

PERQUIMANS COUNTY

North Carolina

**AUDIT REPORT
June 30, 2020**

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FINANCIAL SECTION

**PERQUIMANS COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2020**

BOARD OF COMMISSIONERS

Wallace Nelson, Chair

Fondella Leigh, Vice Chair
Alan Lennon
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 Director
Jonathan Nixon, Communications
Jonathan Nixon, EMS Coordinator
Howard Williams, Recreation Director
Janet Stallings, Soil Conservation
Rhonda Money, County Planner
Shelby White, Sheriff

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

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, 2020, 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, 2020, 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 63 and 64, 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 65 and 66, 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 67 and 68, and the Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 69, 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

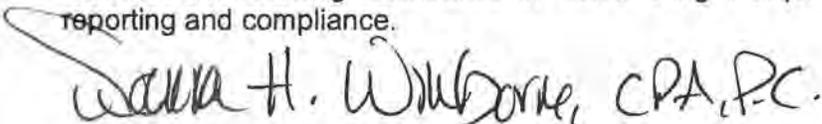
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Perquimans County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying Schedule 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 January 8, 2021 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.



Sandra H. Wilkerson, CPA, P.C.

Edenton, North Carolina
January 8, 2021

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, 2020. 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

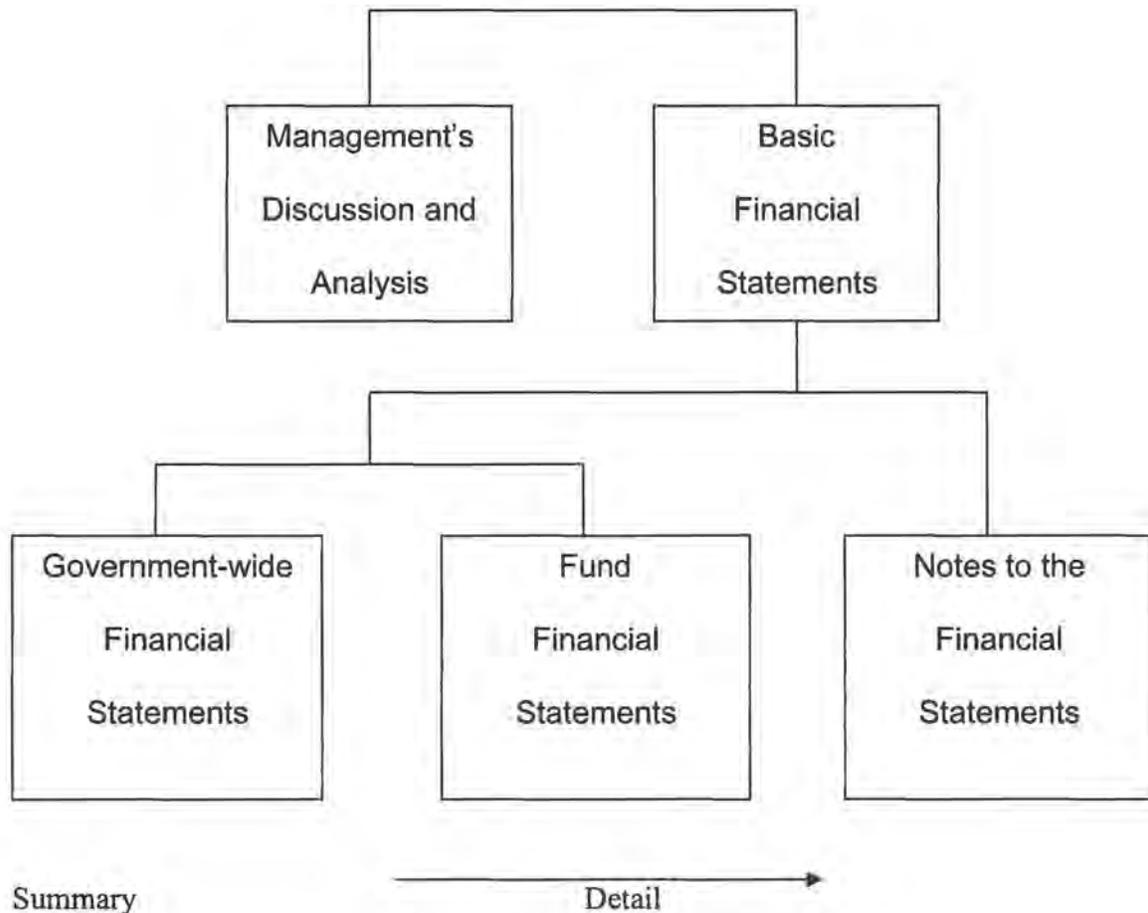
- The assets and deferred outflows of resources of Perquimans County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,590,377 (*net position*).
- The government's total net position increased by \$1,001,382, primarily due to an increase in current and capital assets and a decrease in long-term liabilities.
- As of the close of the current fiscal year, Perquimans County's governmental funds reported combined ending fund balances of \$9,676,506, an increase of \$459,884 in comparison with the prior year. Approximately 59.2 percent of this total amount, or \$5,728,842, is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,947,664 or 24.63 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 \$5,851,617 or 36.51% of total general fund expenditures for the fiscal year. The total fund balance minus funds reserved by State statute was \$4,948,690, or 30.87% of total general fund expenditures for the fiscal year.
- Perquimans County's total debt decreased by \$1,411,076 (12.8%) during the current fiscal year.

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 \$18,590,377 as of June 30, 2020. The County's net position increased by \$1,001,382 for the fiscal year ended June 30, 2020. 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, \$4,588,578, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(1,087,277) is unrestricted.

Perquimans County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 10,982,130	\$ 10,477,763	\$ 2,129,249	\$ 2,458,825	\$ 13,111,379	\$ 12,936,588
Capital Assets	10,098,262	10,328,553	8,801,151	9,084,476	18,899,413	19,413,029
Total Assets	21,080,392	20,806,316	10,930,400	11,543,301	32,010,792	32,349,617
Total Deferred Outflow of Resources	1,503,426	1,190,701	123,679	96,523	1,627,105	1,287,224
Long-term Liabilities Outstanding	12,212,853	12,678,521	2,127,307	2,487,267	14,340,160	15,165,788
Other Liabilities	269,587	309,195	228,643	309,188	498,230	618,383
Total Liabilities	12,482,440	12,987,716	2,355,950	2,796,455	14,838,390	15,784,171
Total Deferred Inflow of Resources	197,571	249,458	11,559	14,217	209,130	263,675
Net Position						
Net investments in capital assets	8,078,336	8,113,293	7,010,740	6,905,861	15,089,076	15,019,154
Restricted	4,588,578	4,401,026	-	-	4,588,578	4,401,026
Unrestricted	(2,763,107)	(3,754,476)	1,675,830	1,923,291	(1,087,277)	(1,831,185)
Total Net Position	\$ 9,903,807	\$ 8,759,843	\$ 8,686,570	\$ 8,829,152	\$ 18,590,377	\$ 17,588,995

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 97.35%, higher than the average for counties with a population less than 25,000 of 97.29%. (Source: NC Treasurer, County Cash, Taxes and Fund Balance Available, 2019)
- 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$1,506,192	\$1,387,240	\$3,094,734	\$3,131,819	\$ 4,600,926	\$ 4,519,059
Operating Grants and Contributions	2,438,903	2,327,602	5,400	5,400	2,444,303	2,333,002
Capital Grants and Contributions	105,000	3,280,155	-	25,242	105,000	3,305,397
General Revenue:						
Property Taxes	9,209,094	8,786,465	-	-	9,209,094	8,786,465
Other Taxes	3,285,081	2,951,268	-	-	3,285,081	2,951,268
Other	191,220	233,540	15,135	14,526	206,355	248,066
Total Revenue	16,735,490	18,966,270	3,115,269	3,176,987	19,850,759	22,143,257
Expenses:						
General Government	2,584,681	2,312,952	-	-	2,584,681	2,312,952
Public Safety	5,658,289	5,644,804	-	-	5,658,289	5,644,804
Economic and Physical Development	164,692	249,284	-	-	164,692	249,284
Environmental Protection	313,460	348,193	-	-	313,460	348,193
Human Services	2,333,166	2,400,852	-	-	2,333,166	2,400,852
Cultural and Recreation	740,720	773,067	-	-	740,720	773,067
Education	3,573,679	3,822,280	-	-	3,573,679	3,822,280
Interest on Long-term Debt	202,839	227,373	-	-	202,839	227,373
Solid Waste Operations	-	-	1,021,400	884,737	1,021,400	884,737
Water Operations	-	-	2,236,451	2,169,503	2,236,451	2,169,503
Total Expenses	15,571,526	15,778,805	3,257,851	3,054,240	18,829,377	18,833,045
Transfers	(20,000)	(15,450)	-	-	(20,000)	(15,450)
Increase in Net Position	1,143,964	3,172,015	(142,582)	122,747	1,001,382	3,294,762
Net position, beginning	8,759,843	5,587,828	8,829,152	8,706,405	17,588,995	14,294,233
Net position, ending	\$9,903,807	\$8,759,843	\$8,686,570	\$8,829,152	\$18,590,377	\$17,588,995

Governmental activities. Governmental activities increased the County's net position by \$1,143,964. Key elements of this increase are as follows:

- Decrease in total expenses and increase in general revenues.

Business-type activities: Business-type activities decreased Perquimans County's net position by \$142,582. Key elements of this decrease are as follows:

- Increase in total expenses for solid waste and water operations.

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 \$3,947,664, while total fund balance reached \$5,851,617. The County currently has an available fund balance of 24.63% of general fund expenditures, while total fund balance represents 36.51% of that same amount.

At June 30, 2020, the governmental funds of Perquimans County reported a combined fund balance of \$9,676,506, a 4.98% increase 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 \$814,136.

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 \$485,150 and net position for the Water Fund equaled \$8,201,420. The total decrease in net position for the Solid Waste fund was \$53,582. The total decrease in the Water fund was \$89,000. 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, 2020, totals \$18,899,413 (net of accumulated depreciation).

These assets include buildings, land, machinery and equipment, recreational facilities, and vehicles.

Major capital asset transactions during the year include:

- Building improvements, parking lot improvements, Emergency Service equipment.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,085,605	\$ 1,062,407	\$ 160,006	\$ 160,006	\$ 1,245,611	\$ 1,222,413
Construction in progress	18,960	726,052	-	-	18,960	726,052
Buildings and Systems	7,622,242	7,145,111	8,508,912	8,838,631	16,131,154	15,983,742
Machinery, Equipment, and Vehicles	1,371,455	1,394,983	132,233	85,839	1,503,688	1,480,822
Total	\$10,098,262	\$10,328,553	\$8,801,151	\$ 9,084,476	\$18,899,413	\$19,413,029

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, 2020, Perquimans County had no total bonded debt outstanding for the General Fund.

Installment Obligation Debt. As of June 30, 2020, Perquimans County had \$7,817,557 in installment purchases outstanding for the General Fund.

Perquimans County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital Leases	\$ 162,400	\$ -	\$ -	\$ -	\$ 162,400	\$ -
Installment Agreement Indebtedness	7,817,557	8,840,429	1,790,411	2,178,615	9,607,968	11,019,044
Compensated absences	264,861	240,455	19,756	20,289	284,617	260,744
Net pension liability (LGRS)	1,470,536	1,117,905	127,873	97,209	1,598,409	1,215,114
Total pension liability (LEOSSA)	320,928	281,466	-	-	320,928	281,466
Total OPEB liability	2,176,571	2,198,266	189,267	191,154	2,365,838	2,389,420
Total	\$12,212,853	\$ 12,678,521	\$ 2,127,307	\$ 2,487,267	\$ 14,340,160	\$ 15,165,788

Perquimans County's total debt decreased by \$1,411,076 (12.8%) 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 \$116,495,748.

Additional information regarding Perquimans County's long-term debt can be found beginning on page 56 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 5.4%. (N.C. Dept. of Commerce, Labor and economic Analysis Division)
- Revenue Uncertainty due to the effects of COVID-19.
- Continued challenges in property tax collection rate due to economic conditions.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Perquimans County's Ad-valorem tax rate remained at \$0.59/\$100 value. Property tax revenues are expected to increase by approximately 1.6% as a result of new real estate construction. Permit and fee revenues are expected be approximately the same as the FY 2015-2016 levels based on housing starts and real

estate transactions. Sales tax revenues were projected to decline due to COVID-19, but have actually increased.

Budgeted expenditures in the General Fund are \$16.49 million. Due to COVID-19, capital expenditures were capped at \$10,000 per department, excluding Elections which implemented statutorily required voting equipment.

This budget included no cost of living increase for employees (there was a mid-fiscal year adjustment), and merit and step increases were frozen due to revenue concerns related to COVID-19.

Business – type Activities: The County continued seasonal water conservation rates in 2020. These rates are in effect May through October in hopes of encouraging water conservation during peak demand periods. Within FY 20-21, 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 invest in radio read water meter technology.

Rates for solid waste services will remain at \$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, 2020**

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Perquimans County Tourism Development Authority
Assets				
Cash and cash equivalents	\$ 6,126,576	\$ 1,431,698	\$ 7,558,274	\$ 21,070
Receivables (net)	816,516	502,909	1,319,425	-
Accrued interest receivable on taxes	226,982	-	226,982	-
Due from other governments	715,717	27,481	743,198	20
Prepaid expenses	-	1,248	1,248	-
Inventories	-	96,584	96,584	-
Restricted cash and cash equivalents	3,069,966	66,123	3,136,089	-
Net pension asset	23,311	-	23,311	-
Loan fees	3,062	3,206	6,268	-
Capital assets:				
Land and construction in progress	1,104,565	160,006	1,264,571	-
Other capital assets, net of depreciation	8,993,697	8,641,145	17,634,842	-
Total capital assets	10,098,262	8,801,151	18,899,413	-
Total assets	21,080,392	10,930,400	32,010,792	21,090
Deferred Outflows of Resources	1,503,426	123,679	1,627,105	-
Liabilities				
Accounts payable and accrued expenses	137,966	141,614	279,580	-
Accrued interest payable	111,608	20,906	132,514	-
Customer deposits	-	66,123	66,123	-
Advance on COVID relief	20,013	-	20,013	-
Long-term liabilities:				
Due within one year	1,345,800	414,394	1,760,194	-
Due in more than one year	10,867,053	1,712,913	12,579,966	-
Total liabilities	12,482,440	2,355,950	14,838,390	-
Deferred Inflows of Resources	197,571	11,559	209,130	-
Net Position				
Net investment in capital assets	8,078,336	7,010,740	15,089,076	-
Restricted:				
Public Safety	218,575	-	218,575	-
Education	21,243	-	21,243	-
Register of Deeds	37,632	-	37,632	-
Cultural and Recreation	2,882,325	-	2,882,325	-
Register of Deeds pension plan	23,311	-	23,311	-
Stabilization by State Statute	693,549	-	693,549	-
Capital Outlay	711,943	-	711,943	-
Unrestricted	(2,763,107)	1,675,830	(1,087,277)	21,090
Total net position	\$ 9,903,807	\$ 8,686,570	\$ 18,590,377	\$ 21,090

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, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Perquimans County Tourism Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,584,681	\$ 409,072	\$ 32,716	\$ -	\$ (2,142,893)	\$ -	\$ (2,142,893)	
Public safety	5,658,289	977,995	826,263	-	(3,854,031)	-	(3,854,031)	
Economic and physical development	164,692	-	57,344	-	(107,348)	-	(107,348)	
Environmental protection	313,460	-	37,203	-	(276,257)	-	(276,257)	
Human services	2,333,166	-	1,466,230	-	(866,936)	-	(866,936)	
Cultural and recreational	740,720	9,443	19,147	-	(712,130)	-	(712,130)	
Education	3,573,679	109,682	-	105,000	(3,358,997)	-	(3,358,997)	
Interest on long-term debt	202,839	-	-	-	(202,839)	-	(202,839)	
Total governmental activities	15,571,526	1,506,192	2,438,903	105,000	(11,521,431)	-	(11,521,431)	
Business-type activities:								
Solid waste	1,021,400	966,706	-	-	-	(54,694)	(54,694)	
Water	2,236,451	2,128,028	5,400	-	-	(103,023)	(103,023)	
Total business-type activities	3,257,851	3,094,734	5,400	-	-	(157,717)	(157,717)	
Total primary government	\$ 18,829,377	\$ 4,600,926	\$ 2,444,303	\$ 105,000	(11,521,431)	(157,717)	(11,679,148)	
Component unit:								
Perquimans County Tourism Development Authority	\$ 32,866	\$ 14,823	\$ -	\$ -				\$ (18,043)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					9,209,094	-	9,209,094	-
Local option sales tax					2,763,553	-	2,763,553	-
Other taxes and licenses					521,528	-	521,528	-
Unrestricted intergovernmental					49,704	-	49,704	-
Investment earnings, unrestricted					97,926	15,135	113,061	160
Miscellaneous, unrestricted					43,590	-	43,590	-
Total general revenues excluding transfers					12,685,395	15,135	12,700,530	160
Transfers					(20,000)	-	(20,000)	20,000
Total general revenues and transfers					12,665,395	15,135	12,680,530	20,160
Change in net position					1,143,964	(142,582)	1,001,382	2,117
Net position, beginning					8,759,843	8,829,152	17,588,995	18,973
Net position, ending					\$ 9,903,807	\$ 8,686,570	\$ 18,590,377	\$ 21,090

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

PERQUIMANS COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Exhibit 3

	Major		Non-major	
	General Fund	County Construction Capital Projects Fund	Other Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 5,171,528	\$ 105,940	\$ 849,108	\$ 6,126,576
Receivables, net	816,516	-	-	816,516
Due from other funds	58,370	-	-	58,370
Due from other governments	690,179	-	25,538	715,717
Restricted cash	166,398	2,882,325	21,243	3,069,966
Total assets	\$ 6,902,991	\$ 2,988,265	\$ 895,889	\$ 10,787,145
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 137,076	\$ -	\$ 895	\$ 137,971
Due to other funds	-	-	58,370	58,370
Advance from other governments	20,013	-	-	20,013
Total liabilities	157,089	-	59,265	216,354
Deferred inflows of resources	894,285	-	-	894,285
Fund balances:				
Restricted for:				
Stabilization by State Statute	693,549	-	209,378	902,927
Register of Deeds	37,632	-	-	37,632
Department of Justice Forfeiture Program	9,197	-	-	9,197
School Capital	-	-	21,243	21,243
NC Department of Commerce Water Resource Grant	-	2,882,325	-	2,882,325
Committed:				
Tax revaluation	146,385	-	-	146,385
Assigned:				
Future County Capital Outlay	-	105,940	606,003	711,943
Subsequent year's expenditures	1,017,190	-	-	1,017,190
Unassigned	3,947,664	-	-	3,947,664
Total fund balances	5,851,617	2,988,265	836,624	9,676,506
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,902,991	\$ 2,988,265	\$ 895,889	

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	10,098,262
Net loan fees	3,062
Net pension asset	23,311
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	329,056
Benefit payments and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	178,989
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	-
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	226,982
Net pension liability - LGERS	(1,470,536)
OPEB liability	(2,176,571)
Total pension liability - LEOSSA	(320,928)
Deferred inflows of resources for taxes receivable	853,516
Pension related deferrals	597,921
LEOSSA related deferrals	51,533
OPEB related deferrals	189,125
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds	(8,356,421)
Net position of governmental activities	\$ 9,903,807

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, 2020

Exhibit 4

	Major		Non-major	
	General Fund	County Construction Capital Projects Fund	Other Governmental Funds	Total
Revenues:				
Ad valorem taxes	\$ 9,123,711	\$ -	\$ -	\$ 9,123,711
Local option sales taxes	2,763,553	-	-	2,763,553
Other taxes and licenses	19,230	-	-	19,230
Unrestricted intergovernmental	46,961	-	-	46,961
Restricted intergovernmental	2,054,813	-	949,581	3,004,394
Permits and fees	392,982	-	-	392,982
Sales and services	982,487	-	-	982,487
Investment earnings	51,017	40,625	6,284	97,926
Miscellaneous	218,863	-	-	218,863
Total revenue	15,653,617	40,625	955,865	16,650,107
Expenditures:				
Current				
General government	2,464,437	-	-	2,464,437
Public safety	5,046,955	-	152,844	5,199,799
Economic and physical development	44,025	-	57,344	101,369
Environmental protection	312,771	-	-	312,771
Human services	2,310,181	-	-	2,310,181
Cultural and recreational	609,016	31,960	-	640,976
Intergovernmental:				
Education	3,468,679	-	105,000	3,573,679
Capital outlay	490,311	-	-	490,311
Debt service:				
Principal	1,063,470	-	-	1,063,470
Interest	216,230	-	-	216,230
Total expenditures	16,026,075	31,960	315,188	16,373,223
Excess of revenues over expenditures	(372,458)	8,665	640,677	276,884
Other financing sources (uses):				
Capital Lease Obligation Issued	203,000	-	-	203,000
Transfer (to) from other funds	430,000	-	(450,000)	(20,000)
Total other financing sources (uses)	633,000	-	(450,000)	183,000
Net change in fund balances	260,542	8,665	190,677	459,884
Fund balances, beginning	5,525,400	2,979,600	711,622	9,216,622
Prior period adjustment	65,675	-	(65,675)	-
Fund balances, beginning, restated	5,591,075	2,979,600	645,947	9,216,622
Fund balances, ending	\$ 5,851,617	\$ 2,988,265	\$ 836,624	\$ 9,676,506

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, 2020**

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 459,884
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.	(230,291)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	329,056
Benefit payments and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	178,989
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	85,383
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.	860,470
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>(539,527)</u>
Total changes in net position of governmental activities	<u>\$ 1,143,964</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, 2020

Exhibit 6

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 9,032,945	\$ 9,102,150	\$ 9,123,711	\$ 21,561
Local option sales taxes	2,463,095	2,541,095	2,763,553	222,458
Other taxes and licenses	21,400	21,400	19,230	(2,170)
Unrestricted intergovernmental	45,000	45,000	46,961	1,961
Restricted intergovernmental	1,934,648	2,477,993	2,054,813	(423,180)
Permits and fees	366,027	399,937	392,982	(6,955)
Sales and services	960,314	981,990	982,487	497
Investment earnings	55,250	55,050	50,620	(4,430)
Miscellaneous	160,200	228,200	218,863	(9,337)
Total revenues	<u>15,038,879</u>	<u>15,852,815</u>	<u>15,653,220</u>	<u>(199,595)</u>
Expenditures:				
Current				
General government	2,312,115	3,088,782	2,464,437	624,345
Public safety	4,968,303	5,226,878	5,046,955	179,923
Economic and physical development	71,686	71,686	44,025	27,661
Environmental protection	356,993	344,568	312,771	31,797
Human services	2,672,295	2,764,302	2,310,181	454,121
Cultural and recreational	708,690	693,439	609,016	84,423
Intergovernmental:				
Education	3,407,500	3,407,500	3,468,679	(61,179)
Capital outlay	367,014	362,570	490,311	(127,741)
Debt service:				
Principal retirement	1,044,148	1,044,148	1,063,470	(19,322)
Interest and other charges	216,268	216,268	216,230	38
Total expenditures	<u>16,125,012</u>	<u>17,220,141</u>	<u>16,026,075</u>	<u>1,194,066</u>
Revenues over (under) expenditures	<u>(1,086,133)</u>	<u>(1,367,326)</u>	<u>(372,855)</u>	<u>994,471</u>
Other financing sources (uses):				
Transfer from other funds	450,000	450,000	450,000	-
Transfer to other funds	-	(45,000)	(45,000)	-
Capital Lease Obligation Issued	-	-	203,000	203,000
Fund balance appropriated	636,133	962,326	-	(962,326)
Total other financing sources (uses)	<u>1,086,133</u>	<u>1,367,326</u>	<u>608,000</u>	<u>(759,326)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>235,145</u>	<u>\$ 235,145</u>
Fund balance, beginning			5,404,412	
Prior period adjustment			65,675	
Fund balance, beginning, as restated			<u>5,470,087</u>	
Fund balance, ending			<u>\$ 5,705,232</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 BALANCES
 -- BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 6
 (continued)

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Total fund balance, General Fund			\$ 5,705,232	
Investment earnings			397	
Transfer from General Fund			25,000	
General Government Expenditures			-	
Fund balance, beginning			<u>120,988</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 5,851,617</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, 2020

Exhibit 7

	Major		Total
	Water	Solid Waste	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,110,551	\$ 321,147	\$ 1,431,698
Accounts receivables (net)	199,774	303,135	502,909
Due from other governments	24,999	2,482	27,481
Prepaid expenses	1,248	-	1,248
Inventories	96,584	-	96,584
Total current assets	<u>1,433,156</u>	<u>626,764</u>	<u>2,059,920</u>
Noncurrent assets:			
Restricted cash and cash equivalents	66,123	-	66,123
Loan fees, net of accumulated amortization of \$5,896	3,206	-	3,206
Capital assets:			
Land and construction in progress	160,006	-	160,006
Other capital assets, net of depreciation	8,641,145	-	8,641,145
Total noncurrent assets	<u>8,870,480</u>	<u>-</u>	<u>8,870,480</u>
Total assets	<u>10,303,636</u>	<u>626,764</u>	<u>10,930,400</u>
Deferred outflows of resources	<u>123,679</u>	<u>-</u>	<u>123,679</u>
Liabilities			
Current liabilities:			
Accounts payable	-	141,614	141,614
Customer deposits	66,123	-	66,123
Accrued interest payable	20,906	-	20,906
Compensated absences	19,756	-	19,756
Installment notes payable	394,638	-	394,638
Total current liabilities	<u>501,423</u>	<u>141,614</u>	<u>643,037</u>
Noncurrent liabilities:			
OPEB liability	189,267	-	189,267
Net pension liability	127,873	-	127,873
Installment notes payable	1,395,773	-	1,395,773
Total noncurrent liabilities	<u>1,712,913</u>	<u>-</u>	<u>1,712,913</u>
Total liabilities	<u>2,214,336</u>	<u>141,614</u>	<u>2,355,950</u>
Deferred inflows of resources	<u>11,559</u>	<u>-</u>	<u>11,559</u>
Net Position			
Net investment in capital assets	7,010,740	-	7,010,740
Unrestricted	1,190,680	485,150	1,675,830
Total net position	<u>\$ 8,201,420</u>	<u>\$ 485,150</u>	<u>\$ 8,686,570</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, 2020

Exhibit 8

	Major		Total
	Water	Solid Waste	
Operating revenues:			
Charges for services	\$ 1,979,316	\$ 956,313	\$ 2,935,629
Tap and reconnection fees	103,365	-	103,365
Penalties	41,534	-	41,534
Other operating revenue	3,813	10,393	14,206
Total operating revenues	<u>2,128,028</u>	<u>966,706</u>	<u>3,094,734</u>
Operating expenses:			
Administration	1,024,089	-	1,024,089
Water purchase	327,108	-	327,108
Water distribution and treatment	479,021	-	479,021
Solid waste operations	-	1,021,400	1,021,400
Depreciation/amortization	378,562	-	378,562
Total operating expenses	<u>2,208,780</u>	<u>1,021,400</u>	<u>3,230,180</u>
Operating income (loss)	<u>(80,752)</u>	<u>(54,694)</u>	<u>(135,446)</u>
Non-operating revenue (expenses):			
Rent	5,400	-	5,400
Interest income	14,023	1,112	15,135
Interest on long-term debt	(27,671)	-	(27,671)
Total non-operating revenue (expenses)	<u>(8,248)</u>	<u>1,112</u>	<u>(7,136)</u>
Change in net position	(89,000)	(53,582)	(142,582)
Total net position, beginning	8,290,420	538,732	8,829,152
Total net position, ending	<u>\$ 8,201,420</u>	<u>\$ 485,150</u>	<u>\$ 8,686,570</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, 2020

Exhibit 9

	Major		Total
	Water	Solid Waste	
Cash flows from operating activities:			
Cash received from customers	\$ 2,167,945	\$ 956,881	\$ 3,124,826
Cash paid for goods and services	(1,309,342)	(1,070,254)	(2,379,596)
Cash paid to employees for services	(524,263)	-	(524,263)
Customer deposits	2,084	-	2,084
Net cash provided by operating activities	<u>336,424</u>	<u>(113,373)</u>	<u>223,051</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(94,479)	-	(94,479)
Principal paid on installment payables	(388,204)	-	(388,204)
Capital contributions - federal grant	-	-	-
Interest paid on installment payables	(32,168)	-	(32,168)
Proceeds from rental	5,400	-	5,400
Net cash used in capital and related financing activities	<u>(509,451)</u>	<u>-</u>	<u>(509,451)</u>
Cash flows from investing activities:			
Interest on investments	<u>14,023</u>	<u>1,112</u>	<u>15,135</u>
Net increase (decrease) in cash and cash equivalents	(159,004)	(112,261)	(271,265)
Cash and cash equivalents, beginning (Water fund includes restricted cash of \$77,604)	<u>1,335,678</u>	<u>433,408</u>	<u>1,769,086</u>
Cash and cash equivalents, ending (Water fund includes restricted cash of \$66,123)	<u>\$ 1,176,674</u>	<u>\$ 321,147</u>	<u>\$ 1,497,821</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (80,752)</u>	<u>\$ (54,694)</u>	<u>\$ (135,446)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	378,562	-	378,562
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	37,712	(9,880)	27,832
Increase in prepaid expenses	(1,248)	-	(1,248)
Decrease in deferred outflows of resources - pensions	788	-	788
Increase in deferred outflows of resources - OPEB	(27,944)	-	(27,944)
Increase in net pension liability	30,664	-	30,664
Decrease in OPEB liability	(1,887)	-	(1,887)
Decrease in deferred inflows of resources - pensions	(528)	-	(528)
Decrease in deferred inflows of resources - OPEB	(2,130)	-	(2,130)
Decrease in due from other governments	2,205	55	2,260
Decrease in inventory	28,709	-	28,709
Decrease in accounts payable and accrued liabilities	(29,278)	(48,854)	(78,132)
Increase in customer deposits	2,084	-	2,084
Decrease in accrued vacation pay	(533)	-	(533)
Total adjustments	<u>417,176</u>	<u>(58,679)</u>	<u>358,497</u>
Net cash provided by operating activities	<u>\$ 336,424</u>	<u>\$ (113,373)</u>	<u>\$ 223,051</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, 2020

Exhibit 10

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 74,441</u>
Liabilities	
Miscellaneous liabilities	<u>\$ 74,441</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, 2020**

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, legally separate entities 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 Authority 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 units. 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 and blended component units. 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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

which is displayed in a 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.

County Construction Capital Projects Fund - This is the County's capital projects fund. It accounts for all capital projects of the general government, except those required to be accounted for in another 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.

Non-major Funds. The County maintains five legally budgeted funds. The NC Housing Finance Grant and Emergency Telephone System Fund are reported as non-major special revenue funds. The County Capital Projects Reserve and the School Construction Capital Projects Funds are reported as capital projects funds.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

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 and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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 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 Emergency Telephone, Fire District and Tax Revaluation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Reserve Special Revenue Fund, the Capital Projects Fund, and the Enterprise Capital Projects Funds. The Landfill Closure and Postclosure Reserve Fund and the Enterprise Capital Projects Funds are consolidated with the enterprise operating funds 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 Finance Officer may transfer amounts between objects of expenditures within a department except salary amounts without limitation. The Finance Officer may not transfer any amounts 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 deposit 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

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020**

government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

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 considered cash and cash equivalents. The Authority considers demand deposits and investments with a maturity date of 90 days or less at 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	\$ 146,385
General Fund	Unexpended COVID-19 funds	20,013
County Construction Capital Projects Fund	Unexpended grant proceeds	2,882,325
School Capital Projects Fund	Unexpended Public School Building funds	21,243
Total governmental activities		3,069,966
Business-type activities:		
Water Fund	Unexpended bond proceeds	-
Water Fund	Customer deposits	66,123
Total business-type activities		66,123
Total restricted cash		\$ 3,136,089

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, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

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; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Perquimans County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the 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
Plant and distribution systems	40
Infrastructure	30
Other improvements	25
Equipment and furniture	10
Vehicles and motorized equipment	6
Computer equipment	3
Computer software	5

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, pension, and contributions made to the OPEB or pension plans in the current fiscal year. 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 three items that meet the criterion for this category - prepaid taxes, special assessments receivable, and other OPEB or pension related deferrals.

9. Long-term Obligations

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

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

10. Compensated Absences

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

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 is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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:

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 - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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 by 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 vote 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 fund balance that the Carolina County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Finance

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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 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 \$227,301 consists of the following:

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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)		\$ 16,674,049	
Less - accumulated depreciation		(6,575,787)	
Net capital assets		10,098,262	
Net pension asset		23,311	
Contributions to the pension plan in the current fiscal year		329,056	
Benefit payments and administration costs for OPEB		178,989	
Benefit payments and pension administration costs for LEOSSA		-	
Net loan fees		3,062	
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		226,982	
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide		853,516	
Pension related deferrals		597,921	
LEOSSA related deferrals		51,533	
OPEB related deferrals		189,125	
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		(7,817,557)	
Capital leases		(162,400)	
Compensated absences		(264,861)	
Net pension liability - LGERS		(1,470,536)	
Total pension liability - LEOSSA		(320,928)	
OPEB liability		(2,176,571)	
Accrued interest payable		(111,603)	
Total adjustment		\$ 227,301	

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$684,080 is comprised of the following:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 441,177
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	(671,468)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(203,000)
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	1,063,470
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	329,056
Benefit payments and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	178,989
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)	13,391
Amortization expense	(358)
Compensated absences	(24,406)
OPEB expense	188,560
County's portion of collective pension expense	(716,714)
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	21,669
Reversal of deferred tax revenue recorded at July 1	(789,802)
Recording of tax receipts deferred in the funds statements at June 30	853,516
	<u>\$ 684,080</u>

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

During the fiscal year ended June 30, 2020, the County reported expenditures in the Solid Waste Fund that violated State law [G.S. 159-25(b)] because they exceed the amounts appropriated in the budget ordinance by \$47,291.

Corrective Action Plan: Due to billing errors by Albemarle Regional Health Services, we experienced unanticipated payment adjustments during the year. These adjustments caused the County to have expenditures above budgeted amounts. Going forward, we are reconciling each invoice internally and contacting ARHS whenever a discrepancy is discovered in hopes of catching errors immediately and avoiding such adjustments in the future.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All 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 agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the Authority these deposits are held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the Authority, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or 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 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 have no formal policy regarding custodial credit risk for deposits.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

At June 30, 2020, the County's deposits had a carrying amount of \$10,693,413 and a bank balance of \$11,089,864. Of the bank balance, \$500,000 was covered by federal depository insurance and \$10,589,864 was covered by collateral held under the Pooling Method.

At June 30, 2020, Perquimans County had \$950 cash on hand.

At June 30, 2020, the carrying amount of deposits for the Authority was \$21,070.

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

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The property taxes that could become due if present use-value eligibility is lost at June 30, 2020 were not available. These amounts have not been recorded in the financial statements.

4. Receivables

Receivables at the government-wide level at June 30, 2020, 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	\$ -	\$ 853,516	\$ 690,179	\$ 1,543,695
Other governmental	-	-	25,538	25,538
Total receivables	-	853,516	715,717	1,569,233
Allowance for doubtful accounts	-	(37,000)	-	(37,000)
Total governmental activities	<u>\$ -</u>	<u>\$ 816,516</u>	<u>\$ 715,717</u>	<u>\$ 1,532,233</u>
Business type activities:				
Water Fund	\$ 202,031	\$ -	\$ 24,999	\$ 227,030
Solid Waste	313,395	-	2,482	315,877
Total receivables	515,426	-	27,481	542,907
Allowance for doubtful accounts	(12,517)	-	-	(12,517)
Total business type activities	<u>\$ 502,909</u>	<u>\$ -</u>	<u>\$ 27,481</u>	<u>\$ 530,390</u>

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

Other grant funds	\$ 2,482
Local option sales tax	538,040
Sales tax reimbursements	75,462
Scrap tire tax	4,148
Franchise tax	3,904
Social services reimbursements	97,020
State 911 funds	22,142
Total	<u>\$ 743,198</u>

Perquimans County, North Carolina
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5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,085,605	\$ -	\$ -	\$ 1,085,605
Construction in progress	-	18,960	-	18,960
Total capital assets not being depreciated	<u>1,085,605</u>	<u>18,960</u>	<u>-</u>	<u>1,104,565</u>
Capital assets being depreciated:				
Buildings	10,173,117	59,997	-	10,233,114
Equipment	2,438,074	268,238	-	2,706,312
Land improvements	623,124	18,130	-	641,254
Vehicles and motor equipment	1,912,952	66,252	-	1,979,204
Software	-	9,600	-	9,600
Total capital assets being depreciated	<u>15,147,267</u>	<u>422,217</u>	<u>-</u>	<u>15,569,484</u>
Less accumulated depreciation for:				
Buildings	2,774,196	267,049	-	3,041,245
Equipment	1,478,835	204,008	-	1,682,843
Land improvements	174,080	36,801	-	210,881
Vehicles and motor equipment	1,477,208	161,850	-	1,639,058
Software	-	1,760	-	1,760
Total accumulated depreciation	<u>5,904,319</u>	<u>671,468</u>	<u>-</u>	<u>6,575,787</u>
Total capital assets being depreciated, net	<u>9,242,948</u>			<u>8,993,697</u>
Governmental activity capital assets, net	<u><u>\$ 10,328,553</u></u>			<u><u>\$ 10,098,262</u></u>

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

Cultural and recreation	\$ 113,544
Economic and physical development	63,323
General government	152,283
Human services	8,340
Public Safety	333,978
Total depreciation expense	<u><u>\$ 671,468</u></u>

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 160,006	\$ -	\$ -	\$ 160,006
Total capital assets not being depreciated	<u>160,006</u>	<u>-</u>	<u>-</u>	<u>160,006</u>
Capital assets being depreciated:				
Plant and distribution systems	18,340,103	12,478	-	18,352,581
Furniture and maintenance equipment	292,595	-	-	292,595
Vehicles	377,917	82,000	-	459,917
Total capital assets being depreciated	<u>19,010,615</u>	<u>94,478</u>	<u>-</u>	<u>19,105,093</u>
Less accumulated depreciation for:				
Plant and distribution systems	9,501,472	342,197	-	9,843,669
Furniture and maintenance equipment	250,560	5,935	-	256,495
Vehicles	334,113	29,671	-	363,784
Total accumulated depreciation	<u>10,086,145</u>	<u>377,803</u>	<u>-</u>	<u>10,463,948</u>
Total capital assets being depreciated, net	<u>8,924,470</u>			<u>8,641,145</u>
Business-type activity capital assets, net	<u>\$ 9,084,476</u>			<u>\$ 8,801,151</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors
Governmental activities:	
General	\$ 137,071
Other governmental	895
Total governmental activities	<u>\$ 137,966</u>
Business type activities:	
Solid Waste	\$ 141,614
Total business type activities	<u>\$ 141,614</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is

Perquimans County, North Carolina
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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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$357,282 for the year ended June 30, 2020.

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

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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, 2020, the County reported a liability of \$1,598,409 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was 0.059% (measured as of June 30, 2019), which was a decrease of 0.007% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$739,376. At June 30, 2020, 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	\$ 273,688	\$ -
Changes of assumptions	260,514	-
Net difference between projected and actual earnings on pension plan investments	38,988	-
Changes in proportion and differences between County contributions and proportionate share of contributions	76,290	934
County contributions subsequent to the measurement date	352,830	-
Total	\$ 1,002,310	\$ 934

\$352,830 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 311,169
2022	109,295
2023	169,220
2024	58,862
2025	-
Thereafter	-
	\$ 648,546

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Actuarial Assumptions. The total pension liability in the December 31, 2019 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2018 valuation were based on the results of an actuarial experience study as of 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, 2020 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%	

Perquimans County, North Carolina
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The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 7.00%. 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 3,655,853	\$ 1,598,409	\$ (111,744)

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.

Perquimans County, North Carolina
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All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2018 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>17</u>
Total	<u>18</u>

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2014 Total Data Set Employee Mortality Table.

**Perquimans County, North Carolina
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Mortality Projection: All mortality rates are projected from 2014 using generational improvement with Scale MP-2015.

3. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned 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, 2020, the County reported a total pension liability of \$320,928. The total pension liability was measured as of June 30, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$40,175.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,683	\$ 10,066
Changes of assumptions	19,941	12,025
Total	\$ 73,624	\$ 22,091

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 10,352
2022	10,352
2023	10,352
2024	11,107
2025	7,717
Thereafter	1,653
	\$ 51,533

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

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	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total Pension Liability	\$ 354,476	\$ 320,928	\$ 290,732

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

Beginning balance	\$ 281,466
Service Cost	19,908
Interest on the total pension liability	9,915
Difference between expected and actual experience in the measurement of the total pension liability	15,918
Changes of assumptions and other inputs	11,859
Benefit payments	(18,138)
Ending balance of the total pension liability	\$ 320,928

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 (measurement date) to 3.26 percent at June 30, 2019 (measurement date).

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, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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.

Perquimans County, North Carolina
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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 to for the year ended June 30, 2020 were \$40,393 which consisted of \$34,253 from the County and \$6,140 from the law enforcement officers.

c. Supplemental Retirement Income Plan for General Employees

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees 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.

Funding Policy. Each month, the County offers up to a one percent contribution match for any general employee that wishes to make voluntary contributions. Contributions to for the year ended June 30, 2020 were \$90,082 which consisted of \$64,818 from the County and \$25,264 from the general employees.

d. Registers of Deeds' Supplemental Pension Fund

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

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

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

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General Assembly. Contributions to the pension plan from the County were \$1,244 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$23,311 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was 0.118%, which was a decrease of 0.019% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$5,383. At June 30, 2020, 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	\$ -	\$ 1,124
Net difference between projected and actual earnings on pension plan investments	239	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,808	665
County contributions subsequent to the measurement date	4,452	-
Total	\$ 7,499	\$ 1,789

\$4,452 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, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (183)
2022	1,166
2023	734
2024	(461)
2025	-
Thereafter	-
	\$ 1,256

Perquimans County, North Carolina
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Actuarial Assumptions. The total pension liability in the December 31, 2018 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	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, 2018 valuation were based on the results of an actuarial experience study as of 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, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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 System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of 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

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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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (1,570)	\$ 23,311	\$ (1,169)

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, 2018, 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, 2019, with an actuarial valuation date of December 31, 2018.

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:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of the Net Pension Liability (Asset)	\$ 1,598,409	\$ 23,311	-	\$ 1,621,720
Proportion of the Net Pension Liability (Asset)	0.059%	0.118%	N/A	
Total Pension Liability	\$ -	\$ -	\$ 320,928	\$ 320,928
Pension Expense	\$ 739,376	\$ 5,383	\$ 40,175	\$ 784,934

At June 30, 2020, 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, 2020

	LGERS	ROD	LEOSSA	Total
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 273,688	\$ -	\$ 53,683	\$ 327,371
Changes of assumptions	260,514	-	19,941	280,455
Net difference between projected and actual earnings on pension plan investments	38,988	239	-	39,227
Changes in proportion and differences between County contributions and proportionate share of contributions	76,290	2,808	-	79,098
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	352,830	4,452	-	357,282
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 1,124	\$ 10,066	\$ 11,190
Changes of assumptions	-	-	12,025	12,025
Changes in proportion and differences between County contributions and proportionate share of contributions	934	665	-	1,599

f. Other Postemployment Benefit

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, 2019, the date of the latest actuarial valuation:

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020**

	General Employees	Law Enforcement Officers
Inactive plan members or beneficiaries currently receiving benefit payments	12	2
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	100	-
	112	2

Total OPEB Liability

The County's total OPEB liability of \$2,365,838 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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	3.50 percent
Health Care Cost Trends - Pre-Medicare	7.00% for 2019, decreasing to an ultimate rate of 4.50% by 2026

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, 2019	\$ 2,389,420
Changes for the year:	
Service cost	118,454
Interest	88,650
Changes in benefit terms	(405,090)
Difference between expected and actual experience	351,855
Changes of assumptions and other inputs	45,684
Benefit payments	(223,135)
Net changes	(23,582)
Ending balance as of June 30, 2020	\$ 2,365,838

Changed in assumptions and other inputs reflects a change in the discount rate from 3.89% to 3.50%.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2019 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 2,616,671	\$ 2,365,838	\$ 2,145,087

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% decreasing to 3.5%)	Discount Rate (7% decreasing to 4.5%)	1% Increase (8 percent decreasing to 5.5%)
Total OPEB liability	\$ 2,100,400	\$ 2,365,838	\$ 2,686,178

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

For the year ended June 30, 2020, the County recognized OPEB expense of (\$176,197). At June 30, 2020, 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	\$ 308,998	\$ 13,659
Changes of assumptions	40,120	129,888
County benefit payments and plan administrative expense made subsequent to the measurement date	194,553	-
Total	\$ 543,671	\$ 143,547

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, 2020

Year ended June 30:	
2021	\$ 21,789
2022	21,789
2023	21,789
2024	21,789
2025	21,789
Thereafter	96,626
	<u>\$ 205,571</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.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience:		
LGERS	\$ 273,689	\$ -
ROD	-	1,124
LEOSSA	53,683	10,066
OPEB	308,998	13,659
Changes of assumptions		
LGERS	260,514	-
ROD	-	-
LEOSSA	19,941	12,025
OPEB	40,120	129,888
Difference between projected and actual investment earnings:		
LGERS	38,988	-
ROD	239	-
Change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	76,290	934
ROD	2,808	665
Contributions to pension plan subsequent to the measurement date:		
LGERS	352,830	-
ROD	4,452	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	194,553	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	-	-
Prepaid taxes not yet earned (General)	-	38,855
Taxes receivable, net (General)	-	853,516
Wetlands Mitigation (General)	-	1,914
	\$ 1,627,105	\$ 1,062,646

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 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 North Carolina statutory limits. The pools are audited annually by certified public

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$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 provides employee health and dental benefits through a self-insured plan provided by Dogwood Insurance Company (DIC). Claims are administered and paid directly from the plan by DIC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$6,516,502 and a contract period maximum of \$1,000,000.

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. Capital Leases

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

The agreement was executed on June 30, 2020 for the lease of voting machines and requires five annual payments of \$40,600. Under the terms of the agreement, the County has the right to exercise a bargain purchase option of \$1 at the end of the lease term. This lease has an interest rate of 0.00%.

At June 30, 2020, the County leased equipment valued at:

Class of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$203,000	\$ -	\$ 203,000
Total	<u>\$203,000</u>	<u>\$ -</u>	<u>\$ 203,000</u>

For Perquimans County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

Year Ending June 30		
	2021	\$ 40,600
	2022	40,600
	2023	40,600
	2024	40,600
		\$ 162,400
Total minimum lease payments		\$ 162,400
Less: amount representing interest		-
Present value of the minimum lease payments		\$ 162,400

b. Installment Purchase

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, 2020:

II.	Total installment obligation indebtedness	\$ 3,912,557
	Less: amount representing interest	427,013
	Net principal amount of obligation	\$ 3,485,544

III. 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, 2020:

Total installment obligation indebtedness	\$ 2,777,386
Less: amount representing interest	302,899
Net principal amount of obligation	\$ 2,474,487

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, 2020:

Total installment obligation indebtedness	\$ 150,670
Less: amount representing interest	3,670
Net principal amount of obligation	\$ 147,000

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2020:

Total installment obligation indebtedness	\$ 1,813,079
Less: amount representing interest	102,553
Net principal amount of obligation	\$ 1,710,526

During the 2019-2020 fiscal year, the County made interest payments of \$248,391.

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, 2020:

Total installment obligation indebtedness	\$ 239,728
Less: amount representing interest	4,381
Net principal amount of obligation	\$ 235,347

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, 2020:

Total installment obligation indebtedness	\$ 768,686
Less: amount representing interest	-
Net principal amount of obligation	\$ 768,686

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, 2020:

Total installment obligation indebtedness	\$ 884,515
Less: amount representing interest	98,137
Net principal amount of obligation	\$ 786,378

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

For Perquimans County, the combined future minimum payments as of June 30, 2020 including interest are:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,040,339	\$ 191,397	\$ 394,638	\$ 25,535
2022	1,009,269	166,079	161,697	18,748
2023	978,673	132,113	164,166	16,279
2024	997,563	110,855	166,703	13,742
2025	1,016,951	90,230	169,307	11,138
2026-2030	2,774,762	145,461	664,020	17,076
2031-2035	-	-	69,880	-
Total	<u>\$ 7,817,557</u>	<u>\$ 836,135</u>	<u>\$ 1,790,411</u>	<u>\$ 102,518</u>

At June 30, 2020, Perquimans County had a legal debt margin of \$116,495,748.

c. Long-term Obligation Activity

The following is a summary of changes in the County's long term obligations for the fiscal year June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Capital leases	\$ -	\$ 203,000	\$ 40,600	\$ 162,400	\$ 40,600
Installment purchases	8,840,427	-	1,022,870	7,817,557	1,040,339
Net pension liability (LGERS)	1,117,905	352,631	-	1,470,536	-
Total pension liability (LEOSSA)	281,466	39,462	-	320,928	-
Total OPEB liability	2,198,266	-	21,695	2,176,571	-
Compensated absences	240,455	24,406	-	264,861	264,861
Total	<u>\$ 12,678,519</u>	<u>\$ 619,499</u>	<u>\$ 1,085,165</u>	<u>\$ 12,212,853</u>	<u>\$ 1,345,800</u>
Business-type activities:					
Installment purchases	\$ 2,178,612	\$ -	\$ 388,201	\$ 1,790,411	\$ 394,638
Net pension liability (LGERS)	97,209	30,664	-	127,873	-
Total OPEB liability	191,154	-	1,887	189,267	-
Compensated absences	20,289	-	533	19,756	19,756
Total	<u>\$ 2,487,264</u>	<u>\$ 30,664</u>	<u>\$ 390,621</u>	<u>\$ 2,127,307</u>	<u>\$ 414,394</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.

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020**

C. Interfund Balances and Transfer Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

	Amount
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	20,000
From the Capital Projects Reserve Fund to the General Fund to supplement other funding sources	450,000
Total	\$ 495,000

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 10,098,262	\$ 8,801,151
Less: Long-term debt	2,019,926	1,790,411
Net investment in capital assets	\$ 8,078,336	\$ 7,010,740

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:

Total Fund Balance-General Fund	\$ 5,851,617
Less:	
Stabilization for State Statute	693,549
Register of Deeds	37,632
Tax revaluation	146,385
Dept of Justice Forfeiture Program	9,197
Appropriation for 2020-2021 budget	1,017,190
Remaining Fund Balance	\$ 3,947,664

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 2019-2020 fiscal year, the County contributed \$187,500 towards the operating expenses of the Library. Complete financial

**Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020**

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, 2020, the County contributed \$738,112 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.

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	\$ 8,274	\$ 1,753
State/County Special Assistance for Adults	-	49,686
State/County Special Assistance for the Disabled	-	52,953
State Children's Insurance Program-NC Health Choice	469,035	-
Adult Home Special Services	4,206	1,373
Medicaid	14,853,366	6,807,327
Temporary assistance to needy families	44,956	-
Special Supplemental Nutrition Program for Women, Infants and Children	161,971	-
Total	<u>\$ 15,541,808</u>	<u>\$ 6,913,092</u>

Perquimans County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

VII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VIII. Subsequent Events

The County has evaluated subsequent events through January 8, 2021, 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. Prior Period Adjustment

A prior period adjustment in the amount of \$65,143 has been made to the Emergency Telephone System Fund and the General Fund due to overreported revenues in the Emergency Telephone System Fund in fiscal years 2018 and 2019.

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 Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.059%	0.051%	0.053%	0.049%	0.047%	0.049%	0.050%
County's proportionate share of the net pension liability (asset) \$	\$ 1,598,409	\$ 1,215,114	\$ 804,957	\$ 1,049,282	\$ 212,055	\$ (289,624)	\$ 620,773
County's covered payroll	\$ 3,138,511	\$ 3,455,957	\$ 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	50.93%	35.16%	24.08%	33.35%	7.18%	-9.81%	21.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.86%	91.63%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 284,035	\$ 245,160	\$ 262,713	\$ 249,946	\$ 215,957	\$ 210,631	\$ 209,715
Contributions in relation to the contractually required contribution	284,035	245,160	262,713	249,946	215,957	210,631	209,715
Contribution deficiency (excess)	<u>\$ -</u>						
County's covered payroll	\$ 3,138,511	\$ 3,127,040	\$ 3,455,957	\$ 3,342,557	\$ 3,146,224	\$ 2,955,382	\$ 2,952,691
Contributions as a percentage of covered payroll	9.05%	7.84%	7.60%	7.48%	6.86%	7.13%	7.10%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.118%	0.137%	0.128%	0.142%	0.134%	0.139%	0.140%
County's proportionate share of the net pension liability (asset) \$	\$ (23,311)	\$ (22,759)	\$ (21,881)	\$ (26,629)	\$ (31,115)	\$ (31,400)	\$ (30,137)
County's covered payroll	\$ 49,196	\$ 45,685	\$ 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	-47.38%	-49.82%	-48.09%	-61.50%	-72.16%	-63.53%	-58.16%
Plan fiduciary net position as a percentage of the total pension liability (asset)	164.11%	153.31%	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 Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,452	\$ 3,766	\$ 1,176	\$ 1,114	\$ 1,164	\$ 1,074	\$ 1,131
Contributions in relation to the contractually required contribution	4,452	3,766	1,176	1,114	1,164	1,074	1,131
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 49,196	\$ 48,036	\$ 45,685	\$ 45,504	\$ 43,298	\$ 43,122	\$ 49,422
Contributions as a percentage of covered payroll	9.05%	7.84%	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, 2020

	2020	2019	2018	2017
Beginning balance	\$ 281,466	\$ 231,899	\$ 227,483	\$ 211,438
Service cost	19,908	15,265	12,806	15,549
Interest on the total pension liability	9,915	7,041	8,460	7,548
Differences between expected and actual experience	15,918	58,232	(18,118)	-
Changes of assumptions and other inputs	11,859	(12,833)	17,894	(7,052)
Benefit payments	(18,138)	(18,138)	(16,626)	-
Ending balance of the total pension liability	<u>\$ 320,928</u>	<u>\$ 281,466</u>	<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, 2020

	2020	2019	2018	2017
Total pension liability	\$ 320,928	\$ 281,466	\$ 231,899	\$ 227,483
Covered payroll	749,249	701,348	506,140	554,568
Total pension liability as a percentage of covered payroll	42.83%	40.13%	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, 2020

	<u>2020</u>
Total OPEB Liability	
Service cost	\$ 118,454
Interest	88,650
Differences between expected and actual experience	351,855
Changes of assumptions and other inputs	45,684
Changes in benefit terms	(405,090)
Benefit payments	<u>(223,135)</u>
Net change in total OPEB liability	(23,582)
Total OPEB liability, beginning	<u>2,389,420</u>
Total OPEB liability, ending	<u>\$ 2,365,838</u>
Covered-employee payroll	\$ 3,748,995
Total OPEB liability as a percentage of covered-employee payroll	63.11%

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>
2020	3.50%
2019	3.89%
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, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 9,022,150	\$ 9,053,540	\$ 31,390
Penalties and interest	80,000	70,171	(9,829)
Total	<u>9,102,150</u>	<u>9,123,711</u>	<u>21,561</u>
Local option sales taxes:			
Article 39 and 44	890,416	998,130	107,714
Article 40 one-half of one percent	916,866	955,106	38,240
Article 42 one-half of one percent	375,143	436,637	61,494
Article 46 one-quarter of one percent	-	31	31
Utilities franchise distribution	18,000	17,000	(1,000)
Medicaid hold harmless payment	340,670	356,649	15,979
Total	<u>2,541,095</u>	<u>2,763,553</u>	<u>222,458</u>
Other taxes and licenses:			
Scrap tire disposal tax	15,000	18,565	3,565
White goods disposal tax	6,000	-	(6,000)
Beer and wine licenses	400	665	265
Total	<u>21,400</u>	<u>19,230</u>	<u>(2,170)</u>
Unrestricted intergovernmental:			
Beer and wine tax	45,000	46,961	1,961
Restricted intergovernmental:			
State grants	1,937,131	1,543,617	(393,514)
Federal grants	483,972	463,034	(20,938)
Court facility fees	26,000	22,053	(3,947)
ABC bottle tax (rehab)	4,250	4,064	(186)
Other grants	26,640	22,045	(4,595)
Total	<u>2,477,993</u>	<u>2,054,813</u>	<u>(423,180)</u>
Permits and fees:			
Officer and sheriff fees	60,000	48,960	(11,040)
Building permits and inspection fees	138,910	146,741	7,831
Register of deeds	196,377	192,819	(3,558)
DMV license revocation fees	650	1,012	362
Subdivision and zoning fees	4,000	3,450	(550)
Other	<u>399,937</u>	<u>392,982</u>	<u>(6,955)</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, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Ambulance fees	651,676	731,687	80,011
Administrative services	102,000	102,000	-
Dispatch services	92,030	20,200	(71,830)
Jail fees	5,500	8,354	2,854
Municipal tax collection fees	15,000	15,338	338
Recreation fees	25,000	9,443	(15,557)
Rents	90,784	95,465	4,681
Total	981,990	982,487	497
Investment earnings	55,050	50,620	(4,430)
Miscellaneous			
School security	100,000	109,682	9,682
Other	128,200	109,181	(19,019)
Total	228,200	218,863	(9,337)
Total revenues	15,852,815	15,653,220	(199,595)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	48,500	44,490	4,010
Other operating expenses	20,300	15,719	4,581
Land use update	250,000	250,000	-
Total	318,800	310,209	8,591
Administrative and finance:			
Salaries and employee benefits	370,458	314,776	55,682
Other operating expenses	513,091	37,186	475,905
Professional services	49,000	48,135	865
Capital outlay	11,500	1,219	10,281
Total	944,049	401,316	542,733
Elections:			
Salaries and employee benefits	104,300	98,568	5,732
Other operating expenses	56,631	48,606	8,025
Capital outlay	45,550	203,701	(158,151)
Total	206,481	350,875	(144,394)

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
– BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Tax administration:			
Salaries and employee benefits	400,184	394,332	5,852
Other operating expenses	109,112	91,407	17,705
Professional services	17,700	17,666	34
Mapping	6,000	5,679	321
Total	532,996	509,084	23,912
Legal:			
Contracted services	25,000	18,185	6,815
Register of deeds:			
Salaries and employee benefits	172,242	163,964	8,278
Other operating expenses	88,284	74,706	13,578
Professional services	20,000	20,000	-
Capital outlay	4,500	3,429	1,071
Total	285,026	262,099	22,927
Public buildings:			
Salaries and employee benefits	165,250	164,760	490
Other operating expenses	194,870	189,980	4,890
Insurance and bonds	180,000	179,414	586
Utilities	129,000	124,728	4,272
Professional services and contracts	136,220	131,572	4,648
Total	805,340	790,454	14,886
Court facilities:			
Other operating expenses	33,140	31,281	1,859
Total	33,140	31,281	1,859
Jury commission			
Other operating expenses	2,000	1,758	242
Total general government:	3,152,832	2,675,261	477,571
Public safety:			
Sheriff:			
Salaries and employee benefits	1,163,867	1,161,387	2,480
Other operating expenses	196,700	157,560	39,140
Capital outlay	90,589	90,401	188
Total	1,451,156	1,409,348	41,808

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Jail:			
Contracted services	499,905	471,367	28,538
Contracted services - debt service	231,406	231,322	84
Total	731,311	702,689	28,622
Emergency Medical Services:			
Salaries and employee benefits	1,327,234	1,324,816	2,418
Other operating expenses	257,875	218,119	39,756
Capital outlay	112,925	108,794	4,131
Total	1,698,034	1,651,729	46,305
Dispatch:			
Salaries and employee benefits	538,215	537,378	837
Other operating expenses	88,350	71,237	17,113
Capital outlay	3,000	2,999	1
Total	629,565	611,614	17,951
Fire/emergency management:			
Salaries and employee benefits	54,186	54,132	54
Other operating expenses	119,792	112,680	7,112
Capital outlay	12,000	5,221	6,779
Assistance to local fire departments	450,000	450,000	-
Total	635,978	622,033	13,945
Inspections:			
Salaries and employee benefits	179,385	173,742	5,643
Other operating expenses	51,600	17,533	34,067
Capital outlay	10,000	9,600	400
Total	240,985	200,875	40,110
Animal Control:			
Contribution to regional animal shelter	61,363	60,382	981
	61,363	60,382	981.00
Medical examiner:			
Professional services	7,000	5,300	1,700
Total public safety	5,455,392	5,263,970	191,422

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Economic and physical development:			
Economic Development Commission:			
Other operating expenses	58,600	30,939	27,661
Total	<u>58,600</u>	<u>30,939</u>	<u>27,661</u>
Other:			
Albemarle Regional Planning Organization	2,253	2,253	-
Albemarle Commission	9,583	9,583	-
Skills, Inc.	500	500	-
R C and D	750	750	-
Total	<u>13,086</u>	<u>13,086</u>	<u>-</u>
Total economic and physical development	<u>71,686</u>	<u>44,025</u>	<u>27,661</u>
Environmental protection:			
Conversation - soil and forest service:			
Salaries and employee benefits	38,084	38,016	68
Other operating expenses	13,000	11,051	1,949
Cost share programs	16,800	14,919	1,881
Forestry service	44,502	34,407	10,095
Total	<u>112,386</u>	<u>98,393</u>	<u>13,993</u>
Beaver management	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Agricultural extension:			
Salaries and employee benefits	183,592	178,934	4,658
Other operating expenses	34,470	29,016	5,454
Total	<u>218,062</u>	<u>207,950</u>	<u>10,112</u>
Drainage study	<u>11,120</u>	<u>3,085</u>	<u>8,035</u>
Total environmental protection	<u>345,568</u>	<u>313,428</u>	<u>32,140</u>
Human services:			
Health:			
Administration - contracted services	53,712	52,857	855
Aquatic Weed Control	1,750	-	1,750
Transportation	27,127	24,473	2,654
Total	<u>82,589</u>	<u>77,330</u>	<u>5,259</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, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Alcoholism:			
Operating - rehabilitation	4,250	4,064	186
Social services:			
Administration:			
Salaries and employee benefits	1,463,338	1,384,140	79,198
Other operating expenses	106,982	74,312	32,670
Professional services	209,955	192,274	17,681
Capital outlay	20,000	13,070	6,930
Total	1,800,275	1,663,796	136,479
Special assistance for adults:			
Aid for the aged	80,000	49,686	30,314
Aid for the permanently and totally disabled	80,000	52,953	27,047
Total	160,000	102,639	57,361
Medical assistance programs:			
Assistance payments	10,800	530	10,270
Welfare-to-work program:			
Transportation	2,500	-	2,500
Other operating expenditures	2,000	895	1,105
Total	4,500	895	3,605
OJJ program:			
Social Thinking Program	81,882	74,768	7,114
Other assistance:			
Links	4,750	-	4,750
Adoption subsidy/enhancement	19,120	7,915	11,205
Nutrition program for the aged	47,305	47,305	-
Aid to the blind	1,851	1,850	1
IV E foster care clothing	6,000	600	5,400
Foster care program	231,912	66,517	165,395
Smart Start day care	10,000	2,889	7,111
Crisis intervention	71,935	71,931	4
Day care program	30,000	18,216	11,784
Emergency assistance	25,000	17,701	7,299
Humanitarian needs	8,000	4,350	3,650
Title III funds	9,827	9,947	(120)
Food stamp issuance	6,000	2,885	3,115
LIEAP	69,643	69,148	495
Contracted transportation	23,637	11,483	12,154
Total	564,980	332,737	232,243
Total social services	2,622,437	2,175,365	447,072

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Other:			
NC East Alliance	4,068	3,020	1,048
Food Bank of the Albemarle	1,000	1,000	-
Kids First, Inc.	5,000	5,000	-
Albemarle Hopeline	3,000	3,000	-
Veterans service officer:			
Salaries and employee benefits	7,632	7,630	2
Other operating expenses	1,550	998	552
Total	9,182	8,628	554
Restitution Program:			
Professional services	5,870	5,870	-
Total	5,870	5,870	-
Total human services	2,764,302	2,310,181	454,121
Cultural and recreational:			
Recreation:			
Salaries and employee benefits	198,526	138,052	60,474
Other operating expenses	104,838	94,731	10,107
Capital outlay	22,000	18,960	3,040
Total	325,364	251,743	73,621
Senior Citizens:			
Salaries and employee benefits	122,334	119,869	2,465
Other operating expenses	32,486	24,009	8,477
Capital outlay	47,006	42,855	4,151
Total	201,826	186,733	15,093
Library:			
Contribution to regional library	187,500	187,500	-

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Other:			
Chamber of Commerce	6,000	6,000	-
Newbold White House	12,000	12,000	-
Hwy 17/64 Assoc	2,500	2,500	-
Architecture/Capital Improvement Plan	15,755	15,755	-
Website Update	5,000	2,100	2,900
Perquimans Arts League	4,000	4,000	-
Perquimans County Fireworks	1,500	1,500	-
Perquimans County Trail Blazers	1,000	1,000	-
Total cultural and recreational	762,445	670,831	91,614
Debt service:			
Principal retirement	1,044,148	1,063,470	(19,322)
Interest and other charges	216,268	216,230	38
Total	1,260,416	1,279,700	(19,284)
Total debt service	1,260,416	1,279,700	(19,284)
Education:			
Public schools - current expense	2,900,000	2,900,000	-
Public schools - capital outlay	475,000	536,179	(61,179)
College of the Albemarle	32,500	32,500	-
Total	3,407,500	3,468,679	(61,179)
Total education	3,407,500	3,468,679	(61,179)
Total expenditures	17,220,141	16,026,075	1,194,066
Revenue over (under) expenditures	(1,367,326)	(372,855)	994,471
Other financing sources (uses):			
Transfer from other funds:			
Capital Projects Reserve Fund	450,000	450,000	-
Transfer to other funds			
Tourism Development Authority	(20,000)	(20,000)	-
Revaluation Reserve Fund	(25,000)	(25,000)	-
Capital Lease Obligation Issued	-	203,000	203,000
Fund balance appropriated	962,326	-	(962,326)
Total other financing sources (uses)	1,367,326	608,000	759,326
Net change in fund balance	\$ -	235,145	\$ 235,145
Fund balance, beginning		5,404,412	
Prior period adjustment		65,675	
Fund balance, beginning, as restated		5,470,087	
Fund balance, ending		<u>\$ 5,705,232</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Investment earnings	\$ 200	\$ 397	\$ 197
Expenditures:			
General government	25,200	-	25,200
Revenue over (under) expenditures	(25,000)	397	25,397
Other financing sources:			
Transfer from General Fund	25,000	25,000	-
	25,000	25,000	-
Net change in fund balance	<u>\$ -</u>	25,397	<u>\$ 25,397</u>
Fund balance, beginning		<u>120,988</u>	
Fund balance, ending		<u>\$ 146,385</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
 Restricted intergovernmental:			
State Grant - Golden Leaf	\$ 2,882,325	\$ -	\$ 2,882,325
Investment earnings	12,000	40,625	28,625
	<u>2,894,325</u>	<u>40,625</u>	<u>2,910,950</u>
Expenditures:			
Cultural and recreation	2,905,773	31,960	2,873,813
Revenue over (under) expenditures	<u>(11,448)</u>	<u>8,665</u>	<u>5,784,763</u>
Other financing sources:			
Fund balance appropriated	11,448	-	(11,448)
Total	<u>11,448</u>	<u>-</u>	<u>(11,448)</u>
Net change in fund balance	<u>\$ -</u>	8,665	<u>\$ 5,773,315</u>
Fund balance, beginning		<u>2,979,600</u>	
Fund balance, ending		<u>\$ 2,988,265</u>	

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
- 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, 2020**

	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	School Construction Capital Projects	Total Capital Project Funds	
Assets							
Cash and cash equivalents	\$ 242,210	\$ 895	\$ 243,105	\$ 606,003	\$ -	\$ 606,003	\$ 849,108
Retricted cash	-	-	-	-	21,243	21,243	21,243
Due from other governments	25,538	-	25,538	-	-	-	25,538
Total assets	\$ 267,748	\$ 895	\$ 268,643	\$ 606,003	\$ 21,243	\$ 627,246	\$ 895,889
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ 895	\$ 895	\$ -	\$ -	\$ -	\$ 895
Due to other funds	58,370	-	58,370	-	-	-	58,370
Total liabilities	58,370	895	59,265	-	-	-	59,265
Fund balances:							
Restricted for:							
Stabilization by State Statute	209,378	-	209,378	-	-	-	209,378
School Capital	-	-	-	-	21,243	21,243	21,243
Assigned:							
Future County Capital Outlay	-	-	-	606,003	-	606,003	606,003
Total fund balances	209,378	-	209,378	606,003	21,243	627,246	836,624
Total liabilities and fund balances	\$ 267,748	\$ 895	\$ 268,643	\$ 606,003	\$ 21,243	\$ 627,246	\$ 895,889

PERQUIMANS COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	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	School Construction Capital Projects	Total Capital Project Funds	
Revenues:							
Restricted intergovernmental	\$ 265,708	\$ 57,344	\$ 323,052	\$ 521,529	\$ 105,000	\$ 626,529	\$ 949,581
Investment earnings	386	-	386	5,898	-	5,898	6,284
Total revenues	266,094	57,344	323,438	527,427	105,000	632,427	955,865
Expenditures:							
Public safety	152,844	-	152,844	-	-	-	152,844
Economic development	-	57,344	57,344	-	-	-	57,344
Education	-	-	-	-	105,000	105,000	105,000
Total expenditures	152,844	57,344	210,188	-	105,000	105,000	210,188
Excess (deficiency) of revenues over expenditures	113,250	-	113,250	527,427	-	527,427	640,677
Other financing sources (uses):							
Transfer to other funds	-	-	-	(450,000)	-	(450,000)	(450,000)
Total other financing sources (uses)	-	-	-	(450,000)	-	(450,000)	(450,000)
Net change in fund balances	113,250	-	113,250	77,427	-	77,427	190,677
Fund balances, beginning	161,803	-	161,803	528,576	21,243	549,819	711,622
Prior period adjustment	(65,675)	-	(65,675)	-	-	-	(65,675)
Fund balances, beginning, restated	96,128	-	96,128	528,576	21,243	549,819	645,947
Fund balances, ending	\$ 209,378	\$ -	\$ 209,378	\$ 606,003	\$ 21,243	\$ 627,246	\$ 836,624

**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, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 297,041	\$ 265,708	\$ (31,333)
Investment earnings	10	386	376
Total	<u>297,051</u>	<u>266,094</u>	<u>(30,957)</u>
Expenditures:			
Hardware maintenance	71,551	38,304	33,247
Implemental functions	2,467	1,066	1,401
Software maintenance	92,000	33,153	58,847
Telephone	98,000	78,128	19,872
Training	8,033	2,193	5,840
Capital outlay	25,000	-	25,000
Total public safety	<u>297,051</u>	<u>152,844</u>	<u>144,207</u>
Revenues over (under) expenditures	<u>-</u>	<u>113,250</u>	<u>113,250</u>
Net change in fund balance	<u>\$ -</u>	<u>113,250</u>	<u>\$ 113,250</u>
Fund balance, beginning		161,803	
Prior period adjustment		(65,675)	
Fund balance, beginning, as restated		<u>96,128</u>	
Fund balance, ending		<u>\$ 209,378</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, 2020

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Federal grant no. SFR-LP14	\$ 175,000	\$ 83,664	\$ 57,344	\$ 141,008	\$ 33,992
Total restricted intergovernmental	175,000	83,664	57,344	141,008	33,992
Expenditures:					
Rehabilitation	125,000	38,990	43,222	82,212	42,788
Program costs	50,000	44,674	14,122	58,796	(8,796)
Total economic development	175,000	83,664	57,344	141,008	33,992
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Land transfer tax	\$ 380,000	\$ 521,529	\$ 141,529
Investment earnings	5,000	5,898	898
Total revenues	<u>385,000</u>	<u>527,427</u>	<u>142,427</u>
Other financing sources (uses):			
Transfer to other funds	(450,000)	(450,000)	-
Fund balance appropriated	65,000	-	(65,000)
Total other financing sources (uses)	<u>(385,000)</u>	<u>(450,000)</u>	<u>(65,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>77,427</u>	<u>\$ 77,427</u>
Fund balance, beginning		<u>528,576</u>	
Fund balance, ending		<u>\$ 606,003</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Restricted intergovernmental:			
Public School Building Capital Fund - Lottery	\$ 105,000	\$ 105,000	\$ -
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Expenditures:			
Restricted intergovernmental:			
Perquimans County High & Central School HVAC Upgrades	105,000	105,000	-
Total expenditures	<u>105,000</u>	<u>105,000</u>	<u>-</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:			
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>21,243</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, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Occupancy tax	\$ 8,000	\$ 14,823	\$ 6,823
Investment earnings	100	160	60
Other	5,000	-	(5,000)
Total revenues	<u>13,100</u>	<u>14,983</u>	<u>1,883</u>
Expenditures:			
Economic and physical development	33,600	32,866	734
Total expenditures	<u>33,600</u>	<u>32,866</u>	<u>734</u>
Revenues over (under) expenditures	<u>(20,500)</u>	<u>(17,883)</u>	<u>2,617</u>
Other financing sources:			
Transfer from General Fund	20,000	20,000	-
Fund balance appropriated	500	-	(500)
Total other financing sources	<u>20,500</u>	<u>20,000</u>	<u>(500)</u>
Revenues over (under) expenditures	<u>\$ -</u>	2,117	<u>\$ 2,117</u>
Fund balance, beginning		<u>18,973</u>	
Fund balance, ending		<u>\$ 21,090</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, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Solid waste fees	\$ 943,000	\$ 956,313	\$ 13,313
Other revenue	6,500	10,393	3,893
Non-operating revenues:			
Investment earnings	950	1,112	162
Total revenues	950,450	967,818	17,368
Expenditures:			
Landfill operations:			
Solid waste operations	974,109	1,021,400	(47,291)
Revenues over (under) expenditures	(23,659)	(53,582)	(29,923)
Other financing sources:			
Fund balance appropriated	23,659	-	(23,659)
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	(53,582)	<u>\$ (53,582)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Change in net position (full accrual)		<u>\$ (53,582)</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 1,960,000	\$ 1,979,316	\$ 19,316
Tap and reconnection fees	49,000	103,365	54,365
Penalties	42,500	41,534	(966)
Other operating revenue	8,500	3,813	(4,687)
Total operating revenues	<u>2,060,000</u>	<u>2,128,028</u>	<u>68,028</u>
Non-operating revenues:			
Rent	5,400	5,400	-
Investment earnings	10,000	14,023	4,023
Total non-operating revenues	<u>15,400</u>	<u>19,423</u>	<u>4,023</u>
 Total revenues	 <u>2,075,400</u>	 <u>2,147,451</u>	 <u>72,051</u>
Expenditures:			
Administration:			
Salaries and employee benefits	547,867	524,263	23,604
Professional services	145,000	120,503	24,497
Indirect costs	100,000	100,000	-
Other department expenses	304,315	280,893	23,422
Total administration	<u>1,097,182</u>	<u>1,025,659</u>	<u>71,523</u>
 Water purchase	 <u>328,000</u>	 <u>327,108</u>	 <u>892</u>
Water distribution and treatment:			
Salt and chemical supplies	164,000	134,546	29,454
Insurance and bonds	37,906	37,905	1
Utilities	105,000	97,526	7,474
Water sample tests	34,000	32,605	1,395
Sedimentation control	50,000	-	50,000
Repairs and maintenance	226,000	97,730	128,270
Other department expenses	105,000	50,000	55,000
Total water distribution and treatment	<u>721,906</u>	<u>450,312</u>	<u>271,594</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Debt service:			
Debt principal	388,195	388,204	(9)
Interest and fees	32,179	27,671	4,508
Total debt service	<u>420,374</u>	<u>415,875</u>	<u>4,499</u>
Capital Outlay	82,000	82,000	-
Total capital outlay	<u>82,000</u>	<u>82,000</u>	<u>-</u>
Total expenditures	<u>2,649,462</u>	<u>2,300,954</u>	<u>348,508</u>
Revenue over (under) expenditures	(574,062)	(153,503)	420,559
Other financing sources			
Fund balance appropriated	560,497	-	560,497
Transfer from water construction fund	13,565	13,565	-
Total other financing sources	<u>574,062</u>	<u>13,565</u>	<u>560,497</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	(139,938)	<u>\$ (139,938)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		388,204	
Capital outlay		82,000	
Decrease in deferred outflows of resources - pensions		(788)	
Increase in deferred outflows of resources - OPEB		27,944	
Increase in net pension liability		(30,664)	
Decrease in deferred inflows of resources - pensions		528	
Decrease in deferred inflows of resources - OPEB		2,130	
Decrease in OPEB liability		1,887	
Increase in inventory		(28,709)	
Decrease in accrued vacation pay		533	
Amortization		(759)	
Depreciation		(377,803)	
Transfer to Water Fund		(13,565)	
Total reconciling items		<u>50,938</u>	
Change in net position (full accrual)		<u>\$ (89,000)</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, 2020**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Non-operating revenue:					
Investment earnings	\$ 300	\$ 1,613	\$ -	\$ 1,613	\$ 1,313
Sales tax refund	-	-	-	-	-
Total non-operating revenue	<u>300</u>	<u>1,613</u>	<u>-</u>	<u>1,613</u>	<u>1,313</u>
Expenditures:					
Professional services	-	-	-	-	-
Contingency	-	-	-	-	-
Capital outlay	140,544	128,139	-	128,139	12,405
Total	<u>140,544</u>	<u>128,139</u>	<u>-</u>	<u>128,139</u>	<u>12,405</u>
Revenue over (under) expenditures	<u>(140,244)</u>	<u>(126,526)</u>	<u>-</u>	<u>(126,526)</u>	<u>13,718</u>
Other financing sources:					
Fund balance appropriated	153,809	-	-	-	(153,809)
Transfer to water fund	(13,565)	-	(13,565)	(13,565)	-
Long-term debt issued	-	-	-	-	-
Total	<u>140,244</u>	<u>-</u>	<u>(13,565)</u>	<u>(13,565)</u>	<u>(153,809)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (126,526)</u>	<u>\$ (13,565)</u>	<u>\$ (140,091)</u>	<u>\$ (140,091)</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, 2020**

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services				
Assets:				
Cash and cash equivalents	\$ 43,535	\$ 122,923	\$ 118,479	\$ 47,979
Liabilities:				
Miscellaneous liabilities	\$ 43,535	\$ 122,923	\$ 118,479	\$ 47,979
Soil and Water Conservation				
Assets:				
Cash and cash equivalents	\$ 7,943	\$ 33,144	\$ 31,586	\$ 9,501
Liabilities:				
Miscellaneous liabilities	\$ 7,943	\$ 33,144	\$ 31,586	\$ 9,501
4-H Fund				
Assets:				
Cash and cash equivalents	\$ 7,142	\$ 10,370	\$ 13,883	\$ 3,629
Liabilities:				
Miscellaneous liabilities	\$ 7,142	\$ 10,370	\$ 13,883	\$ 3,629
Sheriff's Fund				
Assets:				
Cash and cash equivalents	\$ 1,869	\$ 1,265	\$ 182	\$ 2,952
Liabilities:				
Miscellaneous liabilities	\$ 1,869	\$ 1,265	\$ 182	\$ 2,952
Babe Ruth Fund				
Assets:				
Cash and cash equivalents	\$ 3,167	\$ 10,576	\$ 8,730	\$ 5,013
Liabilities:				
Miscellaneous liabilities	\$ 3,167	\$ 10,576	\$ 8,730	\$ 5,013
Farm Service Fund				
Assets:				
Cash and cash equivalents	\$ 5,141	\$ 1,824	\$ 1,598	\$ 5,367
Liabilities:				
Miscellaneous liabilities	\$ 5,141	\$ 1,824	\$ 1,598	\$ 5,367

**PERQUIMANS COUNTY, NORTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Deed of Trust Fee Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,082	\$ 2,082	\$ -
Liabilities:				
Intergovernmental payable-State North Carolina	\$ -	\$ 2,185	\$ 2,185	\$ -
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 68,797	\$ 182,184	\$ 176,540	\$ 74,441
Liabilities:				
Miscellaneous liabilities	\$ 68,797	\$ 182,184	\$ 176,540	\$ 74,441

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, 2020**

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Ending Balance</u>
2019-2020	\$ -	\$ 9,817,652	\$ 9,557,853	\$ 259,799
2018-2019	243,749		109,074	134,675
2017-2018	120,581		27,579	93,002
2016-2017	80,686		8,918	71,768
2015-2016	74,480		7,589	66,891
2014-2015	64,235		5,745	58,490
2013-2014	55,906		4,423	51,483
2012-2013	52,445		4,603	47,842
2011-2012	41,993		1,985	40,008
2010-2011	30,576		1,013	29,563
2009-2010	25,151		25,151	-
	<u>\$ 789,802</u>	<u>\$ 9,817,652</u>	<u>\$ 9,753,933</u>	<u>\$ 853,521</u>
Less allowance for uncollected accounts: General Fund				<u>37,000</u>
Ad valorm taxes receivable - net: General Fund				<u>\$ 816,521</u>
Reconciliation with revenue:				
Ad valorem taxes - General Fund				\$ 9,053,340
Reconciling items:				
Taxes written off				25,151
Discounts allowed				713,014
Adjustments				(37,572)
Total reconciling items				<u>700,593</u>
Total collection and credits				<u>\$ 9,753,933</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020**

	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	\$ 1,489,150,008	0.59	\$ 9,421,544	\$ 8,649,131	\$ 772,413
Penalties			1,798	1,798	-
Total:			9,423,342	8,650,929	772,413
Discoveries:					
Current year taxes	66,832,203	0.59	394,310	394,310	
Total property valuation:	<u>\$ 1,555,982,211</u>				
Net levy			<u>\$ 9,817,652</u>	<u>\$ 9,045,239</u>	<u>\$ 772,413</u>
Uncollected taxes at June 30, 2020			<u>\$ 259,799</u>	<u>\$ 257,959</u>	<u>\$ 1,840</u>
Current year's taxes collected			<u>\$ 9,557,853</u>	<u>\$ 8,787,280</u>	<u>\$ 770,573</u>
Current levy collection percentage			<u>97.35%</u>	<u>97.15%</u>	<u>99.76%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u>
Desert Wind Farm, LLC	Solar Energy Company	\$ 196,000,596	12.60%
NC Dominion Power	Electric Company	22,592,916	1.45%
Albemarle Electric	Electric Company	20,416,594	1.31%
Weyerhaeuser	Lumber Company	12,771,210	0.82%
Perquimans Development	Real Estate Development	5,739,300	0.37%
NC Virginia Railroad	Railroad Company	5,235,704	0.34%
FPI Carolinas, LLC	Real Estate Development	3,961,300	0.25%
Albemarle Plantation Holds	Real Estate Development	3,730,357	0.24%
Huang Family, LLC	Real Estate Development	3,219,800	0.21%
Harris Clark	Real Estate Development	2,351,707	0.15%
State Employees	Real Estate Development	2,293,957	0.15%
		<u>\$ 278,313,441</u>	<u>17.89%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
 EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
 PSAP RECONCILIATION
 JUNE 30, 2020**

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	<u>\$ 113,250</u>
Expenditures accrued in prior year, expensed in current year	<u>-</u>
Beginning Balance, PSAP Revenue-Expenditure Report	161,803
Prior period adjustment	<u>(65,675)</u>
Beginning Balance, PSAP Revenue-Expenditure Report, as restated	<u>96,128</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u><u>\$ 209,378</u></u>

COMPLIANCE SECTION

**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An
Audit Of Financial Statements Performed In Accordance With *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, 2020, and the related notes to the financial statements, which collectively comprise Perquimans County's basic financial statements, and have issued my report thereon dated January 8, 2021. 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Jenna H. Wilborne, CPA, PC." The signature is written in a cursive style.

Edenton, North Carolina
January 8, 2021

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, 2020. 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, 2020.

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance. My opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

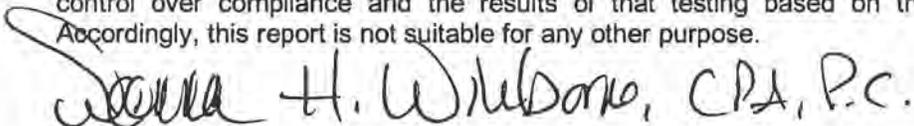
Management of Perquimans County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the audit of

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, material weaknesses may exist that have not been identified.

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.



Edenton, North Carolina
January 8, 2021

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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	<u> X </u> no
Significant Deficiency(ies) identified	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted	_____ yes	<u> X </u> no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant Deficiency(ies) identified	_____ yes	<u> X </u> none reported
Noncompliance material to federal awards	_____ yes	<u> X </u> 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)?

_____ yes X 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?	<u> N/A </u> yes	<u> N/A </u> no
Significant Deficiency(ies) identified	<u> N/A </u> yes	<u> N/A </u> none reported

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**PERQUIMANS COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There are no items to report.

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

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		\$ 178,406	\$ -	\$ -	\$ 178,406
Total U.S. Department of Agriculture			178,406	-	-	178,406
<u>U.S. Department of Housing and Urban Development</u>						
Passed through N.C. Housing Finance Agency:						
Single Family Rehabilitation	14.239	SFRLP10	57,344	-	-	-
Total U.S. Department of Housing and Urban Development			57,344	-	-	-
<u>U.S. Department of Treasury</u>						
Passed through North Carolina Pandemic Recovery Office						
Coronavirus Relief Fund	21.019		449,034	-	-	-
Total U.S. Department of Treasury			449,034	-	-	-
<u>U.S. Department of Health and Human Services</u>						
Passed through the N.C. Dept. of Health and Human Services:						
Division of Social Services:						
<u>Foster Care and Adoption Cluster (Note 4)</u>						
Title IV-E Foster care optional admin	93.658		14,830	-	-	14,830
Title IV-E Foster care admin county paid	93.658		5,302	2,651	-	2,651
Title IV-E Child Protective Services	93.658		5,160	6,026	-	480
Title IV-E Adopt & Vendor	93.658		24,834	5,737	-	5,278
State Foster Home			-	3,845	-	392
Child Welfare Services			-	5,231	-	1,744
Total foster care and adoption cluster (Note 4)			50,126	23,490	-	25,375

PERQUIMANS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

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 (continued):						
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>						
Temporary Assistance for Needy Families (TANF)/Work First	93.558		44,956	-	-	20,269
TANF - Administrative	93.558		61,787	-	-	62,107
Total TANF Cluster			106,743	-	-	82,376
Child Support Enforcement	93.563		110,158	-	-	56,748
Low-Income Home Energy Assistance:						
Administration	93.568		10,863	-	-	-
Crisis Intervention Program	93.568		77,431	-	-	-
LIHEAP Payments	93.568		69,543	-	-	-
Total Low-Income Home Energy Assistance			157,837	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning - Families for Kids	93.645		3,439	-	-	1,146
Social Services Block Grant - In Home Service Fund	93.667		57,780	-	-	19,260
Case Management 60 & Up	93.667		5,405	-	-	1,802
<u>Division of Child Development and Early Education:</u>						
Subsidized Child Care (Note 4)						
<u>Child Care Development Fund Cluster</u>						
Division of Social Services:						
Child Care Development Mandatory and Match Fund-Administration	93.596		80,000	-	-	-
Total Child Care Fund Cluster			80,000	-	-	-
Total Subsidized Child Care Cluster (Note 4)			80,000	-	-	-

PERQUIMANS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
		Pass-through Grantor's Number				
Federal Awards (continued):						
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		555,599	2,886	-	216,997
State Children's Insurance Program-N.C. Health Choice	93.767		15,493	132	-	1,046
Family Preservation	93.556		11,101	-	-	-
Total U.S. Department of Health and Human Services			1,153,681	26,508	-	404,750
 <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		-	39,700	-	-
Total U.S. Department of Homeland Security			-	39,700	-	-
 Total Federal Awards						
			1,838,465	66,208	-	583,156
 State Awards:						
<u>N.C. Department of Health and Human Services</u>						
Division of Social Services						
DCD Smart Start			-	6,650	-	-
Office of Emergency Medical Services						
Child Welfare State In Home Fund			-	4,686	-	-
Total N.C. Department of Health and Human Services			-	11,336	-	-
 <u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Programs: Passed through to Perquimans 20/20 a not-for-profit organization						
			-	74,768	74,768	-
Total N.C. Department of Public Safety			-	74,768	74,768	-

PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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
State Awards (continued):						
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management						
Scrap Tire Program			-	18,565	-	-
Soil conservation - Technical Assistance/operation			-	15,038	-	-
Soil conservation - Operations			-	3,600	-	-
Range management			-	4,400	-	-
Total N.C. Department of Environmental Quality			-	41,603	-	-
<u>N.C.Department of Insurance</u>						
Division of Seniors' Health Insurance Information						
Total N.C. Department of Insurance			-	4,699	-	-
<u>N.C.Department of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds						
Total N.C. Department of Public Instruction			-	104,000	104,000	-
<u>N.C. Division of Health Service Regulation</u>						
EMS Post Overdose grant						
Total N.C. Division of Health Service Regulation			-	15,622	-	-
Total State Awards			-	252,028	178,768	-
Total Federal & State Awards			\$ 1,838,465	\$ 318,236	\$ 178,768	\$ 583,156

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
		Pass-through Grantor's 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, 2020. 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