

Person County, North Carolina

Comprehensive Annual Financial Report

For the Year Ended

June 30, 2017



Prepared by the
Person County Finance Department
Issued December 2017

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

Person County, North Carolina

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

INTRODUCTORY SECTION



PERSON COUNTY

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

The Board of County Commissioners
Person County, North Carolina
December 21, 2017

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, 2017.

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, 2017, 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, 2017, 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 NC has done well in recent years in comparison with neighboring suburban and rural counties in both the Raleigh and Durham Metropolitan Statistical Areas. Person County residents have seen a net increase in total employment since second quarter of 2014 to March 2017 of 815 jobs. Since second quarter of 2014, the total employment trend has continued to climb. This comes out to about a 6.7% increase in total Person County Employment in less than 3 years. The primary reason for the employment increases has been the expansion of existing basic industry that has also created a net multiplier effect in total jobs. The target industry clusters that have garnered the most net new jobs this past year include transportation equipment and non-woven textiles.

As of June 30, 2017, Person County's adjusted unemployment rate was 4.3%, a decrease of 1.2% from last year's rate of 5.5%. The County's job participation rate this past year has been 60.2%. Over the last seven years, Person County has seen a steady decline in the unemployment rate from a high of 13.6% in January 2010 to the June 2017 rate of 4.3% a dramatic drop of 9.3%. Average annual wages per worker increased 2.6% in the county during the preceding four quarters and the Person County average manufacturing wage rate is 22nd in the State of North Carolina out of 100 counties.

Local manufacturing developments include the following ongoing projects:

- US Flue Cured Tobacco has made a \$13 million dollar investment in a new tobacco storage facility in the past year, creating six new jobs and consolidating more of their business to Person County, NC; that facility has just been completed.
- Boise Cascade purchased the former Georgia Pacific facility in FY2016, hiring top leadership and are moving towards additional \$30 million dollar plant expansion this year.
- GKN Driveline, Person County's largest private sector employer announced in December 2016 a major \$31.8 million dollar expansion to their Roxboro facility and the creation of an additional 57 new jobs.
- Additional spin-off developments related to increases in basic employment have also allowed the support of other industry sectors:
 - New retail development in uptown Roxboro has occurred this past year as the occupancy rate of the new Hall's Way Development and other buildings in Roxboro has continued to go up.
 - While hotel occupancy rates this past year were negatively affected by the renovation of the Hampton Inn Roxboro, the renovations are rounding completion and will result in the availability of newly renovated hotel rooms this coming year.
- The Person County Business and Industrial Center, Inc. (PCBIC) and Person County Economic Development Commission have been working on identifying and creating additional industrial business properties; new long term land options have been extended on over 1,300 acres of future business development land. This action is necessary to grow the industrial capital investment base in Person County and keep property tax rates from rising.
- 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 a major contributor to the Person County Economy. Agriculture and Agribusiness generates over \$138 million in value-added income, and provides 20% of Person County's jobs. Tobacco is the top income producing crop, providing almost half of the total cash receipts to Person County farmers. Other major agricultural commodities and livestock produced by Person County Farmers include soybeans, wheat, corn, hay, nursery and greenhouse crops, vegetables, beef cattle, hogs, goats, horses, and sheep.

Interest in locally produced foods continues to grow. Consumers want to know more of how their food was grown or raised, and are making more food purchases at farmers markets and farm stands across the County. Consumers state that this benefits their families and their communities by keeping dollars circulating locally. In addition to the locally produced meats, bison, vegetables, and nursery products, industrial hemp was grown for the first time in Person County since the 1930's. This was permitted under a pilot research program authorized by state law and overseen by the NC Department of Agriculture and Consumer Services. It is hoped that this crop can continue to develop and become a crop option for Person County farmers.

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 2017, the Person County Capital Improvement Plan ("CIP") for the years 2018-2022 was presented and approved in April 2017 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.

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. The County entered into a Private Placement General Obligation Bond Financing contract on April 20, 2017 for \$2.285M covering the cost of acquisition, planning, improvements, and issuance costs for the Person County Senior Center. Renovations included a chair lift installation, walls/cabinetry removal, electrical/data outlets, office space, door entry access, sink and serving window, HVAC replacement, and fire alarm installation.

In 2015, a feasibility study was completed which resulted in the recommendation to construct four, 300 foot towers and the installment of Simulcast public safety communication equipment. Since then, the State Highway Patrol has offered to construct two of the towers for their communication system (VIPER) and will allow the County to hang communication equipment on their towers. Bids for the construction of the two remaining towers were released and the winning bidder has been selected. Construction of the Bethel Hill and Bushy Fork towers should begin by the end of 2017. Once the towers are complete equipment will be purchased and hung on the towers. In addition, almost \$1M was set aside to purchase VIPER radios for public safety departments. These radios were purchased in the summer of 2017 and the programming and testing should be complete before the end of 2017. The Commissioners approved \$100K in the FY15 budget to pay for environmental studies, which were completed in March 2016. In addition to the towers and communication equipment, the financing will also cover construction improvements at Northern Middle School for \$685K, which will serve as collateral for the Public Safety Tower Communication Project. It is anticipated that the loan closing for this project would be scheduled sometime in early FY18. Until further determined, the total proposed debt amount for this project is \$4,508,600.

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 construction for this project is scheduled to begin in October 2017. The Airport Development Study (i.e Master Plan) reviews all aspects of the airport, providing focus on areas of potential growth and expansion. Based on this Master Plan, the County anticipates an \$11,230,000 grant award in 2019 for an Airport Runway Extension, which required a 10% local match of \$1,123,000 that was approved in June 2017. 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.

Fiber Installation Project

Person County has allocated approximately \$3M to install 52 miles of fiber which will provide improved broadband connectivity to the majority of public facilities (schools, VFD's, county facilities, city facilities, etc.) and the four newly constructed public safety communication towers. The Board of Commissioners authorized staff to release an RFP in July 2017 for the fiber construction. The initial round of bids received in October 2017 did not result in an adequate numbers of bids per North Carolina General Statutes. Therefore, the RFP will be re-released and new bids will be requested. Construction is estimated to begin in the Spring of 2018.

Waste Management

Person County has an existing contract and franchise agreement with Republic Services for operation of a landfill in Person County. In June 2017 the Board extended the expiring franchise agreement for two years making it effective through June 30, 2019. The contract which was for twenty years and may be extended for 10 additional years at the option of the County has been extended for one year through July 1, 2018.

In 2015, the Board of Commissioners hired a consultant to analyze all options for managing Person County's solid waste. The options were narrowed down to the three most viable:

1. Continue to take waste to the Upper Piedmont landfill
2. Open a transfer station and haul waste to Granville County
3. Open convenience centers and haul waste to Granville County

The Board of Commissioners eliminated the convenience center option due to the cost and difficulty in finding convenience center locations. In addition, Granville County expressed a preference for receiving waste from a single source (i.e. a transfer station).

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, 2016. This was the twenty-ninth 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

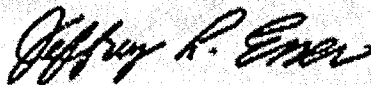
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Person
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO

COUNTY OF PERSON LIST OF PRINCIPAL OFFICIALS



Board of County Commissioners

Tracey L. Kendrick, Chairman
Gordon Powell, Vice-Chairman
Jimmy B. Clayton
Kyle W. Puryear
B. Ray Jeffers

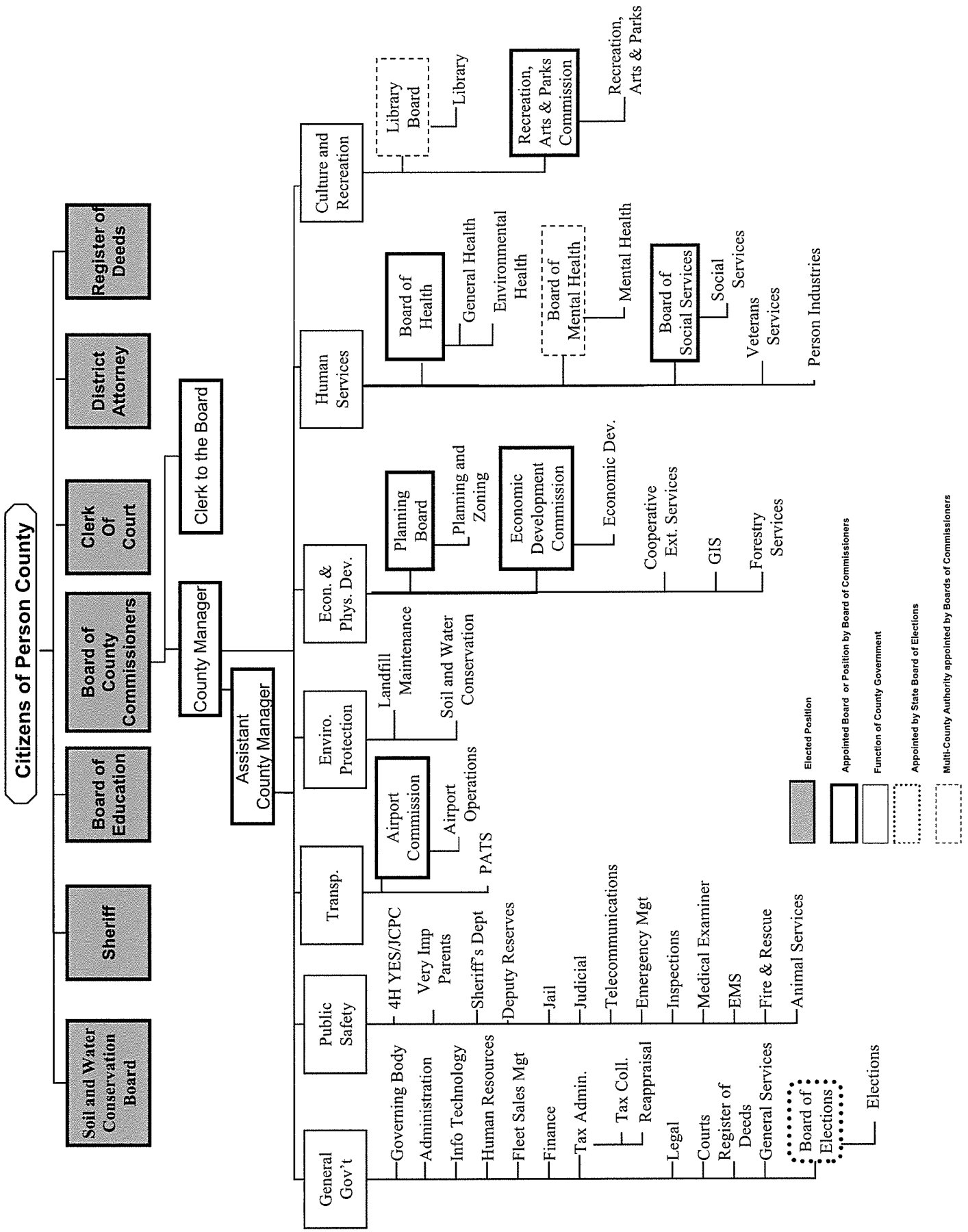
Manager

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



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
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, 2017, 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.

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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, 2017, 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.

Change in Accounting Principle

As discussed in Note IX to the financial statements, in 2017 the County adopted new accounting guidance, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 13 through 23, and the Other Postemployment Benefit Schedules of Funding Progress and Employer Contributions on pages 75 through 76, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Asset (Liability) and Contributions, on pages 77 through 78, the Register of Deed's Supplemental Pension Fund Schedule of the Proportionate Share of the Net Pension Asset (Liability) and Contributions on pages 79 through 80, and Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, pages 81 through 82, 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 21, 2017 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 21, 2017

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

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, 2017. 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 \$56,333,984 (*net position*).
- The government's total net position decreased by \$476,565 when compared to the previous fiscal year, primarily due to returning the land and some improvements back to Person County Schools that had been held by the County as collateral for debt offset by 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 \$30,637,364, an increase of \$2,249,204 on a comparable basis with the prior year. Approximately 30% of this total amount, or \$9,145,643, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,172,971, which represents 25.98% of total General Fund expenditures for the fiscal year.
- Person County's total debt increased by \$445,960 (0.7% of total governmental expenditures) during the current fiscal year. The key factor in this increase is the issuance of GO Recreation Facilities Bonds for the purchase of the Senior Center 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 Poor's Corporation (S&P). These ratings are consistent with Person County's reputation for conservative fiscal management and strong financial position.

Overview of the Financial Statements

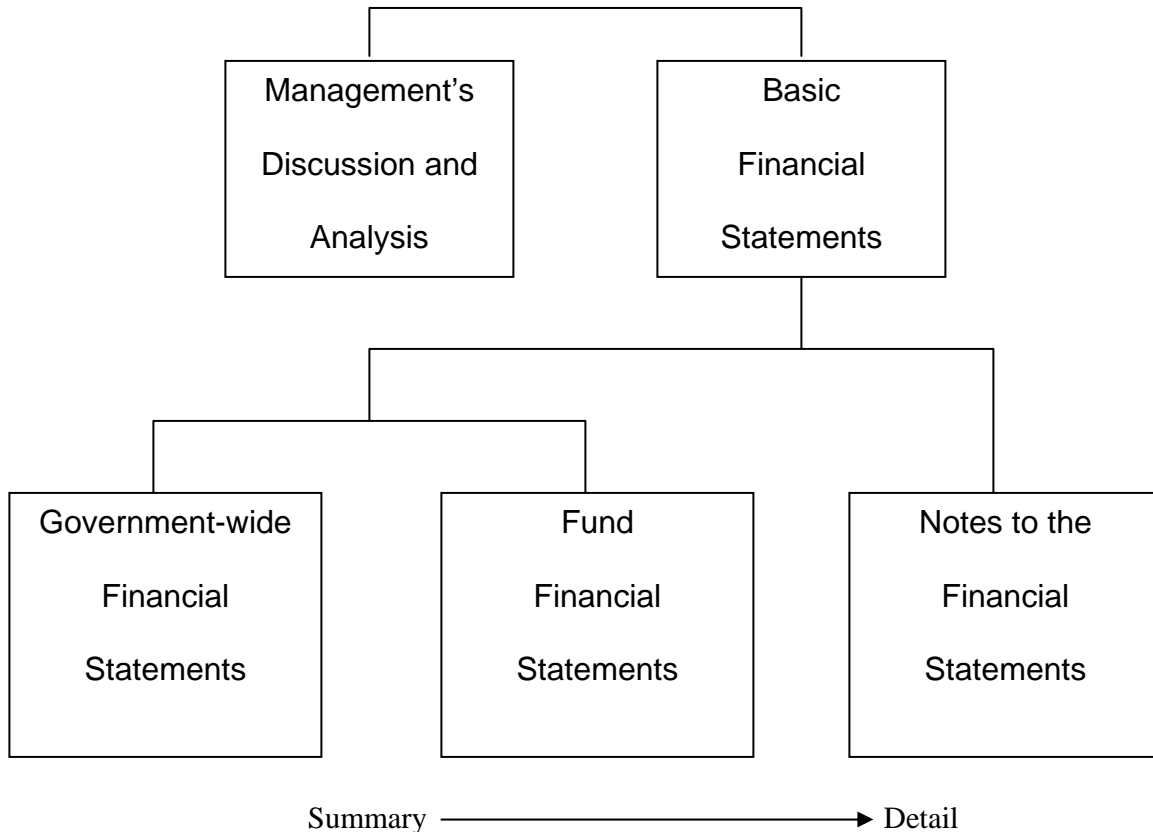
This discussion and analysis are intended to serve as an introduction to Person County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Person County.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

Required Components of Annual Financial Report



(Figure 1)

Basic Financial Statements

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

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

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

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

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, 2017

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 two types of proprietary funds, one of which is an *Enterprise* Fund used to report the same functions presented as business-type activities in the government-wide financial statements. Person County uses the enterprise fund category to account for its funding applicable to the Stormwater Management Utility including measures and activities designed to protect, restore and manage stormwater quality; all associated costs are supported solely through assessed user fees. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. In fiscal year 2016, Person County established the Insurance Fund, an *Internal Service* Fund, to account for premiums and claims associated with the County's self-funded health insurance plan. Because this service predominantly benefits governmental rather than the business-type function, it has been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 39 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Person County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 75 of this report.

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

For the Year Ended June 30, 2017

Government-wide Financial Analysis

The following table summarizes Net Position at June 30, 2017 and 2016:

PERSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 34,629,897	\$ 31,500,077	\$ 322,559	\$ 265,634	\$ 34,952,456	\$ 31,765,711
Capital assets	41,752,823	43,924,341	-	-	41,752,823	43,924,341
Total assets	76,382,720	75,424,418	322,559	265,634	76,705,279	75,690,052
Total deferred outflows of resources	4,791,044	1,159,423	-	-	4,791,044	1,159,423
Long-term liabilities outstanding	22,126,223	15,984,733	-	-	22,126,223	15,984,733
Other liabilities	2,642,914	1,921,945	301	28,430	2,643,215	1,950,375
Total liabilities	24,769,137	17,906,678	301	28,430	24,769,438	17,935,108
Total deferred inflows of resources	392,901	761,878	-	-	392,901	761,878
Net position:						
Net investment in capital assets	32,964,043	38,358,826	-	-	32,964,043	38,358,826
Restricted	9,036,709	8,700,798	-	-	9,036,709	8,700,798
Unrestricted	14,010,974	10,855,661	322,258	237,204	14,333,232	11,092,865
Total net position	\$ 56,011,726	\$ 57,915,285	\$ 322,258	\$ 237,204	\$ 56,333,984	\$ 58,152,489

The assets and deferred outflows of resources of Person County exceeded liabilities and deferred inflows of resources by \$56,333,984 as of June 30, 2017. The County's net position decreased by \$476,565 for the fiscal year ended June 30, 2017. Net position of \$32,964,043 (59%) 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 \$9,036,709 (16%) at June 30, 2017.

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 \$2.0 million at June 30, 2017 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 2017, five school properties were deeded back to PCS. These properties had been held as collateral by 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. As those

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

liabilities have been paid off, the properties have been returned to PCS. The outstanding debt related to the four PCS properties deeded to the County is \$2,985,665.

The remaining balance of \$14,290,891 (25%) 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 decreased slightly from the previous year from 98.9% to 98.8%. The overall tax collections for current year's taxes increased by \$769,638.
- 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, 2017 and 2016 for governmental activities:

PERSON COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 7,484,496	\$ 7,090,941	\$ 268,050	\$ 268,135	\$ 7,752,546	\$ 7,359,076
Operating grants and contributions	10,776,758	10,363,335	-	-	10,776,758	10,363,335
Capital grants and contributions	346,924	284,949	-	-	346,924	284,949
General revenues:						
Property taxes	32,103,402	31,272,619	-	-	32,103,402	31,272,619
Local option sales taxes	7,571,089	7,058,217	-	-	7,571,089	7,058,217
Other taxes and licenses	566,446	698,818	-	-	566,446	698,818
Investment earnings, unrestricted	132,958	52,812	-	-	132,958	52,812
Miscellaneous, unrestricted	(2,340,111)	7,076,578	-	-	(2,336,270)	7,076,578
Total revenues	56,641,962	63,898,269	268,050	268,135	56,913,853	64,166,404
Expenses:						
General government	7,092,146	6,377,104	-	-	7,092,146	6,377,104
Public safety	13,885,041	12,818,151	-	-	13,885,041	12,818,151
Transportation	1,339,616	1,333,946	-	-	1,339,616	1,333,946
Economic and physical development	1,608,085	1,246,837	-	-	1,608,085	1,246,837
Environmental protection	3,083,626	2,469,444	-	-	3,083,626	2,469,444
Human services	15,048,142	14,535,066	-	-	15,048,142	14,535,066
Cultural and recreation	1,812,818	1,800,505	-	-	1,812,818	1,800,505
Education	12,963,719	13,199,994	-	-	12,963,719	13,199,994
Interest on long-term debt	370,388	436,753	-	-	370,388	436,753
Stormwater	-	-	182,996	175,115	182,996	175,115
Total expenses	57,203,581	54,217,800	182,996	175,115	57,386,577	54,392,915
Change in net position	(561,619)	9,680,469	85,054	93,020	(476,565)	9,773,489
Net position, July 1	57,915,285	47,781,929	237,204	144,184	58,152,489	47,926,113
Net position, July 1, restated	56,573,345	48,234,816	237,204	144,184	56,810,549	48,379,000
Net position, June 30	\$ 56,011,726	\$ 57,915,285	\$ 322,258	\$ 237,204	\$ 56,333,984	\$ 58,152,489

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

Governmental Activities: Governmental activities resulted in a decrease of the County's net position by \$561,619, which was \$10,242,088 less than the change in net position for fiscal year 2015-16. Key elements of this net decrease are as follows:

- Capital deeded back to PCS that had previously 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.
- Decrease of \$132,372 in Other Taxes due to reduction in Occupancy Tax caused by the absence of revenues during several months in the early part of fiscal year 2017 from one of the primary local hotels that underwent some major renovations. Also reported a decrease in the Register of Deeds excise tax caused by one-time revenues that were received in fiscal year 2016 that were not recognized in fiscal year 2017.
- Reductions in Interest on long-term debt as a result of paying down current debt service.

Business-type Activities: Business-type activities increased Person County's net position by \$85,054 in the Stormwater Fund, accounting for 26.4% of the total growth in the government's net position. The total increase in net position was \$7,966 less than FY2016 due to the following key elements:

- Relatively flat stormwater revenue collection from previous year; and
- Increased costs for administration of stormwater services.

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 \$17,780,311, while total fund balance reached \$23,724,557. 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 32.6% of general fund expenditures, while total fund balance represents 43.5% 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 \$784,973 at June 30, 2017 an increase of \$269,948 from last year. The increase in fund balance can be attributed to the increase in production sales and a vacated position that was surrendered.

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

At June 30, 2017, the governmental funds of Person County reported a combined fund balance of \$30,637,364, a 7.9% increase from last year. The primary causes for this increase is higher revenues recognized in property and sales tax collections as well as decreased expenditure activity for school capital projects.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on a number of occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,262,119.

Sales tax collections reflect an increase over budget by \$179,059 during fiscal year 2017. Improved economic conditions and changes by the State to the sales tax distribution has provided some much needed relief in sales tax collections for Person County. Operating revenues of the General Fund were \$217,095 lower than the final budgeted amount largely due to the lag in revenues for Home Health and Hospice services, as well as the receipt of Medicaid cost settlements. Intergovernmental revenues were short of budget by \$583,388. A large portion of this difference is due to the delay of the drawdown requests for lottery proceeds and timing issues for receiving state and federal revenues in Public Health and Social Services. The impact of this budget deficit is off-set by ad valorem taxes which were over budget by \$1,160,592 and local option sales tax which was over budget by \$179,059.

Appropriations within the General Fund covered actual expenditures by more than \$4.2 million. Over \$1.9 million of these remaining funds was the result of the timing differences in the State allocations for departments in the Human Services function. Almost \$700K in lapse salaries were reported at June 30th due to some department manager positions restructuring in the Planning & Zoning and Inspections departments, and department-wide vacancies that occurred during the year. Debt service in the amount of \$240K for the Senior Center Project was budgeted; however the first payment was not scheduled until fiscal year 2018. Delays in school capital project and lottery expenditures caused a remaining balance of approximately \$197K at the end of fiscal year 2017.

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 \$322,258. The total growth in net position was \$85,054. 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, 2017, total \$41,752,823 (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:

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

For the Year Ended June 30, 2017

General Government

- Senior Center land and building, VIPER Radio equipment, and various roofing projects.

Human Services

- 2 vehicles

Public Safety

- 6 vehicles, an ambulance, CAD software, CPR equipment, and in-car camera equipment

Culture and Recreation

- RV sites and security cameras

Transportation

- 4 vehicles and a development study

Education

- 5 parcels of land were transferred back to PCS as the debt they had been securing had been paid off

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,208,994	\$ 6,705,517	\$ -	\$ -	\$ 4,208,994	\$ 6,705,517
Buildings	20,580,663	20,138,845	-	-	20,580,663	20,138,845
Improvements	9,654,210	9,853,997	-	-	9,654,210	9,853,997
Machinery and equipment	4,710,150	4,711,433	-	-	4,710,150	4,711,433
Infrastructure	1,390,351	1,743,317	-	-	1,390,351	1,743,317
Construction in progress	1,208,455	771,232	-	-	1,208,455	771,232
Total	<u>\$ 41,752,823</u>	<u>\$ 43,924,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,752,823</u>	<u>\$ 43,942,341</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, 2017, Person County had total bonded debt outstanding of \$2,285,000 which is backed by the full faith and credit of the government. Other total outstanding debt is as follows:

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

PERSON COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2017	2016
Installment purchases	\$ 8,351,776	\$ 9,870,612
Bonds payable	2,285,000	-
Capital lease	801,283	1,121,487
Total outstanding debt	<u>\$ 11,438,059</u>	<u>\$ 10,992,099</u>

Person County's total debt increased by \$445,960 (4.1 percent) during the past fiscal year, due to the repayment of debt offset by proceeds from new debt. The new debt involved the issuance of GO Recreation Facility Bonds for purchase of the new Senior Center.

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 \$364,130,261.

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

Economic Factors and Next Year's Budgets and Rates

- The County's average unemployment rate as of June 30, 2017, was 4.3%, a decrease of 1.2% from last year's rate of 5.5%, and 0.1% over the statewide average of 4.2%.
- 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 39,728 is slightly higher than in previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: The original appropriations in the General Fund will increase by \$762,343 to \$60.3 million or 1.3% more than the previous year's adopted budget. Property and sales tax revenues are the primary causes for the increase in revenue projections. The projected increase in property tax revenue is \$397,455 higher than in FY2017, and sales tax estimates increased by \$798,270 primarily due to the State's changes to the distribution method in the previous year. An appropriation of \$2,734,736 from fund balance provides the balance of the estimated revenues. No tax increase was approved in Person County's fiscal year 2017 budget.

The majority of county functions of the General Fund report a projected increase to their budgeted expenditures. The addition of nine full-time public safety-related positions (\$486K), the

Person County, North Carolina

Management's Discussion and Analysis

For the Year Ended June 30, 2017

implementation of performance and merit pay for Human Services employees, the estimated cost for medical claims, and a mandatory increase in the State's retirement contribution rates are the main cost drivers for expenditures. Other expenditure increases occurred in Schools (\$222K) and PCC (\$94K) capital funding, the purchase of eight vehicles (\$187K), and new debt for the Senior Center (\$203K).

Business-type Activities: The stormwater rates in the County will remain the same, which is projected to adequately cover the costs of operations. Budgeted revenues and expenditures remained flat at \$250,000.

Requests for Information:

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Person County, 304 South Morgan Street, Suite 219, Roxboro, NC 27573. You can also call (336)-597-1726 or visit our website <http://www.personcounty.net> for more information.

Basic Financial Statements

Basic Financial Statements

Person County, North Carolina
Statement of Net Position

Exhibit 1

June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business Type Activity	Total	Person County ABC Board
ASSETS				
Cash and cash equivalents	\$ 27,435,756	\$ 306,241	\$ 27,741,997	\$ 741,313
Receivables (net)	5,385,598	16,318	5,401,916	-
Due from component unit	91,982	-	91,982	-
Inventories	-	-	-	283,883
Prepaid items	108,934	-	108,934	642
Restricted cash and cash equivalents	1,541,950	-	1,541,950	-
Capital assets:				
Land, improvements, and construction in progress	5,417,449	-	5,417,449	34,188
Other capital assets, net of depreciation	36,335,374	-	36,335,374	56,541
Total capital assets	41,752,823	-	41,752,823	90,729
Net pension asset	65,677	-	65,677	-
Total assets	76,382,720	322,559	76,705,279	1,116,567
DEFERRED OUTFLOWS OF RESOURCES				
	4,791,044	-	4,791,044	44,972
LIABILITIES				
Accounts payable and accrued expenses	2,543,621	301	2,543,922	224,870
Accrued interest payable	99,293	-	99,293	-
Due to primary government	-	-	-	84,911
Long-term liabilities:				
Net pension liability - LGERS	5,463,315	-	5,463,315	37,353
Net pension liability - LEOSSA	1,395,651	-	1,395,651	-
Due within one year	2,041,349	-	2,041,349	-
Due in more than one year	13,225,908	-	13,225,908	-
Total long-term liabilities	22,126,223	-	22,126,223	37,353
Total liabilities	24,769,137	301	24,769,438	347,134
DEFERRED INFLOWS OF RESOURCES				
	392,901	-	392,901	1,308
NET POSITION				
Net investment in capital assets	32,964,043	-	32,964,043	90,729
Restricted for:				
Public safety	237,080	-	237,080	-
Economic development	138,255	-	138,255	-
Human services	72,502	-	72,502	-
Environmental protection	18,125	-	18,125	-
Register of deeds	50,213	-	50,213	-
Stabilization by State Statute	6,758,390	-	6,758,390	-
Capital	1,762,144	-	1,762,144	100,000
Working capital	-	-	-	94,679
Unrestricted	14,010,974	322,258	14,333,232	527,689
Total net position	\$ 56,011,726	\$ 322,258	\$ 56,333,984	\$ 813,097

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, 2017

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 7,092,146	\$ 421,621	\$ -	\$ -
Public safety	13,885,041	2,047,699	1,650,012	-
Transportation	1,339,616	381,887	494,012	194,607
Economic and physical development	1,608,085	15,688	259,959	-
Environmental Protection	3,083,626	819,123	126,967	1,998
Human services	15,048,142	3,388,953	8,141,712	-
Cultural and recreation	1,812,818	409,525	104,096	7,750
Education	12,963,719	-	-	142,569
Interest on long-term debt	370,388	-	-	-
Total governmental activities	57,203,581	7,484,496	10,776,758	346,924
Business-Type Activity:				
Stormwater Department	182,996	268,050	-	-
Total primary government	\$ 57,386,577	\$ 7,752,546	\$ 10,776,758	\$ 346,924
Component unit:				
ABC Board	\$ 3,142,067	\$ 3,192,276	\$ -	\$ -
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				
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
\$ (6,670,525)	\$ -	\$ (6,670,525)	
(10,187,330)	-	(10,187,330)	
(269,110)	-	(269,110)	
(1,332,438)	-	(1,332,438)	
(2,135,538)	-	(2,135,538)	
(3,517,477)	-	(3,517,477)	
(1,291,447)	-	(1,291,447)	
(12,821,150)	-	(12,821,150)	
(370,388)	-	(370,388)	
(38,595,403)	-	(38,595,403)	
-	85,054	85,054	
(38,595,403)	85,054	(38,510,349)	
\$ -	\$ -	\$ -	\$ 50,209
32,103,402	-	32,103,402	-
7,571,089	-	7,571,089	-
566,446	-	566,446	-
132,958	-	132,958	4,440
60,478	-	60,478	-
(2,400,589)	-	(2,400,589)	-
38,033,784	-	38,033,784	4,440
(561,619)	85,054	(476,565)	54,649
57,915,285	237,204	58,152,489	758,448
(1,341,940)	-	(1,341,940)	-
56,573,345	237,204	56,810,549	758,448
\$ 56,011,726	\$ 322,258	\$ 56,333,984	\$ 813,097

Person County, North Carolina
Balance Sheet
Governmental Funds

Exhibit 3

June 30, 2017

	Major			Non-Major	
		Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Public Safety Towers and Broadband Fund	Other Governmental Funds	Total Governmental Funds
	General				
ASSETS					
Cash and cash equivalents	\$ 19,197,760	\$ 654,845	\$ 1,169,639	\$ 5,980,057	\$ 27,002,301
Restricted cash	891,666	-	-	650,284	1,541,950
Ad valorem taxes receivable	811,985	-	-	-	811,985
Receivables, net	3,561,619	694,346	-	178,109	4,434,074
Due from other funds	1,579,844	-	-	-	1,579,844
Prepaid expenditures	108,934	-	-	-	108,934
Due from component unit	91,982	-	-	-	91,982
Total assets	<u>\$ 26,243,790</u>	<u>\$ 1,349,191</u>	<u>\$ 1,169,639</u>	<u>\$ 6,808,450</u>	<u>\$ 35,571,070</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,531,319	\$ 84,130	\$ 552,508	\$ 150,988	\$ 2,318,945
Miscellaneous liabilities	66,064	844	-	-	66,908
Due to other funds	-	479,244	1,100,600	-	1,579,844
Total liabilities	<u>1,597,383</u>	<u>564,218</u>	<u>1,653,108</u>	<u>150,988</u>	<u>3,965,697</u>
DEFERRED INFLOWS OF RESOURCES	<u>921,850</u>	<u>-</u>	<u>-</u>	<u>46,159</u>	<u>968,009</u>
Fund balances:					
Nonspendable:					
Prepays	108,934	-	-	-	108,934
Restricted:					
Stabilization by State Statute	5,835,312	694,346	-	228,732	6,758,390
Register of Deeds	50,213	-	-	-	50,213
Public safety	95,911	-	-	141,169	237,080
Culture and recreation	-	-	-	138,255	138,255
Environmental protection	-	18,125	-	-	18,125
Human services	-	72,502	-	-	72,502
Capital projects	-	-	-	1,762,144	1,762,144
Committed:					
Tax reappraisal	399,425	-	-	-	399,425
Economic development	-	-	-	1,893,433	1,893,433
Environmental protection	-	-	-	317,513	317,513
Public safety	-	-	-	10,040	10,040
LEOSSA Pension	327,055	-	-	-	327,055
Capital projects	-	-	-	2,120,017	2,120,017
Assigned:					
Subsequent year's expenditures	2,734,736	-	-	-	2,734,736
Unassigned:	<u>14,172,971</u>	<u>-</u>	<u>(483,469)</u>	<u>-</u>	<u>13,689,502</u>
Total fund balances	<u>23,724,557</u>	<u>784,973</u>	<u>(483,469)</u>	<u>6,611,303</u>	<u>30,637,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,243,790</u>	<u>\$ 1,349,191</u>	<u>\$ 1,169,639</u>	<u>\$ 6,808,450</u>	<u>\$ 35,571,070</u>

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

Exhibit 3 (Cont)

June 30, 2017

Ending fund balance for Governmental Funds	\$ 30,637,364
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.	41,752,823
Net pension asset	65,677
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	4,791,044
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	133,893
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	281,333
Deferred inflows of resources for taxes receivable	811,985
Deferred inflows of resources for note receivable	46,159
Pension related deferrals	(283,036)
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.	(22,225,516)
	<u>\$ 56,011,726</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, 2017

	Major			Non-Major	
		Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	Public Safety Towers and Broadband Fund	Other Governmental Funds	Total Governmental Funds
	General Fund				
REVENUES					
Ad valorem taxes	\$ 32,078,642	\$ -	\$ -	\$ -	\$ 32,078,642
Local options sales taxes	7,571,089	-	-	-	7,571,089
Other taxes and licenses	356,461	-	-	-	356,461
Fees	573,352	-	-	-	573,352
Intergovernmental	9,666,762	555,005	-	1,376,934	11,598,701
Investment earnings	107,880	3,069	-	20,946	131,895
Charges for services	3,967,935	2,583,040	-	-	6,550,975
Other	478,311	2,897	-	12,360	493,568
Total revenues	<u>54,800,432</u>	<u>3,144,011</u>	<u>-</u>	<u>1,410,240</u>	<u>59,354,683</u>
EXPENDITURES					
Current:					
General government	5,748,651	-	-	7,422	5,756,073
Public safety	12,720,035	-	-	741,759	13,461,794
Transportation	1,016,508	-	-	-	1,016,508
Human services	14,318,310	487,727	-	-	14,806,037
Environmental protection	146,537	2,898,890	-	-	3,045,427
Economic and physical development	920,446	-	-	733,342	1,653,788
Cultural and recreational	1,688,993	-	-	-	1,688,993
Intergovernmental:					
Education	11,266,416	-	-	-	11,266,416
Capital outlay:					
Infrastructure	-	-	583,469	3,676,456	4,259,925
Debt service:					
Principal	1,625,168	-	-	201,306	1,826,474
Interest and other charges	342,313	-	-	52,119	394,432
Total expenditures	<u>49,793,377</u>	<u>3,386,617</u>	<u>583,469</u>	<u>5,412,404</u>	<u>59,175,867</u>
Excess (deficiency) of revenues over expenditures	<u>5,007,055</u>	<u>(242,606)</u>	<u>(583,469)</u>	<u>(4,002,164)</u>	<u>178,816</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	512,554	100,000	4,054,420	4,666,974
Transfers to other funds	(4,751,439)	-	-	(190,625)	(4,942,064)
Installment purchase obligations issued	-	-	-	2,285,000	2,285,000
Sale of capital assets	60,478	-	-	-	60,478
Total other financing sources and uses	<u>(4,690,961)</u>	<u>512,554</u>	<u>100,000</u>	<u>6,148,795</u>	<u>2,070,388</u>
Net change in fund balances	316,094	269,948	(483,469)	2,146,631	2,249,204
Fund balances-beginning	<u>23,408,463</u>	<u>515,025</u>	<u>-</u>	<u>4,464,672</u>	<u>28,388,160</u>
Fund balances-ending	<u>\$ 23,724,557</u>	<u>\$ 784,973</u>	<u>\$ (483,469)</u>	<u>\$ 6,611,303</u>	<u>\$ 30,637,364</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, 2017

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

Net changes in fund balances - total governmental funds	\$ 2,249,204
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.	623,663
Assets transferred to Person County Schools after debt that was secured by the assets was paid off	(2,795,181)
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.	(445,960)
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.	90,479
The issuance of revolving loans consumes current financial resources of governmental funds, while the repayment of the principal of the note receivable provides current financial resources to governmental funds. Neither transaction has any effect on net position. This amount is the amount that the issuance of the note exceeds the principal repayment.	46,159
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,209,005
The payment of pension obligations is reported as expenses in the fund statements but has no effect on the statement of activities.	23,469
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(1,587,217)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	24,760
Total changes in net position of governmental activities	<u>\$ (561,619)</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget-- Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 30,918,050	\$ 30,918,050	\$ 32,078,642	\$ 1,160,592
Local option sales taxes	6,852,030	7,392,030	7,571,089	179,059
Other taxes and licenses	327,600	327,600	356,461	28,861
Fees	420,850	420,850	573,352	152,502
Intergovernmental	9,616,950	10,250,150	9,666,762	(583,388)
Investment earnings	5,000	74,398	107,880	33,482
Charges for services	4,304,698	4,185,030	3,967,935	(217,095)
Other	357,758	441,629	478,311	36,682
Total revenues	<u>52,802,936</u>	<u>54,009,737</u>	<u>54,800,432</u>	<u>790,695</u>
EXPENDITURES				
Current:				
General government	6,392,537	6,247,006	5,745,651	501,355
Public safety	12,818,507	13,614,302	12,720,035	894,267
Transportation	890,294	1,120,067	1,016,508	103,559
Human services	15,662,836	16,283,693	14,318,310	1,965,383
Environmental protection	128,471	169,883	146,537	23,346
Economic and physical development	1,024,506	1,035,564	920,446	115,118
Cultural and recreational	1,695,552	1,807,770	1,688,993	118,777
Contingency	513,761	140,083	-	140,083
Intergovernmental:				
Education	11,266,464	11,465,439	11,266,416	199,023
Debt service:				
Principal retirement	1,780,159	1,775,169	1,625,168	150,001
Interest and other charges	427,631	432,621	342,313	90,308
Total expenditures	<u>52,600,718</u>	<u>54,091,597</u>	<u>49,790,377</u>	<u>4,301,220</u>
Revenues over (under) expenditures	<u>202,218</u>	<u>(81,860)</u>	<u>5,010,055</u>	<u>5,091,915</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(3,633,235)	(4,829,439)	(4,829,439)	-
Sale of capital assets	10,000	55,318	60,478	5,160
Total other financing sources (uses)	<u>(3,623,235)</u>	<u>(4,774,121)</u>	<u>(4,768,961)</u>	<u>5,160</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,421,017)</u>	<u>(4,855,981)</u>	<u>241,094</u>	<u>5,097,075</u>
APPROPRIATED FUND BALANCE	<u>3,421,017</u>	<u>4,855,981</u>	<u>-</u>	<u>(4,855,981)</u>
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>241,094</u>	<u>\$ 241,094</u>
Fund balances-beginning			23,084,038	
Fund balances-ending			<u>\$ 23,325,132</u>	
Legally budgeted Tax Reappraisal expenditures have been consolidated into the General Fund for reporting purposes:				
Transfer in from General Fund			78,000	
Expenditures			(3,000)	
Fund balance-beginning			324,425	
Fund balance-ending			<u>\$ 23,724,557</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, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental Revenues				
Adult vocation and rehabilitation program	\$ 414,500	\$ 466,184	\$ 435,630	\$ (30,554)
ROAP Transportation	19,786	19,732	19,732	-
NC DENR Grant	-	2,000	1,998	(2)
White goods disposal tax	13,000	13,000	15,561	2,561
Scrap tire disposal tax	49,000	49,000	52,984	3,984
Electronics management tax	5,697	5,697	2,936	(2,761)
Solid waste disposal tax	21,600	21,600	26,164	4,564
Total intergovernmental revenues	523,583	577,213	555,005	(22,208)
Charge for services				
Sales	990,000	1,900,434	1,875,129	(25,305)
Medicaid	525,000	547,600	558,289	10,689
Transportation	21,720	21,720	19,290	(2,430)
Local services	28,000	31,193	38,296	7,103
Recycling fee	25,000	25,000	25,000	-
Recycling sales	74,500	74,500	67,036	(7,464)
Total charge for services	1,664,220	2,600,447	2,583,040	(17,407)
Investment earnings	-	2,302	3,069	767
Other revenues				
Donations and miscellaneous	6,250	6,250	2,897	(3,353)
Total revenues	2,194,053	3,186,212	3,144,011	(42,201)
EXPENDITURES				
Human Services				
Personnel expenditures			1,344,790	
Operating expenditures			1,554,100	
	2,211,437	3,143,735	2,898,890	244,845
Environmental protection-recycling				
Personnel expenditures			334,132	
Operating expenditures			153,595	
	490,220	555,031	487,727	67,304
Total expenditures	2,701,657	3,698,766	3,386,617	312,149
Excess (deficiency) of revenues over expenditures	(507,604)	(512,554)	(242,606)	269,948
OTHER FINANCING SOURCES				
Transfers in				
General Fund	507,604	512,554	512,554	-
Total other financing sources	507,604	512,554	512,554	-
Excess (deficiency) of revenues, other financing sources balance over expenditures	\$ -	\$ -	269,948	\$ 269,948
Fund balance beginning of year			515,025	
Fund balance end of year			\$ 784,973	

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, 2017

	Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 306,241	\$ 433,455
Receivables	16,318	5,646
Total current assets	322,559	439,101
Total assets	<u>\$ 322,559</u>	<u>\$ 439,101</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 301	\$ 157,768
Total current liabilities	301	157,768
Total liabilities	<u>301</u>	<u>157,768</u>
Net Position		
Unrestricted	322,258	281,333
Total net position	<u>\$ 322,258</u>	<u>\$ 281,333</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, 2017

	Enterprise Fund Stormwater Fund	Internal Service Fund Insurance Fund
Operating revenues		
Charges for services	\$ 268,050	\$ 2,777,423
Miscellaneous income	-	267,325
Total operating revenues	<u>268,050</u>	<u>3,044,748</u>
Operating expenses		
Professional services	4,483	-
Contracted services	31,084	-
Dues and subscriptions	71,679	-
Stormwater administration	75,571	-
Health insurance administration	-	3,230,421
Other operating expenses	179	-
Total operating expenses	<u>182,996</u>	<u>3,230,421</u>
Operating income	<u>85,054</u>	<u>(185,673)</u>
Nonoperating revenues (expenses)		
Interest earnings	-	1,063
Total nonoperating revenue (expenses) - net	<u>-</u>	<u>1,063</u>
Income (loss) before transfers	<u>85,054</u>	<u>(184,610)</u>
Transfers		
Transfer from General fund	<u>-</u>	<u>275,089</u>
Change in net position	85,054	90,479
Total net position, beginning	<u>237,204</u>	<u>190,854</u>
Total net position, ending	<u><u>\$ 322,258</u></u>	<u><u>\$ 281,333</u></u>

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

Person County, North Carolina
Statement of Cash Flows
Proprietary Funds

Exhibit 9

For the fiscal year ended June 30, 2017

	Enterprise Fund	Internal Service Fund
	Stormwater Fund	Insurance Fund
Cash flows from operating activities		
Cash received from customers	\$ 266,463	\$ 3,092,086
Cash paid for goods and services	(211,125)	(3,236,634)
Net cash provided by operating activities	<u>55,338</u>	<u>(144,548)</u>
Cash flows from noncapital financing activities		
Transfers in	<u>-</u>	<u>275,089</u>
Cash flows from investing activities		
Interest on investments	<u>-</u>	<u>1,063</u>
Net increase in cash and cash equivalents	55,338	131,604
Cash and cash equivalents		
Beginning of year, July 1	<u>250,903</u>	<u>301,851</u>
End of year, June 30	<u><u>\$ 306,241</u></u>	<u><u>\$ 433,455</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 85,054</u>	<u>\$ (185,673)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,587)	47,338
Increase (decrease) in accounts payable and accrued liabilities	<u>(28,129)</u>	<u>(6,213)</u>
Total adjustments	<u>(29,716)</u>	<u>41,125</u>
Net cash provided by operating activities	<u><u>\$ 55,338</u></u>	<u><u>\$ (144,548)</u></u>

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

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

Exhibit 10

June 30, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 193,802
Taxes receivables	192,542
Total assets	<u>386,344</u>
LIABILITIES	
Accounts payable and accrued liabilities	54,123
Due to individuals	96,627
Due to inmates	5,457
Due to 4H	37,595
Reserve for taxes receivable	192,542
Total liabilities	<u>\$ 386,344</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, 2017

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, 2017

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.

Public Safety Towers and Broadband Fund: This fund is used to account 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.

The County reports the following internal service fund:

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

The County maintains fourteen legally budgeted non-major funds.

The County reports the following non-major fund types:

Special Revenue Funds: Special Revenue Funds account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains 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, Recreation & Senior Center Project Fund, and Roxplex & Various Improvements 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, 2017

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

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

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

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

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

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

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

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue (excluding the 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 Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The 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, 2017

<u>Person County Restricted Cash</u>		
Governmental Activities		
General Fund	Tax revaluation	\$ 399,425
General Fund	Register of deeds	70,213
General Fund	Law enforcement	94,973
General Fund	LEOSSA Pension	327,055
PC Recycling Center & Various Roofing		
Improvements Capital Projects Fund	Unexpended Debt Proceeds	509,847
Roxplex and Various Improvements Fund	Unexpended Debt Proceeds	<u>140,437</u>
Total Governmental Activities		<u>1,541,950</u>
Total Restricted Cash		<u>\$ 1,541,950</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, 2016. 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, 2017

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	5

Property, plant, and equipment of the ABC Board are recorded at original cost at the time of acquisition. Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense of operations. Capital assets are recorded net of accumulated depreciation on the ABC Board balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – 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, 2017 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, 2017

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.

Prepaids-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, 2017

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, 2017

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 \$25,374,362 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)	\$ 80,592,784
Less Accumulated Depreciation	<u>(38,839,961)</u>
Net capital assets	41,752,823
Net pension asset	65,677
Contributions to the pension plan in the current fiscal year	4,791,044
Accrued interest receivable on taxes	133,893
Notes receivables are recorded on the government-wide statements because the funds are not available within 90 days and therefore are deferred in the fund statements.	46,159
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	281,333
Pension related deferrals	(283,036)
Deferred inflows of resources for taxes receivable	811,985
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	(11,438,059)
Accrued Post-Closure Care Costs of closed Person County Landfill	(109,642)
Compensated absences	(1,036,728)
Other postemployment benefits	(2,682,828)
Net pension liability	(6,858,966)
Accrued interest payable	<u>(99,293)</u>
	<u>\$ 25,374,362</u>
Total adjustment	

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 \$(2,810,823) 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	\$ 4,722,817
Cost of disposed capital asset not recorded in fund statements	(411,489)
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	(3,687,665)
Assets transferred to Person County Schools after debt that was secured by the assets was paid off	(2,795,181)

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

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	(2,285,000)
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	1,839,040
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,209,005
Benefit payments and administration costs of LEOSSA are deferred outflows of resources on the Statement of Net Position	23,469
Expenditures reported in the fund statements for issuance of revolving loan costs but recorded as issuance of the note receivable in the Statement of Net Position	50,000
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	90,479
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)	11,478
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.	21,725
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	47,492
Other postemployment benefits are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(167,251)
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	10,815
County's portion of collective pension expense	(1,511,476)
Revenues reported in the fund statements for note receivable principle payments but recorded as payments to the note receivable asset in the Statement of Net Position	(3,841)
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:	
Increase in deferred inflows of resources – taxes receivable – at end of year	18,190
Increase in accrued interest receivable on taxes at the end of year	6,570
Total adjustment	<u>\$ (2,810,823)</u>

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance of Net Position of Individual Funds

In Exhibit B-3, the Public Safety Towers and Broadband Fund had a deficit fund balance of \$483,469. This deficit balance resulted from the County spending available fund balance it did not have. This situation occurs when expenditures are incurred but revenue funding is not available.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017, the County's deposits had a carrying amount of \$1,967,971 and a bank balance of \$2,406,992. Of the bank balance, \$750,000 was covered by federal depository insurance and \$1,656,992 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2017, Person County had \$4,524 cash on hand which was composed of undeposited receipts and petty cash.

At June 30, 2017, the Person County ABC Board's deposits had a carrying amount of \$739,014 and a bank balance of \$745,768. 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, 2017, the Person County ABC Board also had \$2,300 in cash on hand.

2. Investments

At June 30, 2017, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 17,876,156	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value – Level 1	9,629,098	\$ 9,629,098
Total:		<u>\$ 27,505,254</u>	<u>\$ 9,629,098</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.

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

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017, 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, 2017, the County has no investments in commercial paper. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2017. 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>
			\$
2014	\$ 1,753,764	\$ 416,508	2,170,272
2015	1,796,819	265,026	2,061,845
2016	1,831,307	105,295	1,936,602
2017	1,859,316	-	1,859,316
Total	<u>\$ 7,241,206</u>	<u>\$ 786,829</u>	<u>\$ 8,028,035</u>

4. Receivables

Receivables at the government-wide level at June 30, 2017, 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	\$ 7,618,370	\$ 2,256,019	\$ 2,037,027	\$ 11,911,416
Person Industries				
Community Rehabilitation				
Program and Material				
Recovery Facility Fund	610,761	-	83,585	694,346
Non-major funds	<u>46,159</u>	<u>-</u>	<u>131,950</u>	<u>178,109</u>
Total receivables	8,275,290	2,256,019	2,252,562	12,783,871
Allowance for doubtful	<u>(7,259,955)</u>	<u>(122,000)</u>	<u>-</u>	<u>(7,381,955)</u>
Total governmental activities	<u>\$ 1,015,335</u>	<u>\$ 2,134,019</u>	<u>\$ 2,252,562</u>	<u>\$ 5,401,916</u>
Business-type Activities:				
Stormwater	<u>\$ 16,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,318</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

Taxes and related accrued interest consist of the following:

Local option sales taxes	\$ 1,287,173
Property taxes, net	811,197
Accrued property tax interest receivable	133,893
Occupancy taxes	23,756
Total	<u>\$ 2,256,019</u>

Intergovernmental receivables consist of the following:

Child care	\$ 114,480
Public assistance	202,788
E-911 services reimbursement	26,760
Social services	384,418
PI Community Rehab	125,704
Airport grants	42,040
Home & Community Care Block Grant	117,769
Pregnancy Care Management	8,273
Transportation grants	184,977
2015 BVP Grant	5,547
2016 BVP Grant	3,027
2016 GCC-PC Office Grant	24,255
UTV Grant	20,425
Video programming	16,282
State inmate reimbursement	14,640
VIP Grant	9,586
Federal seizure reimbursement	9,219
NC911 Emergency Telephone System	77,469
Water and sewer construction	12,442
Scrap Tire Disposal	14,085
White Goods Disposal	3,813
Solid waste disposal	6,261
Miscellaneous	828,302
Total	<u>\$ 2,252,562</u>

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, 2017

Future projected receipts of the lease are as follows:

Year ended June 30	
2018	\$ 84,909
2019	56,606
Total future operating lease receivables	<u>\$ 141,515</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer to PCS</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 6,705,517	\$ 130,573	\$	\$(2,627,096)	\$ 4,208,994
Construction in progress	771,232	1,038,547	(433,239)	(168,085)	1,208,455
Total capital assets not being depreciated	<u>7,476,749</u>	<u>1,169,120</u>	<u>(433,239)</u>	<u>(2,795,181)</u>	<u>5,417,449</u>
Capital assets being depreciated:					
Buildings	30,208,494	1,933,643	-	.	32,142,137
Improvements	15,435,804	451,382	-	.	15,887,186
Equipment	14,383,499	1,278,348	(654,612)	.	15,007,235
Infrastructure	12,138,777	-	-	.	12,138,777
Total capital assets being depreciated	<u>72,166,574</u>	<u>3,663,373</u>	<u>(654,612)</u>	<u>.</u>	<u>75,175,335</u>
Less accumulated depreciation for:					
Buildings	10,069,649	1,491,825	-	.	11,561,474
Improvements	5,581,807	651,169	-	.	6,232,976
Equipment	9,672,066	1,191,705	(566,686)	.	10,297,085
Infrastructure	10,395,460	352,966	-	.	10,748,426
Total accumulated depreciation	<u>35,718,982</u>	<u>\$3,687,665</u>	<u>\$ (566,686)</u>	<u>\$</u>	<u>38,839,961</u>
Total capital assets being depreciated, net	<u>36,447,592</u>				<u>36,335,374</u>
Governmental activity capital assets, net	<u>\$43,924,341</u>				<u>\$41,752,823</u>

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

General government	\$ 894,644
Public safety	888,802
Transportation	494,460
Education	1,159,765
Economic and physical development	8,199
Environmental protection	36,799
Human services	80,558
Cultural and recreational	<u>124,438</u>
Total depreciation expense	<u>\$ 3,687,665</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

Construction commitments

As of June 30, 2017, the County has active contracts for engineering services and construction contracts for projects associated with the Airport, Person County Recycling Center, and various re-roofing projects.

Project	Spent-to-date	Remaining Commitment
General Fund	\$ 19,750.50	\$ 2,194.50
Airport Construction Projects	334,879.20	4,240.80
CIP	31,539.00	11,554.50
PCRC/Roof	10,844.20	3,645.80
Roxplex & Roofing	19,750.50	2,194.50
Total	<u>\$ 416,763.40</u>	<u>\$ 23,830.10</u>

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2017, 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	17,356	-	152,507
Office furniture and fixtures	15,156	-	-	15,156
Store equipment	97,257	2,025	-	99,282
Vehicles	16,582	-	-	16,582
Total capital assets being depreciated	<u>264,146</u>	<u>19,381</u>	<u>-</u>	<u>283,527</u>
Less accumulated depreciation for:				
Buildings	97,429	6,446	-	103,875
Office furniture and fixtures	11,807	1,152	-	12,959
Store equipment	91,217	2,353	-	93,570
Vehicles	16,582	-	-	16,582
Total accumulated depreciation	<u>217,035</u>	<u>\$ 9,951</u>	<u>\$ -</u>	<u>\$ 226,986</u>
Total capital assets being depreciated, net	<u>47,111</u>			<u>56,541</u>
ABC capital assets, net	<u>\$ 81,299</u>			<u>\$ 90,729</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	Vendors	Accrued Interest	Other	Total
Governmental Activities:				
General	\$ 1,689,087	\$ 99,293	\$ 66,064	\$ 1,854,444
Person Industries Community Rehabilitation Program and Material Recovery Facility Fund	84,130	-	844	84,974
Public Safety Towers and Broadband Fund	552,508	-	-	552,508
Other Governmental	150,988	-	-	150,988
Total-governmental activities	<u>\$ 2,476,713</u>	<u>\$ 99,293</u>	<u>\$ 66,908</u>	<u>\$ 2,642,914</u>
Business-type Activities				
Storm-water Fund	<u>\$ 301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301</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
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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, 2017, was 8.00% of compensation for law enforcement officers and 7.34% 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 \$1,204,173 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$5,463,315 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was .257%, which was a decrease of .011% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,453,159. At June 30, 2017, 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	\$ 102,646	\$ 191,441
Changes of assumptions	374,188	-
Net difference between projected and actual earnings on pension plan investments	3,025,165	-
Changes in proportion and differences between County contributions and proportionate share of contributions	36,738	62,348
County contributions subsequent to the measurement date	1,206,010	-
Total	<u>\$ 4,744,747</u>	<u>\$ 253,789</u>

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

\$1,206,010 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 494,775
2019	495,272
2020	1,432,699
2021	862,202

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 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%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Person County, North Carolina
Notes to the Financial Statements
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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)	\$ 12,966,994	\$ 5,463,315	\$(804,317)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Person County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of NCGS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, 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.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.71 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$42,068 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$1,395,651. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$103,607.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 28,109
County benefit payments and plan administrative expense made subsequent to the measurement date	23,469	-
Total	<u>\$ 23,469</u>	<u>\$ 28,109</u>

\$23,469 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 5,395
2019	5,395
2020	5,395
2021	5,395
2022	5,395
Thereafter	1,134

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Notes to the Financial Statements
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\$23,469 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 1,514,571	\$ 1,395,651	\$ 1,286,144

Schedule of Changes in Total pension Liability
Law Enforcement Officer's Special Separation Allowance

	2017
Beginning balance	\$ 1,352,634
Service Cost	61,293
Interest on the total pension liability	47,709
Changes of assumptions or other inputs	(33,504)
Benefit payments	(32,481)
Ending balance of the total pension liability	<u>\$ 1,395,651</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

Plan Description: The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy: Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County has elected to contribute monthly 5 percent of each employee's salary for permanent full-time employees not engaged in law enforcement, and all amounts contributed are vested immediately. Also, the law enforcement officers and other employees may make voluntary contributions to the plan.

The County contributed \$810,153 for the reporting year. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Person County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is

Person County, North Carolina
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For the Year Ended June 30, 2017

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,995 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$65,677 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was .354%, which was a decrease of .019% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$4,995. At June 30, 2017, 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	\$ 70	\$ 850
Changes of assumptions	17,498	-
Net difference between projected and actual earnings on pension plan investments	112	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,153	288
County contributions subsequent to the measurement date	2,995	-
Total	<u>\$ 22,828</u>	<u>\$ 1,138</u>

\$2,995 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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Notes to the Financial Statements
For the Year Ended June 30, 2017

Year ended June 30:	
2018	\$ 8,324
2019	7,955
2020	3,152
2021	(736)

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by 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, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. 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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

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	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (52,957)	\$ (65,677)	\$ (76,363)

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

e. Other Postemployment Benefits

Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County provides a portion of the total cost for individual coverage for retirees based on the guidelines below:

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

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:

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

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 3.47% of annual covered payroll. For the current year, the County contributed \$367,832 or 2.40 % 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 2.05% and 2.40% of covered payroll, respectively. The County's contributions totaled \$367,832 in fiscal year 2017. 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

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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	\$ 530,586
Interest on Net OPEB Obligation	100,623
Adjustment to annual required contribution	<u>(96,126)</u>
Annual OPEB cost (expense)	535,083
Contributions made for fiscal year ending 6/30/2016	<u>(367,832)</u>
Increase (decrease) in net OPEB obligation	167,251
Net OPEB obligation, beginning of fiscal year	<u>2,515,577</u>
Net OPEB obligation, end of fiscal year	<u><u>\$ 2,682,828</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, 2017 were as follows:

For Year Ended June 30	<u>Three-Year Trend Information</u>		
	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 456,635	37.5%	\$ 2,104,796
2016	526,808	22.0%	2,515,577
2017	535,083	68.7%	2,682,828

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 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 June 30, 2016, 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

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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 \$39,267 in post-closure care costs for the year ending June 30, 2017. The \$109,642 reported as Accrued Post-closure Care Costs in Note 3(E) represents the estimated costs remaining at June 30, 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. This liability was transferred from the Enterprise Fund to the General Fund on June 30, 1998.

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

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Pensions – difference between expected and actual experience		
LGERS	\$ 102,646	\$ 191,441
Register of Deeds	70	850
Pensions – difference between projected and actual investment earnings		
LGERS	3,025,165	-
Register of Deeds	112	-
Pensions – change in assumptions		
LGERS	374,188	-
Register of Deeds	17,498	-
Register of Deeds	-	28,109
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	36,738	62,348
Register of Deeds	2,153	288
Contributions to pension plan in 2016-2017 fiscal year	1,209,005	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	23,469	-
Prepaid taxes not yet earned (General)	-	109,865
Total	<u>\$ 4,791,044</u>	<u>\$ 392,901</u>

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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 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, 2017, 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 \$1,428,772 for the year ended June 30, 2017.

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, 2017:

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Notes to the Financial Statements
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<u>Year Ending June 30</u>	<u>Future Minimum Lease Payments</u>
2018	\$ 1,298,795
2019	1,282,877
2020	1,282,877
2021	1,385,395
2022	1,369,048
Thereafter	3,980,538
Total	<u>\$ 10,599,530</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.

At June 30, 2017, the County leased equipment valued at:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$1,541,395	\$ 598,440	\$ 942,955

For Person County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	
2018	\$ 265,795
2019	302,668
2020	302,668
2022	26,483
Total minimum lease payments	897,614
Less: amount representing interest	96,330
Total	<u>\$ 801,284</u>

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

\$ 1,625,000

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%.

1,050,000

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%.

2,192,776

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%.

1,700,000

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%.

1,784,000

Total Installment Purchases remaining balance

\$ 8,351,776

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Future minimum payments for Installment Purchases:

	Principal	Interest
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	862,836	103,419
2023-2027	2,414,179	231,993
2028-2029	304,417	9,052
Total principal payments	<u>\$ 8,351,776</u>	
Total interest payments		<u>\$ 1,143,785</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, 2017, the County has no General Obligation debt.

At June 30, 2017, Person County had a legal debt margin of \$364,130,261.

e. Debt Related to Capital Activities

The County holds title to certain County Board of Education properties that have been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. Of the total Governmental Activities debt listed only \$6,461,312 relates to assets the County holds title and \$2,985,665 relates to County Board of Education properties that the County holds title. Restricted cash related to this debt amounts to \$650,284.

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, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
<i>Governmental activities:</i>					
General obligation bonds	\$ -	\$ 2,285,000	\$ -	\$ 2,285,000	\$ 152,333
Installment purchases	9,870,612	-	(1,518,836)	8,351,776	1,393,836
Capital lease	1,121,487	-	(320,203)	801,284	220,335
Accrued post-closure care costs	120,457	-	(10,815)	109,642	15,663
Retainage payable	21,725	-	(21,725)	-	-
Other postemployment benefits	2,515,577	167,251	-	2,682,828	-
Compensated absences	1,084,220	-	(47,492)	1,036,728	259,182
Total pension liability (LEOSSA), as restated	1,352,634	43,017	-	1,395,651	-
Net pension liability (LGERS)	<u>1,207,480</u>	<u>4,255,835</u>	<u>-</u>	<u>5,463,315</u>	<u>-</u>
Total	<u>\$ 17,294,192</u>	<u>\$ 6,751,103</u>	<u>\$ (1,919,071)</u>	<u>\$ 22,126,224</u>	<u>\$ 2,041,349</u>

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

C. Interfund Balances and Activity

Transfers to/from other fund at June 30, 2017, 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	\$ 512,554
From General Fund to Economic Catalyst Fund to supplement other funding sources.	1,201,854
From General Fund to Capital Improvement Projects Fund for various capital projects approved in the County's CIP Plan.	2,138,942
From the General Fund to the Airport Capital Projects Fund to for the planned future construction of an additional airport hangar.	523,000
From the General Fund to Insurance Fund to supplement contributions from employees	275,089
From the General Fund to Revolving Loan Fund for future loan opportunities to support local businesses	100,000
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 Capital Improvement Project Fund to Public Safety Towers & broadband Fund to cover initial project costs prior to receiving loan proceeds	100,000
Total	<u>\$ 4,942,064</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

Balances due to/from other funds at June 30, 2017, 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 Public Safety Towers & Broadband Fund to the General Fund for expenses associated with the construction of communication towers and installment of broadband equipment	1,100,600
	<u>\$ 1,579,844</u>

Interfund balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

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	\$ 41,752,823
Capital debt calculation:	
Total debt, gross	11,438,060
Less:	
School debt for assets to which the county does not hold title	1,740,913
Community college debt for assets to which the county does not hold title	258,083
Unexpended proceeds	650,284
Total capital debt	8,788,780
Net investment in capital assets	<u>\$ 32,964,043</u>

E. Fund Balance

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

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

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

Total fund balance-General Fund	\$23,724,790
Less:	
Prepays	108,934
Stabilization by State Statute	5,835,312
Appropriated Fund Balance in 2015 budget	2,734,736
Register of Deeds	50,213
Public Safety	95,911
Tax Reappraisal	399,425
LEOSSA Pension	327,055
Working Capital/ Unassigned Fund Balance	9,818,067
Remaining Fund Balance	4,355,137

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>
	\$ 601,867	\$ 68,896

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$397,769 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, 2017. 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, 2017. Complete financial statements for the community college may be obtained from the community college's administrative offices at 1715 College Drive, Roxboro, NC 27573.

On April 1, 2012 the NC Division of Health and Human Services (DHHS) transferred management of all Medicaid and state funding for Mental Health, Intellectual/Developmental Disabilities, and Substance Abuse from Orange-Person-Chatham (OPC) Local Management Entity to Cardinal Innovations Health Care Solutions, a Managed Care Organization. Person County, in conjunction with Orange and Chatham Counties, contributes to Cardinal Innovations for Mental Health, Intellectual/Developmental Disabilities and Substance Abuse services to individuals in the Orange-Person-Chatham catchment area. Each participating government appoints representation on the Orange-Person-Chatham County Oversight Board. Orange-Person-Chatham also has representation on the Board of Directors of Cardinal Innovations. Person County contributed \$537,452 to Cardinal Innovations for the year ended June 30, 2017. 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, 2017. The County was the subrecipient of grants for \$343,050 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, 2017. 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, 2017.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

As of June 30, 2017, 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, 2017, 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; \$12,087; \$302,463 and \$9,217, 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, 2017 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.

	Federal	State
Temporary Assistance to Needy Families.....	\$ 226,758	\$ -
CWS Adoption Subsidy	-	72,878
IV-E Foster Care.....	157,831	46,417
IV-E Adoption Subsidy	175,956	44,951
Medical Assistance Program	38,005,480	20,550,906
Health Choice	974,583	2,681
Women, Infants and Children	692,002	-
SC/SA Adult Care Payments	-	465,262
State Foster Care.....	-	91,311
SFHF Maximization.....	-	70,392
Foster Care At Risk Maximization	-	4,426
Total.....	<u>\$ 40,232,610</u>	<u>\$ 21,349,224</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.

Person County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2017

VIII. Significant Effects of Subsequent Events

The County has evaluated events and transactions that occurred between June 30, 2017 and December 31, 2017, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The County was approved for lottery projects from the Department of Public Instruction for various school projects in the amount of \$1,017,572. 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

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$1,341,940.

Required Supplemental Information

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

- ◆ Other Postemployment Benefits Schedule of Funding Progress
- ◆ Other Postemployment Benefits Schedule of Employer Contributions
- ◆ Notes to the Required Schedules for the Other Postemployment Benefits
- ◆ Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)
- ◆ Schedule of County Contributions (LGERS)
- ◆ Schedule of County's Proportionate Share of Net Pension Liability (Asset) (ROD)
- ◆ Schedule of County's Contributions (ROD)
- ◆ Schedule of Changes in Total Pension Liability (LEOSSA)
- ◆ Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEOSSA)

Person County, North Carolina
Other Postemployment Benefits
Required Supplemental Information
Schedule of 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)
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-2

Last seven years ended June 30, 2017

<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
2017	535,083	69

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 Four Fiscal Years

Exhibit A-3

	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.257%	0.269%	0.266%	27.400%
County's proportionate share of the net pension liability (asset)	\$ 5,463,315	\$ 1,207,480	\$ (1,570,847)	\$ 3,299,136
County's covered-employee payroll	\$ 16,201,554	\$ 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	33.72%	7.54%	-10.15%	35.31%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

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

Exhibit A-4

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,206,010	\$ 1,099,065	\$ 1,017,439	\$ 1,098,928
Contributions in relation to the contractually required contribution	<u>1,206,010</u>	<u>1,099,065</u>	<u>1,017,439</u>	<u>1,098,928</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 16,201,554	\$ 16,114,694	\$ 16,017,799	\$ 15,479,514
Contributions as a percentage of covered-employee payroll	7.44%	6.82%	6.35%	7.10%

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

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

Exhibit A-5

	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	35.100%	0.354%	0.373%	35.200%
County's proportionate share of the net pension liability (asset)	\$ (65,677)	\$ (82,140)	\$ (84,639)	\$ (75,159)
County's covered-employee payroll	\$ 61,430	\$ 68,950	\$ 68,950	\$ 68,950
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-106.91%	-119.13%	-122.75%	-109.07%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

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

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

Exhibit A-6

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,995	\$ 3,148	\$ 2,558	\$ 3,049
Contributions in relation to the contractually required contribution	<u>2,995</u>	<u>3,148</u>	<u>2,558</u>	<u>3,049</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 61,430	\$ 68,950	\$ 68,950	\$ 68,908
Contributions as a percentage of covered-employee payroll	4.88%	4.57%	3.71%	4.42%

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

Person County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2017

Exhibit A-7

	<u>2017</u>
Beginning balance	\$ 1,352,634
Service Cost	61,293
Interest on the total pension liability	47,709
Changes of assumptions or other inputs	(33,504)
Benefit payments	<u>(32,481)</u>
Ending balance of the total pension liability	<u><u>\$ 1,395,651</u></u>

The amounts presented for the fiscal year were determined as of the prior December 31.

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

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2017**

	<u>2017</u>
Total pension liability	\$ 1,395,651
Covered payroll	2,374,905
Total pension liability as a percentage of covered payroll	58.77%

Notes to the schedules:

Person County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Information included above is intended to include ten years; however, only the year above has 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.

♦ **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.

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
REVENUES				
Ad valorem taxes				
Current year levy	\$ 30,326,900	\$ 30,326,900	\$ 31,470,735	\$ 1,143,835
Prior year levy	400,650	400,650	387,779	(12,871)
Penalties and interest	156,500	156,500	184,870	28,370
Advertising	34,000	34,000	35,258	1,258
Total ad valorem taxes	30,918,050	30,918,050	32,078,642	1,160,592
Local option sales taxes				
Article 39 one per cent	3,310,250	3,310,250	3,373,579	63,329
Article 40 one-half per cent	1,920,930	1,920,930	1,993,954	73,024
Article 42 one-half per cent	1,620,850	1,620,850	1,663,191	42,341
Article 44 one-half per cent	-	540,000	540,365	365
Total local option sales taxes	6,852,030	7,392,030	7,571,089	179,059
Other taxes				
Deed stamp excise tax	95,000	95,000	127,517	32,517
Occupancy tax	200,000	200,000	196,631	(3,369)
Gross receipts tax	14,000	14,000	14,323	323
Animal taxes	16,000	16,000	15,290	(710)
Privilege licenses tax	2,600	2,600	2,700	100
Total other taxes	327,600	327,600	356,461	28,861
Fees				
Planning and zoning fees	26,800	26,800	36,029	9,229
Register of Deeds fees	161,700	161,700	171,046	9,346
Inspection fees	232,100	232,100	365,977	133,877
Special Use permit fees	250	250	300	50
Total fees	420,850	420,850	573,352	152,502
Intergovernmental revenues				
State and Federal Funds				
Public Health Services	1,702,610	1,735,208	1,439,692	(295,516)
Environmental Health Services	-	6,814	(300)	(7,114)
Social Services	6,128,059	6,325,579	6,033,559	(292,020)
Home and Community Care	305,500	305,500	311,680	6,180
Elderly and handicapped transportation	17,000	14,921	14,922	1
Community Alternatives	247,852	244,385	242,828	(1,557)
Beer and Wine Tax	146,000	146,000	142,072	(3,928)
Video Programming	63,700	63,700	64,549	849
DWI Revenues	3,700	3,700	3,364	(336)
Court Facilities fees	50,000	50,000	52,354	2,354
Sheriff's Grants	-	36,428	32,829	(3,599)
Inmate cost reimbursement	135,000	183,986	237,557	53,571
Federal Inmate cost reimbursement	6,000	17,143	19,425	2,282
Drug Enforcement-Related Revenues	-	100,000	35,729	(64,271)
Emergency Management	46,000	38,584	59,009	20,425

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Federal Interest Subsidy	107,388	107,388	107,957	569
Lottery Proceeds	-	197,475	142,569	(54,906)
Library Grants	95,665	95,881	95,881	-
Soil and Water Conservation	28,600	28,600	29,164	564
Transportation Grant	418,876	431,727	479,090	47,363
Veterans Services	-	2,131	2,130	(1)
Subtotal State and Federal funds	9,501,950	10,135,150	9,546,060	(589,090)
Local Funds				
Parks and Recreation	15,000	15,000	7,750	(7,250)
E-911 City Participation	100,000	100,000	112,952	12,952
Subtotal Local funds	115,000	115,000	120,702	5,702
Total Intergovernmental revenues	9,616,950	10,250,150	9,666,762	(583,388)
Investment income	5,000	74,398	107,880	33,482
Charges for services				
Sheriff and Jail fees	170,500	207,144	230,481	23,337
School Resource Officer Contract	107,215	107,215	112,433	5,218
ABC Officer Contract	28,000	28,000	28,000	-
PCC Officer Contract	60,000	60,000	60,000	-
Solid waste and recycling fees	545,000	545,000	535,546	(9,454)
EMS fees	1,160,000	959,681	1,107,692	148,011
Animal fees	24,800	32,800	34,213	1,413
Cooperative Extension Fees	4,750	7,360	8,188	828
Library fines and fees	25,100	25,100	26,739	1,639
Recreation fees	335,001	347,014	341,307	(5,707)
Map fees	500	500	385	(115)
GIS fees	800	800	659	(141)
EDC reimbursement from other governments	7,500	7,500	7,500	-
IT services to other governments	66,544	59,544	64,057	4,513
Stormwater Admin Fees	75,571	75,571	75,571	-
Transportation Services	359,624	359,624	293,579	(66,045)
Tax Collection Fees	67,000	67,000	67,566	566
Arts Council Reimbursement	20,000	20,000	20,047	47
Health fees	1,127,793	1,156,177	784,722	(371,455)
Environmental Health fees	118,000	118,000	168,775	50,775
DSS Fees	1,000	1,000	475	(525)
Total charges for services	4,304,698	4,185,030	3,967,935	(217,095)
Other revenues				
Rents and leases	97,368	99,118	108,489	9,371
ABC Board distributions	220,000	220,000	255,740	35,740
Miscellaneous	33,890	70,588	58,105	(12,483)
Donations	6,500	51,923	55,977	4,054
Total other revenues	357,758	441,629	478,311	36,682
Total general revenues	52,802,936	54,009,737	54,800,432	790,695

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
EXPENDITURES				
<u>General government</u>				
Governing Body				
Personnel expenses			81,714	
Operating expenses			88,174	
ABC profits to City of Roxboro			70,225	
Total	221,527	264,424	240,113	24,311
Administration				
Personnel expenses			344,724	
Operating expenses			16,090	
Total	369,550	369,550	360,814	8,736
Information Technology				
Personnel expenses			501,568	
Operating expenses			227,169	
Capital outlay			64,037	
Total	828,471	849,362	792,774	56,588
Human Resources				
Personnel expenses			294,770	
Operating expenses			206,015	
Total	309,330	501,929	500,785	1,144
Fleet Sales Management				
Operating expenses			18,081	
Total	510,000	44,906	18,081	26,825
Elections				
Personnel expenses			167,385	
Operating expenses			65,126	
Total	241,577	250,357	232,511	17,846
Finance				
Personnel expenses			371,786	
Operating expenses			112,078	
Capital outlay			2,403	
Total	500,411	500,411	486,267	14,144
Tax Administration				
Personnel expenses			629,289	
Operating expenses			182,783	
Capital outlay			23,388	
Total	845,250	869,539	835,460	34,079
Legal				
Personnel expenses			49,599	
Operating expenses			11,834	
Total	63,529	72,525	61,433	11,092
Register of Deeds				
Personnel expenses			205,320	
Operating expenses			48,629	
Capital outlay			1,770	
Total	280,586	280,586	255,719	24,867
Courts				
Operating expenses	6,100	6,100	5,929	171

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE Positive (Negative)
	Original Budget	Amended Budget	Actual	
General Services				
Personnel expenses			760,810	
Operating expenses			1,159,585	
Capital outlay			35,370	
Total	2,216,206	2,237,317	1,955,765	281,552
Total general government	6,392,537	6,247,006	5,745,651	501,355
<u>Public Safety</u>				
Sheriff				
Personnel expenses			3,227,450	
Operating expenses			430,818	
Capital outlay			137,867	
Total	3,710,728	4,050,214	3,796,135	254,079
Jail				
Personnel expenses			1,705,323	
Operating expenses			989,879	
Total	2,776,672	2,873,220	2,695,202	178,018
Judicial				
Personnel expenses			374,280	
Operating expenses			4,652	
Total	407,513	407,738	378,932	28,806
JCPC Administration				
Personnel expenses			2,572	
Operating expenses			2,945	
Total	6,115	6,115	5,517	598
Roots & Wings				
Operating expenses	65,927	65,927	65,927	-
Incredible Years				
Operating expenses	10,656	10,656	10,656	-
4H YES				
Personnel expenses			51,798	
Operating expenses			9,849	
Total	64,058	64,058	61,647	2,411
Very Important Parents				
Personnel expenses			105,899	
Operating expenses			11,289	
Capital outlay			842	
Total	124,639	121,675	118,030	3,645

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
Emergency Management				
Personnel expenses			74,643	
Operating expenses			43,383	
Total	125,187	155,271	118,026	37,245
Fire and Rescue				
Personnel expenses			43,765	
Operating expenses			36,932	
VFD annual appropriation			949,345	
Total	1,064,411	1,064,411	1,030,042	34,369
Ambulance Service				
Personnel expenses			2,287,768	
Operating expenses			343,033	
Capital outlay			256,648	
Total	2,826,533	3,097,378	2,887,449	209,929
Code Enforcement				
Personnel expenses			300,635	
Operating expenses			17,403	
Total	383,223	385,698	318,038	67,660
Emergency Communications				
Personnel expenses			815,193	
Operating expenses			15,706	
Total	856,324	856,324	830,899	25,425
Medical Examiner	20,050	28,850	28,850	-
Animal Control				
Personnel expenses			277,625	
Operating expenses			66,603	
Capital outlay			30,457	
Total	376,471	426,767	374,685	52,082
Total public safety	12,818,507	13,614,302	12,720,035	894,267
				kl
<u>Transportation</u>				
Airport Operations				
Operating expenses			37,894	
Total	47,000	52,200	37,894	14,306
Public Transportation				
Personnel expenses			541,702	
Operating expenses			258,087	
Capital outlay			178,825	
Total	843,294	1,067,867	978,614	89,253
Total transportation	890,294	1,120,067	1,016,508	103,559

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Human Services</u>				
Public Health				
Personnel expenses			2,368,542	
Operating expenses			1,162,749	
Capital outlay			7,622	
Total	4,086,407	4,182,756	3,538,913	643,843
Environmental Health				
Personnel expenses			359,961	
Operating expenses			26,617	
Capital outlay			2,500	
Total	389,624	399,138	389,078	10,060
Mental Health				
Operating expenses	536,625	536,625	537,452	(827)
Social Services				
Personnel expenses			4,983,050	
Operating expenses			1,033,395	
Capital outlay			52,916	
Public assistance			3,314,294	
Total	10,204,125	10,693,067	9,383,655	1,309,412
Veterans Services				
Personnel expenses			13,790	
Operating expenses			1,270	
Total	15,755	17,886	15,060	2,826
Special Appropriations				
Council on Aging			416,568	
Drug Court			34,750	
Total	430,300	454,221	454,152	69
Total human services	15,662,836	16,283,693	14,318,310	1,965,383
<u>Education</u>				
Public Schools				
Current expense			9,359,614	
Capital outlay			777,966	
Terrell Fund			17,000	
Total	10,154,628	10,353,603	10,154,580	199,023
Community College				
Operating expenses			1,111,836	
Total	1,111,836	1,111,836	1,111,836	-
Total education	11,266,464	11,465,439	11,266,416	199,023

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Environmental Protection</u>				
Landfill Maintenance				
Operating expenses			39,267	
Total	18,000	42,750	39,267	3,483
Soil and Water Conservation				
Personnel expenses			96,933	
Operating expenses			9,576	
Capital outlay			761	
Total	110,471	127,133	107,270	19,863
Total environmental protection	128,471	169,883	146,537	23,346
<u>Economic and Physical Development</u>				
Economic Development				
Personnel expenses			147,869	
Operating expenses			232,115	
Total	396,263	400,463	379,984	20,479
Planning and Zoning				
Personnel expenses			141,583	
Operating expenses			7,261	
Capital outlay			(123)	
Total	193,855	193,855	148,721	45,134
GIS				
Personnel expenses			115,691	
Operating expenses			22,857	
Capital outlay			1,101	
Total	175,556	175,556	139,649	35,907
Cooperative Extension Service				
Operating expenses			178,816	
Capital outlay			2,005	
Total	187,561	194,419	180,821	13,598
Forestry Services				
Operating expenses	71,271	71,271	71,271	-
Total economic and physical development	1,024,506	1,035,564	920,446	115,118
<u>Cultural and Recreational</u>				
Library				
Personnel expenses			399,840	
Operating expenses			121,624	
Total	533,084	538,660	521,464	17,196
Recreation, Arts and Parks				
Personnel expenses			766,391	
Operating expenses			366,128	
Capital outlay			912	
Total	1,151,468	1,213,087	1,133,431	79,656
Museum of History				
Operating expenses	11,000	56,023	34,098	21,925
Total cultural and recreational	1,695,552	1,807,770	1,688,993	118,777

General Fund

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

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Debt Service</u>				
Principal retirement	1,780,159	1,775,169	1,625,168	150,001
Interest and fees	427,631	432,193	342,313	89,880
Debt issuance costs	-	428	-	428
Total debt service	2,207,790	2,207,790	1,967,481	240,309
<u>Contingency</u>	513,761	140,083	-	140,083
Total expenditures	52,600,718	54,091,597	49,790,377	4,301,220
Revenues over (under) expenditures	202,218	(81,860)	5,010,055	5,091,915
OTHER FINANCING SOURCES (USES)				
Transfers out				
Reappraisal fund	(78,000)	(78,000)	(78,000)	-
Special revenue funds	(1,191,204)	(1,814,408)	(1,814,408)	-
Capital project funds	(2,338,942)	(2,661,942)	(2,661,942)	-
Internal service funds	(25,089)	(275,089)	(275,089)	-
Sale of capital assets	10,000	55,318	60,478	5,160
Total other financing sources (uses)	(3,623,235)	(4,774,121)	(4,768,961)	5,160
Revenues and other financing sources over (under) expenditures and other financing uses	(3,421,017)	(4,855,981)	241,094	5,097,075
APPROPRIATED FUND BALANCE	3,421,017	4,855,981	-	(4,855,981)
Revenues, other sources, and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ -	241,094	\$ 241,094
Fund balance, beginning of year			23,084,038	
Fund balance end of year			\$ 23,325,132	

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, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Operating expenses	78,000	78,000	3,000	75,000
Total expenditures	78,000	78,000	3,000	75,000
Excess (deficiency) of revenues over expenditures	(78,000)	(78,000)	(3,000)	75,000
OTHER FINANCING SOURCES				
Transfers in				
General Fund	78,000	78,000	78,000	-
Total other financing sources (uses)	78,000	78,000	78,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	75,000	75,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	75,000	\$ 75,000
Fund balance beginning of year			324,425	
Fund balance end of year			\$ 399,425	

**Public Safety Towers and Broadband Capital Project Ordinance
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

From inception and for the fiscal year ended June 30, 2017

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Tower construction	1,164,000	-	-	-	1,164,000
VIPER radio units	1,006,170	-	493,103	493,103	513,067
VHF equipment	1,414,430	-	-	-	1,414,430
Planning and consulting	229,000	-	48,402	48,402	180,598
Broadband consulting and grant program	100,000	-	41,964	41,964	58,036
Insurance costs	60,000	-	-	-	60,000
Contingency funds	100,000	-	-	-	100,000
Total expenditures	4,073,600	-	583,469	583,469	3,490,131
Excess (deficiency) of revenues over expenditures	(4,073,600)	-	(583,469)	(583,469)	3,490,131
OTHER FINANCING SOURCES (USES)					
Transfers in					
CIP Projects Fund	100,000	-	100,000	100,000	-
Installment purchase obligations issued	3,973,600	-	-	-	(3,973,600)
Total Other Financing Sources	4,073,600	-	100,000	100,000	(3,973,600)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(483,469)	\$ (483,469)	\$ (483,469)
Fund balance beginning of year			-		
Fund balance end of year			\$ (483,469)		

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 Trust Fund:** accounts for assets held for the sole use of the Person County Public Library under the direction of the will of the late Mattie Maude Williams of Person County.

Capital Projects Funds

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

- ♦ **Airport Capital Projects Fund:** accounts for revenues and expenditures relative to the construction projects of Person County Executive Airport.
- ♦ **Capital Improvement Projects Fund:** accounts for revenues and expenditures relative to capital improvement projects for the County, Schools and Community College.
- ♦ **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.
- ♦ **Recreation & Senior Center Project Fund:** accounts for revenues, debt proceeds, and expenditures relative to the development of a combined recreation and senior center facility.
- ♦ **Roxplex and Various Improvements Project Fund:** accounts for revenues and expenditures relative to the purchase and renovation of facilities associated with Roxplex and construction for various county and school buildings.

Person County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	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	\$ 10,552	\$ 322,181	\$ 55,495	\$ 1,893,003	\$ 317,513	\$ 138,255	\$ 2,736,999
Restricted cash	-	-	-	-	-	-	-
Accounts receivable, net	-	77,469	46,159	-	12,441	-	136,069
Total assets	<u>\$ 10,552</u>	<u>\$ 399,650</u>	<u>\$ 101,654</u>	<u>\$ 1,893,003</u>	<u>\$ 329,954</u>	<u>\$ 138,255</u>	<u>\$ 2,873,068</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 512	\$ 130,389	\$ -	\$ 8,906	\$ -	\$ -	\$ 139,807
Deferred revenue	-	-	46,159	-	-	-	46,159
Total liabilities	<u>512</u>	<u>130,389</u>	<u>46,159</u>	<u>8,906</u>	<u>-</u>	<u>-</u>	<u>185,966</u>
Fund balances:							
Restricted:							
Stabilization by State Statute	-	128,092	46,159	-	12,441	-	186,692
Public safety	-	141,169	-	-	-	-	141,169
Culture and recreation	-	-	-	-	-	138,255	138,255
Capital projects	-	-	-	-	-	-	-
Committed:							
Economic development	-	-	9,336	1,884,097	-	-	1,893,433
Environmental protection	-	-	-	-	317,513	-	317,513
Public safety	10,040	-	-	-	-	-	10,040
Capital projects	-	-	-	-	-	-	-
Total fund balances	<u>10,040</u>	<u>269,261</u>	<u>55,495</u>	<u>1,884,097</u>	<u>329,954</u>	<u>138,255</u>	<u>2,687,102</u>
Total liabilities and fund balances	<u>\$ 10,552</u>	<u>\$ 399,650</u>	<u>\$ 101,654</u>	<u>\$ 1,893,003</u>	<u>\$ 329,954</u>	<u>\$ 138,255</u>	<u>\$ 2,873,068</u>

Capital Project Funds						
Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Recreation & Senior Center Project Fund	Roxplex & Various Improvements Project Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 1,231,353	\$ 1,623,948	\$ 30,000	\$ 308,388	\$ 49,369	\$ 3,243,058	\$ 5,980,057
-	-	509,847	-	140,437	650,284	650,284
42,040	-	-	-	-	42,040	178,109
<u>\$ 1,273,393</u>	<u>\$ 1,623,948</u>	<u>\$ 539,847</u>	<u>\$ 308,388</u>	<u>\$ 189,806</u>	<u>\$ 3,935,382</u>	<u>\$ 6,808,450</u>
\$ 2,781	\$ 2,125	\$ 6,275	\$ -	\$ -	\$ 11,181	\$ 150,988
-	-	-	-	-	-	46,159
<u>2,781</u>	<u>2,125</u>	<u>6,275</u>	<u>-</u>	<u>-</u>	<u>11,181</u>	<u>197,147</u>
42,040	-	-	-	-	42,040	228,732
-	-	-	-	-	-	141,169
-	-	-	-	-	-	138,255
1,228,572	-	533,572	-	-	1,762,144	1,762,144
-	-	-	-	-	-	1,893,433
-	-	-	-	-	-	317,513
-	-	-	-	-	-	10,040
-	1,621,823	-	308,388	189,806	2,120,017	2,120,017
<u>1,270,612</u>	<u>1,621,823</u>	<u>533,572</u>	<u>308,388</u>	<u>189,806</u>	<u>3,924,201</u>	<u>6,611,303</u>
<u>\$ 1,273,393</u>	<u>\$ 1,623,948</u>	<u>\$ 539,847</u>	<u>\$ 308,388</u>	<u>\$ 189,806</u>	<u>\$ 3,935,382</u>	<u>\$ 6,808,450</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, 2017

	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
REVENUES						
Restricted intergovernmental	\$ -	\$ 929,630	\$ -	\$ 204,500	\$ 48,197	\$ -
Investment earnings	-	533	970	7,623	1,324	670
Other revenues	-	-	4,341	-	-	-
Total revenues	-	930,163	5,311	212,123	49,521	670
EXPENDITURES						
Current:						
General government	-	-	-	-	-	7,422
Public safety	94,261	647,498	-	-	-	-
Economic and physical development	-	-	50,000	683,342	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	201,306	-	-	-	-
Interest and other charges	-	52,119	-	-	-	-
Total expenditures	94,261	900,923	50,000	683,342	-	7,422
Excess (deficiency) of revenues over expenditures	(94,261)	29,240	(44,689)	(471,219)	49,521	(6,752)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	90,625	-	100,000	1,201,854	-	-
Transfers to other funds	-	-	(90,625)	-	-	-
Installment purchase obligations issued	-	-	-	-	-	-
Total other financing sources and uses	90,625	-	9,375	1,201,854	-	-
Net change in funds balances	(3,636)	29,240	(35,314)	730,635	49,521	(6,752)
Fund balances - beginning	13,676	240,021	90,809	1,153,462	280,433	145,007
Fund balances - ending	\$ 10,040	\$ 269,261	\$ 55,495	\$ 1,884,097	\$ 329,954	\$ 138,255

Total Nonmajor Special Revenue Funds	Airport Capital Projects Fund	Capital Improvement Projects Fund	Person County Recycling Center & Various Roofing Improvements Capital Projects Fund	Recreation & Senior Center Project Fund	Roxplex & Various Improvements Project Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 1,182,327	\$ 194,607	\$ -	\$ -	\$ -	\$ -	\$ 194,607	\$ 1,376,934
11,120	4,270	5,348	49	94	65	9,826	20,946
4,341	-	-	-	8,019	-	8,019	12,360
1,197,788	198,877	5,348	49	8,113	65	212,452	1,410,240
7,422	-	-	-	-	-	-	7,422
741,759	-	-	-	-	-	-	741,759
733,342	-	-	-	-	-	-	733,342
-	223,925	634,806	19,619	2,165,518	632,588	3,676,456	3,676,456
201,306	-	-	-	-	-	-	201,306
52,119	-	-	-	-	-	-	52,119
1,735,948	223,925	634,806	19,619	2,165,518	632,588	3,676,456	5,412,404
(538,160)	(25,048)	(629,458)	(19,570)	(2,157,405)	(632,523)	(3,464,004)	(4,002,164)
1,392,479	523,000	2,138,941	-	-	-	2,661,941	4,054,420
(90,625)	-	(100,000)	-	-	-	(100,000)	(190,625)
-	-	-	-	2,285,000	-	2,285,000	2,285,000
1,301,854	523,000	2,038,941	-	2,285,000	-	4,846,941	6,148,795
763,694	497,952	1,409,483	(19,570)	127,595	(632,523)	1,382,937	2,146,631
1,923,408	772,660	212,340	553,142	180,793	822,329	2,541,264	4,464,672
\$ 2,687,102	\$ 1,270,612	\$ 1,621,823	\$ 533,572	\$ 308,388	\$ 189,806	\$ 3,924,201	\$ 6,611,303

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, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
VFD & Rescue Squad capital payments	90,625	104,301	94,261	10,040
Total expenditures	90,625	104,301	94,261	10,040
Excess (deficiency) of revenues over expenditures	(90,625)	(104,301)	(94,261)	10,040
OTHER FINANCING SOURCES				
Transfers in				
Revolving Loan Fund	90,625	90,625	90,625	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(13,676)	(3,636)	10,040
APPROPRIATED FUND BALANCE	-	13,676	-	(13,676)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	(3,636)	<u>\$ (3,636)</u>
Fund balance beginning of year			13,676	
Fund balance end of year			<u>\$ 10,040</u>	

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

Exhibit C-4

For the fiscal year ended June 30, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 929,630	\$ 929,630	\$ 929,630	\$ -
Investment earnings	-	-	533	533
Total revenues	929,630	929,630	930,163	533
EXPENDITURES				
Implemental functions	46,300	46,300	42,454	3,846
Telephone	215,440	215,440	198,456	16,984
Software maintenance	25,473	25,473	21,995	3,478
Hardware maintenance	20,000	6,869	5,838	1,031
Training	5,000	5,000	2,156	2,844
Capital outlay	379,990	384,214	363,468	20,746
Miscellaneous	-	13,131	13,131	-
Debt Service				
Principal retirement	199,251	199,251	201,306	(2,055)
Interest and fees	54,176	54,176	52,119	2,057
Total debt service	253,427	253,427	253,425	2
Total expenditures	945,630	949,854	900,923	48,931
Excess (deficiency) of revenues over expenditures	(16,000)	(20,224)	29,240	49,464
APPROPRIATED FUND BALANCE	16,000	20,224	-	(20,224)
Excess (deficiency) of revenues and other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	29,240	\$ 29,240
Fund balance beginning of year			240,021	
Fund balance end of year			\$ 269,261	

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, 2017

	2017		VARIANCE
	Original and Final Budget	Actual	Positive Negative (Negative)
REVENUES			
Investment earnings	\$ 704	\$ 970	\$ 266
Miscellaneous revenues			
Loan principle received	3,842	3,841	-
Other revenue	500	500	-
Total revenues	5,046	5,311	265
EXPENDITURES	105,046	50,000	55,046
Excess (deficiency) of revenues over expenditures	(100,000)	(44,689)	55,311
OTHER FINANCING SOURCES (USES)			
Transfers in			
General Fund	100,000	100,000	-
Transfers out			
General Fund	(90,625)	(90,625)	-
Total Other Financing Sources	9,375	9,375	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(90,625)	(35,314)	55,311
APPROPRIATED FUND BALANCE	90,625	-	(90,625)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	(35,314)	\$ (35,314)
Fund balance beginning of year		90,809	
Fund balance end of year		\$ 55,495	

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, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 204,500	\$ 204,500	\$ -
Investment earnings	-	-	7,623	7,623
Total revenues	-	204,500	212,123	7,623
EXPENDITURES	1,383,600	2,106,354	683,342	1,423,012
Excess (deficiency) of revenues over expenditures	(1,383,600)	(1,901,854)	(471,219)	1,430,635
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	683,600	1,201,854	1,201,854	-
Total Other Financing Sources	683,600	1,201,854	1,201,854	-
Excess (deficiency) of revenues and other financing sources over expenditures	(700,000)	(700,000)	730,635	1,430,635
APPROPRIATED FUND BALANCE	700,000	700,000	-	(700,000)
Excess (deficiency) of revenues, other financing sources and appropriated fund balance over expenditures and other uses	\$ -	\$ -	730,635	\$ 730,635
Fund balance beginning of year			1,153,462	
Fund balance end of year			\$ 1,884,097	

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, 2017

	2017			VARIANCE Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental revenues	\$ 30,000	\$ 30,000	\$ 48,197	\$ 18,197
Investment earnings	-	-	1,324	1,324
Total revenues	30,000	30,000	49,521	19,521
EXPENDITURES				
Water and sewer construction	30,000	30,000	-	30,000
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	49,521	\$ 49,521
Fund balance beginning of year			280,433	
Fund balance end of year			\$ 329,954	

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, 2017

	<u>Actual</u>
REVENUES	
Investment earnings	\$ 670
Other revenues	<u>-</u>
Total revenues	<u>670</u>
EXPENDITURES	
Public buildings and grounds	
Operating	<u>7,422</u>
Excess (deficiency) of revenues over expenditures	(6,752)
Fund balance beginning of year	<u>145,007</u>
Fund balance end of year	<u><u>\$ 138,255</u></u>

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

Exhibit C-9

From inception and for the fiscal year ended June 30, 2017

		Actual			Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	To Date	(Negative)
REVENUES					
Restricted intergovernmental					
Federal and state grants	\$ 11,747,146	\$ 525,359	\$ 194,607	\$ 719,966	\$ (11,027,180)
Other revenues	982,026	129,790	-	129,790	(852,236)
Investment earnings	-	1,243	4,270	5,513	5,513
Total revenues	<u>12,729,172</u>	<u>656,392</u>	<u>198,877</u>	<u>855,269</u>	<u>(11,873,903)</u>
EXPENDITURES					
Construction	<u>13,052,172</u>	<u>583,732</u>	<u>223,925</u>	<u>807,657</u>	<u>12,244,515</u>
Excess (deficiency) of revenues over expenditures	(323,000)	72,660	(25,048)	47,612	370,612
OTHER FINANCING SOURCES					
Operating transfers-in					
General fund	<u>323,000</u>	<u>700,000</u>	<u>523,000</u>	<u>1,223,000</u>	<u>900,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 772,660</u>	497,952	<u>\$ 1,270,612</u>	<u>\$ 1,270,612</u>
Fund balance beginning of year			<u>772,660</u>		
Fund balance end of year			<u>\$ 1,270,612</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, 2017

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total To Date	Positive Negative
REVENUES					
Other revenues	\$ -	\$ 39,270	\$ -	\$ 39,270	\$ 39,270
Investment earnings	5,500	4,752	5,348	10,100	4,600
Total revenues	5,500	44,022	5,348	49,370	43,870
EXPENDITURES					
County	1,309,954	355,472	116,280	471,752	838,202
Schools	1,088,925	228,687	326,515	555,202	533,723
PCC	239,000	15,960	192,011	207,971	31,029
Total expenditures	2,637,879	600,119	634,806	1,234,925	1,402,954
Excess (deficiency) of revenues over expenditures	(2,632,379)	(556,097)	(629,458)	(1,185,555)	1,446,824
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	2,831,825	692,883	2,138,941	2,831,824	(1)
Reroofing Schools Fund	75,554	75,554	-	75,554	-
Transfers out					
Courthouse Renovation & Roofing Fund	(100,000)	-	(100,000)	(100,000)	-
Recreation & Senior Center Project Fund	(250,000)	-	-	-	250,000
Total Other Financing Sources	2,557,379	768,437	2,038,941	2,807,378	249,999
Excess (deficiency) of revenues and other financing sources over expenditures	(75,000)	212,340	1,409,483	1,621,823	1,696,823
APPROPRIATED FUND BALANCE	75,000	-	-	-	(75,000)
Excess (deficiency) of revenues, other financing sources, and fund balance appropriated over expenditures	\$ -	\$ 212,340	1,409,483	\$ 1,621,823	\$ 1,621,823
Fund balance beginning of year			212,340		
Fund balance end of year			\$ 1,621,823		

Person County, North Carolina

Exhibit C-11

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, 2017

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Investment earnings	\$ -	\$ 160	\$ 49	\$ 209	\$ 209
Total revenues	-	160	49	209	209
EXPENDITURES					
Professional services - architect and engineering	114,760	99,795	-	99,795	14,965
Building purchase	852,204	852,204	-	852,204	-
Construction	1,324,948	816,932	19,619	836,551	488,397
Issuance cost	60,650	60,650	-	60,650	-
Contingency	30,000	-	-	-	30,000
Other	8,913	8,912	-	8,912	1
Total expenditures	2,391,475	1,838,493	19,619	1,858,112	533,363
Excess (deficiency) of revenues over expenditures	(2,391,475)	(1,838,333)	(19,570)	(1,857,903)	533,572
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	1,475	1,475	-	1,475	-
County Capital Reserve Fund	30,000	30,000	-	30,000	-
Installment purchase obligations issued	2,360,000	2,360,000	-	2,360,000	-
Total Other Financing Sources	2,391,475	2,391,475	-	2,391,475	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 553,142	(19,570)	\$ 533,572	\$ 533,572
Fund balance beginning of year			553,142		
Fund balance end of year			\$ 533,572		

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

Exhibit C-12

From inception and for the fiscal year ended June 30, 2017

		Actual			Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	To Date	(Negative)
REVENUES					
Investment earnings	\$ 3,500	\$ 759	\$ 94	\$ 853	\$ (2,647)
Lease principal received	8,020	-	8,019	8,019	(1)
Total revenues	11,520	759	8,113	8,872	(2,648)
EXPENDITURES					
Professional services - architect and engineering	324,165	323,563	600	324,163	2
Advertising	207	206	-	206	1
Construction	82,644	-	79,494	79,494	3,150
Building	2,054,669	-	2,054,668	2,054,668	1
Issuance Costs	30,803	47	30,756	30,803	-
Contingency	307,882	-	-	-	307,882
Total expenditures	2,800,370	323,816	2,165,518	2,489,334	311,036
Excess (deficiency) of revenues over expenditures	(2,788,850)	(323,057)	(2,157,405)	(2,480,462)	308,388
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	2,285,000	-	2,285,000	2,285,000	-
Total other financing sources	2,788,850	503,850	2,285,000	2,788,850	-
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ 180,793	127,595	\$ 308,388	\$ 308,388
Fund balance beginning of year			180,793		
Fund balance end of year			\$ 308,388		

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

Exhibit C-13

From inception and for the fiscal year ended June 30, 2017

		Actual			Variance
	Project	Prior	Current	Total	Positive
	Authorization	Years	Year	To Date	(Negative)
REVENUES					
Investment earnings	\$ -	\$ 58	\$ 65	\$ 123	\$ 123
Total revenues	-	58	65	123	123
EXPENDITURES					
County	865,043	618,145	197,064	815,209	49,834
Schools	964,382	419,009	435,524	854,533	109,849
Issuance Costs	54,575	54,575	-	54,575	-
Contingency	30,000	-	-	-	30,000
Total expenditures	1,914,000	1,091,729	632,588	1,724,317	189,683
Excess (deficiency) of revenues over expenditures	(1,914,000)	(1,091,671)	(632,523)	(1,724,194)	189,806
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	(632,523)	\$ 189,806	\$ 189,806
Fund balance beginning of year			822,329		
Fund balance end of year			\$ 189,806		

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, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Charge for services	\$ 250,000	\$ 250,000	\$ 268,050	\$ 18,050
EXPENDITURES				
Environmental Protection				
Operating expenses	250,000	250,000	182,996	67,004
Total expenditures	250,000	250,000	182,996	67,004
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	85,054	\$ 85,054
Fund balance beginning of year			237,204	
Fund balance end of year			\$ 322,258	

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, 2017

	2017			VARIANCE
	Original Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Contributions from employees	\$ 3,179,031	\$ 2,947,831	\$ 2,777,423	\$ (170,408)
Insurance settlements	-	210,000	207,867	(2,133)
Investment earnings	700	700	1,063	363
Miscellaneous	34,000	55,200	59,458	4,258
Total revenues	<u>3,213,731</u>	<u>3,213,731</u>	<u>3,045,811</u>	<u>(167,920)</u>
EXPENDITURES				
Health insurance administration	547,873	501,873	514,958	(13,085)
Claims	2,665,858	2,986,947	2,715,463	271,484
Self-funded health insurance reserve	25,089	-	-	-
Total expenditures	<u>3,238,820</u>	<u>3,488,820</u>	<u>3,230,421</u>	<u>258,399</u>
Excess (deficiency) of revenues over expenditures	(25,089)	(275,089)	(184,610)	90,479
OTHER FINANCING SOURCES				
Transfers in				
General Fund	25,089	275,089	275,089	-
Total other financing sources (uses)	<u>25,089</u>	<u>275,089</u>	<u>275,089</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other sources	<u>\$ -</u>	<u>\$ -</u>	90,479	<u>\$ 90,479</u>
Fund balance beginning of year			190,854	
Fund balance end of year			<u>\$ 281,333</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.
- ◆ **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.
- ◆ **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.

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

Exhibit F-1

For the fiscal year ended June 30, 2017

	Balance 6/30/16	Additions	Deductions	Balance 6/30/17
<u>Social Services Trust</u>				
Assets				
Cash and cash equivalents	\$ 81,052	\$ 714,587	\$ 699,012	\$ 96,627
Liabilities				
Due to individuals	\$ 81,052	\$ 714,587	\$ 699,012	\$ 96,627
<u>Sheriff's Executions and Commissions</u>				
Assets				
Cash and cash equivalents	\$ 21,974	\$ 70,879	\$ 69,527	\$ 23,326
Liabilities				
Accounts payable and accrued liabilities	\$ 21,974	\$ 70,879	\$ 69,527	\$ 23,326
<u>City of Roxboro Property Tax and Vehicle Tax</u>				
Assets				
Cash and cash equivalents	\$ 18,439	\$ 5,071,701	\$ 5,070,983	\$ 19,157
Taxes receivable	194,271	4,649,534	4,651,263	192,542
Total assets	\$ 212,710	\$ 9,721,235	\$ 9,722,246	\$ 211,699
Liabilities				
Accounts payable and accrued liabilities	\$ 18,460	\$ 19,157	\$ 18,460	\$ 19,157
Due to other government - City of Roxboro	22	5,778,406	5,778,428	-
Reserve for taxes receivable	194,228	4,635,833	4,637,519	192,542
Total liabilities	\$ 212,710	\$ 10,433,396	\$ 10,434,407	\$ 211,699
<u>Inmate</u>				
Assets				
Cash and cash equivalents	\$ 14,715	\$ 190,753	\$ 188,377	\$ 17,091
Liabilities				
Accounts payable and accrued liabilities	\$ 10,860	\$ 132,663	\$ 131,889	\$ 11,634
Due to inmates	3,855	190,557	188,955	5,457
Total liabilities	\$ 14,715	\$ 323,220	\$ 320,844	\$ 17,091
<u>Person County Tourism Development Authority</u>				
Assets				
Cash and cash equivalents	\$ (11,835)	\$ 210,129	\$ 198,490	\$ (196)
Liabilities				
Accounts payable and accrued liabilities	\$ (11,835)	\$ 210,129	\$ 198,490	\$ (196)
<u>Deeds of Trust Fee Fund</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 36,457	\$ 36,457	\$ -
Liabilities				
Due to other governments - State of North Carolina	\$ -	\$ 36,457	\$ 36,457	\$ -
<u>Fines and Forfeitures and 4H</u>				
Assets				
Cash and cash equivalents	\$ 34,975	\$ 24,849	\$ 22,027	\$ 37,797
Liabilities				
Accounts payable and accrued liabilities	\$ 655	\$ 18,929	\$ 19,382	\$ 202
Due to other governments - Person County Board of Education	-	103,938	103,938	-
Due to 4H	34,320	24,849	21,574	37,595
Total liabilities	\$ 34,975	\$ 147,716	\$ 144,894	\$ 37,797
<u>Total-All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 159,320	\$ 6,319,355	\$ 6,284,873	\$ 193,802
Taxes receivable	194,271	4,649,534	4,651,263	192,542
Total assets	\$ 353,591	\$ 10,968,889	\$ 10,936,136	\$ 386,344
Liabilities				
Accounts payable and accrued liabilities	\$ 40,114	\$ 451,757	\$ 437,748	\$ 54,123
Due to individuals	81,052	714,587	699,012	96,627
Due to inmates	3,855	190,557	188,955	5,457
Due to other governments	22	5,918,801	5,918,823	-
Due to 4H	34,320	24,849	21,574	37,595
Reserve for taxes receivable	194,228	4,635,833	4,637,519	192,542
Total liabilities	\$ 353,591	\$ 11,936,384	\$ 11,903,631	\$ 386,344

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, 2017

Fiscal Year	Tax Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	2015	\$ -	\$ 31,897,693	\$ 31,521,904	\$ 375,789
2015-2016	2015	346,970	-	171,238	175,732
2014-2015	2014	182,502	-	85,395	97,107
2013-2014	2013	127,454	-	46,661	80,793
2012-2013	2012	77,381	-	21,172	56,209
2011-2012	2011	59,432	-	13,722	45,710
2010-2011	2010	43,727	-	13,179	30,548
2009-2010	2009	30,061	-	2,797	27,264
2008-2009	2008	27,224	-	2,550	24,674
2007-2008	2007	23,190	-	3,031	20,159
2006-2007	2006	15,854	-	15,854	-
Total		\$ 933,795	\$ 31,897,693	\$ 31,897,503	933,985
Less: allowance for uncollectible accounts					(122,000)
Ad valorem taxes receivable, net:					\$ 811,985
Reconciliation with Revenues:					
Taxes - Ad Valorem - General Fund					
Current year					\$ 31,470,735
Prior years					387,779
Penalties and interest					184,870
Advertising					35,258
Total Ad Valorem Taxes					32,078,642
Refunds					902
Adjustments to prior years taxes					24,116
Amounts written off for tax year 2006 per statute of limitations					13,971
Subtotal					32,117,631
Less interest collected					184,870
Less advertising fees					35,258
Total collections and credits					\$ 31,897,503

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

Exhibit G-2

For the fiscal year ended June 30, 2017

	Property Valuation	Rate per \$100 Valuation	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
County Wide					
Property Taxes at Current Year's Rate	\$ 4,538,643,831	\$ 0.70	\$ 31,770,507	\$ 29,276,918	\$ 2,493,589
Registered Motor Vehicles Taxed at Prior Year's Rate	-	0.70	-	-	-
Late Listing Penalties	-		32,006	32,006	-
Total	<u>4,538,643,831</u>		<u>31,802,513</u>	<u>29,308,924</u>	<u>2,493,589</u>
Discoveries and Corrections					
Current Years' Taxes	16,348,669	0.70	114,441	114,441	-
Penalties	-		2,393	2,393	-
	<u>16,348,669</u>		<u>116,834</u>	<u>116,834</u>	<u>-</u>
Releases	<u>(3,364,232)</u>	0.70	<u>(35,961)</u>	<u>(35,961)</u>	<u>-</u>
Total for Year	<u>\$ 4,551,628,268</u>		<u>31,883,386</u>	<u>29,389,797</u>	<u>2,493,589</u>
Less Uncollected tax at June 30, 2016			<u>375,789</u>	<u>372,202</u>	<u>3,587</u>
Current year's taxes collected			<u>\$ 31,507,597</u>	<u>\$ 29,017,595</u>	<u>\$ 2,490,002</u>
Percent current year collected			<u>98.82%</u>	<u>98.73%</u>	<u>99.86%</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	121
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	130
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	138
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	143
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	146
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

(Page 1 of 2)
Fiscal Year

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 22,660,368	\$ 20,440,012	\$ 20,020,058	\$ 18,741,532
Restricted	1,751,274	1,141,656	4,018,047	8,563,948
Unrestricted	(2,040,755)	2,835,383	4,203,584	2,322,140
Total governmental activities net position	<u>22,370,887</u>	<u>24,417,051</u>	<u>28,241,689</u>	<u>29,627,620</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	22,660,368	20,440,012	20,020,058	18,741,532
Restricted	1,751,274	1,141,656	4,018,047	8,563,948
Unrestricted	(2,040,755)	2,835,383	4,203,584	2,322,140
Total primary governmental net position	<u>\$ 22,370,887</u>	<u>\$ 24,417,051</u>	<u>\$ 28,241,689</u>	<u>\$ 29,627,620</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 21,155,561	\$ 21,364,462	\$ 23,065,359	\$ 31,664,023	\$ 38,358,826	\$ 32,964,043
8,219,339	8,869,798	7,729,273	7,043,470	8,700,798	9,036,709
4,191,640	3,657,279	4,533,912	9,074,436	10,855,661	14,010,974
<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>	<u>56,011,726</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	71,668	144,184	237,204	322,258
<u>-</u>	<u>-</u>	<u>71,668</u>	<u>144,184</u>	<u>237,204</u>	<u>322,258</u>
21,155,561	21,364,462	23,065,359	31,664,023	38,358,826	32,964,043
8,219,339	8,869,798	7,729,273	7,043,470	8,700,798	9,036,709
4,191,640	3,657,279	4,605,580	9,218,620	11,092,865	14,333,232
\$ <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>	\$ <u>56,333,984</u>

Person County, North Carolina

Schedule 2

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Page 1 of 2)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities					
General government	\$ 5,455,795	\$ 5,527,742	\$ 5,014,727	\$ 4,828,349	\$ 4,655,404
Public safety	11,429,612	11,408,762	11,381,743	11,468,186	11,437,656
Transportation	1,523,716	1,493,230	1,494,361	1,454,342	1,435,983
Economic and physical development	2,194,637	1,203,255	898,345	1,470,929	1,753,033
Environmental protection	252,509	257,916	832,951	1,228,807	891,073
Human services	18,185,434	17,140,056	15,891,412	15,440,313	15,746,664
Cultural and recreation	1,839,584	1,864,439	1,781,842	1,511,796	1,466,125
Education	12,007,976	11,856,706	10,705,681	11,460,882	10,269,913
Capital Outlay	-	-	-	-	1,014,882
Interest on long term debt	978,763	818,027	712,074	703,782	669,146
Total governmental activities expenses	<u>53,868,026</u>	<u>51,570,133</u>	<u>48,713,136</u>	<u>49,567,386</u>	<u>49,339,879</u>
Business-type activities					
Stormwater Department	-	-	-	-	-
Total primary government expenses	<u>\$ 53,868,026</u>	<u>\$ 51,570,133</u>	<u>\$ 48,713,136</u>	<u>\$ 49,567,386</u>	<u>\$ 49,339,879</u>
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 624,024	\$ 443,859	\$ 420,971	\$ 383,400	\$ 388,611
Public safety	1,730,352	1,960,320	1,889,029	1,937,117	2,047,710
Transportation	304,304	337,548	268,113	245,332	240,965
Economic and physical development	35,526	34,162	43,545	99,364	90,001
Environmental protection	466,284	485,492	868,952	731,989	932,314
Human services	4,203,932	4,333,232	4,006,896	3,916,676	4,027,375
Cultural and recreation	257,603	252,807	276,533	322,708	341,512
Operating grants and contributions:					
General government	4,924	7,221	-	52,398	65,114
Public safety	861,665	903,557	966,832	905,318	1,055,904
Transportation	238,063	199,578	236,930	235,717	225,765
Economic and physical development	391,306	71,740	39,410	361,743	499,604
Environmental protection	84,352	96,243	106,835	119,917	118,497
Human services	6,805,017	7,381,474	6,973,325	7,033,549	7,100,930
Cultural and recreation	195,638	156,740	162,052	156,210	120,282
Education	1,262,155	973,488	493,209	189,873	17,862
Capital grants and contributions:					
General Government	-	-	-	6,571	140,641
Transportation	1,258,869	416,741	417,819	111,955	157,454
Economic and physical development	-	-	25,500	37,000	1,500
Environmental Protection	-	-	668,046	566,260	54,587
Cultural and recreation	6,050	22,004	317,496	5,000	4,000
Education	-	-	-	-	-
Total governmental activities program revenues	<u>18,730,064</u>	<u>18,076,206</u>	<u>18,181,493</u>	<u>17,418,097</u>	<u>17,630,628</u>
Business-type activities					
Charges for services:					
Stormwater Department	-	-	-	-	-
Total primary government program revenues	<u>\$ 18,730,064</u>	<u>\$ 18,076,206</u>	<u>\$ 18,181,493</u>	<u>\$ 17,418,097</u>	<u>\$ 17,630,628</u>
Net (Expense)/Revenue					
Governmental activities	\$ (35,137,962)	\$ (33,493,927)	\$ (30,531,643)	\$ (32,149,289)	\$ (31,709,251)
Business-type activities	-	-	-	-	-
Total primary government net expenses	<u>\$ (35,137,962)</u>	<u>\$ (33,493,927)</u>	<u>\$ (30,531,643)</u>	<u>\$ (32,149,289)</u>	<u>\$ (31,709,251)</u>
General Revenues and Other Changes in Net Position					
Governmental activities					
Property taxes	\$ 27,156,746	\$ 27,197,864	\$ 27,606,040	\$ 27,291,587	\$ 27,393,771
Local option sales tax	8,396,768	7,329,525	5,758,729	5,542,646	6,045,749
Other taxes and licenses	452,875	267,885	260,617	237,858	305,012
Unrestricted intergovernmental	-	-	-	-	-
Investment earnings	705,759	258,570	49,125	24,950	14,619
Miscellaneous, unrestricted	-	-	-	-	-
Loss on disposal of capital asset	-	-	-	-	-
Contributed capital	-	-	-	-	-
Other miscellaneous	306,757	486,247	681,770	438,179	1,889,020
Total primary government general revenues, special items and transfers	<u>\$ 37,018,905</u>	<u>\$ 35,540,091</u>	<u>\$ 34,356,281</u>	<u>\$ 33,535,220</u>	<u>\$ 35,648,171</u>
Change in Net Position					
Governmental activities	\$ 1,880,943	\$ 2,046,164	\$ 3,824,638	\$ 1,385,931	\$ 3,938,920
Business-type activities	-	-	-	-	-
Total primary government	<u>\$ 1,880,943</u>	<u>\$ 2,046,164</u>	<u>\$ 3,824,638</u>	<u>\$ 1,385,931</u>	<u>\$ 3,938,920</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 5,806,008	\$ 6,055,901	\$ 6,688,836	\$ 6,377,104	\$ 7,092,146
11,961,190	12,476,577	12,475,439	12,818,151	13,843,079
1,415,053	1,286,978	1,277,326	1,333,946	1,339,616
2,103,294	1,404,663	1,433,353	1,246,837	1,608,085
1,088,616	649,147	2,510,486	2,469,444	3,083,626
16,333,971	16,563,554	14,335,792	14,535,066	15,048,142
1,587,995	1,592,550	1,615,447	1,800,505	1,812,818
13,043,761	12,096,514	11,626,709	12,987,242	12,404,456
385,929	1,560,160	460,869	212,752	601,225
534,264	530,279	242,746	436,753	370,388
<u>54,260,081</u>	<u>54,216,323</u>	<u>52,667,003</u>	<u>54,217,800</u>	<u>57,203,581</u>
-	199,674	196,024	175,115	182,996
\$ <u>54,260,081</u>	\$ <u>54,415,997</u>	\$ <u>52,863,027</u>	\$ <u>54,392,915</u>	\$ <u>57,386,577</u>
\$ 350,744	\$ 396,260	\$ 415,643	\$ 394,378	\$ 421,621
1,717,878	1,842,884	1,987,725	1,968,436	2,047,699
322,797	294,459	419,617	449,196	381,887
6,956	11,433	14,731	16,063	15,688
796,321	822,423	761,116	754,409	819,123
4,023,486	2,728,473	2,522,871	3,139,853	3,388,953
358,138	345,570	323,353	368,606	409,525
14,492	2	-	3,276	-
1,024,467	1,208,057	1,323,629	1,277,367	1,650,012
310,036	362,452	271,196	506,589	494,012
1,148,118	392,042	166,357	277,603	259,959
113,343	114,204	118,251	125,363	126,967
6,926,407	8,392,466	8,560,360	8,031,774	8,141,712
117,926	100,281	514,960	141,363	104,096
1,534,817	-	-	-	-
6,227	19	-	-	-
454,726	231,347	188,211	65,488	194,607
2,638	171,039	110,925	-	-
55,737	4,510	-	6,000	1,998
20,500	12,269	15,877	14,513	7,750
-	72,465	229,808	198,948	142,569
<u>19,305,754</u>	<u>17,502,655</u>	<u>17,944,630</u>	<u>17,739,225</u>	<u>18,608,178</u>
-	271,342	268,540	268,135	268,050
\$ <u>19,305,754</u>	\$ <u>17,773,997</u>	\$ <u>18,213,170</u>	\$ <u>18,007,360</u>	\$ <u>18,876,228</u>
\$ (34,954,327)	\$ (36,713,668)	\$ (34,722,373)	\$ (36,478,575)	\$ (38,595,403)
-	71,668	72,516	93,020	85,054
\$ <u>(34,954,327)</u>	\$ <u>(36,642,000)</u>	\$ <u>(34,649,857)</u>	\$ <u>(36,385,555)</u>	\$ <u>(38,510,349)</u>
\$ 28,772,219	\$ 30,883,915	\$ 31,358,952	\$ 31,272,619	\$ 32,103,402
6,092,052	6,430,850	6,732,660	7,058,217	7,571,089
493,228	462,739	563,360	698,818	566,446
-	-	208,437	-	-
13,715	508	(32,398)	52,812	132,958
-	-	15,325	163,861	60,478
-	-	10,363,160	6,392,856	-
(498,552)	372,661	88,262	519,861	(2,400,589)
\$ <u>34,872,662</u>	\$ <u>38,150,673</u>	\$ <u>49,297,758</u>	\$ <u>46,159,044</u>	\$ <u>38,033,784</u>
\$ (81,665)	\$ 1,437,005	\$ 14,575,385	\$ 9,680,469	\$ (561,619)
-	71,668	72,516	93,020	85,054
\$ <u>(81,665)</u>	\$ <u>1,508,673</u>	\$ <u>14,647,901</u>	\$ <u>9,773,489</u>	\$ <u>(476,565)</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
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
2017		32,103,402		7,571,089		566,446		40,240,937

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

(Page 1 of 2)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Reserved	\$ 6,607,330	\$ 4,686,298	\$ 5,237,082	\$ -
Unreserved	12,627,805	15,717,000	13,582,453	-
Nonspendable	-	-	-	-
Restricted	-	-	-	3,409,571
Committed	-	-	-	63,057
Assigned	-	-	-	2,403,817
Unassigned	-	-	-	14,967,838
Total general fund	\$ <u>19,235,135</u>	\$ <u>20,403,298</u>	\$ <u>18,819,535</u>	\$ <u>20,844,283</u>
All Other Governmental Funds				
Reserved	\$ 519,364	\$ 402,338	\$ 408,959	\$ -
Unreserved	1,959,496	615,897	4,269,403	-
Nonspendable	-	-	-	-
Restricted	-	-	-	1,732,534
Committed	-	-	-	2,428,100
Assigned	-	-	-	55,801
Unassigned	-	-	-	(115,553)
Total all other governmental funds	\$ <u>2,478,860</u>	\$ <u>1,018,235</u>	\$ <u>4,678,362</u>	\$ <u>4,100,882</u>

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	99,956	305,868	101,957	183,550	108,934
4,134,503	5,227,556	6,226,227	4,696,872	5,508,761	5,981,436
88,995	143,466	204,718	264,569	645,154	726,480
4,493,237	3,611,857	3,284,997	2,721,258	3,471,017	2,734,736
12,631,079	9,936,607	9,644,006	13,163,785	13,599,981	14,172,971
\$ <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>	\$ <u>23,724,557</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	90,000	70,000	-	-
1,098,020	3,642,242	1,503,046	2,346,598	3,192,037	3,055,273
1,829,907	2,971,430	1,941,502	1,785,342	1,787,660	4,341,003
30,000	86,474	11,700	-	-	-
-	(711,840)	(852,204)	(217,136)	-	(483,469)
\$ <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>	\$ <u>6,912,807</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues				
Property	\$ 27,233,073	\$ 27,027,814	\$ 27,612,262	\$ 27,343,883
Sales	8,396,768	7,329,525	5,758,729	5,542,646
Other	<u>452,875</u>	<u>267,885</u>	<u>260,617</u>	<u>237,858</u>
Total taxes	36,082,716	34,625,224	33,631,608	33,124,387
Fees	468,498	403,170	391,545	455,138
Intergovernmental	11,506,713	10,430,803	10,682,900	10,113,506
Investment earnings	844,762	299,783	56,387	35,938
Charges for services	6,290,486	7,223,667	7,034,129	6,903,459
Other	<u>1,032,086</u>	<u>525,441</u>	<u>829,927</u>	<u>475,576</u>
Total Revenues	<u>56,225,261</u>	<u>53,508,088</u>	<u>52,626,496</u>	<u>51,108,004</u>
Expenditures				
General government	5,519,966	5,573,144	4,651,524	6,888,873
Public safety	11,334,668	11,115,835	10,942,744	11,264,076
Transportation	1,032,789	861,559	803,490	788,605
Human services	18,184,814	17,344,436	15,550,866	15,665,919
Environmental protection	314,223	276,898	184,414	679,100
Economic and physical development	2,210,005	1,209,352	909,161	1,446,775
Cultural and recreational	1,755,889	2,011,512	1,985,887	1,411,403
Education	12,007,976	11,856,706	10,705,681	11,460,882
Capital projects	1,200,841	437,202	1,100,109	687,377
Debt service:				
Principal	2,756,077	2,995,000	3,033,268	3,183,655
Interest and other charges	<u>1,112,233</u>	<u>643,344</u>	<u>696,247</u>	<u>689,919</u>
Total expenditures	<u>57,429,481</u>	<u>54,324,988</u>	<u>50,563,391</u>	<u>54,166,584</u>
Excess of revenues over (under) expenditures	<u>(1,204,220)</u>	<u>(816,899)</u>	<u>2,063,105</u>	<u>(3,058,580)</u>
Other Financing Sources (Uses)				
Transfers in	4,996,410	4,441,891	8,134,781	7,501,588
Transfers out	(4,996,410)	(4,441,891)	(8,134,781)	(7,501,588)
Installment purchase obligations issued	18,985,000	457,778	-	4,500,000
Capital lease obligations issued	-	-	-	-
Refunding payment to escrow agent	(14,643,878)	-	-	-
Sale of capital assets	<u>85,573</u>	<u>66,659</u>	<u>13,260</u>	<u>5,849</u>
Total other financing sources (uses)	<u>4,426,695</u>	<u>524,437</u>	<u>13,260</u>	<u>4,505,849</u>
Net change in fund balances	<u>\$ 3,222,475</u>	<u>\$ (292,462)</u>	<u>\$ 2,076,365</u>	<u>\$ 1,447,269</u>
Debt service as a percentage of noncapital expenditures	7.06%	6.85%	7.56%	7.63%

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 27,396,888	\$ 28,723,333	\$ 31,076,698	\$ 30,915,707	\$ 31,276,307	\$ 32,078,642
6,045,749	6,092,052	6,430,850	6,732,660	7,058,217	7,571,089
305,012	296,809	326,400	348,207	477,014	356,461
<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>	<u>40,006,192</u>
395,910	424,018	424,116	516,700	433,330	573,352
9,772,122	11,838,130	11,244,979	11,457,497	11,046,450	11,598,701
18,812	6,700	(47,531)	(32,398)	52,401	131,895
7,525,686	7,044,549	5,951,527	5,751,890	6,404,761	6,550,975
590,762	756,298	622,808	998,161	604,799	493,568
<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>	<u>59,354,683</u>
5,564,747	5,502,071	5,993,331	6,020,465	5,849,007	5,756,073
11,444,411	11,806,617	12,133,878	12,748,522	13,834,037	13,461,794
811,686	876,455	918,658	863,199	1,007,835	1,016,508
15,444,531	15,949,674	16,338,419	14,534,583	14,694,995	14,806,037
698,015	1,023,852	675,440	2,500,386	2,446,162	3,045,427
1,746,977	2,109,044	1,395,811	1,442,248	1,258,242	1,653,788
1,490,524	1,474,427	1,583,278	2,117,676	1,731,294	1,688,993
10,285,241	13,043,761	12,096,514	11,021,422	12,085,890	11,266,416
1,222,621	1,762,976	3,589,154	1,461,191	2,169,724	4,259,925
3,381,057	3,527,943	3,685,110	3,563,836	1,979,648	1,826,474
654,346	575,576	522,599	423,876	408,585	394,432
<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>	<u>59,175,867</u>
<u>(693,215)</u>	<u>(2,470,507)</u>	<u>(2,902,345)</u>	<u>(8,980)</u>	<u>(112,140)</u>	<u>178,816</u>
1,109,158	3,921,216	2,190,561	1,200,989	2,170,034	4,666,974
(1,109,158)	(3,921,216)	(2,190,561)	(1,200,989)	(2,195,123)	(4,942,064)
-	3,132,538	-	2,360,000	1,884,000	2,285,000
-	-	223,532	207,040	1,099,125	-
-	-	-	-	-	-
<u>53,791</u>	<u>39,976</u>	<u>30,925</u>	<u>15,325</u>	<u>156,131</u>	<u>60,478</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>2,070,388</u>
\$ <u>(639,424)</u>	\$ <u>702,007</u>	\$ <u>(2,647,888)</u>	\$ <u>2,573,385</u>	\$ <u>3,002,027</u>	\$ <u>2,249,204</u>
8.01%	7.39%	7.56%	7.34%	4.31%	4.08%

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
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
2017	32,078,642	7,571,089	356,461	40,006,192

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

(Page 1 of 2)

Fiscal Year	Real Property			Personal Property
	Residential Property	Commercial and Industrial Property (6)	Present-use Value (1)	
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
2017	2,227,240,421	428,570,249	123,815,353	883,731,276

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)
\$ 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
888,270,969	4,551,628,268	0.700	4,713,294,261

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

(Page 1 of 2)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 (1)</u>
Person County (2)	\$ 0.7000	\$ 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
0.6300	0.6600	0.6600	0.6700	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 2017		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy	Public utility	\$ 821,241,443	1	18.04%
CertainTeed	Manufacturer	87,743,931	2	1.93%
Spuntech	Manufacturer	79,972,537	3	1.76%
Eaton Corporation	Manufacturer	65,073,653	4	1.43%
GKN Automotive, Inc.	Manufacturer	51,006,755	5	1.12%
Lousiana Pacific Corp	Manufacturer	41,198,194	6	0.91%
US Flue Cured Tobacco Growers	Manufacturer	36,900,030	7	0.81%
Cogentrix of NC, Inc.	Private utility	28,949,906	8	0.64%
Altec Capital Trust	Finance Company	28,160,944	9	0.62%
DLP Person Memorial Hospital	Service Provider	27,166,168	10	0.60%
NC Eastern Municipal Power Agency	Public utility			
Piedmont EMC	Public utility			
Central Telephone Co of NC	Public utility			
Georgia Pacific Corporation	Manufacturer			
Totals		\$ <u>1,267,413,561</u>		27.85%

Source: Person County Tax Department

Fiscal Year 2008		
Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ 777,952,230	1	20.66%
33,854,793	6	0.90%
64,833,557	2	1.72%
41,702,296	5	1.11%
45,778,527	3	1.22%
33,682,556	7	0.89%
48,947,467	4	1.30%
19,514,552	9	0.52%
15,611,072	10	0.41%
22,320,633	8	0.59%
\$ <u>1,104,197,683</u>		29.32%

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
2008	\$ 24,439,484	\$ 23,917,438	97.86%	\$ 539,788	\$ 24,457,226	100.07%
2009	26,893,083	26,334,282	97.92%	681,703	27,015,985	100.46%
2010	27,082,062	26,376,266	97.39%	694,836	27,071,102	99.96%
2011	27,504,654	26,789,298	97.40%	601,443	27,390,741	99.59%
2012	27,077,081	26,448,394	97.68%	605,110	27,053,504	99.91%
2013	27,206,121	26,561,528	97.63%	613,323	27,174,851	99.89%
2014	28,565,618	27,910,626	97.71%	418,673	28,329,299	99.17%
2015	30,622,680	30,227,699	98.71%	256,633	30,484,332	99.55%
2016	31,084,929	30,737,959	98.88%	171,238	30,909,197	99.43%
2017	31,882,532	31,506,743	98.82%	-	31,506,743	98.82%

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			
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	0.74%
2016	-	9,870,612	1,121,487	10,992,099	278	N/A*
2017	2,285,000	8,351,776	801,284	11,438,060	288	N/A*

* Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

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

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Personal Income (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
2008	\$ 230,000	0.02%	0.01%	6
2009	-	0.00%	0.00%	-
2010	-	0.00%	0.00%	-
2011	-	0.00%	0.00%	-
2012	-	0.00%	0.00%	-
2013	-	0.00%	0.00%	-
2014	-	0.00%	0.00%	-
2015	-	0.00%	0.00%	-
2016	-	0.00%	0.00%	-
2017	2,285,000	N/A*	0.05%	58

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed Value of Property	\$ 874,463	\$ 836,778	\$ 883,874	\$ 809,000
Debt Limit, 8% of Assessed Value (Statutory Limitation)	69,957	66,942	70,710	64,720
Amount of Debt Applicable to Limit	<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 69,727</u>	<u>\$ 66,942</u>	<u>\$ 70,710</u>	<u>\$ 64,720</u>
Total net debt applicable to the limit as a percentage of debt limit	0.33%	0.00%	0.00%	0.00%

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

	2012	2013	2014	2015	2016	2017
\$	775,605	\$ 822,661	\$ 810,294	\$ 848,832	\$ 865,248	\$ 888,271
	62,048	65,813	64,823	67,907	69,220	71,062
	-	-	-	-	-	2,285
\$	<u>62,048</u>	<u>65,813</u>	<u>64,823</u>	<u>67,907</u>	<u>69,220</u>	<u>68,777</u>
	0.00%	0.00%	0.00%	0.00%	0.00%	3.22%

Legal Debt Margin Calculation:

Assessed value subject to taxation	\$ <u>4,551,628</u>
Debt limitation (8% of assessed value subject to taxation)	364,130
Debt applicable to the limit	
General Obligation bonds	<u>-</u>
Legal debt margin	\$ <u><u>364,130</u></u>

Person County, North Carolina
Schedule 14
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
City of Roxboro	\$ -	na	\$ -
Other debt			
City of Roxboro			
Capitalized leases	1,169,022	15.00%	175,327
Installment purchase obligations	2,614,946	15.00%	392,182
Subtotal, overlapping debt			<u>567,509</u>
Person County direct debt			<u>8,351,776</u>
Total direct and overlapping debt			<u><u>\$ 8,919,285</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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (thousands of dollars)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public & Charter Schools Enrollment (3)</u>	<u>Unemployment Rate (4)</u>	<u>Number of Building Inspections Performed (5)</u>
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	1,356,681	34,557	5,611	7.20%	6,630
2016	39,574	1,389,038	35,359	5,671	5.50%	6,422
2017	39,728	N/A*	N/A*	5,590	4.30%	6,569

* Information not yet available.

Notes:

- (1) NC Office of Budget and Management. Certified population estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
- (3) Person County Board of Education, Bethel Hill Charter School, and Roxboro Community School. Figures prior to 2012 represent the school enrollment for the Public Schools only.
- (4) NC Department of Commerce, Annual Average for ending fiscal year.
- (5) Total number of inspections performed by Person County Inspections Department. Does not include inspections by municipalities.

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
GKN Automotive Components	704	1	4.01%	434	2	2.16%
Person County Board of Education	602	2	3.43%	847	1	4.21%
Person County Government	391	3	2.23%	400	4	1.99%
Duke Energy Progress	342	4	1.95%	292	8	1.45%
Eaton Corporation	281	5	1.60%	344	6	1.71%
Person Memorial Hospital	237	6	1.35%	400	3	1.99%
Spuntech	160	7	0.91%	-	-	-
Louisiana-Pacific	152	8	0.87%	-	-	-
Piedmont Community College	134	9	0.76%	400	5	1.99%
Piedmont Maintenance Services	125	10	0.71%	-	-	-
Wal-Mart Associates, Inc.	-	-	-	328	7	1.63%
North American Aerodynamics	-	-	-	250	10	1.24%
Georgia-Pacific	-	-	-	278	9	1.38%

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	43	43	44	43	42	47	49	53	54	57
Public buildings & grounds	3	3	-	-	-	-	-	-	-	-
Public safety	133	140	138	134	134	140	162	141	149	174
Transportation	11	10	10	11	12	12	12	10	11	14
Human services										
Social Services	81	84	86	82	83	83	92	97	99	95
Public Health	40	45	44	42	41	50	50	48	47	43
Other	36	35	31	30	32	27	25	25	23	28
Environmental protection	3	2	2	2	2	2	2	2	2	2
Economic and physical development	5	5	5	5	5	8	4	5	5	7
Cultural and recreation	17	17	16	14	16	16	27	25	28	33
Total	372	384	376	363	367	385	423	406	418	453

Source: County Finance Department

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

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

(Page 1 of 2)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function				
Public Safety/Sheriff's Department & Jail				
Incident Reports	2,524	1,758	1,992	1,954
Calls for Service	12,618	14,907	18,234	23,281
Criminal Papers	6,532	6,216	5,376	3,412
Arrest Reports	2,588	1,625	1,705	2,755
Civil Papers	5,125	5,437	5,346	5,031
Gun Permits	573	815	690	529
Jail bookings	1,813	1,797	2,200	2,303
Average daily population	104	98	88	90
Public Safety/Communications				
Number of calls dispatched (includes Sheriff, Roxboro Police, Fire, EMS & Rescue calls)	68,613	62,573	56,273	47,376
Public Safety/Code Enforcement				
Number of Building Permits Issued	363	278	312	277
Number of Mobile Home Permits Issued	60	75	36	46
Number of Other Permits Issued (Includes Electrical, Plumbing & Mechanical)	173	337	307	636
Community Services/Library				
Items Added to Collection	7,433	6,092	5,238	4,800
Circulation	218,191	226,876	212,362	182,708
Internet Use	26,824	28,256	23,567	23,287
Program Attendance	6,646	4,061	6,217	5,864
Human Services/Social Services				
Average # Adult Medicaid Eligible Cases	2,281	2,318	2,331	2,412
Average # Family & Child Medicaid Cases	2,887	2,744	3,034	2,971
Average # Households Receiving Food Stamp	2,068	2,474	2,929	3,468
Average \$ Fraud Collections per Month	2,534	4,315	5,409	4,470
Education				
Public Schools enrollment	5,385	5,112	4,992	4,877
Charter Schools enrollment	651	791	903	956
Culture and Recreation				
Total park acreage	197	183	183	187
Number of parks	10	9	9	10

Sources:

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

2012	2013	2014	2015	2016	2017
1,865	1,695	1,550	3,442	1,403	1,467
17,393	20,447	23,417	19,054	16,177	18,598
5,316	3,510	6,466	6,790	4,851	3,093
3,001	2,949	2,208	2,097	1,858	2,444
4,646	3,595	4,012	3,119	4,031	3,719
563	947	645	693	742	677
2,163	2,167	2,116	2,162	1,795	2,005
105	111	124	127	95	106
58,095	62,019	57,016	54,367	47,967	48,070
312	281	282	334	325	382
22	36	33	36	39	47
582	632	593	601	628	555
5,215	4,790	5,123	4,700	5,585	5,621
191,249	191,775	201,275	213,539	188,564	191,170
22,507	19,148	21,566	18,421	23,139	24,159
6,910	6,399	6,090	8,227	12,606	11,913
2,478	2,542	2,598	4,288	3,806	3,757
3,020	3,220	3,265	4,492	3,435	3,408
3,761	3,902	3,980	3,969	3,906	3,511
5,205	5,759	4,727	6,064	4,675	3,739
4,775	4,625	4,567	4,562	4,550	4,470
967	1,006	1,070	1,049	1,121	1,120
187	187	187	187	222	222
10	10	10	11	12	12

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Public Safety										
Sheriff/Police (Stations)	2	2	2	2	2	2	2	3	3	3
Correction facility capacities	136	136	136	136	136	136	136	136	136	136
Fire stations	14	14	14	14	14	14	14	15	15	15
Highways and streets										
Paved	721	723	723	723	724	725	726	676*	676	677
Unpaved	50	50	50	50	49	48	47	34*	34	34
Culture and recreation										
Parks	10	9	9	10	10	10	10	11	12	12
Libraries	1	1	1	1	1	1	1	1	1	1
Education										
Schools	10	10	10	10	10	10	10	10	10	10

Sources:

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

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

COMPLIANCE SECTION

COMPLIANCE SECTION

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

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
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, 2017 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 21, 2017. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

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

Compliance and Other Matters

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

Purpose of this Report

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, NC
December 21, 2017

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
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, 2017. 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 compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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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.

Opinion on Medical Assistance Program

In our opinion, Person County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

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 17-1. 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 significant deficiencies or material weaknesses 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 17-1 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 17-2 to be a significant deficiency.

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 21, 2017

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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, 2017. 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.

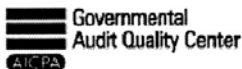
Management's Responsibility

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.

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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.

Opinion on the Medical Assistance Program

In our opinion, Person County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2017.

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 as described in the Audit Manual for Governmental Auditors in North Carolina and which are described in the accompanying schedule of findings and questioned costs as item 17-1. 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 17-1 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. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as finding 17-2 to be a material weakness.

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 21, 2017

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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: Unmodified

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 \$ 1,375,785

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, 2017**

State Awards

Internal control over major State programs:

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

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

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

None noted.

Section III – Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Centers for Medicare and Medicaid Services

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

Program Name: Medicaid

CFDA #: 93.778

Finding 17-1

MATERIAL WEAKNESS

NONMATERIAL 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 contained 40 errors for not correctly calculate resources for the countable reserves.

Questioned Costs: There were questioned costs of \$5,420 on these cases.

Context: Out of 106 adult Medicaid files were reviewed and a total of 162 certifications/recertifications one case did not run AVS, one case did not use the first moment balance, 6 cases contained keying errors in evidence for values of resources, 2 cases did not enter vehicles into evidence, 2 cases did not confirm resources, 7 cases did not have cash surrender value of life insurance policies entered, 1 case did not count checking value in total resources, 7 cases did not use correct ownership of vehicles/liquid asset accounts, 1 case did not update cash surrender value of life insurance from previous years, 2 cases indicated social security was being direct

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

deposited but there was no verification of the ownership/countability of those depository accounts, 3 cases did not run OLV/OVS or it was returned inconclusive with no further followup, 1 case verified liquid assets as of the wrong date, 5 cases included ran AVS but then did not use that as evidence and instead used confirmations from bank, and 1 case counted a vehicle that had a rebuttal to the value in the file.

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. Upon recalculation of eligibility, only one case was actually deemed ineligible for the benefits received.

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: Training will be provided to staff about reviewing and double-checking their work, including figures being entered or used to determine eligibility. Management will also stress the importance of checking the eligibility determination calculations before accepting the system calculated decision. Training will be completed by OST representative in January 2018 as well as training provided by supervisors. During training, Adult Medicaid Manual sections 2230 – Financial Resources and 2250 – Income, will be reviewed with staff.

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

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

Program Name: Medical Assistance Program

CFDA #: 93.778

Finding: 17-2

SIGNIFICANT DEFICIENCY

Income Verification and Budget Calculations for Eligibility

Criteria: Case records should contain verification that automated matches were completed. These matches include Unemployment Benefits, Social Security, SSI and DOT. If income or resources are listed in the matches, the case record should reflect that they were addressed. Case files should also contain income verification such as pay stubs, wage verification form, award letters for benefits, etc. Earned income is converted to a monthly amount. Total countable income is then compared to the State-provided income maintenance amounts for the Medicaid program and must be lower than that amount.

Condition: There were 7 cases that contained 8 errors regarding budget calculations and income verification.

Questioned Costs: There were no questioned costs for these cases.

Context: Out of 112 Medicaid files were reviewed and a total of 173 certifications/recertifications, one file did not enter wages into NCFast, one case did not run OVS/OLV for ESC, one file did not request medical bills to support meeting the deductible, one file had information on wages but did not verify them or document why they were excluded from income calculations, one file included a new hire hit on OLV/OVS but caseworkers did not follow up on it, two cases included the wrong

**PERSON COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

amount of Social Security income, and one file used actual wages from the wrong period instead of OVS wages.

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

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

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

Views of responsible officials and planned corrective actions: Training will be provided to staff about reviewing and double-checking their work, including figures being entered or used to determine eligibility. Management will also stress the importance of checking the eligibility determination calculations before accepting the system calculated decision. Training will be completed by OST representative in January 2018 as well as training provided by supervisors. During training, Adult Medicaid Manual sections 2230 – Financial Resources and 2250 – Income, will be reviewed with staff.

Section IV – State Award Findings and Questioned Costs

See Finding 17-1 and 17-2.

**PERSON COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

Finding: 17-1

Name of Contact Person: Lauren Whitt

Corrective Action: Training will be provided to staff about reviewing and double-checking their work, including figures being entered or used to determine eligibility. Management will also stress the importance of checking the eligibility determination calculations before accepting the system calculated decision. Training will be completed by OST representative in January 2018 as well as training provided by supervisors. During training, Adult Medicaid Manual sections 2230 – Financial Resources and 2250 – Income, will be reviewed with staff.

Proposed Completion Date: 6/30/2018

Finding: 17-2

Name of Contact Person: Lauren Whitt

Corrective Action: Training will be provided to staff about reviewing and double-checking their work, including figures being entered or used to determine eligibility. Management will also stress the importance of checking the eligibility determination calculations before accepting the system calculated decision. Training will be completed by OST representative in January 2018 as well as training provided by supervisors. During training, Adult Medicaid Manual sections 2230 – Financial Resources and 2250 – Income, will be reviewed with staff.

Proposed Completion Date: 6/30/18

Section IV – State Award Findings and Questioned Costs

See Finding 17-1 and 17-2.

**PERSON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Finding: 16-1

Status: Complete

Finding: 16-2

Status: Complete

Finding: 16-3

Status: See finding 17-1. We continue to follow the corrective action plan as indicated previously: "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."

Finding: 15-2

Status: See finding 17-1. We continue to follow the corrective action plan as indicated previously: "Management will review section 4000 in the Integrated Manual concerning income. NC Fast communications and administrative letters from DMA will be reviewed with staff upon receipt to ensure that staff stays abreast of policy changes. Management will review records to ensure compliance with new policies."

Finding: 14-4

Status: See finding 17-1. We continue to follow the corrective action plan as indicated previously: "Management will continue to meet with workers to review Family and Children's Income MA-3300 and Budgeting MA-3305 sections. Random reviews will be completed on each worker for documentation, correct budget calculation and formal zero budgets. Workers will continue to attend trainings to prevent future errors."

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	To Subrecipients
Federal Awards:				
<u>U.S. Dept. of Agriculture</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	\$ 479,267	\$ -	-
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	171,034	-	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	692,002	-	-
Total U.S. Dept. of Agriculture		1,342,303	-	-
<u>U.S. Dept. of Homeland Security</u>				
Passed-through the N.C. Dept. of Public Safety:				
Emergency Management Performance Grants	97.042	19,020	-	-
Homeland Security Grant Program	97.067	20,425	-	-
Total U.S. Dept. of Homeland Security		39,445	-	-
<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	352,046	14,569	-
<u>Federal Aviation Administration (FAA)</u>				
Passed-through the N.C. Dept. of Transportation:				
Airport Improvement Program	20.106	155,340	-	-
Total U.S. Dept. of Transportation		507,386	14,569	-
<u>U.S. Dept. of Health & Human Services</u>				
<u>Division of Aging and Adult Services</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	102,320	6,019	108,339
Special Programs for the Aging-Title III C Nutrition Services	93.045	53,707	3,160	56,867
Nutrition Services Incentive Program	93.053	9,217	-	9,217
Total Aging Cluster		165,244	9,179	174,423
Social Services Block Grant (SSBG) - In Home Services	93.667	11,564	330	-
Passed-through the N.C. Dept. of Health and Human Services				
Division of Social Services:				
<u>Foster Care and Adoption Cluster: (Note 3)</u>				
Foster Care - Title IV-E	93.658	163,617	17,226	-
Adoption Assistance	93.659	79,265	28,022	-
Foster Care - Title IV-E Direct Benefit Payments	93.658	157,831	46,417	-
Adoption Assistance - Direct Benefit Payments	93.659	175,956	44,951	-
Total Foster Care and Adoption Cluster (Note 3)		576,669	136,616	-

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	To Subrecipients
<u>Temporary Assistance for Needy Families Cluster:</u>				
Temporary Assistance for Needy Families (TANF/Work First)	93.558	291,578	-	-
Foster Care Title IV-E-Assistance for Needy Families State Programs	93.558	5,928	-	-
TANF/Work First-Direct Benefit Payments	93.558	226,758	-	-
Total Temporary Assistance for Needy Families Cluster		524,264	-	-
Child Support Enforcement	93.563	353,738	5	-
<u>Low-Income Home Energy Assistance:</u>				
Crisis Intervention Program	93.568	156,597	-	-
Administration	93.568	29,870	-	-
Energy Assistance Program-Direct Benefit Payments	93.568	172,400	-	-
Total Low-Income Home Energy Assistance		358,867	-	-
<u>Stephanie Tubbs Jones Child Welfare Services Program</u>				
Permanency Planning-Families for Kids	93.645	11,652	-	-
SSBG-Other Service and Training	93.667	339,123	28,761	-
Chafee Foster Care Independence Program	93.674	3,204	801	-
Family Preservation	93.556	28,005	-	-
Total Division of Social Services		2,195,522	166,183	-
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>				
<u>Division of Child Development and Early Education:</u>				
<u>Subsidized Child Care (Note 3)</u>				
<u>Child Care Development Fund Cluster:</u>				
<u>Division of Social Services:</u>				
Child Care and Development Mandatory and Match Fund- Administration	93.596	79,227	-	-
<u>Division of Child Development:</u>				
Child Care and Development Block Grant	93.575	430,007	-	-
Child Care and Development Fund - Mandatory	93.596	162,353	-	-
Child Care and Development Fund-Match	93.596	240,881	90,187	-
Total Child Care Development Fund Cluster		912,468	90,187	-
Temporary Assistance for Needy Families	93.558	135,628	-	-
Foster Care Title IV-E	93.658	14,468	7,211	-
Smart Start		-	2,063	-
State Appropriations		-	249,307	-
TANF-MOE		-	203,449	-
Total Subsidized Child Care Cluster (Note 3)		1,062,564	552,217	-
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>				
<u>Division of Medical Assistance</u>				
<u>Direct Benefit Payments:</u>				
State Children's Health Insurance Program-N.C. Health Choice	93.767	974,583	2,681	-
<u>Division of Social Services</u>				
<u>Administration:</u>				
State Children's Health Insurance Program-N.C. Health Choice	93.767	48,841	38	-
Total State Children's Health Insurance Program-N.C. Health Choice		1,023,424	2,719	-

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	To Subrecipients
Passed-through the N.C. Dept. of Health and Human Services:				
<u>Division of Medical Assistance</u>				
Direct Benefit Payments				
Medical Assistance Program	93.778	38,005,480	20,550,906	-
<u>Division of Social Services</u>				
Administration				
Medical Assistance Program	93.778	1,311,270	7,279	-
Total Medical Assistance Program		39,316,750	20,558,185	-
<u>Center for Disease Control and Prevention</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	7,738	-	-
<u>Division of Public Health</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	36,593	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	29	-	-
Immunization Cooperative Agreements	93.268	4,332	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	22,330	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	3,533	-	-
Prevention and Public Health Funds				
HIV Prevention Activities_Health Department Based	93.940	817	-	-
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	953	-	-
Total Centers for Disease Control		76,325	-	-
<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	93.994	44,118	33,092	-
<u>Office of Population Affairs</u>				
Passed-through N.C. Dept. of Health and Human Services:				
Family Planning Services	93.217	25,496	-	-
<u>Office of the Secretary</u>				
Passed-through N.C. Dept. of Health and Human Services:				
Medical Reserve Corps Small Grant Program	93.008	586	-	-
Total U.S. Dept. of Health and Human Services		43,921,593	21,321,905	174,423
U.S. Department of Justice				
<u>Bureau of Justice Assistance</u>				
Bulletproof Vest Partnership Program	16.607	32,829	-	-
<u>Criminal Division</u>				
Equitable Sharing Program	16.922	15,958	-	-
Total U.S. Department of Justice		48,787	-	-
Total federal awards		45,859,514	21,336,474	174,423

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	To Subrecipients
STATE AWARDS:				
<u>N.C. Dept. of Administration</u>				
Veterans Affairs		-	2,130	-
<u>N.C. Dept. of Cultural and Natural Resources</u>				
Division of State Library				
State Aid to Public Libraries		-	95,881	-
<u>N.C. Dept. of Commerce</u>				
One NC Fund Grant Spuntech Industries		-	117,500	-
One NC Fund Grant GKN Driveline North America Inc.		-	87,000	-
Total N.C. Dept of Commerce		-	204,500	-
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund		-	142,812	-
<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)		-	156,875	137,257
<u>Division of Social Services:</u>				
State/County Special Assistance for Adults-Direct Benefit Payments		-	441,208	-
SAA/SAD HB 1030		-	24,055	-
Children's Trust Program		-	120,731	-
SFHS Maximization - Direct		-	70,392	-
Foster Care at Risk-Direct		-	4,426	-
State Foster Care Benefits Program-Direct		-	91,311	-
CWS-Direct Benefit Payments		-	72,878	-
Energy Program		-	15,212	-
Incent/Program Integrity		-	861	-
CPS Expansion		-	85,437	-
Total Division of Social Services		-	926,511	-
<u>Division of Public Health:</u>				
General Aid to Counties		-	77,257	-
General Communicable Disease Control		-	4,398	-
Tuberculosis		-	8,718	-
Breast and Cervical Cancer Control		-	3,467	-
TB Medical Services		-	540	-
School Nurse Funding Initiative		-	133,784	-
Food and Lodging Fees		-	6,814	-
Child Health		-	792	-
Sexually Transmitted Diseases		-	162	-
Maternal Health (HMHC)		-	2,803	-
HMHC - Family Planning		-	5,070	-
WHSF		-	10,616	-
HIV/STD State		-	100	-
HIV/STD SSBG Aid		-	400	-
Total Division of Public Health		-	254,821	-
Total N.C. Dept. of Health and Human Resources		-	1,338,307	-

Person County, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	To Subrecipients
<u>N.C. Dept. of Public Safety</u>				
Governor's Crime Commission				
JCPC Funds		-	122,096	76,583
<u>N.C. Dept. of Transportation</u>				
Airfield Signage Replacement		-	39,267	-
ROAP-Elderly and Disabled Transportation Assistance Program		-	63,165	14,921
ROAP-Work First		-	11,297	-
ROAP-Rural General Public Program		-	72,666	-
		-	186,395	14,921
<u>N.C. Dept. of Environmental Quality</u>				
Division of Soil and Water Conservation:				
Soil and Water Distribution Grant		-	29,164	-
Division of Waste Management:				
Electronics Management Program		-	2,936	-
2016 Community Waste Reduction & Recycling Grant		-	1,919	-
Total N.C. Dept. of Environmental Quality		-	34,019	-
Total State awards		-	2,126,140	228,761
Total federal and State awards		\$ 45,859,514	\$ 23,462,614	\$ 403,184

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Person County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Person County, it is not intended to and does not present the financial position, changes in net position or cash flows of Person County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Cluster of Programs

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