

PERQUIMANS COUNTY

North Carolina

**AUDIT REPORT
June 30, 2018**

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JUNE 30, 2018**

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FINANCIAL SECTION

**PERQUIMANS COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2018**

BOARD OF COMMISSIONERS

Wallace Nelson, Chair

Fondella Leigh, Vice Chair
Edward Muzzulin
Charles Woodard

Joseph W. Hoffler
Kyle Jones

Mary P. Hunnicutt, Clerk to the Board
Hackney High, Jr., County Attorney

Office of the County Manager

W. Frank Heath III, County Manager
Tracy Mathews, Finance Officer
Mary P. Hunnicutt, Secretary

Jacqueline Frierson, Register of Deeds
William F. Jennings, Tax Supervisor
Holly Hunter, Elections Chairman
Jonathan Nixon, Communications
Jonathan Nixon, EMS Coordinator
Howard Williams, Recreation Director
Janet Stallings, Soil Conservation
Sam Barrow, County Planner
Shelby White, Sheriff

Nick Lories, Water Plant Superintendent
Robin Trueblood, Bldg. & Grounds Supervisor
Virgil Parrish, Chief Building Inspector
Preston Spear, Veterans Services Coordinator
Jewel Winslow, Chairman Extension Services
Susan Chaney, Director Social Services
Shelby White, Animal Control Officer
Beverly Gregory, Senior Citizens

DONNA H. WINBORNE CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of County Commissioners
Perquimans County, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Perquimans County, North Carolina, as of and for the year then ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Perquimans 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Perquimans County Tourism Development Authority were not audited in accordance with Governmental 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Perquimans County, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, pages 62 and 63, and the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on pages 64 and 65, the 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 66 and 67, and the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 68, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Perquimans County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, 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 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 my opinion, based on my audit and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 17, 2018 on my consideration of Perquimans County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of my 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 Perquimans County's internal control over financial reporting and compliance.

 Susan H. Wilborne, CPA PC

Edenton, North Carolina
October 17, 2018

Perquimans County Management's Discussion and Analysis

As management of Perquimans County, we offer readers of Perquimans County's financial statements this narrative overview and analysis of the financial activities of Perquimans County for the fiscal year ended June 30, 2018. We encourage readers 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

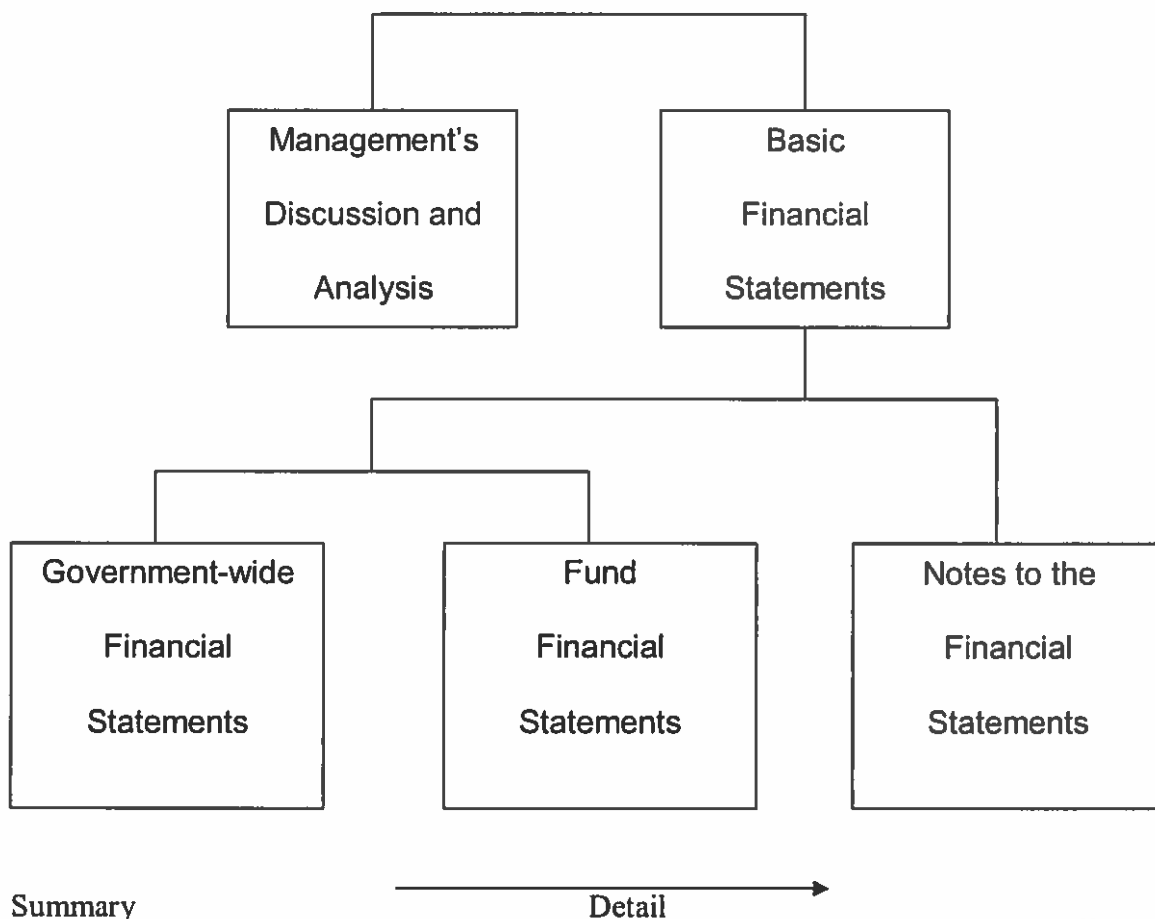
- The assets and deferred outflows of resources of Perquimans County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,294,233 (*net position*).
- The government's total net position decreased by \$1,585,641, primarily due to a decrease in restricted cash and cash equivalents and the restatement of beginning net position resulting from the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.
- As of the close of the current fiscal year, Perquimans County's governmental funds reported combined ending fund balances of \$7,005,404, a decrease of \$1,598,136 in comparison with the prior year. Approximately 37.7 percent of this total amount, or \$2,641,607, is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,363,797 or 29.45 percent of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$6,177,865 or 41.69% of total general fund expenditures for the fiscal year. The total fund balance minus funds reserved by State statute was \$5,486,084, or 37% of total general fund expenditures for the fiscal year.
- Perquimans County's total debt decreased by \$1,364,594 (9.9%) during the current fiscal year.
- Perquimans County has a North Carolina Municipal Council rating of 78, which is considered investment grade.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Perquimans 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 Perquimans County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 10) 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. After the notes, **supplemental information** is provided to show details about the County's non-

major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

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 gage the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. 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 water and solid waste services offered by Perquimans County.

The government-wide financial statements are on Exhibits 1 and 2 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. Perquimans 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 Perquimans County can be divided into two categories: governmental funds and proprietary 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 and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Perquimans County adopts an annual budget for its General Fund, as required by the General Statutes. 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Perquimans County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Perquimans County uses enterprise funds to account for its water activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Perquimans County has seven fiduciary funds, all 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 start on page 25 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Perquimans County exceeded liabilities and deferred inflows of resources by \$14,294,233 as of June 30, 2018. The County's net position decreased by \$1,585,641 for the fiscal year ended June 30, 2018. One of the largest portions reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Perquimans County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Perquimans 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 Perquimans County's net position, \$1,577,893, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(1,745,104) is unrestricted.

Perquimans County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 8,200,861	\$ 10,027,806	\$ 2,527,042	\$ 2,570,560	\$ 10,727,903	\$ 12,598,366
Capital Assets	10,410,677	9,746,506	9,187,491	9,394,619	19,598,168	19,141,125
Total Assets	18,611,538	19,774,312	11,714,533	11,965,179	30,326,071	31,739,491
Total Deferred Outflow of Resources	789,994	884,496	65,765	75,499	855,759	959,995
Long-term Liabilities Outstanding	13,297,151	10,540,764	2,840,281	2,620,699	16,137,432	13,161,463
Other Liabilities	313,360	2,967,039	221,725	603,569	535,085	3,570,608
Total Liabilities	13,610,511	13,507,803	3,062,006	3,224,268	16,672,517	16,732,071
Total Deferred Inflow of Resources	203,193	84,298	11,887	3,243	215,080	87,541
Net Position						
Net investments in capital assets	7,834,259	6,809,293	6,627,185	6,458,986	14,461,444	13,268,279
Restricted	1,577,893	2,858,221	-	-	1,577,893	2,858,221
Unrestricted	(3,824,324)	(2,600,807)	2,079,220	2,354,181	(1,745,104)	(246,626)
Total Net Position	\$ 5,587,828	\$ 7,066,707	\$ 8,706,405	\$ 8,813,167	\$ 14,294,233	\$ 15,879,874

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.23%, higher than the average for counties with a population less than 25,000 of 96.87%. (Source: NC Treasurer, County Cash, Taxes and Fund Balance Available, 2017)
- Management's proactive stance on monitoring spending across County departments.
- Continued low cost of debt due to the County's low total indebtedness. The North Carolina Municipal Council has rated Perquimans County at 78, which is considered to be eligible for investment by banks.

Perquimans County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,444,716	\$ 1,273,899	\$ 3,092,868	\$ 2,893,353	\$ 4,537,584	\$ 4,167,252
Operating Grants and Contributions	2,011,044	2,429,652	13,740	2,700	2,024,784	2,432,352
Capital Grants and Contributions	92,153	1,401,099	141,373	-	233,526	1,401,099
General Revenue:						
Property Taxes	8,636,270	8,286,943	-	-	8,636,270	8,286,943
Other Taxes	2,799,257	2,789,530	-	-	2,799,257	2,789,530
Other	111,915	82,974	7,374	3,073	119,289	86,047
Total Revenue	15,095,355	16,264,097	3,255,355	2,899,126	18,350,710	19,163,223
Expenses:						
General Government	1,367,377	418,372	-	-	1,367,377	418,372
Public Safety	5,029,490	4,738,415	-	-	5,029,490	4,738,415
Economic and Physical Development	186,528	267,337	-	-	186,528	267,337
Environmental Protection	342,542	325,169	-	-	342,542	325,169
Human Services	2,269,549	2,508,381	-	-	2,269,549	2,508,381
Cultural and Recreation	1,589,947	2,450,952	-	-	1,589,947	2,450,952
Education	3,934,487	3,184,968	-	-	3,934,487	3,184,968
Interest on Long-term Debt	251,324	365,477	-	-	251,324	365,477
Solid Waste Operations	-	-	914,421	966,872	914,421	966,872
Water Operations	-	-	2,309,610	2,202,343	2,309,610	2,202,343
Total Expenses	14,971,244	14,259,071	3,224,031	3,169,215	18,195,275	17,428,286
Transfers	(15,000)	(10,000)	-	-	(15,000)	(10,000)
Increase in Net Position	109,111	1,995,026	31,324	(270,089)	140,435	1,724,937
Net position, beginning	7,066,707	5,283,119	8,813,167	9,083,256	15,879,874	14,366,375
Restatement	(1,587,990)	(211,438)	(138,086)	-	(1,726,076)	(211,438)
Net position, beginning, restated	5,478,717	5,071,681	8,675,081	9,083,256	14,153,798	14,154,937
Net position, ending	\$ 5,587,828	\$ 7,066,707	\$ 8,706,405	\$ 8,813,167	\$ 14,294,233	\$ 15,879,874

Governmental activities. Governmental activities decreased the County's net position by \$1,478,879. Key elements of this decrease are as follows:

- Decrease in restricted cash and cash equivalents and fund balance appropriated.

Business-type activities: Business-type activities decreased Perquimans County's net position by \$106,762. Key elements of this decrease are as follows:

- Fund balances appropriated for both water and solid waste funds.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Perquimans County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Perquimans 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 Perquimans County. At the end of the current fiscal year, Perquimans County's fund balance available in the General Fund was \$4,363,797, while total fund balance reached \$6,177,865. The County currently has an available fund balance of 29.45% of general fund expenditures, while total fund balance represents 41.69% of that same amount.

At June 30, 2018, the governmental funds of Perquimans County reported a combined fund balance of \$7,005,404, an 18.5% decrease over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several 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 \$336,547.

Proprietary Funds. Perquimans County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Total net position of the Solid Waste Fund at the end of the fiscal year amounted to \$431,782 and net position for the Water Fund equaled \$8,274,623. The total increase in net position for the Solid Waste fund was \$58,813. The total decrease in the Water fund was \$165,575. Other factors concerning the finances of these funds have already been addressed in the discussion of Perquimans County's business-type activities.

Capital Asset and Debt Administration

Capital assets. Perquimans County's capital assets for its governmental and business – type activities as of June 30, 2018, totals \$19,598,168 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, recreational facilities, and vehicles.

Major capital asset transactions during the year include:

- Library construction has been completed.
- Manley well site improvements for Bethel water plant.

**Perquimans County's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,062,407	\$ 1,062,407	\$ 160,006	\$ 160,006	\$ 1,222,413	\$ 1,222,413
Construction in progress	721,675	2,418,603	286,803	156,164	1,008,478	2,574,767
Buildings and Systems	7,169,770	4,399,644	8,619,750	8,954,573	15,789,520	13,354,217
Machinery, Equipment, and Vehicles	1,456,825	1,865,852	120,932	123,876	1,577,757	1,989,728
Total	\$ 10,410,677	\$ 9,746,506	\$ 9,187,491	\$ 9,394,619	\$ 19,598,168	\$ 19,141,125

Additional information on the County's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2018, Perquimans County had no total bonded debt outstanding for the General Fund.

Installment Obligation Debt. As of June 30, 2018 Perquimans County had \$9,846,279 in installment purchases outstanding for the General Fund.

Perquimans County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Installment Agreement Indebtedness	\$ 9,846,279	\$ 10,835,546	\$ 2,560,306	\$ 2,935,633	\$ 12,406,585	\$ 13,771,179
Compensated absences	255,532	218,887	22,288	23,057	277,820	241,944
Net pension liability (LGERS)	740,564	965,339	64,393	83,943	804,957	1,049,282
Total pension liability (LEOSSA)	231,899	227,483	-	-	231,899	227,483
Total OPEB liability	2,222,877	2,282,476	193,294	198,476	2,416,171	2,480,952
Total	\$ 13,297,151	\$ 14,529,731	\$ 2,840,281	\$ 3,241,109	\$ 16,137,432	\$ 17,770,840

Perquimans County's total debt decreased by \$1,364,594 (9.9%) during the past fiscal year.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located

within that government's boundaries. The legal debt margin for Perquimans County is \$125,428,968.

Additional information regarding Perquimans County's long-term debt can be found in Note III.B.5 beginning on page 57 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the challenges of the County for next year's budget.

- The County's unemployment rate of 3.8% is more than the state average of 3.1% (Sept. 2018- N.C. Dept. of Commerce, Labor and economic Analysis Division)
- Some improvement in Sales Tax Revenues
- Continued suppressed economy-based revenues (Land Transfer Tax, Building Inspection Fees, and Registrar of Deed Fees)
- Continued challenges in property tax collection rate due to economic conditions

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Perquimans County's Ad-valorem tax rate will remain at \$0.57/\$100 value. Property tax revenues are expected to increase by approximately 1.2% as a result of new real estate construction. This will offset some of the economy-based revenue losses and provide funding for planned capital projects. Permit and fee revenues are expected to be approximately the same as the FY 2015-2016 levels based on housing starts and real estate transactions. Sales taxes are expected to increase by 2-3% over FY 2017-18 levels.

Budgeted expenditures in the General Fund are \$15.68 million. While representing an increase from last year's budgeted amount, this allows funding of a significant increase to school local current and capital expenses, an increase in County employee/retiree health care costs, an additional school resource officer, motor vehicle purchases for the Sheriff's office, a new ambulance for EMS, and increased allocations to the library and fire departments.

This budget includes a 3 percent cost of living increase for employees, and merit increases remain enacted for employees who are eligible.

Business – type Activities: The County continued seasonal water conservation rates in 2018. These rates are in effect May through October in hopes of encouraging water conservation during peak demand periods. Within FY 18-19, Perquimans will continue to pay for and receive 150,000 gallons of treated water per day from Pasquotank County. Water rates will continue at \$15 for the first 1,000 gallons, and \$7.00 per thousand for each additional thousand gallons. The seasonal rates, as discussed above, will continue to be \$9.00 per thousand above 8,000 gallons.

Perquimans will continue to develop the Manley well site to service the Bethel water plant, and continue to invest in radio read water meter technology.

Rates for solid waste services will increase to \$140 per year.

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 County Manager, Perquimans County, P.O. Box 45, Hertford, NC 27944.

BASIC FINANCIAL STATEMENTS

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Perquimans County Tourism Development Authority
Assets				
Cash and cash equivalents	\$ 6,366,870	\$ 1,907,431	\$ 8,274,301	\$ 22,936
Receivables (net)	720,932	437,974	1,158,906	-
Accrued interest receivable on taxes	192,023	-	192,023	-
Due from other governments	778,893	29,353	808,246	103
Inventories	-	74,092	74,092	-
Restricted cash and cash equivalents	116,838	73,469	190,307	-
Net pension asset	21,881	-	21,881	-
Loan fees	3,424	4,723	8,147	-
Capital assets:				
Land and construction in progress	1,784,082	446,809	2,230,891	-
Other capital assets, net of depreciation	8,626,595	8,740,682	17,367,277	-
Total capital assets	10,410,677	9,187,491	19,598,168	-
Total assets	18,611,538	11,714,533	30,326,071	23,039
Deferred Outflows of Resources	789,994	65,765	855,759	-
Liabilities				
Accounts payable and accrued expenses	175,100	128,313	303,413	374
Accrued interest payable	138,260	30,198	168,458	-
Customer deposits	-	63,214	63,214	-
Long-term liabilities:				
Due within one year	1,261,382	403,978	1,665,360	-
Due in more than one year	12,035,769	2,436,303	14,472,072	-
Total liabilities	13,610,511	3,062,006	16,672,517	374
Deferred Inflows of Resources	203,193	11,887	215,080	-
Net Position				
Net investment in capital assets	7,834,259	6,627,185	14,461,444	-
Restricted:				
Public Safety	44,323	-	44,323	-
Education	21,243	-	21,243	-
Register of Deeds	27,495	-	27,495	-
Register of Deeds pension plan	21,881	-	21,881	-
Stabilization by State Statute	691,781	-	691,781	-
Capital Outlay	771,170	-	771,170	-
Unrestricted	(3,824,324)	2,079,220	(1,745,104)	22,665
Total net position	\$ 5,587,828	\$ 8,706,405	\$ 14,294,233	\$ 22,665

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								Perquimans County Tourism Development Authority
Governmental activities:								
General government	\$ 1,367,377	\$ 378,352	\$ 17,470	\$ -	\$ (971,555)	\$ -	\$ (971,555)	
Public safety	5,029,490	958,747	338,328	30,853	(3,701,562)	-	(3,701,562)	
Economic and physical development	186,528	-	83,664	-	(102,864)	-	(102,864)	
Environmental protection	342,542	-	53,019	-	(289,523)	-	(289,523)	
Human services	2,269,549	-	1,513,834	-	(755,715)	-	(755,715)	
Cultural and recreational	1,589,947	20,917	4,729	-	(1,564,301)	-	(1,564,301)	
Education	3,934,487	86,700	-	61,300	(3,786,487)	-	(3,786,487)	
Interest on long-term debt	251,324	-	-	-	(251,324)	-	(251,324)	
Total governmental activities	14,971,244	1,444,716	2,011,044	92,153	(11,423,331)	-	(11,423,331)	
Business-type activities:								
Solid waste	914,421	972,751	-	-	-	58,330	58,330	
Water	2,309,610	2,120,117	13,740	141,373	-	(34,380)	(34,380)	
Total business-type activities	3,224,031	3,092,868	13,740	141,373	-	23,950	23,950	
Total primary government	\$ 18,195,275	\$ 4,537,584	\$ 2,024,784	\$ 233,526	(11,423,331)	23,950	(11,399,381)	
Component unit:								
Perquimans County Tourism Development Authority	\$ 29,866	\$ 7,837	\$ -	\$ -	\$ -	\$ -	\$ (22,029)	
General revenues:								
Taxes:								
Property taxes, levied for general purposes					8,636,270		8,636,270	
Local option sales tax					2,353,797		2,353,797	
Other taxes and licenses					445,460		445,460	
Unrestricted intergovernmental					46,775		46,775	
Investment earnings, unrestricted					41,705	7,374	49,079	90
Miscellaneous, unrestricted					23,435	-	23,435	6,700
Total general revenues excluding transfers					11,547,442	7,374	11,554,816	6,790
Transfers					(15,000)	-	(15,000)	15,000
Total general revenues and transfers					11,532,442	7,374	11,539,816	21,790
Change in net position					109,111	31,324	140,435	(239)
Net position, beginning, previously reported					7,066,707	8,813,167	15,879,874	22,904
Restatement					(1,587,990)	(138,086)	(1,726,076)	-
Net position, beginning, restated					5,478,717	8,675,081	14,153,798	22,904
Net position, ending					\$ 5,587,828	\$ 8,706,405	\$ 14,294,233	\$ 22,665

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

PERQUIMANS COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Exhibit 3

	Major	Non-major	
	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 5,610,241	\$ 756,629	\$ 6,366,870
Receivables, net	720,932	-	720,932
Due from other funds	146,893	-	146,893
Due from other governments	581,888	197,005	778,893
Restricted cash	95,595	21,243	116,838
Total assets	\$ 7,155,549	\$ 974,877	\$ 8,130,426
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 174,655	\$ 445	\$ 175,100
Due to other funds	-	146,893	146,893
Total liabilities	174,655	147,338	321,993
Deferred inflows of resources	803,029	-	803,029
Fund balances:			
Restricted for:			
Stabilization by State Statute	691,781	35,126	726,907
Register of Deeds	27,495	-	27,495
Department of Justice Forfeiture Program	9,197	-	9,197
School Capital	-	21,243	21,243
Committed:			
Tax revaluation	95,595	-	95,595
Assigned:			
Future County Capital Outlay	-	771,170	771,170
Subsequent year's expenditures	990,000	-	990,000
Unassigned	4,363,797	-	4,363,797
Total fund balances	6,177,865	827,539	7,005,404
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,155,549	\$ 974,877	

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	10,410,677
Net loan fees	3,424
Net pension asset	21,881
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	242,315
Benefit payments and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	146,867
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	9,069
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	192,023
Net pension liability - LGERS	(740,564)
OPEB liability	(2,222,877)
Total pension liability - LEOSSA	(231,899)
Deferred inflows of resources for taxes receivable	757,932
Pension related deferrals	347,645
OPEB related deferrals	(113,998)
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	(10,240,071)
Net position of governmental activities	\$ 5,587,828

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit 4

	Major	Non-major	
	General Fund	Other Governmental Funds	Total
Revenues:			
Ad valorem taxes	\$ 8,648,389	\$ -	\$ 8,648,389
Local option sales taxes	2,353,797	-	2,353,797
Other taxes and licenses	27,205	-	27,205
Unrestricted intergovernmental	46,775	-	46,775
Restricted intergovernmental	1,643,563	905,329	2,548,892
Permits and fees	349,156	-	349,156
Sales and services	978,540	-	978,540
Investment earnings	28,106	13,599	41,705
Miscellaneous	111,015	2,000	113,015
Total revenue	14,186,546	920,928	15,107,474
Expenditures:			
Current			
General government	2,128,547	-	2,128,547
Public safety	4,568,342	283,746	4,852,088
Economic and physical development	39,541	83,664	123,205
Environmental protection	342,839	-	342,839
Human services	2,235,980	-	2,235,980
Cultural and recreational	623,401	846,594	1,469,995
Intergovernmental:			
Education	3,273,127	661,360	3,934,487
Capital outlay	327,661	-	327,661
Debt service:			
Principal	989,268	-	989,268
Interest	286,540	-	286,540
Total expenditures	14,815,246	1,875,364	16,690,610
Excess of revenues over expenditures	(628,700)	(954,436)	(1,583,136)
Other financing sources (uses):			
Installment purchase obligations	-	-	-
Transfer (to) from other funds	410,000	(425,000)	(15,000)
Total other financing sources (uses)	410,000	(425,000)	(15,000)
Net change in fund balances	(218,700)	(1,379,436)	(1,598,136)
Fund balances, beginning	6,396,565	2,206,975	8,603,540
Fund balances, ending	\$ 6,177,865	\$ 827,539	\$ 7,005,404

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

**PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ (1,598,136)
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.	664,171
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	242,315
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	9,069
Benefit payments and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	146,867
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	7,881
The issuance of long-term debt provides 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	989,267
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(352,323)</u>
Total changes in net position of governmental activities	<u>\$ 109,111</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit 6

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 8,396,702	\$ 8,562,922	\$ 8,648,389	\$ 85,467
Local option sales taxes	2,302,544	2,339,544	2,353,797	14,253
Other taxes and licenses	18,950	26,950	27,205	255
Unrestricted intergovernmental	45,000	45,000	46,775	1,775
Restricted intergovernmental	1,911,978	1,929,225	1,643,563	(285,662)
Permits and fees	310,121	336,371	349,156	12,785
Sales and services	884,173	884,173	978,540	94,367
Investment earnings	9,670	9,595	27,894	18,299
Miscellaneous	126,500	127,000	111,015	(15,985)
Total revenues	14,005,638	14,260,780	14,186,334	(74,446)
Expenditures:				
Current				
General government	2,235,541	2,330,055	2,128,547	201,508
Public safety	4,592,286	4,696,550	4,568,342	128,208
Economic and physical development	43,447	74,947	39,541	35,406
Environmental protection	355,986	366,118	342,839	23,279
Human services	2,614,436	2,627,232	2,235,980	391,252
Cultural and recreational	629,405	629,595	623,401	6,194
Intergovernmental:				
Education	3,205,000	3,271,330	3,273,127	(1,797)
Capital outlay	375,245	385,107	327,661	57,446
Debt service:				
Principal retirement	1,004,540	1,002,924	989,268	13,656
Interest and other charges	286,566	286,566	286,540	26
Total expenditures	15,342,452	15,670,424	14,815,246	855,178
Revenues over (under) expenditures	(1,336,814)	(1,409,644)	(628,912)	780,732
Other financing sources (uses):				
Transfer from other funds	400,000	425,000	425,000	-
Transfer to other funds	-	(40,000)	(40,000)	-
Fund balance appropriated	936,814	1,024,644	-	(1,024,644)
Total other financing sources (uses)	1,336,814	1,409,644	385,000	(1,024,644)
Net change in fund balance	\$ -	\$ -	(243,912)	\$ (243,912)
Fund balance, beginning			6,326,182	
Fund balance, ending			\$ 6,082,270	

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

**PERQUIMANS COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 -- BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit 6
 (continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Total fund balance, General Fund			\$ 6,082,270	
Investment earnings			212	
Transfer from General Fund			25,000	
General Government Expenditures			-	
Fund balance, beginning			<u>70,383</u>	
Fund balance, ending (Exhibit 4)			<u><u>\$ 6,177,865</u></u>	

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

Exhibit 7

	Major		Total
	Water	Solid Waste	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,613,396	\$ 294,035	\$ 1,907,431
Accounts receivables (net)	176,754	261,220	437,974
Due from other governments	27,433	1,920	29,353
Inventories	74,092	-	74,092
Total current assets	<u>1,891,675</u>	<u>557,175</u>	<u>2,448,850</u>
Noncurrent assets:			
Restricted cash and cash equivalents	73,469	-	73,469
Loan fees, net of accumulated amortization of \$3,621	4,723	-	4,723
Capital assets:			
Land and construction in progress	446,809	-	446,809
Other capital assets, net of depreciation	<u>8,740,682</u>	<u>-</u>	<u>8,740,682</u>
Total noncurrent assets	<u>9,265,683</u>	<u>-</u>	<u>9,265,683</u>
Total assets	<u>11,157,358</u>	<u>557,175</u>	<u>11,714,533</u>
Deferred outflows of resources	<u>65,765</u>	<u>-</u>	<u>65,765</u>
Liabilities			
Current liabilities:			
Accounts payable	2,920	125,393	128,313
Customer deposits	63,214	-	63,214
Accrued interest payable	30,198	-	30,198
Compensated absences	22,288	-	22,288
Installment notes payable	<u>381,690</u>	<u>-</u>	<u>381,690</u>
Total current liabilities	<u>500,310</u>	<u>125,393</u>	<u>625,703</u>
Noncurrent liabilities:			
OPEB liability	193,294	-	193,294
Net pension liability	64,393	-	64,393
Installment notes payable	<u>2,178,616</u>	<u>-</u>	<u>2,178,616</u>
Total noncurrent liabilities	<u>2,436,303</u>	<u>-</u>	<u>2,436,303</u>
Total liabilities	<u>2,936,613</u>	<u>125,393</u>	<u>3,062,006</u>
Deferred inflows of resources	<u>11,887</u>	<u>-</u>	<u>11,887</u>
Net Position			
Net investment in capital assets	6,627,185	-	6,627,185
Unrestricted	<u>1,647,438</u>	<u>431,782</u>	<u>2,079,220</u>
Total net position	<u>\$ 8,274,623</u>	<u>\$ 431,782</u>	<u>\$ 8,706,405</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit 8

	Major		Total
	Water	Solid Waste	
Operating revenues:			
Charges for services	\$ 1,989,179	\$ 963,775	\$ 2,952,954
Tap and reconnection fees	78,325	-	78,325
Penalties	49,244	-	49,244
Other operating revenue	3,369	8,976	12,345
Total operating revenues	<u>2,120,117</u>	<u>972,751</u>	<u>3,092,868</u>
Operating expenses:			
Administration	993,557	-	993,557
Water purchase	325,158	-	325,158
Water distribution and treatment	428,855	-	428,855
Solid waste operations	-	914,421	914,421
Depreciation/amortization	370,526	-	370,526
Total operating expenses	<u>2,118,096</u>	<u>914,421</u>	<u>3,032,517</u>
Capital outlay	<u>150,662</u>	<u>-</u>	<u>150,662</u>
Total expenses	<u>2,268,758</u>	<u>914,421</u>	<u>3,183,179</u>
Operating income (loss)	<u>(148,641)</u>	<u>58,330</u>	<u>(90,311)</u>
Non-operating revenue (expenses):			
Rent	13,740	-	13,740
Interest income	6,891	483	7,374
Interest on long-term debt	(40,852)	-	(40,852)
Total non-operating revenue (expenses)	<u>(20,221)</u>	<u>483</u>	<u>(19,738)</u>
Income (loss) before contributions	<u>(168,862)</u>	<u>58,813</u>	<u>(110,049)</u>
Capital Contributions	<u>141,373</u>	<u>-</u>	<u>141,373</u>
Change in net position	<u>(27,489)</u>	<u>58,813</u>	<u>31,324</u>
Total net position, beginning, previously reported	8,440,198	372,969	8,813,167
Restatement	(138,086)	-	(138,086)
Total net position, beginning, restated	<u>8,302,112</u>	<u>372,969</u>	<u>8,675,081</u>
Total net position, ending	<u>\$ 8,274,623</u>	<u>\$ 431,782</u>	<u>\$ 8,706,405</u>

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

**PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit 9

	Major		Total
	Water	Solid Waste	
Cash flows from operating activities:			
Cash received from customers	\$ 2,103,966	\$ 953,181	\$ 3,057,147
Cash paid for goods and services	(1,437,990)	(806,935)	(2,244,925)
Cash paid to employees for services	(475,431)	-	(475,431)
Customer deposits	(5,734)	-	(5,734)
Net cash provided by operating activities	<u>184,811</u>	<u>146,246</u>	<u>331,057</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(162,639)	-	(162,639)
Principal paid on installment payables	(375,327)	-	(375,327)
Capital contributions - federal grant	141,373	-	141,373
Interest paid on installment payables	(45,044)	-	(45,044)
Proceeds from rental	13,740	-	13,740
Net cash used in capital and related financing activities	<u>(427,897)</u>	<u>-</u>	<u>(427,897)</u>
Cash flows from investing activities:			
Interest on investments	<u>6,891</u>	<u>483</u>	<u>7,374</u>
Net increase (decrease) in cash and cash equivalents	(236,195)	146,729	(89,466)
Cash and cash equivalents, beginning (Water fund includes restricted cash of \$209,039)	<u>1,923,060</u>	<u>147,306</u>	<u>2,070,366</u>
Cash and cash equivalents, ending (Water fund includes restricted cash of \$73,469)	<u>\$ 1,686,865</u>	<u>\$ 294,035</u>	<u>\$ 1,980,900</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (148,641)</u>	<u>\$ 58,330</u>	<u>\$ (90,311)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	370,526	-	370,526
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(16,681)	(19,824)	(36,505)
Decrease in deferred outflows of resources - pensions	22,505	-	22,505
Increase in deferred outflows of resources - OPEB	(12,771)	-	(12,771)
Decrease in net pension liability	(19,550)	-	(19,550)
Decrease in OPEB liability	(5,182)	-	(5,182)
Decrease in deferred inflows of resources - pensions	(1,269)	-	(1,269)
Increase in deferred inflows of resources - OPEB	9,913	-	9,913
Decrease in due from other governments	530	254	784
Increase in inventory	(10,985)	-	(10,985)
Increase (decrease) in accounts payable and accrued liabilities	2,919	107,486	110,405
Decrease in customer deposits	(5,734)	-	(5,734)
Decrease in accrued vacation pay	(769)	-	(769)
Total adjustments	<u>333,452</u>	<u>87,916</u>	<u>421,368</u>
Net cash provided by operating activities	<u>\$ 184,811</u>	<u>\$ 146,246</u>	<u>\$ 331,057</u>

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

**PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

Exhibit 10

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 69,224
	<u>69,224</u>
Liabilities	
Miscellaneous liabilities	\$ 69,224
	<u>69,224</u>
Net position	\$ -
	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Notes are provided in the Financial Section and are considered essential to fair presentation and adequate disclosure for the financial report. The notes include the Summary of Significant Accounting Policies for the County and other necessary disclosures of important matters relating to the financial position of the County. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

I. Summary of Significant Accounting Policies

The accounting policies of Perquimans County (the County) and its component unit 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 six-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 unit, a legally separate entity for which the County is financially accountable. The Perquimans County Tourism Development Authority (the Authority), which has a June 30 year end, is presented as if it were a separate proprietary fund of the County (discrete presentation).

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Perquimans County Tourism Development Authority	Discrete	The members of the Tourism Development Agency governing board are appointed by the County. The County can remove any commissioner with or without cause.	None issued

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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 (the Authority). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 and enterprise funds, each of which is displayed in a

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

separate column. All remaining governmental and enterprise 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.

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; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

The County reports the following major enterprise funds:

Water Fund - This fund is used to account for the operations of the Water System within the County. The Water Capital Improvement Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the Water Fund.

Solid Waste Fund - This fund is used to account for the solid waste activities within the County.

The County reports the following 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 Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Soil and Water Conservation Fund, which accounts for money held by the County for the use in soil and water conservation projects; the 4-H Fund, which accounts for money held by the County for the use in the 4-H program; the Sheriff's Fund, which accounts for money held by the Sheriff for community benevolent uses; the Babe Ruth Fund, which accounts for money held by the County for the Babe Ruth baseball leagues; the Farm Service Fund, which accounts for money held by the County for the Farm Service Agency; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee 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.

Nonmajor Funds. The County maintains five legally budgeted funds. The NC Housing Finance Grant and Emergency Telephone System Fund are reported as nonmajor special revenue funds. The County Capital Projects Reserve, County Construction Capital Projects, and School Construction Capital Projects Funds are reported as capital projects funds.

Measurement Focus, Basis of Accounting

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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 fund, 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 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 capital leases 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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there is both restricted 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 Fund, the Revaluation Reserve, Court Facilities, Economic Development, Tourism Development, USDA Reserve, NC Housing Finance, E-911 Reserve, and Capital Projects Reserve Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds and the Enterprise Capital Projects Fund. The Enterprise Capital Projects Fund is consolidated with the enterprise operating fund for reporting purposes.

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. The Budget Officer may transfer amounts between objects of expenditures within a department except salary amounts without limitation. The Budget Officer may not transfer any amount between funds. 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 Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the Authority 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 Authority 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

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Capital Management Trust (NCCMT).

2. Cash and Cash Equivalents

The County pools moneys from all 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 Authority considers demand deposits and investments with a maturity of 90 days or less at the time of purchase to be cash and cash equivalents.

3. Restricted Assets

The unexpended note proceeds of the County's Water System Fund are classified as restricted assets within the enterprise fund because their use is completely restricted to the purpose for which the notes were originally obtained. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Perquimans County Restricted Cash

Governmental activities:		
General Fund	Tax revaluation	\$ 95,595
School Capital Projects Fund	Unexpended Public School Building funds	<u>21,243</u>
Total governmental activities		<u>116,838</u>
Business-type activities:		
Water Fund	Unexpended bond proceeds	10,255
Water Fund	Customer deposits	<u>63,214</u>
Total business-type activities		<u>73,469</u>
Total restricted cash		<u>\$ 190,307</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. The 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, 2017. Perquimans County does not use a discount schedule, which is permitted by State law.

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.

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

6. Inventories and Prepaid Items

Inventories are not maintained in the governmental funds of the County. The governmental funds recognize materials and supplies as expenditures at the time of purchase. The inventory of the County's Enterprise Funds consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

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

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets 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. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The County holds title to certain Perquimans County Board of Education properties that have not been included in the 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 Perquimans 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	50
Improvements	25
Furniture/Equipment	10
Computer Equipment	5
Vehicles	5

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 - contributions made to the pension plan in the current fiscal year and

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

pension related deferrals. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of 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 not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes, wetland mitigation, and other OPEB and 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 in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

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

10. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned 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 accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent 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.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

Restricted for Stabilization by 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 by Department of Justice Forfeiture Program – portion of fund balance that is restricted to pay for specific items for the sheriff department.

Restricted for School Capital – portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

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

Committed for Tax Revaluation – portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance – portion of the fund balance that the Perquimans County governing board has budgeted.

Future county capital outlay – portion of fund balance that has been budgeted by the board for future county construction.

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 Budget Officer may transfer amounts between objects of expenditures within a department except salary amounts without limitation. The Budget Officer may not transfer amounts between funds.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

12. Defined Benefit Pension and OPEB Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset or liability, 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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a 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 \$(1,417,576) consists of the following:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

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)	\$ 15,667,929
Less - accumulated depreciation	(5,257,252)
Net capital assets	10,410,677
Net pension asset	21,881
Contributions to the pension plan in the current fiscal year	242,315
Benefit payments and administration costs for OPEB	146,867
Benefit payments and pension administration costs for LEOSSA	9,069
Net loan fees	3,424
Accrued interest receivable less the amount claimed as unearned revenue in the government-side statements as these funds are not available and therefore are unavailable in the fund statements	192,023
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	757,932
Pension related deferrals	347,645
OPEB related deferrals	(113,998)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financings	(9,846,279)
Compensated absences	(255,532)
Net pension liability - LGERS	(740,564)
Total pension liability - LEOSSA	(231,899)
OPEB liability	(2,222,877)
Accrued interest payable	(138,260)
Total adjustment	\$ (1,417,576)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$1,707,247 is comprised of the following:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,211,962
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	(547,791)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	989,267
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	242,315
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	9,069
Benefit payments and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	146,867
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	35,216
Amortization expense	(363)
Compensated absences	(36,645)
OPEB expense	(65,224)
County's portion of collective pension expense	(285,307)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Increase in accrued interest receivable on taxes at year end	4,403
Reversal of deferred tax revenue recorded at July 1	(754,454)
Recording of tax receipts deferred in the funds statements at June 30	757,932
	\$ 1,707,247

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

a. During the year, payments were made from the School Construction Capital Projects Fund for construction of a new athletic complex. These payments violated State law [G.S. 159-25(b)] because the expenditures were in excess of amount appropriated in the budget ordinance.

Corrective Action Plan: Budget Amendment #4 was approved at the October 3, 2016

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Board of Commissioners meeting at which time the Ward family presented the estate check to the County. Mr. Ward's bequest was to be used for the new library project and/or the school's athletic complex. We created the amendment to accept the funds into the County Construction Fund and earmarked as "Capital – Ward School/Library". Once the County started the library construction it was decided by the Board of Commissioners that this money would be solely used for the athletic complex. However, we left it in the County Construction Fund instead of transferring them into the School Construction Fund, but that money stayed clearly earmarked and was written out to the school upon their request for the athletic complex project. In the future we will be mindful of the need to transfer such funds into the appropriate budget.

b. During the year, there were several instances in which a purchase order was not prepared and there was no evidence of a preaudit that included the language on the invoice or contract as required by N.C.G.S. 159-28(a)(1).

Corrective Action Plan: The County purchased a stamp immediately following the auditors interim visit in June 2018 once advised that all invoices should have the statement "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act" as required by North Carolina General Statutes. This statement was already printed on our purchase orders which are used for purchases above \$250. Before receiving the stamp, our process was for the department heads to sign and approve all invoices and turn them in to the finance assistant who then assigns the appropriate budget/expenditure code. The finance officer then reviewed all invoices prior to entry into system and initialed indicating preaudit. Since July 1, 2018 the finance officer stamps each invoice and then includes her initials.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the Authority'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 Authority's agent 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 Authority, these deposits are considered to be held by its agent 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 Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and the Authority 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the Authority rely on the State Treasurer to monitor those

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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 County and the Authority do not have a formal policy regarding custodial credit risk for deposits.

At June 30, 2018, the County's deposits had a carrying amount of \$8,532,882 and a bank balance of \$9,158,370. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$8,658,370 was covered by collateral held under the Pooling Method.

At June 30, 2018, Perquimans County had \$950 cash on hand.

At June 30, 2018, the carrying amount of deposits for the Authority was \$22,936.

2. 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 property taxes that could become due if present use-value eligibility is lost at June 30, 2018 were not available. These amounts have not been recorded in the financial statements.

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

3. Receivables

Receivables at the government-wide level at June 30, 2018 were as follows:

	<u>Accounts</u>	<u>Taxes and related accrued interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental activities:				
General	\$ -	\$ 757,932	\$ 581,888	\$ 1,339,820
Other governmental	-	-	197,005	197,005
Total receivables	-	757,932	778,893	1,536,825
Allowance for doubtful accounts	-	(37,000)	-	(37,000)
Total governmental activities	<u>\$ -</u>	<u>\$ 720,932</u>	<u>\$ 778,893</u>	<u>\$ 1,499,825</u>
Business type activities:				
Water Fund	\$ 179,011	\$ -	\$ 27,433	\$ 206,444
Solid Waste	261,220	-	1,920	263,140
Total receivables	440,231	-	29,353	469,584
Allowance for doubtful accounts	(2,257)	-	-	(2,257)
Total business type activities	<u>\$ 437,974</u>	<u>\$ -</u>	<u>\$ 29,353</u>	<u>\$ 467,327</u>

Due from other governments that is owed to the County consists of the following:

Other grant funds	\$ 30,459
Local option sales tax	426,574
Sales tax reimbursements	96,879
Scrap tire tax	4,873
Franchise tax	4,629
White goods disposal tax	1,309
Social services reimbursements	98,506
State 911 funds	145,017
Total	<u>\$ 808,246</u>

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

4. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,062,407	\$ -	\$ -	\$ 1,062,407
Construction in progress	<u>2,418,603</u>	<u>125,190</u>	<u>1,822,118</u>	<u>721,675</u>
Total capital assets not being depreciated	<u>3,481,010</u>	<u>125,190</u>	<u>1,822,118</u>	<u>1,784,082</u>
Capital assets being depreciated:				
Buildings	6,733,727	2,481,745	-	9,215,472
Equipment	2,060,218	328,737	-	2,388,955
Land improvements	623,124	-	-	623,124
Vehicles and motor equipment	<u>1,557,888</u>	<u>98,408</u>	<u>-</u>	<u>1,656,296</u>
Total capital assets being depreciated	<u>10,974,957</u>	<u>2,908,890</u>	<u>-</u>	<u>13,883,847</u>
Less accumulated depreciation for:				
Buildings	2,334,083	196,658	-	2,530,741
Equipment	1,105,246	175,638	-	1,280,884
Land improvements	102,090	35,995	-	138,085
Vehicles and motor equipment	<u>1,168,042</u>	<u>139,500</u>	<u>-</u>	<u>1,307,542</u>
Total accumulated depreciation	<u>4,709,461</u>	<u>547,791</u>	<u>-</u>	<u>5,257,252</u>
Total capital assets being depreciated, net	<u>6,265,496</u>			<u>8,626,595</u>
Governmental activity capital assets, net	<u>\$ 9,746,506</u>			<u>\$ 10,410,677</u>

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

Cultural and recreation	\$ 104,659
Economic and physical development	63,323
General government	102,190
Human services	8,340
Public Safety	<u>269,279</u>
Total depreciation expense	<u>\$ 547,791</u>

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 160,006	\$ -	\$ -	\$ 160,006
Construction in progress	156,164	130,639	-	286,803
Total capital assets not being depreciated	<u>316,170</u>	<u>130,639</u>	<u>-</u>	<u>446,809</u>
Capital assets being depreciated:				
Plant and distribution systems	17,813,702	-	-	17,813,702
Furniture and maintenance equipment	292,595	-	-	292,595
Vehicles	345,917	32,000	-	377,917
Total capital assets being depreciated	<u>18,452,214</u>	<u>32,000</u>	<u>-</u>	<u>18,484,214</u>
Less accumulated depreciation for:				
Plant and distribution systems	8,859,129	334,823	-	9,193,952
Furniture and maintenance equipment	238,691	5,935	-	244,626
Vehicles	275,945	29,009	-	304,954
Total accumulated depreciation	<u>9,373,765</u>	<u>369,767</u>	<u>-</u>	<u>9,743,532</u>
Total capital assets being depreciated, net	<u>9,078,449</u>			<u>8,740,682</u>
Business-type activity capital assets, net	<u>\$ 9,394,619</u>			<u>\$ 9,187,491</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	Vendors
Governmental activities:	
General	\$ 174,655
Other governmental	445
Total governmental activities	<u>\$ 175,100</u>
Business type activities:	
Water Fund	\$ 2,920
Solid Waste	125,393
Total business type activities	<u>\$ 128,313</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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or 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, 2018, was 8.25% of compensation for law enforcement officers and 7.60% 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 \$262,108 for the year ended June 30, 2018.

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

Perquimans County, North Carolina
Notes to the Financial Statements
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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, 2018, the County reported a liability of \$804,957 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .053%, which was an increase of .004% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$282,221. At June 30, 2018, 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	\$ 46,373	\$ 22,786
Changes of assumptions	114,959	-
Net difference between projected and actual earnings on pension plan investments	195,445	-
Changes in proportion and differences between County contributions and proportionate share of contributions	43,529	1,877
County contributions subsequent to the measurement date	262,108	-
Total	<u>\$ 662,414</u>	<u>\$ 24,663</u>

\$262,108 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 53,793
2020	246,209
2021	128,911
2022	(53,271)
2023	-
Thereafter	-
	<u>\$ 375,642</u>

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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, 2017 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	100%	

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

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 2,416,500	\$ 804,957	\$ (540,172)

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.

Perquimans 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 0.85 percent 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 G.S. 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	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	11
Total	12

Perquimans County, North Carolina
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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.

3. Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2016 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	3.16 percent

The discount rate is based on the weekly average of the S&P Bond 20-year High Grade Rate Index.

Mortality rates are based on the RP-2014 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 to 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 \$18,138 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, 2018, the County reported a total pension liability of \$231,899. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$20,384.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 15,434
Changes of assumptions	15,243	5,102
County benefit payments and plan administrative expense made subsequent to the measurement date	9,069	-
Total	<u>\$ 24,312</u>	<u>\$ 20,536</u>

The County paid \$9,069 in benefit payments subsequent to the measurement date that are

**Perquimans County, North Carolina
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reported as deferred outflows or resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (1,008)
2019	(1,008)
2020	(1,008)
2021	(1,008)
2022	(1,008)
Thereafter	(253)
	<u>\$ (5,293)</u>

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 256,734	\$ 231,899	\$ 209,514

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

Beginning balance	\$ 227,483
Service Cost	12,806
Interest on the total pension liability	8,460
Difference between expected and actual experience in the measurement of the total pension liability	(18,118)
Changes of assumptions and other inputs	17,894
Benefit payments	(16,626)
Ending balance of the total pension liability	<u>\$ 231,899</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2018 were \$31,946 which consisted of \$27,446 from the County and \$4,500 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Perquimans County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of 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, or 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 \$1,176 for the year

**Perquimans County, North Carolina
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ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$21,881 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .128%, which was a decrease of .014% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$4,354. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 376	\$ 71
Changes of assumptions	3,692	-
Net difference between projected and actual earnings on pension plan investments	1,860	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,291	802
County contributions subsequent to the measurement date	1,176	-
Total	<u>\$ 9,395</u>	<u>\$ 873</u>

\$1,176 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 3,980
2020	2,679
2021	213
2022	474
2023	-
Thereafter	-
	<u>\$ 7,346</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Perquimans County, North Carolina
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Inflation	3.0 percent
Salary increases	3.50 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, 2016 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, 2017 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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:

**Perquimans County, North Carolina
Notes to the Financial Statements
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	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (17,198)	\$ (21,881)	\$ (25,819)

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 804,957	\$ (21,881)	\$ -	\$ 783,076
Proportion of the Net Pension Liability (Asset)	0.053%	-0.128%	NA	
Total Pension Liability	\$ -	\$ -	\$ 231,899	\$ 231,899
Pension Expense	\$ 282,221	\$ 4,354	\$ 20,384	\$ 306,959

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

	LGERS	ROD	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 46,373	\$ 376	\$ -	\$ 46,749
Changes of assumptions	114,959	3,692	15,243	133,894
Net difference between projected and actual earnings on pension plan investments	195,445	1,860	-	197,305
Changes in proportion and differences between County contributions and proportionate share of contributions	43,529	2,291	-	45,820
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	262,108	1,176	9,069	272,353
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 22,786	\$ 71	\$ 15,434	\$ 38,291
Changes of assumptions	-	-	5,102	5,102
Changes in proportion and differences between County contributions and proportionate share of contributions	1,877	802	-	2,679

f. Other Postemployment Benefits

Plan Description

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The County Board of Commissioners has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. The HCB Plan provides healthcare and dental benefits for retirees with an unreduced service retirement benefit from LGERS and 20 continuous years of service with the County. The County pays 100% of the cost of coverage for employees' health benefits through private insurers until the employee reaches the age of 65 or becomes eligible for Medicare, whichever is sooner. The County pays 100% of the dental premiums for eligible retirees until they reach age 65. Dependent coverage is not permitted. A separate report was not issued for the plan.

Membership of the HCB plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

	General Employees	Law Enforcement Officers
Inactive plan members or beneficiaries currently receiving benefit payments	6	2
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	99	-
	105	2

Total OPEB Liability

The County's total OPEB liability of \$2,416,171 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases - General Employees	3.50 to 7.75 percent, including wage inflation
Salary increases - Law Enforcement Officers	3.50 to 7.35 percent, including wage inflation
Discount rate - Municipal Bond Index	3.56 percent
Health Care Cost Trends - Pre-Medicare	7.50% for 2017, decreasing to an ultimate rate of 5.00% by 2023

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Beginning balance as of June 30, 2017	\$2,480,952
Changes for the Year:	
Service Cost	132,703
Interest	72,753
Difference between expected and actual experience	(20,800)
Changes of assumptions and other inputs	(120,687)
Benefit payments	(128,750)
Net Changes	(64,781)
Ending balance as of June 30, 2018	\$2,416,171

Changed in assumptions and other inputs reflects a change in the discount rate from 3.01% to 3.56%.

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Mortality rates were based on the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 2,641,107	\$ 2,416,171	\$ 2,214,756

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current healthcare cost trend rate:

	1% Decrease (6.5% decreasing to 4%)	Discount Rate (7.5% decreasing to 5%)	1% Increase (8.5 percent decreasing to 6%)
Total OPEB liability	\$ 2,163,287	\$ 2,416,171	\$ 2,718,549

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$187,880. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,216
Changes of assumptions	-	105,695
County benefit payments and plan administrative expense made subsequent to the measurement date	159,638	-
Total	\$ 159,638	\$ 123,911

\$159,638 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Year ended June 30:	
2019	\$ (17,576)
2020	(17,576)
2021	(17,576)
2022	(27,576)
2023	(17,576)
Thereafter	(36,031)
	<u>\$ (133,911)</u>

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of these employees who die in active service after one year of contributing membership in the 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 death benefits payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience:		
LGERS	\$ 46,373	\$ 22,786
ROD	376	71
LEOSSA	-	15,434
OPEB	-	18,216
Changes of assumptions		
LGERS	114,959	-
ROD	3,692	-
LEOSSA	15,243	5,102
OPEB	-	105,695
Difference between projected and actual investment earnings:		
LGERS	195,445	-
ROD	1,860	-
Change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	43,529	1,877
ROD	2,291	802
Contributions to pension plan subsequent to the measurement date:		
LGERS	262,108	-
ROD	1,176	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	159,638	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	9,069	-
Prepaid taxes not yet earned (General)	-	42,227
Taxes receivable, net (General)	-	757,932
Wetlands Mitigation (General)	-	2,870
	\$ 855,759	\$ 973,012

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. 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

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers compensation, there is a per occurrence retention of \$750,000.

The County does not have any property in a flood zone and does not carry flood insurance.

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 a commercial surety bond. The finance officer, tax collector, and register of deeds are individually bonded for \$100,000, \$100,000, and \$100,000 respectively. The finance officer of the Perquimans County Tourism Development Authority is individually bonded for \$50,000.

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

5. Long-term Obligations

a. Installment Obligation Indebtedness

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions for use by the Perquimans County Board of Education by installment purchase. The installment purchase was issued pursuant to a deed of trust which requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Perquimans County Board of Education which transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transactions, the fixed assets associated with the installment purchase obligation are recorded by the Board of Education.

The County entered into an agreement with RBC Centura, pursuant to N.C. General Statute 160 A-20, to finance the Perquimans High School Construction and Renovation Project. Total indebtedness under the agreement was \$11,000,000, at an annual interest rate of 3.65%. This loan was refinanced on December 18, 2008 with USDA. This loan was refinanced on December 6, 2012 with BB&T.

- I. Six million (\$6,000,000) with a term of fifteen (15) years at 2.64%, entered into on December 6, 2012. The County will make fifteen (15) payments of \$489,429 each. Principal payments and interest at 2.64% resulted in the following obligation at June 30, 2018:

Total installment obligation indebtedness	\$ 4,891,415
Less: amount representing interest	641,598
Net principal amount of obligation	\$ 4,249,817

- II. Four million, two hundred thirty thousand, nine hundred sixty-seven (\$4,230,967) with a term of fifteen (15) years at 2.64%, entered into on January 8, 2013. The County will make the first payment of \$311,492 and the subsequent fourteen (14) payments at \$347,173 each. Principal payments and interest at 2.64% resulted in the following obligation at June 30, 2018:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Total installment obligation indebtedness	\$	3,471,734
Less: amount representing interest		455,114
Net principal amount of obligation		<u>\$ 3,016,620</u>

On September 30, 2011, the County entered into an installment purchase agreement pursuant to N.C. General Statute 160A-20 for the purchase of a building to be used by Emergency Services. Total indebtedness under the agreement was \$1,108,181. The agreement has a twenty-year term at an interest rate of 2.49%. Payments will be \$98,000 annually plus accrued interest. Principal payments and interest of 2.49% resulted in the following obligation at June 30, 2018:

Total installment obligation indebtedness	\$	360,115
Less: amount representing interest		17,115
Net principal amount of obligation		<u>\$ 343,000</u>

On July 27, 2016, the County entered into an installment purchase agreement pursuant to N.C. General Statute 160A-20 for the construction of a new public library. Total indebtedness under the agreement was \$2,500,000. The agreement has a ten-year term at an interest rate of 1.88%. Payments will be \$263,158 annually plus accrued interest. Principal payments and interest of 1.88% resulted in the following obligation at June 30, 2018:

Total installment obligation indebtedness	\$	2,416,079
Less: amount representing interest		179,237
Net principal amount of obligation		<u>\$ 2,236,842</u>

During the 2017-2018 fiscal year, the County made interest payments of \$286,564.

Installment agreement indebtedness – business type activities

As authorized by State law [G.S. 160A-20] the County is financing a new water and 12" pipeline through an installment financing agreement with the East Carolina Bank. The total amount financed is \$3,000,000 at a fixed rate of 3.74% for 15 years. The agreement was executed on December 29, 2005 and requires 30 semi-annual payments of \$131,567, with the first payment due June 29, 2006. This loan was refinanced December 6, 2012 with BB&T. The total amount refinanced is \$1,900,000 at a fixed rate of 1.86% for 8 years. The agreement requires the first payment of \$131,510 December 29, 2012 and annual payments of \$239,927 starting December 1, 2013.

Principal payments and interest at 1.86% resulted in the following obligation at June 30, 2018:

Total installment obligation indebtedness	\$	719,592
Less: amount representing interest		25,968
Net principal amount of obligation		<u>\$ 693,624</u>

On January 27, 2011, the County entered into an agreement with the State of North Carolina, Department of Environment and Natural Resources, to receive a Federal Revolving Loan in the amount of \$2,795,220, as part of the American Recovery and Reinvestment Act of 2009, for the purpose of making improvements to the County's water supply system. One half of the amount borrowed is immediately forgiven. The remaining principal is to be repaid over 20 years bearing no interest at an annual amount of \$69,881 per year. Principal payments resulted in the following obligation at June 30, 2018:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Total installment obligation indebtedness	\$	908,447
Less: amount representing interest		-
Net principal amount of obligation	<u>\$</u>	<u>908,447</u>

As authorized by State law [G.S. 160A-20] the County is financing water supply from Pasquotank County R. O. plant through an installment financing agreement with the PNC Bank. The total amount financed is \$1,350,000 at a fixed rate of 2.69% for 15 years. The agreement was executed on August 23, 2012 and requires 15 annual payments of \$110,564, with the first payment due August 23, 2013. Principal payments and interest at 2.69% resulted in the following obligation at June 30, 2018:

Total installment obligation indebtedness	\$	1,105,644
Less: amount representing interest		<u>147,409</u>
Net principal amount of obligation	<u>\$</u>	<u>958,235</u>

For Perquimans County, the combined future minimum payments as of June 30, 2018 including interest are:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,005,850	\$ 240,661	\$ 381,690	\$ 38,681
2020	1,022,870	216,267	388,194	32,178
2021	1,040,339	191,397	394,649	25,535
2022	1,009,269	166,079	161,697	18,748
2023	978,673	132,112	164,166	16,279
2024-2028	4,789,278	346,548	860,268	41,956
2029-2033	-	-	209,642	-
Total	<u>\$ 9,846,279</u>	<u>\$ 1,293,064</u>	<u>\$ 2,560,306</u>	<u>\$ 173,377</u>

At June 30, 2018, Perquimans County had a legal debt margin of \$ 125,428,968.

b. Long-term Obligation Activity

The following is a summary of changes in the County's long term obligations for the fiscal year June 30, 2018:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

	<u>Beginning Balance, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$10,835,546	\$ -	\$ 989,267	\$ 9,846,279	\$ 1,005,850
Net pension liability (LGERS)	965,339	-	224,775	740,564	-
Total pension liability (LEOSSA)	227,483	4,416	-	231,899	-
Total OPEB liability	2,282,476	-	59,599	2,222,877	-
Compensated absences	218,887	36,645	-	255,532	255,532
Total	<u>\$14,529,731</u>	<u>\$ 41,061</u>	<u>\$1,273,641</u>	<u>\$13,297,151</u>	<u>\$ 1,261,382</u>
Business-type activities:					
Installment purchases	\$ 2,935,633	\$ -	\$ 375,327	\$ 2,560,306	\$ 381,690
Net pension liability (LGERS)	83,943	-	19,550	64,393	-
Total OPEB liability	198,476	-	5,182	193,294	-
Compensated absences	23,057	-	769	22,288	22,288
Total	<u>\$ 3,241,109</u>	<u>\$ -</u>	<u>\$ 400,828</u>	<u>\$ 2,840,281</u>	<u>\$ 403,978</u>

Net pension liability, total pension liability, and other postemployment liability for governmental activities are all typically liquidated in the general fund. Compensated absences for governmental activities typically have been liquidated in the general fund and 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 funds at June 30, 2018 consist of the following:

	<u>Amount</u>
From the General Fund to the Revaluation Fund to accumulate resources for octennial revaluation of real property	\$ 25,000
From the General Fund to the Tourism Development Authority	15,000
From the Capital Projects Reserve Fund to the General Fund to supplement other funding sources	400,000
From the County Construction Fund to the General Fund to supplement other funding sources	25,000
Total	<u>\$ 465,000</u>

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 10,414,101	\$ 9,187,491
Less: Long-term debt	2,579,842	2,560,306
Net investment in capital assets	<u>\$ 7,834,259</u>	<u>\$ 6,627,185</u>

E. Fund Balance

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

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Total Fund Balance-General Fund	\$ 6,177,865
Less:	
Stabilization for State Statute	691,781
Register of Deeds	27,495
Tax revaluation	95,595
Dept of Justice Forfeiture Program	9,197
Appropriation for 2018-2019 budget	990,000
Remaining Fund Balance	\$ 4,363,797

Perquimans County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater the 8% of budgeted expenditures.

IV. Joint Ventures

Pettigrew Regional Library

The County participates in a joint venture to operate the Pettigrew Library with three other counties: Chowan, Tyrrell, and Washington. Perquimans County does not appoint anyone to the Board, but may make recommendations for appointments. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on participating governments' continued funding. Perquimans County owns the library building and provides for the maintenance of that building. During the 2017-2018 fiscal year, the County contributed \$174,996 towards the operating expenses of the Library. Complete financial statements can be obtained from the Library's office at 110 West Academy Street, Hertford, North Carolina 27944.

Albemarle District Jail Commission

The County in conjunction with Camden and Pasquotank Counties, participates in the Albemarle District Jail Commission. Each participating government appoints one member to the four member board. The Jail Commission is a joint venture established to provide incarceration facilities for the participating counties. The intergovernmental agreement between the participating counties stipulates that each county make an annual contribution towards the operating expenses of the Commission. The contribution amount is based on a per capita assessment based on the most recent census figures available. During the fiscal year ended June 30, 2018, the County contributed \$611,482 to the Commission. None of the participating governments have an equity interest in the Commission. Complete financial statements for the Jail can be obtained from the Albemarle District Jail Commission, 320 South Hughes Blvd., Elizabeth City, North Carolina 27909.

V. Jointly Governed Organization

Perquimans, Chowan, Gates Solid Waste Commission

Perquimans County, in conjunction with two other counties, established the Perquimans, Chowan, Gates County Solid Waste Commission to coordinate solid waste disposal for the counties. Each participating government appoints two members to the Commission's governing board.

Perquimans, Pasquotank, Camden, Chowan, Currituck Health Department

The Perquimans, Pasquotank, Camden, Chowan, Currituck (PPCCC) Health Department is a jointly governed organization. Each participating government appoints three members to the PPCCC Board.

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

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 the 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
Title IV-E Foster Care	\$ 9,816	\$ 2,299
Title IV-E Foster Care admin county paid	9,395	4,697
State/County Special Assistance for Adults	-	77,571
State/County Special Assistance for the Disabled	-	75,837
State Children's Insurance Program-NC Health Choice	224,328	90
Adult Home Special Services	12,627	3,150
Medicaid	12,090,693	6,498,851
Temporary assistance to needy families	49,775	(62)
Special Supplemental Nutrition Program for Women, Infants and Children	129,375	-
Total	<u>\$ 12,526,009</u>	<u>\$ 6,662,433</u>

VII. Summary Disclosure of Significant Contingencies and Commitments

Federal and State Assisted Programs

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

VIII. Subsequent Events

The County has evaluated subsequent events through October 17, 2018, the date on which the financial statements were available to be issued, and has determined that there are no disclosures or adjustments necessary in the accompanying financial statements relating to subsequent events.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability during the measurement period, as well as the removal of the net OPEB obligation. As a result, net position for the governmental and business-type activities decreased by \$1,587,990 and \$138,086, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
 - Schedule of Contributions to Local Government Employees' Retirement System
 - Schedule of Proportionate Share of Net Pension Asset for Register of Deeds Supplemental Pension Fund
 - Schedule of Contributions to Register of Deeds' Supplementary Pension Fund
 - Schedule of Changes in Total Pension Liability
 - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
 - Schedule of Changes in the Total OPEB Liability
-

PERQUIMANS COUNTY, NORTH CAROLINA
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Five Fiscal Years

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.053%	0.049%	0.047%	0.049%	0.050%
County's proportionate share of the net pension liability (asset) \$	\$ 804,957	\$ 1,049,282	\$ 212,055	\$ (289,624)	\$ 620,773
County's covered payroll	\$ 3,342,557	\$ 3,146,224	\$ 2,955,382	\$ 2,952,691	\$ 2,888,709
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.08%	33.35%	7.18%	-9.81%	21.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.18%	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.

PERQUIMANS COUNTY, NORTH CAROLINA
Schedule of County Contributions
Local Government Employees' Retirement System
Last Five Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 262,713	\$ 249,946	\$ 215,957	\$ 210,631	\$ 209,715
Contributions in relation to the contractually required contribution	262,713	249,946	215,957	210,631	209,715
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 3,455,957	\$ 3,342,557	\$ 3,146,224	\$ 2,955,382	\$ 2,952,691
Contributions as a percentage of covered payroll	7.60%	7.48%	6.86%	7.13%	7.10%

PERQUIMANS COUNTY, NORTH CAROLINA
Schedule of the County's Proportional Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Five Fiscal Years

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.128%	0.142%	0.134%	0.139%	0.140%
County's proportionate share of the net pension liability (asset) \$	\$ (21,881)	\$ (26,629)	\$ (31,115)	\$ (31,400)	\$ (30,137)
County's covered payroll	\$ 45,504	\$ 43,298	\$ 43,122	\$ 49,422	\$ 51,819
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-48.09%	-61.50%	-72.16%	-63.53%	-58.16%
Plan fiduciary net position as a percentage of the total pension liability (asset)	153.77%	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.

PERQUIMANS COUNTY, NORTH CAROLINA
 Schedule of County Contributions
 Register of Deeds' Supplemental Pension Fund
 Last Five Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,176	\$ 1,114	\$ 1,164	\$ 1,074	\$ 1,131
Contributions in relation to the contractually required contribution	1,176	1,114	1,164	1,074	1,131
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 45,685	\$ 45,504	\$ 43,298	\$ 43,122	\$ 49,422
Contributions as a percentage of covered payroll	2.57%	2.45%	2.69%	2.49%	2.29%

PERQUIMANS COUNTY, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Beginning balance	\$ 227,483	\$ 211,438
Service cost	12,806	15,549
Interest on the total pension liability	8,460	7,548
Differences between expected and actual experience	(18,118)	-
Changes of assumptions and other inputs	17,894	(7,052)
Benefit payments	(16,626)	-
Ending balance of the total pension liability	<u>\$ 231,899</u>	<u>\$ 227,483</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 231,899	\$ 227,483
Covered payroll	506,140	554,568
Total pension liability as a percentage of covered payroll	45.82%	41.02%

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

PERQUIMANS COUNTY, NORTH CAROLINA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Healthcare Benefits Plan
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 132,703
Interest	72,753
Differences between expected and actual experience	(20,800)
Changes of assumptions and other inputs	(120,687)
Benefit payments	<u>(128,750)</u>
Net change in total OPEB liability	(64,781)
Total OPEB liability, beginning	<u>2,480,952</u>
Total OPEB liability, ending	<u>\$ 2,416,171</u>
Covered-employee payroll	<u>\$ 3,576,950</u>
Total OPEB liability as a percentage of covered-employee payroll	67.55%

Notes to Schedule

Changes of assumption: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2017	3.01%

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 8,482,922	\$ 8,567,800	\$ 84,878
Penalties and interest	80,000	80,589	589
Total	<u>8,562,922</u>	<u>8,648,389</u>	<u>85,467</u>
Local option sales taxes:			
Article 39 and 44	811,504	796,695	(14,809)
Article 40 one-half of one percent	845,000	874,322	29,322
Article 42 one-half of one percent	365,000	350,318	(14,682)
Article 46 one-quarter of one percent	-	23	23
Utilities franchise distribution	15,000	18,798	3,798
Medicaid hold harmless payment	303,040	313,641	10,601
Total	<u>2,339,544</u>	<u>2,353,797</u>	<u>14,253</u>
Other taxes and licenses:			
Scrap tire disposal tax	15,500	18,113	2,613
White goods disposal tax	11,000	8,682	(2,318)
Beer and wine licenses	450	410	(40)
Total	<u>26,950</u>	<u>27,205</u>	<u>255</u>
Unrestricted intergovernmental:			
Beer and wine tax	<u>45,000</u>	<u>46,775</u>	<u>1,775</u>
Restricted intergovernmental:			
State grants	1,858,700	1,580,795	(277,905)
Federal grants	14,925	-	(14,925)
Court facility fees	27,500	29,472	1,972
ABC bottle tax (rehab)	3,600	3,661	61
Other grants	24,500	29,635	5,135
Total	<u>1,929,225</u>	<u>1,643,563</u>	<u>(285,662)</u>
Permits and fees:			
Officer and sheriff fees	55,250	53,200	(2,050)
Building permits and inspection fees	110,000	120,306	10,306
Register of deeds	165,371	171,303	5,932
DMV license revocation fees	750	747	(3)
Subdivision and zoning fees	5,000	3,600	(1,400)
Other	<u>336,371</u>	<u>349,156</u>	<u>12,785</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Ambulance fees	570,000	652,087	82,087
Administrative services	105,000	102,000	(3,000)
Dispatch services	82,769	92,030	9,261
Jail fees	8,500	10,804	2,304
Municipal tax collection fees	14,800	14,895	95
Recreation fees	20,000	20,917	917
Rents	83,104	85,807	2,703
Total	884,173	978,540	94,367
Investment earnings	9,595	27,894	18,299
Miscellaneous			
School security	85,000	86,700	1,700
Other	42,000	24,315	(17,685)
Total	127,000	111,015	(15,985)
Total revenues	14,260,780	14,186,334	(74,446)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	48,500	45,167	3,333
Other operating expenses	20,550	13,553	6,997
Total	69,050	58,720	10,330
Administrative and finance:			
Salaries and employee benefits	353,448	301,244	52,204
Other operating expenses	50,050	44,317	5,733
Professional services	39,000	35,992	3,008
Capital outlay	44,350	12,215	32,135
Total	486,848	393,768	93,080
Elections:			
Salaries and employee benefits	97,347	90,086	7,261
Other operating expenses	40,043	30,996	9,047
Total	137,390	121,082	16,308

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Tax administration:			
Salaries and employee benefits	348,852	330,848	18,004
Other operating expenses	123,070	100,107	22,963
Professional services	10,000	3,681	6,319
Mapping	6,000	4,725	1,275
Total	487,922	439,361	48,561
Legal:			
Contracted services	57,500	24,716	32,784
Register of deeds:			
Salaries and employee benefits	160,092	152,969	7,123
Other operating expenses	72,969	70,471	2,498
Professional services	20,000	20,000	-
Capital outlay	4,947	4,263	684
Total	258,008	247,703	10,305
Public buildings:			
Salaries and employee benefits	210,806	206,125	4,681
Other operating expenses	251,350	237,655	13,695
Insurance and bonds	174,000	170,761	3,239
Utilities	143,128	143,127	1
Professional services and contracts	55,239	55,239	-
Total	834,523	812,907	21,616
Court facilities:			
Other operating expenses	48,611	47,510	1,101
Total	48,611	47,510	1,101
Jury commission			
Other operating expenses	2,000	1,758	242
Total general government:	2,381,852	2,147,525	234,327
Public safety:			
Sheriff:			
Salaries and employee benefits	971,111	969,648	1,463
Other operating expenses	173,976	146,047	27,929
Capital outlay	94,813	94,813	-
Total	1,239,900	1,210,508	29,392

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Jail:			
Contracted services	613,821	611,482	2,339
Contracted services - debt service	237,756	237,633	123
Total	851,577	849,115	2,462
Emergency Medical Services:			
Salaries and employee benefits	1,128,818	1,124,919	3,899
Other operating expenses	193,729	185,854	7,875
Capital outlay	120,500	120,389	111
Total	1,443,047	1,431,162	11,885
Dispatch:			
Salaries and employee benefits	490,936	464,352	26,584
Other operating expenses	82,262	66,257	16,005
Capital outlay	36,000	35,998	2
Total	609,198	566,607	42,591
Fire/emergency management:			
Salaries and employee benefits	30,681	30,681	-
Other operating expenses	64,760	54,496	10,264
Capital outlay	10,000	10,000	-
Assistance to local fire departments	420,000	420,000	-
Total	525,441	515,177	10,264
Inspections:			
Salaries and employee benefits	177,900	169,604	8,296
Other operating expenses	45,300	31,493	13,807
Total	223,200	201,097	22,103
Animal Control:			
Contribution to regional animal shelter	60,000	50,976	9,024
Capital Outlay	22,000	-	22,000
	82,000	50,976	31,024
Medical examiner:			
Professional services	5,500	4,900	600
Total public safety	4,979,863	4,829,542	150,321

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Economic and physical development:			
Economic Development Commission:			
Other operating expenses	59,025	23,619	35,406
Total	<u>59,025</u>	<u>23,619</u>	<u>35,406</u>
Other:			
Albemarle Regional Planning Organization	2,268	2,268	-
Albemarle Commission	9,554	9,554	-
Skills, Inc.	500	500	-
R C and D	750	750	-
Other	2,850	2,850	-
Total	<u>15,922</u>	<u>15,922</u>	<u>-</u>
Total economic and physical development	<u>74,947</u>	<u>39,541</u>	<u>35,406</u>
Environmental protection:			
Conversation - soil and forest service:			
Salaries and employee benefits	34,587	34,587	-
Other operating expenses	13,010	11,562	1,448
Cost share programs	19,800	17,640	2,160
Forestry service	46,088	31,884	14,204
Capital outlay	1,497	413	1,084
Total	<u>114,982</u>	<u>96,086</u>	<u>18,896</u>
Beaver management	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Agricultural extension:			
Salaries and employee benefits	201,816	201,192	624
Other operating expenses	32,817	28,483	4,334
Total	<u>234,633</u>	<u>229,675</u>	<u>4,958</u>
Drainage study	<u>14,000</u>	<u>13,491</u>	<u>509</u>
Total environmental protection	<u>367,615</u>	<u>343,252</u>	<u>24,363</u>
Human services:			
Health:			
Administration - contracted services	51,395	51,392	3
Aquatic Weed Control	1,750	1,449	301
Transportation	32,478	32,272	206
Total	<u>85,623</u>	<u>85,113</u>	<u>510</u>
Mental health:			
Administration - contracted services	<u>26,906</u>	<u>26,904</u>	<u>2</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Alcoholism:			
Operating - rehabilitation	4,300	3,661	639
Social services:			
Administration:			
Salaries and employee benefits	1,320,896	1,231,958	88,938
Other operating expenses	84,690	68,945	15,745
Professional services	176,356	168,845	7,511
Capital outlay	16,000	15,555	445
Total	<u>1,597,942</u>	<u>1,485,303</u>	<u>112,639</u>
Special assistance for adults:			
Aid for the aged	80,000	77,571	2,429
Aid for the permanently and totally disabled	80,000	75,837	4,163
Total	<u>160,000</u>	<u>153,408</u>	<u>6,592</u>
Medical assistance programs:			
Assistance payments	3,012	3,012	-
Welfare-to-work program:			
Transportation	558	558	-
Other operating expenditures	1,942	591	1,351
Total	<u>2,500</u>	<u>1,149</u>	<u>1,351</u>
OJJ program:			
Social Thinking Program	53,492	54,561	(1,069)
Other assistance:			
Links	4,750	-	4,750
Adoption subsidy/enhancement	8,806	8,365	441
Nutrition program for the aged	47,305	47,305	-
Aid to the blind	1,661	1,660	1
IV E foster care clothing	2,400	2,400	-
Foster care program	108,960	42,539	66,421
Smart Start day care	83,122	17,977	65,145
Crisis intervention	58,174	57,949	225
Day care program	181,381	57,229	124,152
Emergency assistance	25,000	18,930	6,070
Humanitarian needs	6,000	5,051	949
Title III funds	7,887	9,802	(1,915)
Food stamp issuance	6,000	4,100	1,900
LIEAP	58,174	58,100	74
Contracted transportation	77,355	77,354	1
Total	<u>676,975</u>	<u>408,761</u>	<u>268,214</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Total social services	2,493,921	2,106,194	387,727
Other:			
Food Bank of the Albemarle	500	500	-
Kids First, Inc.	5,000	5,000	-
Albemarle Hopeline	3,000	3,000	-
Veterans service officer:			
Salaries and employee benefits	7,264	7,263	1
Other operating expenses	1,550	801	749
Total	8,814	8,064	750
Restitution Program:			
Professional services	2,100	2,100	-
Total	2,100	2,100	-
Mentoring Focus Group:			
Other operating expenses	13,068	10,999	2,069
Total human services	2,643,232	2,251,535	391,697
Cultural and recreational:			
Recreation:			
Salaries and employee benefits	184,000	183,225	775
Other operating expenses	102,050	99,496	2,554
Capital outlay	29,500	28,515	985
Total	315,550	311,236	4,314
Senior Citizens:			
Salaries and employee benefits	124,682	124,291	391
Other operating expenses	22,863	20,393	2,470
Capital outlay	3,000	3,000	-
Total	150,545	147,684	2,861
Library:			
Contribution to regional library	175,000	174,996	4

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Other:			
Chamber of Commerce	5,500	5,500	-
Newbold White House	11,000	11,000	-
Perquimans Arts League	3,000	3,000	-
Perquimans County Fireworks	1,500	1,500	-
Total cultural and recreational	662,095	654,916	7,179
Debt service:			
Principal retirement	1,002,924	989,268	13,656
Interest and other charges	286,566	286,540	26
Total	1,289,490	1,275,808	13,682
Total debt service	1,289,490	1,275,808	13,682
Education:			
Public schools - current expense	2,775,000	2,775,000	-
Public schools - capital outlay	463,830	465,627	(1,797)
College of the Albemarle	32,500	32,500	-
Total	3,271,330	3,273,127	(1,797)
Total education	3,271,330	3,273,127	(1,797)
Total expenditures	15,670,424	14,815,246	855,178
Revenue over (under) expenditures	(1,409,644)	(628,912)	780,732
Other financing sources (uses):			
Transfer from other funds:			
Capital Projects Reserve Fund	400,000	400,000	-
County Construction Fund	25,000	25,000	-
Transfer to other funds			
Tourism Development Authority	(15,000)	(15,000)	-
Revaluation Reserve Fund	(25,000)	(25,000)	-
Fund balance appropriated	1,024,644	-	(1,024,644)
Total other financing sources (uses)	1,409,644	385,000	1,024,644
Net change in fund balance	<u>\$ -</u>	(243,912)	<u>\$ (243,912)</u>
Fund balance, beginning		6,326,182	
Fund balance, ending		<u>\$ 6,082,270</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
 REVALUATION RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 -- BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Investment earnings	\$ 75	\$ 212	\$ 137
Expenditures:			
General government	25,075	-	25,075
Revenue over (under) expenditures	(25,000)	212	25,212
Other financing sources:			
Transfer from General Fund	25,000	25,000	-
	25,000	25,000	-
Net change in fund balance	\$ -	25,212	\$ 25,212
Fund balance, beginning		70,383	
Fund balance, ending		\$ 95,595	

COMBINING STATEMENTS - NON-MAJOR FUNDS

Special Revenue Funds

- **Emergency Telephone System Fund:** accounts for the 911 revenue collected by the telephone industry to fund the County's 911 Emergency System
- **North Carolina Housing Finance Fund:** accounts for the grant funds obtained to rehabilitate single family housing units in Perquimans County

Capital Projects Funds

- **Capital Projects Reserve Fund:** accounts for the accumulation of resources to be used in for capital projects
- **County Construction Capital Projects Fund:** accounts for construction throughout Perquimans County
- **School Construction Capital Project Fund:** accounts for capital improvements in Perquimans County schools

PERQUIMANS COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue Funds			Capital Project Funds				Total Non-major Governmental Funds
	Emergency Telephone System	NC Housing Finance Grant	Total Special Revenue Funds	Capital Projects Reserve	County Construction Capital Projects	School Construction Capital Projects	Total Capital Project Funds	
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 567,132	\$ 189,497	\$ -	\$ 756,629	\$ 756,629
Restricted cash	-	-	-	-	-	21,243	21,243	21,243
Due from other governments	153,925	28,539	182,464	-	14,541	-	14,541	197,005
Total assets	\$ 153,925	\$ 28,539	\$ 182,464	\$ 567,132	\$ 204,038	\$ 21,243	\$ 792,413	\$ 974,877
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 445	\$ 445	\$ -	\$ -	\$ -	\$ -	\$ 445
Due to other funds	118,799	28,094	146,893	-	-	-	-	146,893
Total liabilities	118,799	28,539	147,338	-	-	-	-	147,338
Fund balances:								
Restricted for:								
Stabilization by State Statute	35,126	-	35,126	-	-	-	-	35,126
School Capital	-	-	-	-	-	21,243	21,243	21,243
Assigned:								
Future County Capital Outlay	-	-	-	567,132	204,038	-	771,170	771,170
Total fund balances	35,126	-	35,126	567,132	204,038	21,243	792,413	827,539
Total liabilities and fund balances	\$ 153,925	\$ 28,539	\$ 182,464	\$ 567,132	\$ 204,038	\$ 21,243	\$ 792,413	\$ 974,877

**PERQUIMANS COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds				Capital Project Funds				Total Non-major Governmental Funds
	Emergency Telephone System	NC Housing Finance Grant	Total Special Revenue Funds	Capital Projects Reserve	County Construction Capital Projects	School Construction Capital Projects	Total Capital Project Funds		
Revenues:									
Restricted intergovernmental	\$ 317,347	\$ 83,664	\$ 401,011	\$ 443,018	\$ -	\$ 61,300	\$ 504,318	\$ 905,329	
Investment earnings	-	-	-	2,718	10,881	-	13,599	13,599	
Miscellaneous income	-	-	-	-	2,000	-	2,000	2,000	
Total revenues	317,347	83,664	401,011	445,736	12,881	61,300	519,917	920,928	
Expenditures:									
Public safety	283,746	-	283,746	-	-	-	-	283,746	
Economic development	-	83,664	83,664	-	-	-	-	83,664	
Cultural and recreational	-	-	-	-	846,594	-	846,594	846,594	
Education	-	-	-	-	-	661,360	661,360	661,360	
Total expenditures	283,746	83,664	367,410	-	846,594	661,360	1,507,954	1,214,004	
Excess (deficiency) of revenues over expenditures	33,601	-	33,601	445,736	(833,713)	(600,060)	(988,037)	(954,436)	
Other financing sources (uses):									
Transfer from other funds	-	-	-	-	-	-	-	-	
Transfer to other funds	-	-	-	(400,000)	(25,000)	-	(425,000)	(425,000)	
Total other financing sources (uses)	-	-	-	(400,000)	(25,000)	-	(425,000)	(425,000)	
Net change in fund balances	33,601	-	33,601	45,736	(858,713)	(600,060)	(1,413,037)	(1,379,436)	
Fund balances, beginning	1,525	-	1,525	521,396	1,062,751	621,303	2,205,450	2,206,975	
Fund balances, ending	\$ 35,126	\$ -	\$ 35,126	\$ 567,132	\$ 204,038	\$ 21,243	\$ 792,413	\$ 827,539	

**PERQUIMANS COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 479,109	\$ 317,347	\$ (161,762)
Investment earnings	75	-	(75)
Total	<u>479,184</u>	<u>317,347</u>	<u>(161,837)</u>
Expenditures:			
Hardware maintenance	60,726	60,726	-
Implemental functions	11,900	878	11,022
Software maintenance	45,918	25,268	20,650
Telephone	75,423	65,009	10,414
Training	6,676	6,675	1
Capital outlay	278,541	125,190	153,351
Total public safety	<u>479,184</u>	<u>283,746</u>	<u>195,438</u>
Revenues over (under) expenditures	<u>-</u>	<u>33,601</u>	<u>33,601</u>
Net change in fund balance	<u>\$ -</u>	<u>33,601</u>	<u>\$ 33,601</u>
Fund balance, beginning		<u>1,525</u>	
Fund balance, ending		<u>\$ 35,126</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
NORTH CAROLINA HOUSING FINANCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Federal grant no. SFR-LP14	\$ 92,698	\$ -	\$ 83,664	\$ 83,664	\$ 9,034
Total restricted intergovernmental	<u>92,698</u>	<u>-</u>	<u>83,664</u>	<u>83,664</u>	<u>9,034</u>
Expenditures:					
Rehabilitation	70,000	-	38,990	38,990	31,010
Program costs	22,698	-	44,674	44,674	(21,976)
Total economic development	<u>92,698</u>	<u>-</u>	<u>83,664</u>	<u>83,664</u>	<u>9,034</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

PERQUIMANS COUNTY, NORTH CAROLINA
CAPITAL PROJECTS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Land transfer tax	\$ 265,000	\$ 443,018	\$ 178,018
Investment earnings	1,000	2,718	1,718
Total revenues	<u>266,000</u>	<u>445,736</u>	<u>179,736</u>
Other financing sources (uses):			
Transfer to other funds	(400,000)	(400,000)	-
Fund balance appropriated	134,000	-	(134,000)
Total other financing sources (uses)	<u>(266,000)</u>	<u>(400,000)</u>	<u>(134,000)</u>
Net change in fund balance	<u>\$ -</u>	45,736	<u>\$ 45,736</u>
Fund balance, beginning		<u>521,396</u>	
Fund balance, ending		<u>\$ 567,132</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
COUNTY CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental:			
State Grant - Golden Leaf	\$ 763,043	\$ -	\$ 763,043
Charles Ward Estate Bequest	600,000	-	(600,000)
Miscellaneous	2,000	2,000	
Investment earnings	-	10,881	10,881
	<u>1,365,043</u>	<u>12,881</u>	<u>173,924</u>
Expenditures:			
Cultural and recreation	<u>1,609,732</u>	<u>846,594</u>	<u>763,138</u>
Revenue over (under) expenditures	<u>(244,689)</u>	<u>(833,713)</u>	<u>937,062</u>
Other financing sources:			
Fund balance appropriated	269,689	-	(269,689)
Transfers to other funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total	<u>244,689</u>	<u>(25,000)</u>	<u>(269,689)</u>
Net change in fund balance	<u>\$ -</u>	<u>(858,713)</u>	<u>\$ 667,373</u>
Fund balance, beginning		<u>1,062,751</u>	
Fund balance, ending		<u>\$ 204,038</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHOOL CONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Restricted intergovernmental:			
Public School Building Capital Fund - Lottery	\$ 461,300	\$ 61,300	\$ (400,000)
Total revenues	<u>461,300</u>	<u>61,300</u>	<u>(400,000)</u>
Expenditures:			
Restricted intergovernmental:			
Perquimans County High	461,300	661,360	(200,060)
Total expenditures	<u>461,300</u>	<u>661,360</u>	<u>(200,060)</u>
Revenue over (under) expenditures	<u>-</u>	<u>(600,060)</u>	<u>(600,060)</u>
Net change in fund balance	<u>\$ -</u>	<u>(600,060)</u>	<u>\$ (600,060)</u>
Fund balance, beginning		<u>621,303</u>	
Fund balance, ending		<u>\$ 21,243</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
PERQUIMANS COUNTY TOURISM DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Occupancy tax	\$ 6,500	\$ 7,837	\$ 1,337
Investment earnings	30	90	60
Other	8,500	6,700	(1,800)
Total revenues	<u>15,030</u>	<u>14,627</u>	<u>(403)</u>
Expenditures:			
Economic and physical development	30,030	29,866	164
Total expenditures	<u>30,030</u>	<u>29,866</u>	<u>164</u>
Revenues over (under) expenditures	(15,000)	(15,239)	(239)
Other financing sources:			
Transfer from General Fund	15,000	15,000	-
Fund balance appropriated	0	-	-
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Revenues over (under) expenditures	<u>\$ -</u>	(239)	<u>\$ (239)</u>
Fund balance, beginning		<u>22,904</u>	
Fund balance, ending		<u>\$ 22,665</u>	

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of the net income is appropriate for accountability purposes.

Solid Waste Fund -- This fund is used to account for the County's solid waste activities

Water Fund -- This fund is used to account for the County's water operations

Water Capital Improvement Fund -- This fund is used to account for the water supply from Pasquotank County R.O. Plant Project

**PERQUIMANS COUNTY, NORTH CAROLINA
SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Solid waste fees	\$ 958,034	\$ 963,775	\$ 5,741
Other revenue	6,500	8,976	2,476
Non-operating revenues:			
Investment earnings	150	483	333
Total revenues	964,684	973,234	8,550
Expenditures:			
Landfill operations:			
Solid waste operations	973,000	914,421	58,579
Revenues over (under) expenditures	(8,316)	58,813	67,129
Other financing sources:			
Fund balance appropriated	8,316	-	(8,316)
Revenues and other financing sources over (under) expenditures	\$ -	58,813	\$ 58,813
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Change in net position (full accrual)		\$ 58,813	

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 1,950,000	\$ 1,989,179	\$ 39,179
Tap and reconnection fees	62,000	78,325	16,325
Penalties	40,000	49,244	9,244
Other operating revenue	5,000	3,369	(1,631)
Total operating revenues	<u>2,057,000</u>	<u>2,120,117</u>	<u>63,117</u>
Non-operating revenues:			
Rent	5,400	13,740	8,340
Investment earnings	2,000	6,050	4,050
Federal reimbursement-waterline relocation	143,000	141,373	(1,627)
Total non-operating revenues	<u>150,400</u>	<u>161,163</u>	<u>10,763</u>
 Total revenues	 <u>2,207,400</u>	 <u>2,281,280</u>	 <u>73,880</u>
Expenditures:			
Administration:			
Salaries and employee benefits	475,867	461,185	14,682
Professional services	173,542	173,061	481
Indirect costs	100,000	100,000	-
Other department expenses	298,914	266,434	32,480
Total administration	<u>1,048,323</u>	<u>1,000,680</u>	<u>47,643</u>
Water purchase	<u>328,000</u>	<u>325,158</u>	<u>2,842</u>
Water distribution and treatment:			
Salt and chemical supplies	164,661	178,852	(14,191)
Insurance and bonds	36,000	35,830	170
Utilities	90,000	85,547	4,453
Water sample tests	23,000	22,316	684
Sedimentation control	50,000	50,000	-
Repairs and maintenance	66,402	66,371	31
Other department expenses	924	924	-
Total water distribution and treatment	<u>430,987</u>	<u>439,840</u>	<u>(8,853)</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018**

	Final Budget	Actual	Variance Positive (Negative)
Debt service:			
Debt principal	375,325	375,327	(2)
Interest and fees	45,049	40,852	4,197
Total debt service	<u>420,374</u>	<u>416,179</u>	<u>4,195</u>
Capital Outlay	196,456	313,301	(116,845)
Total capital outlay	<u>196,456</u>	<u>313,301</u>	<u>(116,845)</u>
Total expenditures	<u>2,424,140</u>	<u>2,495,158</u>	<u>(71,018)</u>
Revenue over (under) expenditures	(216,740)	(213,878)	2,862
Other financing sources			
Fund balance appropriated	216,740	-	216,740
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	(213,878)	<u>\$ (213,878)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		375,327	
Capital outlay		162,639	
Decrease in deferred outflows of resources - pensions		(22,505)	
Decrease in net pension liability		19,550	
Decrease in deferred inflows of resources - pensions		1,269	
Increase in deferred outflows of resources - OPEB		12,771	
Decrease in OPEB liability		5,182	
Increase in deferred inflows of resources - OPEB		(9,913)	
Increase in inventory		10,985	
Decrease in accrued vacation pay		769	
Amortization		(759)	
Depreciation		(369,767)	
Interest income from Water Capital Improvement Fund		841	
Total reconciling items		<u>186,389</u>	
Change in net position (full accrual)		<u>\$ (27,489)</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Non-operating revenue:					
Investment earnings	\$ 300	\$ -	\$ 841	\$ 841	\$ 541
Total non-operating revenue	<u>300</u>	<u>-</u>	<u>841</u>	<u>841</u>	<u>541</u>
Expenditures:					
Professional services	-	-	-	-	-
Capital outlay	140,544	-	128,139	128,139	12,405
Total	<u>140,544</u>	<u>-</u>	<u>128,139</u>	<u>128,139</u>	<u>12,405</u>
Revenue over (under) expenditures	<u>(140,244)</u>	<u>-</u>	<u>(127,298)</u>	<u>(127,298)</u>	<u>12,946</u>
Other financing sources:					
Fund balance appropriated	140,244	-	-	-	(140,244)
Total	<u>140,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,244)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127,298)</u>	<u>\$ (127,298)</u>	<u>\$ (127,298)</u>

AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agency for individual and or other governments.

Agency Funds

- **Social Services Fund** -- This fund accounts for moneys held by Social Services Department for the benefit of certain individuals in the County.
- **Soil and Water Conservation Fund** -- This fund accounts for the moneys held by the County for the use in soil and water conservsation projects.
- **4H Fund** -- This fund accounts for moneys held by the County for the use in the 4H program.
- **Sheriff's Fund** -- This fund accounts for moneys held by the County's Sheriff's department for community uses.
- **Babe Ruth Fund** -- This fund accounts for moneys held by the County for the Babe Ruth baseball leagues.
- **Farm Service Fund** -- This fund accounts for moneys held by the County for the Perquimans Farm Service agency.
- **Deed of Trust Fee Fund** -- This fund accounts for the five dollars of each fee 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.

**PERQUIMANS COUNTY, NORTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Social Services				
Assets:				
Cash and cash equivalents	<u>\$ 38,513</u>	<u>\$ 78,932</u>	<u>\$ 72,370</u>	<u>\$ 45,075</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 38,513</u>	<u>\$ 78,932</u>	<u>\$ 72,370</u>	<u>\$ 45,075</u>
Soil and Water Conservation				
Assets:				
Cash and cash equivalents	<u>\$ 8,219</u>	<u>\$ 24,889</u>	<u>\$ 25,497</u>	<u>\$ 7,611</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 8,219</u>	<u>\$ 24,889</u>	<u>\$ 25,497</u>	<u>\$ 7,611</u>
4-H Fund				
Assets:				
Cash and cash equivalents	<u>\$ 7,774</u>	<u>\$ 13,259</u>	<u>\$ 11,895</u>	<u>\$ 9,138</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 7,774</u>	<u>\$ 13,259</u>	<u>\$ 11,895</u>	<u>\$ 9,138</u>
Sheriff's Fund				
Assets:				
Cash and cash equivalents	<u>\$ 1,058</u>	<u>\$ 611</u>	<u>\$ 650</u>	<u>\$ 1,019</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 1,058</u>	<u>\$ 611</u>	<u>\$ 650</u>	<u>\$ 1,019</u>
Babe Ruth Fund				
Assets:				
Cash and cash equivalents	<u>\$ 1,948</u>	<u>\$ 13,288</u>	<u>\$ 14,299</u>	<u>\$ 937</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 1,948</u>	<u>\$ 13,288</u>	<u>\$ 14,299</u>	<u>\$ 937</u>
Farm Service Fund				
Assets:				
Cash and cash equivalents	<u>\$ 5,294</u>	<u>\$ 3,507</u>	<u>\$ 3,357</u>	<u>\$ 5,444</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 5,294</u>	<u>\$ 3,507</u>	<u>\$ 3,357</u>	<u>\$ 5,444</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Deed of Trust Fee Fund				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 2,190</u>	<u>\$ 2,190</u>	<u>\$ -</u>
Liabilities:				
Intergovernmental payable-State North Carolina	<u>\$ -</u>	<u>\$ 2,190</u>	<u>\$ 2,190</u>	<u>\$ -</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	<u>\$ 62,806</u>	<u>\$ 136,676</u>	<u>\$ 130,258</u>	<u>\$ 69,224</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 62,806</u>	<u>\$ 136,676</u>	<u>\$ 130,258</u>	<u>\$ 69,224</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Schedule of Ten Largest Taxpayers**
- **Emergency Telephone System Reconciliation**

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018**

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Ending Balance</u>
2017-2018	\$ -	\$ 9,074,765	\$ 8,839,708	\$ 235,057
2016-2017	246,438	-	134,863	111,575
2015-2016	123,519	-	35,923	87,596
2014-2015	92,831	-	20,149	72,682
2013-2014	73,802	-	12,512	61,290
2012-2013	65,981	-	7,396	58,585
2011-2012	50,709	-	5,295	45,414
2010-2011	35,051	-	2,793	32,258
2009-2010	29,216	-	2,175	27,041
2008-2009	28,180	-	1,746	26,434
2007-2008	28,727	-	28,727	-
	<u>\$ 774,454</u>	<u>\$ 9,074,765</u>	<u>\$ 9,091,287</u>	<u>\$ 757,932</u>
Less allowance for uncollected accounts: General Fund				<u>37,000</u>
Ad valorm taxes receivable - net: General Fund				<u>\$ 720,932</u>
Reconciliation with revenue:				
Ad valorem taxes - General Fund				\$ 8,567,800
Reconciling items:				
Taxes written off				13,190
Discounts allowed				774,354
Adjustments				<u>(264,057)</u>
Total reconciling items				<u>523,487</u>
Total collection and credits				<u>\$ 9,091,287</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2018**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,631,392,256	0.57	\$ 8,732,885	\$ 8,003,433	\$ 729,452
Penalties			2,250	2,250	-
Total:			8,735,135	8,005,683	729,452
Discoveries:					
Current year taxes	59,584,211	0.57	339,630	339,630	
Total property valuation:	<u>\$ 1,690,976,467</u>				
Net levy			<u>\$ 9,074,765</u>	<u>\$ 8,345,313</u>	<u>\$ 729,452</u>
Uncollected taxes at June 30, 2018			<u>\$ 235,057</u>	<u>\$ 231,207</u>	<u>\$ 3,850</u>
Current year's taxes collected			<u>\$ 8,839,708</u>	<u>\$ 8,114,106</u>	<u>\$ 725,602</u>
Current levy collection percentage			<u>97.41%</u>	<u>97.23%</u>	<u>99.47%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u>
Desert Wind Farm, LLC	Solar Energy Company	\$ 202,280,806	11.96%
Albemarle Electric	Electric Company	25,463,928	1.51%
NC Dominion Power	Electric Company	24,211,947	1.43%
Weyerhaeuser	Lumber Company	12,839,600	0.76%
Perquimans Development	Real Estate Development	7,813,500	0.46%
NC Virginia Railroad	Railroad Company	5,954,271	0.35%
FPI Carolinas, LLC	Real Estate Development	4,269,700	0.25%
Carolina Telephone	Telephone Company	4,208,063	0.25%
Harris Clark	Real Estate Development	4,193,800	0.25%
Huang Family, LLC	Real Estate Development	3,219,800	0.19%
		<u>\$ 294,455,415</u>	<u>17.41%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
JUNE 30, 2018**

Amounts reported on the Emergency Telephone System Fund budget to actual (pg 80) are different from the PSAP Revenue-Expenditure Report because:

Net change in Fund Balance, reported on Budget to Actual	\$ 33,601
Expenditures accrued in prior year, expensed in current year	-
Beginning Balance, PSAP Revenue-Expenditure Report	<u>-</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 33,601</u>

COMPLIANCE SECTION

DONNA H. WINBORNE CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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
Perquimans County, North Carolina

I 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Perquimans County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Perquimans County's basic financial statements, and have issued my report thereon dated October 17, 2018. The financial statements of the component unit (Perquimans County Tourism Development Authority) were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing the audit of the financial statements, I considered Perquimans 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perquimans County's internal control. Accordingly, I 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit I did not identify any deficiencies in internal control that I consider material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that I consider to be a significant deficiency: 2018-001.

Compliance and Other Matters

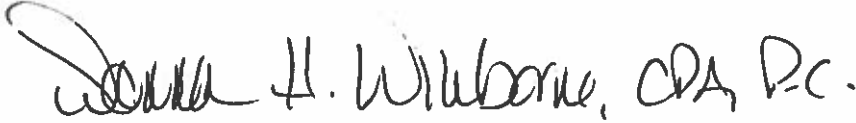
As part of obtaining reasonable assurance about whether Perquimans County's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

Perquimans County's Response to Findings

Perquimans County's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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.

A handwritten signature in black ink that reads "Donald H. Wilborne, CPA P.C." The signature is written in a cursive style with a large initial 'D'.

Edenton, North Carolina
October 17, 2018

DONNA H. WINBORNE CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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
Perquimans County, North Carolina

Report on Compliance for Each Major Federal Program

I have audited Perquimans County, North Carolina, 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 Perquimans County's major federal programs for the year ended June 30, 2018. Perquimans 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

My responsibility is to express an opinion on compliance for each of Perquimans County's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted the 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, the Uniform Guidance, and the State Single Audit Implementation Act require that I 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 Perquimans County's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, the audit does not provide a legal determination of Perquimans County's compliance.

Opinion on Each Major Federal Program

In my opinion, Perquimans County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. My opinion on each major federal program is not modified with respect to this matter.

Perquimans County's response to the noncompliance findings identified in the audit are described in the accompanying schedules of findings and questioned costs and corrective action plan. Perquimans County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of Perquimans 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 the audit of compliance, I considered Perquimans 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 my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2018-002.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Sandra H. Wilborn, CPA, PC.

Edenton, North Carolina
October 17, 2018

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no
 Significant Deficiency(ies) identified X yes none reported

Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes X no
 Significant Deficiency(ies) identified X yes none reported

Noncompliance material to federal awards yes X no

Type of auditors' 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)? X yes no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program (Title XIX - Medicaid)

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major state programs:

Material weakness(es) identified? N/A yes N/A no
 Significant Deficiency(ies) identified N/A yes N/A none reported

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section I. Summary of Auditors' Results (con't)

Noncompliance material to state awards N/A yes N/A no

Type of auditors' report issued on compliance for major state programs: N/A

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

Identification of major State programs:

<u>CFDA /Grant Numbers</u>	<u>Program Name</u>
	No major state programs

Section II. Financial Statement Findings

FINDING: 2018-001

SIGNIFICANT DEFICIENCY

Criteria: North Carolina General Statutes 159-28(a) states that no obligation may be incurred unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay for that obligation in the current fiscal year. Evidence that the budget includes the appropriation is generally in the form of a purchase order. Evidence that a sufficient balance remains to cover an expenditure is provided by the finance officer's preaudit as required in N.C.G.S 159-28(a)(1).

Condition : During our testing of expenditures, we noted several instances in which a purchase order was not prepared and there was no evidence of a preaudit that included the language on the invoice or contract as required by N.C.G.S. 159-28(a)(1).

Effect: The County was not in compliance with N.C.G.S. 159-28(a)(1).

Cause: Formal documentation of the preaudit function was not always completed.

Questioned Costs: There are no questioned costs associated with this finding.

Context: Samples were selected for testing from all funds. This is a small County and we noted that there is constant communication between the finance staff, the County manager, and the department heads with the authority to make purchases.

Recommendation: We recommend that the procedures set forth in the N.C.G.S. be followed. Having a stamp maintained by the finance officer with the preaudit language and utilizing check request forms and expense reimbursement forms that are pre-printed with the proper language including a place for signature can also be helpful.

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Views of responsible officials and planned corrective actions: The County purchased a stamp immediately following the auditors interim visit in June 2018 once advised that all invoices should have the statement "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act" as required by North Carolina General Statutes. This statement was already printed on our purchase orders which are used for purchases above \$250. Before receiving the stamp, our process was for the department heads to sign and approve all invoices and turn them in to the finance assistant who then assigns the appropriate budget/expenditure code. The finance officer then reviewed all invoices prior to entry into system and initialed indicating preaudit. Since July 1, 2018 the finance officer stamps each invoice and then includes her initials.

Section III. Federal Award Findings and Questioned Costs

U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Service, and U.S. Department of Homeland Security

Passed through the N.C. Department of Health and Human Services, N.C. Housing Finance Agency, and N.C. Department of Public Safety

Programs Names: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Single Family Rehabilitation, Foster Care and Adoption Cluster, Temporary Assistance for Needy Families Cluster, Child Support Enforcement, Low-Income Home Energy Assistance, Permanency Planning, Social Services Block Grant - Other Service and Training, Subsidized Child Care, Medical Assistance Program, Emergency Management Performance Grants, Interagency Hazardous Materials Public Sector Training and Planning Guides

FINDING: 2018-002

SIGNIFICANT DEFICIENCY

Criteria: North Carolina General Statutes 159-28(a) states that no obligation may be incurred unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay for that obligation in the current fiscal year. Evidence that the budget includes the appropriation is generally in the form of a purchase order. Evidence that a sufficient balance remains to cover an expenditure is provided by the finance officer's preaudit as required in N.C.G.S 159-28(a)(1).

Condition : During our testing of expenditures, we noted several instances in which a purchase order was not prepared and there was no evidence of a preaudit that included the language on the invoice or contract as required by N.C.G.S. 159-28(a)(1).

Effect: The County was not in compliance with N.C.G.S. 159-28(a)(1).

Cause: Formal documentation of the preaudit function was not always completed.

Questioned Costs: There are no questioned costs associated with this finding.

Context: Samples were selected for testing from all funds. This is a small County and we noted that there is constant communication between the finance staff, the County manager, and the department heads with the authority to make purchases.

Recommendation: We recommend that the procedures set forth in the N.C.G.S. be followed. Having a stamp maintained by the finance officer with the preaudit language and utilizing check request forms and expense reimbursement forms that are pre-printed with the proper language including a place for signature can also be helpful.

PERQUIMANS COUNTY FINANCE OFFICE

P. O. BOX 45
HERTFORD, NC 27944
TELEPHONE: (252)426-8484
FAX: (252)426-4034

PERQUIMANS COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Section II. Financial Statement Findings

Finding: 2018-001

SIGNIFICANT DEFICIENCY

Name of contact person: Tracy Mathews, Finance Officer

Corrective Action:

The county purchased a stamp immediately following the auditors interim visit the week of 6/18/18. Once advised that all invoices should have the statement "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act" as required by NC General Statute. This statement was already printed on our purchase orders which are used for purchases above \$250.

Before receiving the stamp our process in the finance office was for the department heads to sign and approve all invoices and turn them into Helen who then assigns the appropriate budget/expenditure code. The finance officer then reviewed all invoices prior to entry into system and initialed all. Since 7/1/18 the finance officer stamps each invoice and then puts her initials.

Proposed Completion Date: July 1, 2018

Section III. Federal Award Findings and Questioned Costs

Finding: 2018-002

MATERIAL WEAKNESS

Name of contact person: Tracy Mathews, Finance Officer

Corrective Action:

The county purchased a stamp immediately following the auditors interim visit the week of 6/18/18. Once advised that all invoices should have the statement "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act" as required by

NC General Statute. This statement was already printed on our purchase orders which are used for purchases above \$250.

Before receiving the stamp our process in the finance office was for the department heads to sign and approve all invoices and turn them into Helen who then assigns the appropriate budget/expenditure code. The finance officer then reviewed all invoices prior to entry into system and initialed all. Since 7/1/18 the finance officer stamps each invoice and then puts her initials.

Proposed Completion Date: July 1, 2018

**PERQUIMANS COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There are no matters to report.

PERQUIMANS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Federal Awards:						
<u>U.S. Department of Agriculture</u>						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 155,819	\$ -	\$ -	\$ 155,819
Total U.S. Department of Agriculture			155,819	-	-	155,819
<u>U.S. Department of Housing and Urban Development</u>						
Passed through N.C. Housing Finance Agency:						
Single Family Rehabilitation	14.239	SFRLP10	83,664	-	-	-
Total U.S. Department of Housing and Urban Development			83,664	-	-	-
<u>U.S. Department of Health and Human Services</u>						
Passed through the N.C. Dept. of Health and Human Services:						
<u>Division of Social Services:</u>						
<u>Foster Care and Adoption Cluster (Note 4)</u>						
Title IV-E Foster care optional admin	93.658		35,934	-	-	35,934
Title IV-E Foster Child Protective Services	93.658		660	660	-	-
Non IV-E Child Protective Services	93.658		-	2,115	-	135
Adoption Assistance - Title IV-E	93.659		18,876	4,559	-	4,559
Total foster care and adoption cluster (Note 4)			55,470	7,334	-	40,628
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>						
Temporary Assistance for Needy Families (TANF) Cluster	93.558		83,832	-	-	50,279
Temporary Assistance for Needy Families (TANF) Work First			83,832	-	-	50,279
Total TANF Cluster			167,664	-	-	100,558
Child Support Enforcement	93.563		97,271	861	-	69,688

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures to Subrecipients	Passed-through to Subrecipients	Local Expenditures
Low-Income Home Energy Assistance:						
Administration	93.568		9,520	-	-	16,226
Crisis Intervention Program	93.568		59,490	-	-	-
LIHEAP Payments	93.568		58,073	-	-	-
Total Low-Income Home Energy Assistance			<u>127,083</u>	-	-	<u>16,226</u>
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning - Families for Kids	93.645		234	-	-	78
Social Services Block Grant - Other Service and Training						
	93.667		62,391	1,342	-	<u>37,349</u>
Division of Child Development and Early Education:						
Subsidized Child Care (Note 4)						
Child Care Development Fund Cluster						
Division of Social Services:						
Child Care Development Mandatory and Match Fund-Administration	93.596		80,000	-	-	5,734
Division of Child Development:						
Child Care and Development Block Grant	93.575		6,117	-	-	-
Child Care and Development Fund - Mandatory	93.596		776	-	-	-
Child Care and Development Fund - Match	93.596		12,331	6,106	-	-
Total Child Care Fund Cluster			<u>99,224</u>	<u>6,106</u>	-	<u>5,734</u>
Temporary Assistance for Needy Families	93.558		647	-	-	-
Smart Start			-	417	-	-
TANF-MOE			-	2,238	-	-
Total Subsidized Child Care Cluster (Note 4)			<u>99,871</u>	<u>8,761</u>	-	<u>5,734</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Passed through the NC Department of Health and Human Services:						
<u>Division of Medical Assistance:</u>						
<u>Division of Social Services:</u>						
Administration:						
Medical assistance program	93.778		527,075	-	-	182,715
Medical transportation	93.778		37,793	-	-	37,793
State Children's Insurance Program-N.C. Health Choice	93.767		22,195	2	-	-
Total U.S. Department of Health and Human Services			1,113,215	18,300	-	440,490
<u>U.S. Department of Homeland Security</u>						
Passed through the NC Department of Public Safety						
Division of Emergency Management						
Emergency Management Performance Grants	97.042		38,642	-	-	-
Interagency Hazardous Materials Public Sector Training and Planning Guides	20.703		11,831	-	-	-
Total U.S. Department of Homeland Security			50,473	-	-	-
Total Federal awards			1,403,171	18,300	-	596,309
State awards:						
<u>N.C. Department of Health and Human Services</u>						
Division of Social Services						
DCD Smart Start			-	7,352	-	4,136
Office of Emergency Medical Services			-	776	-	-
Child Welfare State In Home Fund			-	-	-	-
Total N.C. Department of Health and Human Services			-	8,128	-	4,136
<u>N.C. Department of Transportation</u>						

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Water Line Reimbursement</u>						
Total N.C. Department of Public Safety			-	141,373	-	-
			-	141,373	-	-
<u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Programs: Passed through to Perquimans 20/20 a not-for-profit organization			-	64,168	64,168	-
Total N.C. Department of Public Safety			-	64,168	64,168	-
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management			-	8,682	-	-
White Goods Management Program			-	18,113	-	-
Scrap Tire Program			-	22,624	-	-
Soil conservation - Technical Assistance/operation			-	3,600	-	-
Soil conservation - Operations			-	-	-	-
Total N.C. Department of Environmental Quality			-	53,019	-	-
<u>N.C. Department of Insurance</u>						
Division of Seniors' Health Insurance Information			-	4,339	-	-
Total N.C. Department of Insurance			-	4,339	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	61,300	-	-
Total N.C. Department of Public Instruction			-	61,300	-	-
<u>Information Technology Service</u>						
Perquimans County Back-up 911 Center Grant			-	30,853	-	-
Total State awards			-	363,180	64,168	4,136
Total Federal & State Awards			\$ 1,403,171	\$ 381,480	\$ 64,168	\$ 600,445

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through		Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
		Grantor's Number	Number				

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Perquimans County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in the 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 Perquimans County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Perquimans County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Perquimans County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

4. Cluster of Programs

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