess (deficiency) of revenues over expenditures	<u>(76,949)</u>	<u>(1,029,596)</u>	<u>171</u>	<u>(98,282)</u>	<u>144,107</u>	<u>(6,787)</u>	<u>(1,067,336)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	90,625	-	-	800,000	-	-	890,625
Transfers to other funds	-	-	(90,625)	-	-	-	(90,625)
Sale of capital assets	-	-	-	-	-	90,583	90,583
Capital lease obligations issued	-	1,099,125	-	-	-	-	1,099,125
Total other financing sources and uses	<u>90,625</u>	<u>1,099,125</u>	<u>(90,625)</u>	<u>800,000</u>	<u>-</u>	<u>90,583</u>	<u>1,989,708</u>
Net change in funds balances	13,676	69,529	(90,454)	701,718	144,107	83,796	922,372
Fund balances - beginning	<u>-</u>	<u>170,492</u>	<u>181,263</u>	<u>451,744</u>	<u>136,326</u>	<u>61,211</u>	<u>1,001,036</u>
Fund balances - ending	<u>\$ 13,676</u>	<u>\$ 240,021</u>	<u>\$ 90,809</u>	<u>\$ 1,153,462</u>	<u>\$ 280,433</u>	<u>\$ 145,007</u>	<u>\$ 1,923,408</u>

Capital Project Funds								
Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Public Safety Towers and Broadband Fund	Reroofing Schools Fund	Recreation & Senior Center Project Fund	Old Helena School Improvement Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 65,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,488	\$ 881,859
1,240	866	50	-	7	515	-	2,678	5,433
66,728	866	50	-	7	515	-	68,166	887,292
-	-	-	-	-	-	-	-	7,058
-	-	-	-	-	-	-	-	1,376,308
-	-	-	-	-	-	-	-	233,750
-	-	-	-	299,572	-	-	299,572	299,572
72,765	542,866	335,420	-	-	126,944	-	1,077,995	1,077,995
-	-	-	-	-	-	-	-	220,080
-	-	-	-	-	-	-	-	49,266
72,765	542,866	335,420	-	299,572	126,944	-	1,377,567	3,264,029
(6,037)	(542,000)	(335,370)	-	(299,565)	(126,429)	-	(1,309,401)	(2,376,737)
300,000	95,224	-	-	-	-	-	395,224	1,285,849
-	(119,671)	-	-	(75,554)	-	(3,034)	(198,259)	(288,884)
-	-	-	-	-	-	-	-	90,583
-	-	-	-	-	-	-	-	1,099,125
300,000	(24,447)	-	-	(75,554)	-	(3,034)	196,965	2,186,673
293,963	(566,447)	(335,370)	-	(375,119)	(126,429)	(3,034)	(1,112,436)	(190,064)
478,697	778,787	888,512	-	375,119	307,222	3,034	2,831,371	3,832,407
\$ 772,660	\$ 212,340	\$ 553,142	\$ -	\$ -	\$ 180,793	\$ -	\$ 1,718,935	\$ 3,642,343

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

Exhibit C-3

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
VFD & Rescue Squad capital payments	90,625	90,625	76,949	13,676
Total expenditures	90,625	90,625	76,949	13,676
Excess (deficiency) of revenues over expenditures	(90,625)	(90,625)	(76,949)	13,676
OTHER FINANCING SOURCES				
Transfers in				
Revolving Loan Fund	90,625	90,625	90,625	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	13,676	\$ 13,676
Fund balance beginning of year			-	
Fund balance end of year			\$ 13,676	

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

Exhibit C-4

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ 538,768	\$ 538,768	\$ 538,768	\$ -
Investment earnings	-	-	341	341
Total revenues	538,768	538,768	539,109	341
EXPENDITURES				
Implemental functions	1,000	9,100	11,278	(2,178)
Telephone	382,000	155,057	82,186	72,871
Software maintenance	21,000	27,748	24,121	3,627
Hardware maintenance	114,768	83,650	42,909	40,741
Training	20,000	20,000	10,055	9,945
Capital outlay	-	673,903	1,128,810	(454,907)
Debt Service				
Principal retirement	-	177,676	220,080	(42,404)
Interest and fees	-	49,267	49,266	1
Total debt service	-	226,943	269,346	(42,403)
Total expenditures	538,768	1,196,401	1,568,705	(372,304)
Excess (deficiency) of revenues over expenditures	-	(657,633)	(1,029,596)	(371,963)
OTHER FINANCING SOURCES				
Capital lease obligations issued	-	639,685	1,099,125	459,440
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(17,948)	69,529	87,477
APPROPRIATED FUND BALANCE	-	17,948	-	(17,948)
Excess (deficiency) of revenues and other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	69,529	\$ 69,529
Fund balance beginning of year			170,492	
Fund balance end of year			\$ 240,021	

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

Exhibit C-5

For the fiscal year ended June 30, 2016

	2016		VARIANCE Positive (Negative)
	Original and Final Budget	Actual	
REVENUES			
Investment earnings	\$ -	\$ 171	\$ 171
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	171	171
OTHER FINANCING SOURCES (USES)			
Transfers out			
General Fund	(90,625)	(90,625)	-
Total Other Financing Sources	(90,625)	(90,625)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(90,625)	(90,454)	171
APPROPRIATED FUND BALANCE	90,625	-	(90,625)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	(90,454)	\$ (90,454)
Fund balance beginning of year		181,263	
Fund balance end of year		\$ 90,809	

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

Exhibit C-6

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ -	\$ 133,750	\$ 133,750	\$ -
Investment earnings	-	-	1,718	1,718
Total revenues	-	133,750	135,468	1,718
EXPENDITURES	800,000	933,750	233,750	700,000
Excess (deficiency) of revenues over expenditures	(800,000)	(800,000)	(98,282)	701,718
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	800,000	800,000	800,000	-
Total Other Financing Sources	800,000	800,000	800,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	701,718	\$ 701,718
Fund balance beginning of year			451,744	
Fund balance end of year			\$ 1,153,462	

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

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

Exhibit C-7

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 143,853	\$ 113,853
Investment earnings	-	-	254	254
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>144,107</u>	<u>114,107</u>
EXPENDITURES				
Water and sewer construction	<u>30,000</u>	<u>30,000</u>	-	<u>30,000</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	144,107	<u>\$ 144,107</u>
Fund balance beginning of year			<u>136,326</u>	
Fund balance end of year			<u>\$ 280,433</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, 2016

	<u>Actual</u>
REVENUES	
Investment earnings	\$ 271
Other revenues	<u>-</u>
Total revenues	<u>271</u>
EXPENDITURES	
Public buildings and grounds	
Operating	<u>7,058</u>
Excess (deficiency) of revenues over expenditures	(6,787)
OTHER FINANCING SOURCES (USES)	
Sale of capital assets	<u>90,583</u>
Total Other Financing Sources	<u>90,583</u>
Excess (deficiency) of revenues and other financing sources over expenditures	83,796
Fund balance beginning of year	<u>61,211</u>
Fund balance end of year	<u>\$ 145,007</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, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 1,490,146	\$ 459,871	\$ 65,488	\$ 525,359	\$ (964,787)
Other revenues	165,359	129,790	-	129,790	(35,569)
Investment earnings	-	3	1,240	1,243	1,243
Total revenues	<u>1,655,505</u>	<u>589,664</u>	<u>66,728</u>	<u>656,392</u>	<u>(999,113)</u>
EXPENDITURES					
Construction	<u>1,655,505</u>	<u>510,967</u>	<u>72,765</u>	<u>583,732</u>	<u>1,071,773</u>
Excess (deficiency) of revenues over expenditures	-	78,697	(6,037)	72,660	72,660
OTHER FINANCING SOURCES					
Operating transfers-in					
General fund	-	400,000	300,000	700,000	700,000
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 478,697</u>	293,963	<u>\$ 772,660</u>	<u>\$ 772,660</u>
Fund balance beginning of year			<u>478,697</u>		
Fund balance end of year			<u>\$ 772,660</u>		

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

Exhibit C-10

From inception and for the fiscal year ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Other revenues	\$ -	\$ 176,266	\$ -	\$ 176,266	\$ 176,266
Investment earnings	3,900	3,886	866	4,752	852
Total revenues	3,900	180,152	866	181,018	177,118
EXPENDITURES					
County	744,349	144,444	320,036	464,480	279,869
Schools	250,000	21,817	206,870	228,687	21,313
PCC	50,000	-	15,960	15,960	34,040
Total expenditures	1,044,349	166,261	542,866	709,127	335,222
Excess (deficiency) of revenues over expenditures	(1,040,449)	13,891	(542,000)	(528,109)	512,340
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	784,566	764,896	19,670	784,566	-
Reroofing Schools Fund	75,554	-	75,554	75,554	-
Transfers out					
General Fund	(119,671)	-	(119,671)	(119,671)	-
Total Other Financing Sources	740,449	764,896	(24,447)	740,449	-
Excess (deficiency) of revenues and other financing sources over expenditures	(300,000)	778,787	(566,447)	212,340	512,340
Fund balance appropriated	300,000	-	-	-	(300,000)
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ 778,787	(566,447)	\$ 212,340	\$ 212,340
Fund balance beginning of year			778,787		
Fund balance end of year			\$ 212,340		

**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, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Investment earnings	\$ -	\$ 110	\$ 50	\$ 160	\$ 160
Total revenues	<u>-</u>	<u>110</u>	<u>50</u>	<u>160</u>	<u>160</u>
EXPENDITURES					
Professional services - architect and engineering	114,760	87,413	12,382	99,795	14,965
Building purchase	852,204	852,204	-	852,204	-
Construction	1,325,401	493,894	323,038	816,932	508,469
Issuance cost	60,000	60,650	-	60,650	(650)
Contingency	30,000	-	-	-	30,000
Other	9,110	8,912	-	8,912	198
Total expenditures	<u>2,391,475</u>	<u>1,503,073</u>	<u>335,420</u>	<u>1,838,493</u>	<u>552,982</u>
Excess (deficiency) of revenues over expenditures	(2,391,475)	(1,502,963)	(335,370)	(1,838,333)	553,142
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	<u>2,391,475</u>	<u>2,391,475</u>	<u>-</u>	<u>2,391,475</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 888,512</u>	<u>(335,370)</u>	<u>\$ 553,142</u>	<u>\$ 553,142</u>
Fund balance beginning of year			888,512		
Fund balance end of year			<u>\$ 553,142</u>		

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

Exhibit C-12

From inception and for the fiscal year ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Tower construction	1,164,000	-	-	-	1,164,000
VIPER radio units	920,600	-	-	-	920,600
VHF equipment	1,500,000	-	-	-	1,500,000
Planning and consulting	179,000	-	-	-	179,000
Broadband consulting and grant program	150,000	-	-	-	150,000
Issurance costs	60,000	-	-	-	60,000
Contingency funds	100,000	-	-	-	100,000
Total expenditures	<u>4,073,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,073,600</u>
Excess (deficiency) of revenues over expenditures	(4,073,600)	-	-	-	4,073,600
OTHER FINANCING SOURCES (USES)					
Transfers in					
CIP Projects Fund	100,000	-	-	-	(100,000)
Installment purchase obligations issued	<u>3,973,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,973,600)</u>
Total Other Financing Sources	<u>4,073,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,073,600)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance beginning of year			-		
Fund balance end of year			<u>\$ -</u>		

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

Exhibit C-13

From inception and for the fiscal year ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Investment earnings	\$ 2,080	\$ 2,073	\$ 7	\$ 2,080	\$ -
Total revenues	<u>2,080</u>	<u>2,073</u>	<u>7</u>	<u>2,080</u>	<u>-</u>
EXPENDITURES					
Professional services - architect and engineering	299,342	275,823	6,718	282,541	16,801
Re-Roofing:					
Person High School	1,427,919	1,262,750	221,158	1,483,908	(55,989)
Southern Middle School	1,357,357	1,250,567	71,696	1,322,263	35,094
Issuance Costs	<u>50,000</u>	<u>45,906</u>	<u>-</u>	<u>45,906</u>	<u>4,094</u>
Total expenditures	<u>3,134,618</u>	<u>2,835,046</u>	<u>299,572</u>	<u>3,134,618</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,132,538)	(2,832,973)	(299,565)	(3,132,538)	-
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	-
Transfers out					
Capital Improvements Projects Fund	<u>(75,554)</u>	<u>-</u>	<u>(75,554)</u>	<u>(75,554)</u>	<u>-</u>
Total other financing sources	<u>3,132,538</u>	<u>3,208,092</u>	<u>(75,554)</u>	<u>3,132,538</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 375,119</u>	<u>(375,119)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance beginning of year			<u>375,119</u>		
Fund balance end of year			<u>\$ -</u>		

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

Exhibit C-14

From inception and for the fiscal year ended June 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
REVENUES					
Investment earnings	\$ -	\$ 244	\$ 515	\$ 759	\$ 759
Total revenues	<u>-</u>	<u>244</u>	<u>515</u>	<u>759</u>	<u>759</u>
EXPENDITURES					
Professional services - architect and engineering	538,150	196,872	126,691	323,563	214,587
Advertising	-	-	206	206	(206)
Construction	3,910,000	-	-	-	3,910,000
Issuance Costs	60,000	-	47	47	59,953
Contingency	442,550	-	-	-	442,550
Total expenditures	<u>4,950,700</u>	<u>196,872</u>	<u>126,944</u>	<u>323,816</u>	<u>4,626,884</u>
Excess (deficiency) of revenues over expenditures	(4,950,700)	(196,628)	(126,429)	(323,057)	4,627,643
OTHER FINANCING SOURCES (USES):					
Transfers in					
General Fund	476,850	476,850	-	476,850	-
CIP Projects Fund	27,000	27,000	-	27,000	-
Installment purchase obligations issued	4,446,850	-	-	-	(4,446,850)
Total other financing sources	<u>4,950,700</u>	<u>503,850</u>	<u>-</u>	<u>503,850</u>	<u>(4,446,850)</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 307,222</u>	<u>(126,429)</u>	<u>\$ 180,793</u>	<u>\$ 180,793</u>
Fund balance beginning of year			<u>307,222</u>		
Fund balance end of year			<u>\$ 180,793</u>		

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

Exhibit C-15

From inception and for the fiscal year ended June 30, 2016

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

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, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Charge for services	\$ 239,215	\$ 239,215	\$ 268,135	\$ 28,920
EXPENDITURES				
Environmental Protection				
Operating expenses	239,215	239,215	175,115	64,100
Total expenditures	239,215	239,215	175,115	64,100
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	93,020	\$ 93,020
Fund balance beginning of year			144,184	
Fund balance end of year			\$ 237,204	

Internal Service Fund

Internal Service Fund

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

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

Insurance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP)

For the fiscal year ended June 30, 2016

	2016			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Contributions from employees	\$ -	\$ 2,771,900	\$ 2,922,762	\$ 150,862
Insurance settlements	-	-	324,240	324,240
Investment earnings	-	1,000	411	(589)
Miscellaneous	-	140,000	42,262	(97,738)
Total revenues	<u>-</u>	<u>2,912,900</u>	<u>3,289,675</u>	<u>376,775</u>
EXPENDITURES				
Health insurance administration	-	565,000	541,413	23,587
Claims	-	2,347,900	2,582,497	(234,597)
Self-funded health insurance reserve	-	25,089	-	25,089
Total expenditures	<u>-</u>	<u>2,937,989</u>	<u>3,123,910</u>	<u>(185,921)</u>
Excess (deficiency) of revenues over expenditures	-	(25,089)	165,765	190,854
OTHER FINANCING SOURCES				
Transfers in General Fund	<u>-</u>	<u>25,089</u>	<u>25,089</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>25,089</u>	<u>25,089</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other sources	<u>\$ -</u>	<u>\$ -</u>	190,854	<u>\$ 190,854</u>
Fund balance beginning of year			-	
Fund balance end of year			<u>\$ 190,854</u>	

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

AGENCY FUNDS:

- ◆ **Social Services Trust Fund:** accounts for receipts and disbursements made by the County on behalf of individuals for whom the County serves as or is, in fact, their legal guardian or custodian.
- ◆ **Sheriff's Executions and Commissions Fund:** accounts for collections by the Sheriff of small claims remitted to the Clerk of Court and collection of commissions remitted to the County Finance Director.
- ◆ **City of Roxboro Property and Vehicle Tax Fund:** accounts for registered motor vehicle property taxes that are billed and collected by the County for the City of Roxboro. This fund also includes the 3% additional first month's interest charged on delinquent motor vehicle tax bills remitted to the State Treasurer.
- ◆ **Inmate Fund:** accounts for cash held for inmates who are serving time in the Person County Detention Center.
- ◆ **Person County Tourism Development Authority Fund:** accounts for the revenues and expenditures of occupancy tax received from the County.
- ◆ **Fines and Forfeitures:** 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 F-1

For the fiscal year ended June 30, 2016

	<u>Balance 6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/16</u>
<u>Social Services Trust</u>				
Assets				
Cash and cash equivalents	\$ 56,994	\$ 613,449	\$ 589,391	\$ 81,052
Liabilities				
Due to individuals	\$ 56,994	\$ 613,449	\$ 589,391	\$ 81,052
<u>Sheriff's Executions and Commissions</u>				
Assets				
Cash and cash equivalents	\$ 20,756	\$ 28,799	\$ 27,581	\$ 21,974
Liabilities				
Accounts payable and accrued liabilities	\$ 20,756	\$ 28,799	\$ 27,581	\$ 21,974
<u>City of Roxboro Property Tax and Vehicle Tax Interest</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 5,052,268	\$ 5,033,829	\$ 18,439
Taxes receivable	195,384	4,916,690	4,917,803	194,271
Total assets	<u>\$ 195,384</u>	<u>\$ 9,968,958</u>	<u>\$ 9,951,632</u>	<u>\$ 212,710</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 91,931	\$ 73,471	\$ 18,460
Due to other government - City of Roxboro	-	5,052,451	5,052,429	22
Due to other governments - State of North Carolina	-	18	18	-
Reserve for taxes receivable	195,384	4,728,104	4,729,260	194,228
Total liabilities	<u>\$ 195,384</u>	<u>\$ 9,872,504</u>	<u>\$ 9,855,178</u>	<u>\$ 212,710</u>
<u>Inmate</u>				
Assets				
Cash and cash equivalents	\$ 15,864	\$ 157,354	\$ 158,503	\$ 14,715
Liabilities				
Accounts payable and accrued liabilities	\$ 12,056	\$ 110,077	\$ 111,273	\$ 10,860
Due to inmates	3,808	157,199	157,152	3,855
Total liabilities	<u>\$ 15,864</u>	<u>\$ 267,276</u>	<u>\$ 268,425</u>	<u>\$ 14,715</u>
<u>Person County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ (2,435)	\$ 244,529	\$ 253,929	\$ (11,835)
Liabilities				
Accounts payable and accrued liabilities	\$ (2,435)	\$ 244,529	\$ 253,929	\$ (11,835)
<u>Deeds of Trust Fee Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 42,320	\$ 42,320	\$ -
Liabilities				
Due to other governments - State of North Carolina	\$ -	\$ 42,320	\$ 42,320	\$ -
<u>Fines and Forfeitures and 4H</u>				
Assets				
Cash and cash equivalents	\$ 39,761	\$ 31,113	\$ 35,899	\$ 34,975
Liabilities				
Accounts payable and accrued liabilities	\$ 1,763	\$ 30,739	\$ 31,847	\$ 655
Due to other governments - Person County Board of Education	-	89,162	89,162	-
Due to 4H	37,998	30,273	33,951	34,320
Total liabilities	<u>\$ 39,761</u>	<u>\$ 150,174</u>	<u>\$ 154,960</u>	<u>\$ 34,975</u>
<u>Total-All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 130,940	\$ 6,169,832	\$ 6,141,452	\$ 159,320
Taxes receivable	195,384	4,916,690	4,917,803	194,271
Total assets	<u>\$ 326,324</u>	<u>\$ 11,086,522</u>	<u>\$ 11,059,255</u>	<u>\$ 353,591</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 32,140	\$ 506,075	\$ 498,101	\$ 40,114
Due to individuals	56,994	613,449	589,391	81,052
Due to inmates	3,808	157,199	157,152	3,855
Due to other governments	-	5,183,951	5,183,929	22
Due to 4H	37,998	30,273	33,951	34,320
Reserve for taxes receivable	195,384	4,728,104	4,729,260	194,228
Total liabilities	<u>\$ 326,324</u>	<u>\$ 11,219,051</u>	<u>\$ 11,191,784</u>	<u>\$ 353,591</u>

Other Schedules

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

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

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

Exhibit G-1

For the fiscal year ended June 30, 2016

Fiscal Year	Tax Year	Uncollected Balance June 30, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	2015	\$ -	\$ 31,120,890	\$ 30,773,920	\$ 346,970
2014-2015	2014	394,981	-	212,479	182,502
2013-2014	2013	205,110	-	77,656	127,454
2012-2013	2012	109,502	-	32,121	77,381
2011-2012	2011	74,377	-	14,945	59,432
2010-2011	2010	54,145	-	10,418	43,727
2009-2010	2009	36,496	-	6,435	30,061
2008-2009	2008	29,440	-	2,216	27,224
2007-2008	2007	24,594	-	1,404	23,190
2006-2007	2006	17,556	-	1,702	15,854
2005-2006	2005	14,236	-	14,236	-
Total		\$ 960,437	\$ 31,120,890	\$ 31,147,532	933,795
					Less: allowance for uncollectible accounts
					<u>(140,000)</u>
					Ad valorem taxes receivable, net:
					<u>\$ 793,795</u>
Reconcilement with Revenues:					
Taxes - Ad Valorem - General Fund					
Current year					
\$ 30,691,158					
Prior years					
366,220					
Penalties and interest					
184,266					
Advertising					
34,663					
<u>Total Ad Valorem Taxes</u>					
31,276,307					
Refunds					
40,116					
Adjustments to prior years taxes					
37,382					
Amounts written off for tax year 2006 per statute of limitations					
<u>12,656</u>					
Subtotal					
31,366,461					
Less interest collected					
184,266					
Less advertising fees					
<u>34,663</u>					
<u>Total collections and credits</u>					
<u>\$ 31,147,532</u>					

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

Exhibit G-2

For the fiscal year ended June 30, 2016

	<u>Property Valuation</u>	<u>Rate per \$100 Valuation</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 4,422,953,286	\$ 0.70	\$ 30,960,673	\$ 28,597,872	\$ 2,362,801
Registered Motor Vehicles Taxed at Prior Year's Rate	-	0.70	-	-	-
Late Listing Penalties	-		32,006	32,006	-
Total	<u>4,422,953,286</u>		<u>30,992,679</u>	<u>28,629,878</u>	<u>2,362,801</u>
Discoveries and Corrections					
Current Years' Taxes	17,974,000	0.70	125,818	125,818	-
Penalties	-		2,393	2,393	-
	<u>17,974,000</u>		<u>128,211</u>	<u>128,211</u>	<u>-</u>
Releases	<u>(5,221,639)</u>	0.70	<u>(35,961)</u>	<u>(35,961)</u>	<u>-</u>
Total for Year	<u>\$ 4,435,705,647</u>		<u>31,084,929</u>	<u>28,722,128</u>	<u>2,362,801</u>
Less Uncollected tax at June 30, 2016			<u>346,970</u>	<u>343,064</u>	<u>3,906</u>
Current year's taxes collected			<u>\$ 30,737,959</u>	<u>\$ 28,379,064</u>	<u>\$ 2,358,895</u>
Percent current year collected			<u>98.88%</u>	<u>98.81%</u>	<u>99.83%</u>

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends <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>	123
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	132
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	140
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	145
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	148

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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 20,630,021	\$ 22,660,368	\$ 20,440,012	\$ 20,020,058
Restricted	1,646,941	1,751,274	1,141,656	4,018,047
Unrestricted	(1,787,018)	(2,040,755)	2,835,383	4,203,584
Total governmental activities net position	<u>20,489,944</u>	<u>22,370,887</u>	<u>24,417,051</u>	<u>28,241,689</u>
Business-type activities				
Net investment in capital assets	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government				
Net investment in capital assets	20,630,021	22,660,368	20,440,012	20,020,058
Restricted	1,646,941	1,751,274	1,141,656	4,018,047
Unrestricted	(1,787,018)	(2,040,755)	2,835,383	4,203,584
Total primary governmental net position	<u>\$ 20,489,944</u>	<u>\$ 22,370,887</u>	<u>\$ 24,417,051</u>	<u>\$ 28,241,689</u>

	2011	2012	2013	2014	2015	2016
\$	18,741,532	\$ 21,155,561	\$ 21,364,462	\$ 23,065,359	\$ 31,664,023	\$ 38,358,826
	8,563,948	8,219,339	8,869,798	7,729,273	7,043,470	8,700,798
	2,322,140	4,191,640	3,657,279	4,533,912	9,074,436	10,855,661
	<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>	<u>57,915,285</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	71,668	144,184	237,204
	-	-	-	<u>71,668</u>	<u>144,184</u>	<u>237,204</u>
	18,741,532	21,155,561	21,364,462	23,065,359	31,664,023	38,358,826
	8,563,948	8,219,339	8,869,798	7,729,273	7,043,470	8,700,798
	2,322,140	4,191,640	3,657,279	4,605,580	9,218,620	11,092,865
\$	<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>	<u>58,152,489</u>

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

(Page 1 of 2)

	2007	2008	2009	2010
Expenses				
Governmental activities				
General government	\$ 5,053,425	\$ 5,455,795	\$ 5,527,742	\$ 5,014,727
Public safety	10,381,525	11,429,612	11,408,762	11,381,743
Transportation	1,461,462	1,523,716	1,493,230	1,494,361
Economic and physical development	1,274,045	2,194,637	1,203,255	898,345
Environmental protection	276,301	252,509	257,916	832,951
Human services	17,488,722	18,185,434	17,140,056	15,891,412
Cultural and recreation	1,806,946	1,839,584	1,864,439	1,781,842
Education	12,763,768	12,007,976	11,856,706	10,705,681
Capital Outlay	-	-	-	-
Interest on long term debt	992,502	978,763	818,027	712,074
Total governmental activities expenses	<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>\$ 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	\$ 555,495	\$ 624,024	\$ 443,859	\$ 420,971
Public safety	1,837,685	1,730,352	1,960,320	1,889,029
Transportation	426,620	304,304	337,548	268,113
Economic and physical development	3,836	35,526	34,162	43,545
Environmental protection	387,053	466,284	485,492	868,952
Human services	4,235,793	4,203,932	4,333,232	4,006,896
Cultural and recreation	308,000	257,603	252,807	276,533
Operating grants and contributions:				
General government	-	4,924	7,221	-
Public safety	620,938	861,665	903,557	966,832
Transportation	377,301	238,063	199,578	236,930
Economic and physical development	96,015	391,306	71,740	39,410
Environmental protection	90,024	84,352	96,243	106,835
Human services	6,457,371	6,805,017	7,381,474	6,973,325
Cultural and recreation	213,380	195,638	156,740	162,052
Education	442,397	1,262,155	973,488	493,209
Capital grants and contributions:				
General Government	-	-	-	-
Transportation	579,700	1,258,869	416,741	417,819
Economic and physical development	97,500	-	-	25,500
Environmental Protection	-	-	-	668,046
Cultural and recreation	7,400	6,050	22,004	317,496
Education	-	-	-	-
Total governmental activities program revenues	<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>\$ 16,736,508</u>	<u>\$ 18,730,064</u>	<u>\$ 18,076,206</u>	<u>\$ 18,181,493</u>
Net (Expense)/Revenue				
Governmental activities	\$ (34,762,188)	\$ (35,137,962)	\$ (33,493,927)	\$ (30,531,643)
Business-type activities	-	-	-	-
Total primary government net expenses	<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	\$ 24,706,367	\$ 27,156,746	\$ 27,197,864	\$ 27,606,040
Local option sales tax	8,186,701	8,396,768	7,329,525	5,758,729
Other taxes and licenses	634,580	452,875	267,885	260,617
Unrestricted intergovernmental	-	-	-	-
Investment earnings	859,397	705,759	258,570	49,125
Miscellaneous, unrestricted	-	-	-	-
Loss on disposal of capital asset	-	-	-	-
Contributed capital	-	-	-	-
Other miscellaneous	608,601	306,757	486,247	681,770
Total primary government general revenues, special items and transfers	<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	\$ 233,458	\$ 1,880,943	\$ 2,046,164	\$ 3,824,638
Business-type activities	-	-	-	-
Total primary government	<u>\$ 233,458</u>	<u>\$ 1,880,943</u>	<u>\$ 2,046,164</u>	<u>\$ 3,824,638</u>

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 4,828,349	\$ 4,655,404	\$ 5,806,008	\$ 6,055,901	\$ 6,688,836	\$ 6,377,104	
11,468,186	11,437,656	11,961,190	12,476,577	12,475,439	12,818,151	
1,454,342	1,435,983	1,415,053	1,286,978	1,277,326	1,333,946	
1,470,929	1,753,033	2,103,294	1,404,663	1,433,353	1,246,837	
1,228,807	891,073	1,088,616	649,147	2,510,486	2,469,444	
15,440,313	15,746,664	16,333,971	16,563,554	14,335,792	14,535,066	
1,511,796	1,466,125	1,587,995	1,592,550	1,615,447	1,800,505	
11,460,882	10,269,913	13,043,761	12,096,514	11,626,709	12,987,242	
-	1,014,882	385,929	1,560,160	460,869	212,752	
703,782	669,146	534,264	530,279	242,746	436,753	
<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>	<u>54,217,800</u>	
-	-	-	199,674	196,024	175,115	
<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>	<u>\$ 54,392,915</u>	
\$ 383,400	\$ 388,611	\$ 350,744	\$ 396,260	\$ 415,643	\$ 394,378	
1,937,117	2,047,710	1,717,878	1,842,884	1,987,725	1,968,436	
245,332	240,965	322,797	294,459	419,617	449,196	
99,364	90,001	6,956	11,433	14,731	16,063	
731,989	932,314	796,321	822,423	761,116	754,409	
3,916,676	4,027,375	4,023,486	2,728,473	2,522,871	3,139,853	
322,708	341,512	358,138	345,570	323,353	368,606	
52,398	65,114	14,492	2	-	3,276	
905,318	1,055,904	1,024,467	1,208,057	1,323,629	1,277,367	
235,717	225,765	310,036	362,452	271,196	506,589	
361,743	499,604	1,148,118	392,042	166,357	277,603	
119,917	118,497	113,343	114,204	118,251	125,363	
7,033,549	7,100,930	6,926,407	8,392,466	8,560,360	8,031,774	
156,210	120,282	117,926	100,281	514,960	141,363	
189,873	17,862	1,534,817	-	-	-	
6,571	140,641	6,227	19	-	-	
111,955	157,454	454,726	231,347	188,211	65,488	
37,000	1,500	2,638	171,039	110,925	-	
566,260	54,587	55,737	4,510	-	6,000	
5,000	4,000	20,500	12,269	15,877	14,513	
-	-	-	72,465	229,808	198,948	
<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>	<u>17,739,225</u>	
-	-	-	271,342	268,540	268,135	
<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>	<u>\$ 18,007,360</u>	
\$ (32,149,289)	\$ (31,709,251)	\$ (34,954,327)	\$ (36,713,668)	\$ (34,722,373)	\$ (36,478,575)	
-	-	-	71,668	72,516	93,020	
<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>	<u>\$ (36,385,555)</u>	
\$ 27,291,587	\$ 27,393,771	\$ 28,772,219	\$ 30,883,915	\$ 31,358,952	\$ 31,272,619	
5,542,646	6,045,749	6,092,052	6,430,850	6,732,660	7,058,217	
237,858	305,012	493,228	462,739	563,360	698,818	
-	-	-	-	208,437	-	
24,950	14,619	13,715	508	(32,398)	52,812	
-	-	-	-	15,325	163,861	
-	-	-	-	10,363,160	6,392,856	
<u>438,179</u>	<u>1,889,020</u>	<u>(498,552)</u>	<u>372,661</u>	<u>88,262</u>	<u>519,861</u>	
<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>	<u>\$ 46,159,044</u>	
\$ 1,385,931	\$ 3,938,920	\$ (81,665)	\$ 1,437,005	\$ 14,575,385	\$ 9,680,469	
-	-	-	71,668	72,516	93,020	
<u>\$ 1,385,931</u>	<u>\$ 3,938,920</u>	<u>\$ (81,665)</u>	<u>\$ 1,508,673</u>	<u>\$ 14,647,901</u>	<u>\$ 9,773,489</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
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
2016	31,272,619	7,058,217	698,818	39,029,654

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

(Page 1 of 2)

	2007	2008	2009	2010
General Fund				
Reserved	\$ 7,337,788	\$ 6,607,330	\$ 4,686,298	\$ 5,237,082
Unreserved	10,886,128	12,627,805	15,717,000	13,582,453
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ <u>18,223,916</u>	\$ <u>19,235,135</u>	\$ <u>20,403,298</u>	\$ <u>18,819,535</u>
All Other Governmental Funds				
Reserved	\$ 585,116	\$ 519,364	\$ 402,338	\$ 408,959
Unreserved	(317,512)	1,959,496	615,897	4,269,403
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ <u>267,604</u>	\$ <u>2,478,860</u>	\$ <u>1,018,235</u>	\$ <u>4,678,362</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.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	99,956	305,868	101,957	183,550
3,409,571	4,134,503	5,227,556	6,226,227	4,696,872	5,508,761
63,057	88,995	143,466	204,718	264,569	645,154
2,403,817	4,493,237	3,611,857	3,284,997	2,721,258	3,471,017
14,967,838	12,631,079	9,936,607	9,644,006	13,163,785	13,599,981
<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>	<u>\$ 23,408,463</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	90,000	70,000	-
1,732,534	1,098,020	3,642,242	1,503,046	2,346,598	3,192,037
2,428,100	1,829,907	2,971,430	1,941,502	1,785,342	1,787,660
55,801	30,000	86,474	11,700	-	-
(115,553)	-	(711,840)	(852,204)	(217,136)	-
<u>\$ 4,100,882</u>	<u>\$ 2,957,927</u>	<u>\$ 5,988,306</u>	<u>\$ 2,694,044</u>	<u>\$ 3,984,804</u>	<u>\$ 4,979,697</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues				
Property	\$ 24,870,158	\$ 27,233,073	\$ 27,027,814	\$ 27,612,262
Sales	8,186,701	8,396,768	7,329,525	5,758,729
Other	634,580	452,875	267,885	260,617
Total taxes	<u>33,691,439</u>	<u>36,082,716</u>	<u>34,625,224</u>	<u>33,631,608</u>
Fees	580,497	468,498	403,170	391,545
Intergovernmental	9,100,206	11,506,713	10,430,803	10,682,900
Investment earnings	1,010,574	844,762	299,783	56,387
Charges for services	6,369,381	6,290,486	7,223,667	7,034,129
Other	1,159,159	1,032,086	525,441	829,927
Total Revenues	<u>51,911,256</u>	<u>56,225,261</u>	<u>53,508,088</u>	<u>52,626,496</u>
Expenditures				
General government	5,855,693	5,519,966	5,573,144	4,651,524
Public safety	10,314,897	11,334,668	11,115,835	10,942,744
Transportation	1,069,108	1,032,789	861,559	803,490
Human services	17,453,636	18,184,814	17,344,436	15,550,866
Environmental protection	289,055	314,223	276,898	184,414
Economic and physical development	1,261,965	2,210,005	1,209,352	909,161
Cultural and recreational	1,748,282	1,755,889	2,011,512	1,985,887
Education	12,763,768	12,007,976	11,856,706	10,705,681
Capital projects	859,863	1,200,841	437,202	1,100,109
Debt service:				
Principal	2,478,354	2,756,077	2,995,000	3,033,268
Interest and other charges	1,020,772	1,112,233	643,344	696,247
Total expenditures	<u>55,115,393</u>	<u>57,429,481</u>	<u>54,324,988</u>	<u>50,563,391</u>
Excess of revenues over (under) expenditures	<u>(3,204,137)</u>	<u>(1,204,220)</u>	<u>(816,899)</u>	<u>2,063,105</u>
Other Financing Sources (Uses)				
Transfers in	4,116,182	4,996,410	4,441,891	8,134,781
Transfers out	(4,116,182)	(4,996,410)	(4,441,891)	(8,134,781)
Installment purchase obligations issued	-	18,985,000	457,778	-
Capital lease obligations issued	-	-	-	-
Refunding payment to escrow agent	-	(14,643,878)	-	-
Sale of capital assets	58,977	85,573	66,659	13,260
Total other financing sources (uses)	<u>58,977</u>	<u>4,426,695</u>	<u>524,437</u>	<u>13,260</u>
Net change in fund balances	<u>\$ (3,145,160)</u>	<u>\$ 3,222,475</u>	<u>\$ (292,462)</u>	<u>\$ 2,076,365</u>
Debt service as a percentage of noncapital expenditures	6.73%	7.06%	6.85%	7.56%

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	27,343,883	\$ 27,396,888	\$ 28,723,333	\$ 31,076,698	\$ 30,915,707	\$ 31,276,307
	5,542,646	6,045,749	6,092,052	6,430,850	6,732,660	7,058,217
	237,858	305,012	296,809	326,400	348,207	477,014
	<u>33,124,387</u>	<u>33,747,649</u>	<u>35,112,194</u>	<u>37,833,948</u>	<u>37,996,574</u>	<u>38,811,538</u>
	455,138	395,910	424,018	424,116	516,700	433,330
	10,113,506	9,772,122	11,838,130	11,244,979	11,457,497	11,046,450
	35,938	18,812	6,700	(47,531)	(32,398)	52,401
	6,903,459	7,525,686	7,044,549	5,951,527	5,751,890	6,404,761
	475,576	590,762	756,298	622,808	998,161	604,799
	<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>	<u>57,353,279</u>
	6,888,873	5,564,747	5,502,071	5,993,331	6,020,465	5,849,007
	11,264,076	11,444,411	11,806,617	12,133,878	12,748,522	13,834,037
	788,605	811,686	876,455	918,658	863,199	1,007,835
	15,665,919	15,444,531	15,949,674	16,338,419	14,534,583	14,694,995
	679,100	698,015	1,023,852	675,440	2,500,386	2,446,162
	1,446,775	1,746,977	2,109,044	1,395,811	1,442,248	1,258,242
	1,411,403	1,490,524	1,474,427	1,583,278	2,117,676	1,731,294
	11,460,882	10,285,241	13,043,761	12,096,514	11,021,422	12,085,890
	687,377	1,222,621	1,762,976	3,589,154	1,461,191	2,169,724
	3,183,655	3,381,057	3,527,943	3,685,110	3,563,836	1,979,648
	689,919	654,346	575,576	522,599	423,876	408,585
	<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>57,465,419</u>
	(3,058,580)	(693,215)	(2,470,507)	(2,902,345)	(8,980)	(112,140)
	7,501,588	1,109,158	3,921,216	2,190,561	1,200,989	2,170,034
	(7,501,588)	(1,109,158)	(3,921,216)	(2,190,561)	(1,200,989)	(2,195,123)
	4,500,000	-	3,132,538	-	2,360,000	1,884,000
	-	-	-	223,532	207,040	1,099,125
	-	-	-	-	-	-
	<u>5,849</u>	<u>53,791</u>	<u>39,976</u>	<u>30,925</u>	<u>15,325</u>	<u>156,131</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>3,114,167</u>
\$	<u>1,447,269</u>	<u>(639,424)</u>	<u>702,007</u>	<u>(2,647,888)</u>	<u>2,573,385</u>	<u>3,002,027</u>
	7.63%	8.01%	7.39%	7.56%	7.34%	4.31%

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

Fiscal Year	Property Tax	Local Sales Tax	Other Tax	Total
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
2016	31,276,307	7,058,217	477,014	38,811,538

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

(Page 1 of 2)

Fiscal Year	Real Property			
	Residential Property	Commercial and Industrial Property (6)	Present-use Value (1)	Personal Property
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
2016	2,206,654,052	426,359,519	122,245,652	814,937,206

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)
\$ 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
865,247,565	4,435,443,994	0.700	4,525,963,259

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

(Page 1 of 2)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Person County (2)	\$ 0.6500	\$ 0.7000	\$ 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>2012 (1)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
0.6140	0.6300	0.6600	0.6600	0.6700

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

(Page 1 of 2)

Taxpayer	Type of Business	Fiscal Year 2016		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 738,942,889	1	16.66%
CertainTeed	Manufacturer	95,621,780	2	2.16%
Eaton Corporation	Manufacturer	69,869,834	3	1.58%
NC Eastern Municipal Power Agency	Public utility	57,742,640	4	1.30%
Louisiana Pacific Corporation	Manufacturer	53,922,799	5	1.22%
GKN Automotive, Inc.	Manufacturer	49,294,383	6	1.11%
US Flue Cured Tobacco Growers	Manufacturer	35,199,060	7	0.79%
Cogentrix of NC, Inc.	Private utility	28,587,330	8	0.64%
DLP Person Memorial Hospital	Service Provider	27,231,569	9	0.61%
Piedmont EMC	Public utility	26,336,491	10	0.59%
Collins & Aikman	Manufacturer			
Georgia Pacific Corporation	Manufacturer			
Spuntech	Manufacturer			
Totals		\$ <u>1,182,748,775</u>		26.66%

Source: Person County Tax Department

Fiscal Year 2007

	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
\$	776,139,872	1	20.67%
	67,066,627	2	1.79%
	44,420,131	4	1.18%
	46,739,124	3	1.24%
	31,051,548	6	0.83%
	34,909,288	5	0.93%
	19,646,342	10	0.52%
	23,802,307	8	0.63%
	25,767,003	7	0.69%
	<u>19,884,581</u>	9	0.53%
\$	<u><u>1,089,426,823</u></u>		29.01%

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
2007	\$ 23,239,698	\$ 22,496,649	96.80%	\$ 506,192	\$ 23,002,841	98.98%
2008	24,439,484	23,917,438	97.86%	535,611	24,453,049	100.06%
2009	26,893,083	26,334,282	97.92%	678,572	27,012,854	100.45%
2010	27,082,062	26,376,266	97.39%	685,295	27,061,561	99.92%
2011	27,504,654	26,789,298	97.40%	584,960	27,374,258	99.53%
2012	27,077,081	26,448,394	97.68%	585,161	27,033,555	99.84%
2013	27,206,121	26,561,528	97.63%	577,611	27,139,139	99.75%
2014	28,565,618	27,910,626	97.71%	364,273	28,274,899	98.98%
2015	30,622,680	30,227,699	98.71%	212,479	30,440,178	99.40%
2016	31,084,929	30,737,959	98.88%	-	30,737,959	98.88%

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			
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	0.85%
2015	-	9,645,448	343,175	9,988,623	254	N/A*
2016	-	9,870,612	1,121,487	10,992,099	278	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)
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	-	N/A*	0.00%	-
2016	-	N/A*	0.00%	-

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

* Information not yet available

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

(2) See Schedule 7 for property value data.

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

(Page 1 of 2)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Value of Property	\$ 3,755,139	\$ 3,845,917	\$ 3,865,470	\$ 3,928,096
Debt Limit, 8% of Assessed Value (Statutory Limitation)	300,411	307,673	309,238	314,248
Amount of Debt Applicable to Limit	<u>2,795</u>	<u>1,080</u>	<u>230</u>	<u>-</u>
Legal Debt Margin	<u>\$ 297,616</u>	<u>\$ 306,593</u>	<u>\$ 309,008</u>	<u>\$ 314,248</u>
Total net debt applicable to the limit as a percentage of debt limit	0.93%	0.35%	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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	3,864,800	\$ 3,881,891	\$ 4,075,935	\$ 4,377,206	\$ 4,371,591	\$ 4,435,444
	309,184	310,551	326,075	350,176	349,727	354,836
	-	-	-	-	-	-
\$	<u>309,184</u>	<u>\$ 310,551</u>	<u>\$ 326,075</u>	<u>\$ 350,176</u>	<u>\$ 349,727</u>	<u>\$ 354,836</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>4,435,706</u>
Debt limitation (8% of assessed value subject to taxation)	354,856
Debt applicable to the limit	
General Obligation bonds	<u>-</u>
Legal debt margin	\$ <u><u>354,856</u></u>

Person County, North Carolina
 Schedule 14
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2016

<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	800,633	17.13%	137,123
Installment purchase obligations	7,428,366	17.13%	1,272,241
Subtotal, overlapping debt			<u>1,409,364</u>
Person County direct debt			<u>9,870,612</u>
Total direct and overlapping debt			<u><u>\$ 11,279,976</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)
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	1,295,779	33,113	5,637	6.20%	5,859
2015	39,265	N/A*	N/A*	5,611	7.20%	6,630
2016	39,574	N/A*	N/A*	5,671	5.50%	6,422

* Information not yet available.

Notes:

- (1) NC Office of Budget and Management. Certified population estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (3) Person County Board of Education, Bethel Hill Charter School, and Roxboro Community School. Figures prior to 2012 represent the school enrollment for the Public Schools only.
- (4) 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	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Person County Schools	602	1	3.45%	832	1	4.40%
GKN Automotive Components	589	2	3.37%	434	2	2.29%
Person County Government	396	3	2.27%	400	4	2.12%
Duke Energy Progress	338	4	1.93%	292	8	1.54%
Eaton Corporation	290	5	1.66%	350	6	1.85%
Person Memorial Hospital	222	6	1.27%	408	3	2.16%
Louisiana-Pacific	149	7	0.85%	-	-	-
Spuntech	146	8	0.84%	-	-	-
Piedmont Community College	132	9	0.76%	400	5	2.12%
City of Roxboro	125	10	0.72%	-	-	-
Wal-Mart Associates, Inc.	-	-	-	328	7	1.73%
North American Aerodynamics	-	-	-	250	10	1.32%
Georgia-Pacific	-	-	-	278	9	1.47%

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	41	43	43	44	43	42	47	49	53	54
Public buildings & grounds	3	3	3	-	-	-	-	-	-	-
Public safety	128	133	140	138	134	134	140	162	141	149
Transportation	11	11	10	10	11	12	12	12	10	11
Human services										
Social Services	84	81	84	86	82	83	83	92	97	99
Public Health	49	40	45	44	42	41	50	50	48	47
Other	43	36	35	31	30	32	27	25	25	23
Environmental protection	3	3	2	2	2	2	2	2	2	2
Economic and physical development	5	5	5	5	5	5	8	4	5	5
Cultural and recreation	18	17	17	16	14	16	16	27	25	28
Total	385	372	384	376	363	367	385	423	406	418

Source: County Finance Department

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

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

(Page 1 of 2)

Function	2007	2008	2009	2010
Public Safety/Sheriff's Department & Jail				
Incident Reports	2,387	2,524	1,758	1,992
Calls for Service	12,378	12,618	14,907	18,234
Criminal Papers	6,030	6,532	6,216	5,376
Arrest Reports	2,645	2,588	1,625	1,705
Civil Papers	4,893	5,125	5,437	5,346
Gun Permits	524	573	815	690
Jail bookings	1,856	1,813	1,797	2,200
Average daily population	104	104	98	88
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	43,752	68,613	62,573	56,273
Public Safety/Code Enforcement				
Number of Building Permits Issued	470	363	278	312
Number of Mobile Home Permits Issued	67	60	75	36
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	162	173	337	307
Community Services/Library				
Items Added to Collection	4,502	7,433	6,092	5,238
Circulation	207,597	218,191	226,876	212,362
Internet Use	26,778	26,824	28,256	23,567
Program Attendance	16,376	6,646	4,061	6,217
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,292	2,281	2,318	2,331
Average # Family & Child Medicaid Cases	2,735	2,887	2,744	3,034
Average # Households Receiving Food Stamps	1,844	2,068	2,474	2,929
Average \$ Fraud Collections per Month	2,493	2,534	4,315	5,409
Education				
Public Schools enrollment	5,572	5,385	5,112	4,992
Charter Schools enrollment	581	651	791	903
Culture and Recreation				
Total park acreage	197	197	183	183
Number of parks	10	10	9	9

Sources:

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

2011	2012	2013	2014	2015	2016
1,954	1,865	1,695	1,550	3,442	1,403
23,281	17,393	20,447	23,417	19,054	16,177
3,412	5,316	3,510	6,466	6,790	4,851
2,755	3,001	2,949	2,208	2,097	1,858
5,031	4,646	3,595	4,012	3,119	4,031
529	563	947	645	693	742
2,303	2,163	2,167	2,116	2,162	1,795
90	105	111	124	127	95
47,376	58,095	62,019	57,016	54,367	47,967
277	312	281	282	334	325
46	22	36	33	36	39
636	582	632	593	601	628
4,800	5,215	4,790	5,123	4,700	5,585
182,708	191,249	191,775	201,275	213,539	188,564
23,287	22,507	19,148	21,566	18,421	23,139
5,864	6,910	6,399	6,090	8,227	12,606
2,412	2,478	2,542	2,598	4,288	3,806
2,971	3,020	3,220	3,265	4,492	3,435
3,468	3,761	3,902	3,980	3,969	3,906
4,470	5,205	5,759	4,727	6,064	4,675
4,877	4,775	4,625	4,567	4,562	4,550
956	967	1,006	1,070	1,049	1,121
187	187	187	187	187	222
10	10	10	10	11	12

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Sheriff/Police (Stations)	2	2	2	2	2	2	2	2	3	3
Correction facility capacities	136	136	136	136	136	136	136	136	136	136
Fire stations	14	14	14	14	14	14	14	14	15	15
Highways and streets										
Paved	714	721	723	723	723	724	725	726	676*	676
Unpaved	57	50	50	50	50	49	48	47	34*	34
Culture and recreation										
Parks	10	10	9	9	10	10	10	10	11	12
Libraries	1	1	1	1	1	1	1	1	1	1
Education										
Schools	10	10	10	10	10	10	10	10	10	10

Sources:

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

COMPLIANCE SECTION

COMPLIANCE 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

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, 2016 and the related notes to the financial statements, which collectively comprises Person County's basic financial statements, and have issued our report thereon dated December 22, 2016. 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 of Person County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [16-1 and 16-2].

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. During the audit, we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Person County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 16-1 and 16-2.

Purpose of this Report

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 22, 2016

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

Report On Compliance with Requirements Applicable To Each Major Federal Program and Internal Control over Compliance; In Accordance With OMB Uniform Guidance 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's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Person County's major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Person County's

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



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.

Basis for Qualified Opinion on Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Person County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding number 16-3 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Person County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Person County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2016.

Other matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 16-3. Our opinion on each major federal program is not modified with respect to these matters.

Person County's response to the noncompliance findings identified in our audit is 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 response.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 item 16-3 to be a material weakness.

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. During the audit, we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

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

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 Uniform Guidance. 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, 2016

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

Report On Compliance with Requirements Applicable To Each Major State Program and Internal Control over Compliance In Accordance With the Uniform Guidance 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, 2016. 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Person County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



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.

Basis for Qualified Opinion on the Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Person County did not comply with requirements regarding CFDA 93.778 Medical Assistance Program as described in finding numbers 16-3 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Person County to comply with the requirements applicable to that program.

Qualified Opinion on the Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Person County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 16-3. 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 response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 a material weakness.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 16-3 to be a material weakness.

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. During the audit, we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

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

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 Uniform Guidance. 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, 2016

PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant Deficiency(s) identified? Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant Deficiency(s) identified? 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 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

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

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,328,229

Auditee qualified as low-risk auditee? yes no

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? X Yes No
- Significant Deficiency(s) identified? Yes X None reported

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

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

Identification of major State programs:

Program Name
Medical Assistance

Section II – Financial Statement Findings

Finding 16-1

RESTATEMENT OF FUND BALANCE/NET POSITION

**MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE**

Criteria: One item was found that required an adjustment to the financial statements.

Condition: The item that required an adjustment involved booking receivables for Person Industries that were collected within the 90 days from year end in prior year but were not recorded as a receivable or revenue. These amounts are larger than individual materiality for the Person Industries Community Rehabilitation Program and Material Recovery Facility Fund and is seen as a material weakness and material noncompliance due to the size of this correction.

Effect: A prior period adjustment was done to the financial statements that affected the fund balance in the Person Industries Community Rehabilitation Program and Material Recovery Facility Fund and net position for Governmental-type Activities.

Cause: The Person Industries Community Rehabilitation Program and Material Recovery Facility Fund charges for services and receives federal and state funding. The receivable types were combined in one accounts receivable account that made it difficult to reconcile between the aging for accounts for the charges for services and the money that was received from other agencies. A reconciliation of cash received was performed after the financials for the prior year were filed and it was discovered that the receivables did not include all of the funds received from other agencies.

Recommendation: All activity for receivables with agencies such as this should be recorded at the time the revenue is earned, measurable, and probable of collection.

Views of Responsible officials and corrective action plans: The County agrees with this finding. Management will strive to ensure that this type error does not occur in the future.

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Finding: 16-2

SIGNIFICANT DEFICIENCY
SIGNIFICANT NONCOMPLIANCE

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

Condition: Person County expended \$372,304 more in the Emergency Telephone System special fund and \$185,921 more in the Insurance fund than was appropriated in the annual budget ordinance and amendments.

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

Cause: Fiscal Year 2016 was the first year of implementation of the County's self-insured health plan. The County experiences unforeseen expenditures related to claims in this first year and a slow response time with projections for claims from the claims administrator to allow for timely budget amendments. The County also entered into a Master Lease for E-911 equipment. The second set of equipment under the Master Lease was not reviewed for financial implications and therefore the proceeds and capital outlay were not recorded.

Recommendation: Non-routine transactions should be reviewed for budget implications and appropriate budget amendments should be adopted.

Views of Responsible officials and corrective action plans: The County agrees with this finding. The County will strive in the future to better anticipate the expenses in these funds.

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 16-3

MATERIAL WEAKNESS
MATERIAL 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: Twenty adult Medicaid cases did not correctly calculate resources for the countable reserves.

Questioned Costs: There were questioned costs of \$20,551 on these cases.

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Context: Out of 62 adult Medicaid files were reviewed and a total of 104 certifications/recertifications one case did not confirm the patient account at a new facility once the patient moved, six case files did not use the correct checking / savings balances, four cases did not use the correct value for vehicles, five case files did not use the correct cash surrender value for life insurance policies, three case files did not count pre-need burial plans correctly, and two case files did not count checking / savings / vehicle values correctly when not 100% owned by the applicant.

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 ineffective case review process.

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.

Views of responsible officials and planned corrective actions: Coaching/training will be provided to staff about reviewing and double-checking work and figures being entered or used to determine eligibility and the importance of checking the eligibility determination calculations before accepting the system calculated decision.

Section IV – State Award Findings and Questioned Costs

See Finding 16-3

**PERSON COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

Section III – Federal Award Findings and Questioned Costs

Finding: 16-1

Name of Contact Person: Amy Wehrenberg

Corrective Action: The County will conduct reviews to ensure that all items where revenue recognition criteria have been met have been recorded in the financial statements.

Proposed Completion Date: 6/30/2017

Finding: 16-2

Name of Contact Person: Amy Wehrenberg

Corrective Action: The finance officer will pay special attention to these expenditures in the future to ensure to budget more in line with expenditures.

Proposed Completion Date: 6/30/17

Finding: 16-3

Name of Contact Person: Erica P. Bryant

Corrective Action: Supervisor will review reserve calculation procedures and provide training to staff.

Proposed Completion Date: 6/30/17

Section IV – State Award Findings and Questioned Costs

See Finding 16-3

**PERSON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Finding: 15-1

Status: Complete

Finding: 15-2

Status: See finding 16-3

Finding: 15-3

Status: Complete

Finding: 15-4

Status: Complete

Finding: 14-3

Status: Complete.

Finding: 14-4

Status: See finding 16-3.

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2016

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	\$ 464,409	\$ (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	191,797	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for Women, Infants, and Children			
	10.557	732,189	-
Total U.S. Dept. of Agriculture		1,388,395	(32)
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Public Safety:			
Emergency Management Performance Grants			
	97.042	38,542	-
<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	363,431	31,038
<u>Federal Aviation Administration (FAA)</u>			
Passed-through the N.C. Dept. of Transportation:			
Airport Improvement Program			
	20.106	62,488	-
Total U.S. Dept. of Transportation		425,919	31,038
<u>Institute of Museum and Library Services</u>			
Grants to States			
	45.310	2,355	-
<u>U.S. Dept. of Health & Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through Kerr Tar Council of Governments:			
<u>Aging Cluster:</u>			
Special Programs for the Aging-Title III B Grants for Supportive Services and Senior Centers			
	93.044	63,579	3,740
Special Programs for the Aging-Title III C Nutrition Services			
	93.045	41,165	2,422
Nutrition Services Incentive Program			
	93.053	8,725	-
Social Services Block Grant (SSBG) - In Home Services			
	93.667	17,087	487

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
<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	93.658	145,282	17,029
Adoption Assistance - Administration	93.659	68,095	25,933
Foster Care - Title IV-E Direct Benefit Payments	93.658	138,194	42,778
Adoption Assistance - Direct Benefit Payments	93.659	175,696	45,350
Total Foster Care and Adoption Cluster		527,267	131,090
Temporary Assistance for Needy Families	93.558	290,608	-
Direct Benefit Payments	93.558	219,943	-
Family Support Payments to States-Assistance Payments	93.560	(372)	(102)
Child Support Enforcement	93.563	384,822	-
Low-Income Home Energy Assistance Block Grant:			
Crisis Intervention	93.568	126,280	-
Administration	93.568	31,398	-
Assistance	93.568	183,200	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	4,009	-
Temporary Assistance for Needy Families	93.558	5,928	-
Social Services Block Grant	93.667	339,147	33,066
Chafee Foster Care Independence Program			
Independent Living Initiative-Links	93.674	6,858	1,714
Independent Living Transitional	93.674	5,760	-
Promoting Safe and Stable Families	93.556	22,192	-
Total Division of Social Services		2,147,040	165,768
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	80,571	-
Division of Child Development:			
Child Care and Development Block Grant	93.575	471,398	-
Child Care and Development Fund - Mandatory	93.596	145,250	-
Child Care and Development Fund-Match	93.596	201,581	77,640
Total Child Care Development Fund Cluster		898,800	77,640
Temporary Assistance for Needy Families	93.558	124,288	-
Foster Care Title IV-E - ARRA	93.658	9,011	4,615
State Appropriations		-	190,056
TANF-MOE		-	141,335
Total Subsidized Child Care		1,032,099	413,646
<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	1,226,595	41,634
<u>Division of Social Services</u>			
Administration:			
State Children's Health Insurance Program-N.C. Health Choice	93.767	24,161	811
Total State Children's Health Insurance Program-N.C. Health Choice		1,250,756	42,445

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
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	36,249,045	19,917,686
<u>Division of Social Services</u>			
Administration			
Medical Assistance Program	93.778	1,364,800	7,213
Total Medical Assistance Program		37,613,845	19,924,899
 <u>Center for Disease Control and Prevention</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Public Health Emergency Preparedness	93.069	31,510	-
<u>Division of Public Health</u>			
Hospital Preparedness Program (HPP) and Public Health Emergency			
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14,351	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	43	-
Immunization Cooperative Agreements	93.268	8,007	-
Preventive Health and Health Services Block Grant funded solely with			
Prevention and Public Health Funds (PPHF)	93.758	30,991	-
HIV Prevention Activities_Health Department Based	93.940	2,000	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	510	-
Cooperative Agreements for State-Based Comprehensive Breast and			
Cervical Cancer Early Detection Programs	93.919	10,051	-
Total Centers for Disease Control		97,463	-
 <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	43,177	32,386
 <u>Office of Population Affairs</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Family Planning Services	93.217	25,689	-
 <u>Office of the Secretary</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Medical Reserve Corps Small Grant Program	93.008	5,897	-
Total U.S. Dept. of Health and Human Services		42,346,522	20,585,793
<u>U.S. Department of Justice</u>			
Edward Byrne Memorial Justice Assistance Grant Program			
Bulletproof Vest Partnership Program	16.738	14,475	-
	16.607	10,835	-
<u>Criminal Division</u>			
Equitable Sharing Program	16.922	47,264	-
Total U.S. Department of Justice		72,574	-
Total federal awards		44,274,307	20,616,799

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures
STATE AWARDS:			
<u>N.C. Dept. of Administration</u>			
Veterans Affairs		-	1,907
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	95,672
<u>N.C. Dept. of Commerce</u>			
One NC Fund Grant Spuntech Industries			
One NC Fund Grant Certain Teed		-	58,750
One NC Fund Grant Certain Teed		-	75,000
Total N.C. Dept of Commerce		-	133,750
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Capital Fund		-	198,948
<u>N.C. Dept. of Health and Human Services</u>			
<u>Administration for Community Living</u>			
Passed-through Kerr Tar Council of Governments:			
State Appropriation (Home Delivered Meals, Access & IN-Home & Supportive Care		-	199,076
<u>Division of Social Services:</u>			
State/County Special Assistance for Adults-Direct Benefit Payments		-	450,678
SFHS Maximization - Direct		-	76,017
State Foster Care Benefits Program-Direct		-	83,919
CWS-Direct Benefit Payments		-	67,836
Energy Program		-	16,105
Incent/Program Integrity		-	702
CPS Expansion		-	86,258
Total Division of Social Services		-	781,515
<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		-	6,779
TB Medical Services		-	540
School Nurse Funding Initiative		-	150,000
Food and Lodging Fees		-	6,512
Child Health		-	792
Sexually Transmitted Diseases		-	578
Maternal Health (HMHC)		-	2,803
HMHC - Family Planning		-	8,171
WHSF		-	11,616
HIV/STD SSBG Aid		-	500
Total Division of Public Health		-	287,192
Total N.C. Dept. of Health and Human Resources		-	1,267,783
<u>N.C. Dept. of Public Safety</u>			
Governor's Crime Commission			
Body Worn Camera Grant		-	16,643
JCPC Funds		-	134,162

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2016

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		-	56,063
ROAP-Work First		-	11,283
ROAP-Rural General Public Program		-	64,561
Total N.C. Dept. of Transportation		-	131,907
<u>N.C. Dept. of Environment and Natural Resources</u>			
Division of Soil and Water Conservation:			
Soil and Water Distribution Grant		-	27,678
Division of Environmental Health:			
DEA Off Waste R&D Trust Fund		-	5,174
Division of Waste Management:			
Electronics Management Program		-	3,780
Total N.C. Dept. of Environment and Natural Resources		-	36,632
Total State awards		-	2,017,404
Total federal and State awards		\$ 44,274,307	\$ 22,634,203

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 (SEFSA) includes the federal and State grant activity of Person County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Person County, it is not intended to and does not present the financial position, changes in net position or cash flows of Person County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Person County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. CLUSTER OF PROGRAMS

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.