

PERQUIMANS COUNTY

North Carolina

AUDIT REPORT

June 30, 2016

PERQUIMANS COUNTY, NORTH CAROLINA
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 JUNE 30, 2016

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FINANCIAL SECTION

**PERQUIMANS COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2016**

BOARD OF COMMISSIONERS

Janice McKenzie Cole, Chair

Kyle Jones, Vice Chair
Edward Muzzulin
Wallace Nelson

Matthew Peeler
Fondella Leigh

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
Dianne Layden, Elections Chairman
Jonathan Nixon, Communications
Jonathan Nixon, EMS Coordinator
Howard Williams, Recreation Director
Janet Stallings, Soil Conservation
Donna Godfrey, County Planner
Eric Tilley, Sheriff

Richard Copeland, Water Plant Superintendent
William Felton, 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
Delphine Madre, Senior Citizens

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

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, 2016, 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, 2016, 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, the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 4 through 13 and 56 through 61, 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 our inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

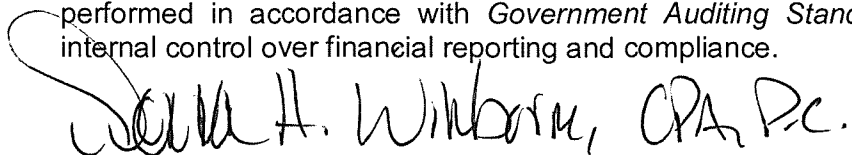
Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Perquimans County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit and the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 27, 2016 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.

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

Elizabeth City, North Carolina
October 27, 2016

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, 2016. 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

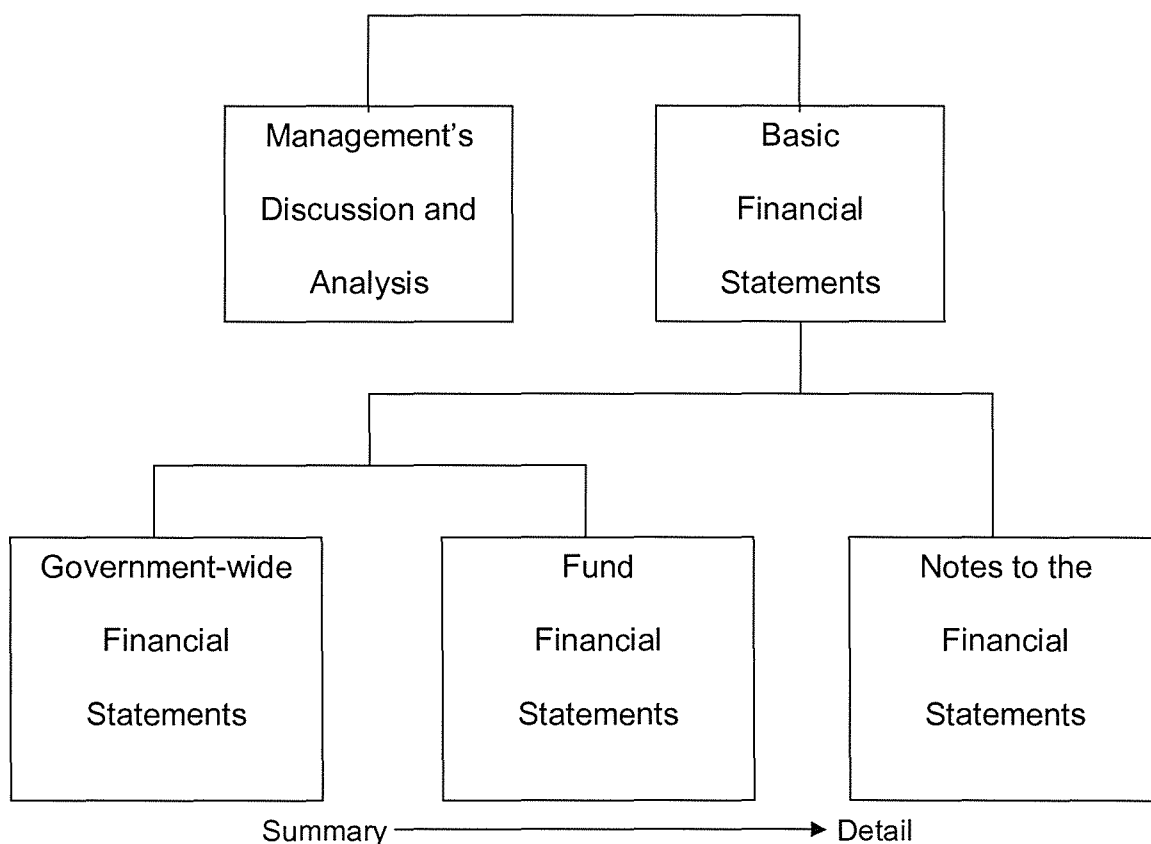
- The assets of Perquimans County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,366,375 (*net position*).
- The government's total net position increased by \$1,026,080, primarily due to increased revenue collections and reduced expenses in the General Fund.
- As of the close of the current fiscal year, Perquimans County's governmental funds reported combined ending fund balances of \$7,389,282, an increase of \$64,993 in comparison with the prior year. Approximately 33% of this total amount, or \$2,452,062, is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,937,220 or 36.03% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$6,390,676 or 46.63% of total general fund expenditures. The total fund balance minus funds restricted by State statute was \$5,775,949, or 42.14% of total general fund expenditures for the fiscal year.
- Perquimans County's total debt decreased by \$1,057,204 (7.8%) during the current fiscal year.
- Perquimans County has a North Carolina Municipal Council rating of 78, which is considered investment grade.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. 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 final category is the component unit. The Perquimans County Tourism Development Authority is legally separate from the County; however, the County is financially accountable for the Authority by appointing its board members.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Perquimans County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 56 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Perquimans County exceeded liabilities and deferred inflows of resources by \$14,366,375 as of June 30, 2016. The County's net position increased by \$1,026,080 for the fiscal year ended June 30, 2016. One of the largest portions, \$12,792,354 (89%), reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Perquimans County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Perquimans County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other

sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Perquimans County's net position, \$1,637,064, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$63,043) is unrestricted.

Perquimans County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 8,527,367	\$ 8,833,731	\$ 3,045,936	\$ 2,865,250	\$ 11,573,303	\$ 11,698,981
Capital Assets	7,065,690	6,879,758	9,566,242	9,901,328	16,631,932	16,781,086
Total Assets	15,593,057	15,713,489	12,612,178	12,766,578	28,205,235	28,480,067
Total Deferred Outflow of Resources	208,060	198,353	17,767	17,092	225,827	215,445
Long-term Liabilities Outstanding	9,019,955	9,559,223	2,993,536	3,372,323	12,013,491	12,931,546
Other Liabilities	1,358,058	1,193,656	543,881	516,396	1,901,939	1,710,052
Total Liabilities	10,378,013	10,752,879	3,537,417	3,888,719	13,915,430	14,641,598
Total Deferred Inflow of Resources	139,985	656,543	9,272	57,076	149,257	713,619
Net Position						
Net investments in capital assets	6,530,839	6,247,270	6,261,515	6,233,611	12,792,354	12,480,881
Restricted	1,637,064	1,403,673	-	-	1,637,064	1,403,673
Unrestricted	(2,884,784)	(3,148,523)	2,821,741	2,604,264	(63,043)	(544,259)
Total Net Position	\$ 5,283,119	\$ 4,502,420	\$ 9,083,256	\$ 8,837,875	\$ 14,366,375	\$ 13,340,295

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 97.28%, higher than the average for counties with a population less than 25,000 of 96.47%. (Source: NC Treasurer, County Cash, Taxes and Fund Balance Available, 2015)
- 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,357,999	\$ 1,304,244	\$ 3,126,040	\$ 3,052,006	\$ 4,484,039	\$ 4,356,250
Operating Grants and Contributions	2,247,395	2,187,754	5,400	7,425	2,252,795	2,195,179
Capital Grants and Contributions	-	78,832	-	-	-	78,832
General Revenue:						
Property Taxes	8,125,973	8,067,018	-	-	8,125,973	8,067,018
Other Taxes	2,528,805	2,379,271	-	-	2,528,805	2,379,271
Other	120,428	100,478	2,970	4,008	123,398	104,486
Total Revenue	14,380,600	14,117,597	3,134,410	3,063,439	17,515,010	17,181,036
Expenses:						
General Government	2,235,864	2,286,054	-	-	2,235,864	2,286,054
Public Safety	4,615,535	4,250,627	-	-	4,615,535	4,250,627
Economic and Physical Development	176,004	226,451	-	-	176,004	226,451
Environmental Protection	250,422	198,272	-	-	250,422	198,272
Human Services	2,545,438	2,500,795	-	-	2,545,438	2,500,795
Cultural and Recreation	817,350	666,788	-	-	817,350	666,788
Education	2,703,642	2,667,094	-	-	2,703,642	2,667,094
Interest on Long-term Debt	255,646	273,375	-	-	255,646	273,375
Solid Waste Operations	-	-	920,753	852,590	920,753	852,590
Water Operations	-	-	1,968,276	2,045,333	1,968,276	2,045,333
Total Expenses	13,599,901	13,069,456	2,889,029	2,897,923	16,488,930	15,967,379
Increase in Net Position	780,699	1,048,141	245,381	165,516	1,026,080	1,213,657
Net position, beginning	4,502,420	4,132,335	8,837,875	8,752,469	13,340,295	12,884,804
Restatement	-	(678,056)	-	(80,110)	-	(758,166)
Net position, beginning, restated	4,502,420	3,454,279	8,837,875	8,672,359	13,340,295	12,126,638
Net position, ending	\$ 5,283,119	\$ 4,502,420	\$ 9,083,256	\$ 8,837,875	\$ 14,366,375	\$ 13,340,295

Governmental activities: Governmental activities increased the County's net position by \$780,699. Key elements of this increase are as follows:

- Reduction of General Fund expenditures compared to budgeted amount, and increases in property and sales tax revenues.

Business-type activities: Business-type activities increased Perquimans County's net position by \$245,381. Key elements of this increase are as follows:

- Increased revenue collection for the water department.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Perquimans County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Perquimans County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Perquimans County. At the end of the current fiscal year, Perquimans County's fund balance available in the General Fund was \$4,937,220, while total fund balance reached \$6,390,676. The County currently has an available fund balance of 36.03% of general fund expenditures, while total fund balance represents 46.63% of that same amount.

At June 30, 2016, the governmental funds of Perquimans County reported a combined fund balance of \$7,389,282, a 0.8% 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 \$419,577.

Proprietary Funds. Perquimans County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$433,919. Net position for the Water Fund totaled \$2,387,822. The total decrease in net position for the Solid Waste fund was \$15,178. The total increase in the Water fund was \$260,559. 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, 2016, totals \$16,631,932 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, recreational facilities, and vehicles.

Major capital asset transactions during the year include:

- Addition of Senior Center outdoor complex.
- Courthouse Security enhancements.
- New generator at Emergency Services facility.
- Funding for new library construction.
- Manley well site improvements for Bethel water plant.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,062,407	\$ 1,062,407	\$ 160,006	\$ 160,006	\$ 1,222,413	\$ 1,222,413
Construction in progress	171,932	-	25,000	-	196,932	-
Buildings and Systems	4,581,512	4,761,951	9,314,887	9,679,283	13,896,399	14,441,234
Machinery, Equipment, and Vehicles	1,249,839	1,055,400	66,349	62,039	1,316,188	1,117,439
Total	\$ 7,065,690	\$ 6,879,758	\$ 9,566,242	\$ 9,901,328	\$ 16,631,932	\$ 16,781,086

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, 2016, Perquimans County had no total bonded debt outstanding for the General Fund.

Installment Obligation Debt: As of June 30, 2016 Perquimans County had \$9,045,500 in installment purchases outstanding for the General Fund.

Perquimans County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Installment Agreement Indebtedness	\$ 9,045,500	\$ 9,739,714	\$ 3,304,727	\$ 3,667,717	\$ 12,350,227	\$ 13,407,431
Total	\$ 9,045,500	\$ 9,739,714	\$ 3,304,727	\$ 3,667,717	\$ 12,350,227	\$ 13,407,431

Perquimans County's total debt decreased by \$1,057,204 (7.8%) 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 \$125,547,319.

Additional information regarding Perquimans County's long-term debt can be found in Note III.B.5 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 5.8% is more than the state average of 4.8% (July, 2015- N.C. Dept. of Commerce, Labor and economic Analysis Division)
- Some improvement in Sales Tax Revenues
- Continued suppressed economy-based revenues (Land Transfer Tax, Building Inspection Fees, and Registrar of Deed Fees)
- Continued challenges in property tax collection rate due to economic conditions

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities: Perquimans County performed a general property reappraisal effective 1-1-16, and accordingly adjusted the Ad-valorem tax rate to \$0.57/\$100 value. Property tax revenues are expected to increase by approximately 0.75% as a result of new real estate construction. This will offset some of the economy-based revenue losses and provide funding for planned capital projects. Permit and fee revenues are expected be approximately the same as the FY 2015-2016 levels based on housing starts and real estate transactions. Sales taxes are expected to increase by 2-3% over FY 2015-16 levels. Additional sales taxes, approved by the General Assembly specifically for rural Counties, are expected to bring an additional \$300,000 in revenue for the coming year.

Budgeted expenditures in the General Fund are \$14.7 million. While representing an increase from last year's budgeted amount, this allows funding of an increase to school current expense requests in the amount of \$400,000, an approximately \$99,305 increase for school capital, and \$185,000 for an EMS ambulance and lifesaving equipment.

The County will set aside approximately \$15,500 for Phase 5 renovations of the Senior Center, replace three Sheriff's vehicles, \$10,000 for Social Services office renovation, and \$20,000 for additional parking lot improvements as County buildings.

This budget includes 3 percent cost of living increase for all employees, increased County share of Cooperative Extension salaries, and conversion of a tax clerk position to tax clerk/ finance assistant.

Business – type Activities: The County continued seasonal water conservation rates in 2016. These rates are in effect May through October in hopes of encouraging water conservation during peak demand periods. Within FY 16-17, 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 1000 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 8000 gallons.

Perquimans will continue to develop the Manley well site to service the Bethel water plant.

Rates for solid waste services will remain at \$130 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, 2016

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Perquimans County Tourism Development Authority
Assets				
Cash and cash equivalents	\$ 6,938,074	\$ 2,268,505	\$ 9,206,579	\$ 18,794
Receivables (net)	687,430	503,617	1,191,047	-
Accrued interest receivable on taxes	139,925	-	139,925	-
Due from other governments	670,077	23,605	693,682	-
Inventories	-	36,442	36,442	-
Restricted cash and cash equivalents	56,597	207,527	264,124	-
Net pension asset	31,115	-	31,115	-
Loan fees	4,149	6,240	10,389	-
Capital assets:				
Land and construction in progress	1,234,339	185,006	1,419,345	-
Other capital assets, net of depreciation	5,831,351	9,381,236	15,212,587	-
Total capital assets	7,065,690	9,566,242	16,631,932	-
Total assets	15,593,057	12,612,178	28,205,235	18,794
Deferred Outflows of Resources	208,060	17,767	225,827	-
Liabilities				
Accounts payable and accrued expenses	205,609	23,882	229,491	60
Accrued interest payable	-	39,236	39,236	-
Customer deposits	-	67,787	67,787	-
Long-term liabilities:				
Net pension liability	195,092	16,963	212,055	-
Due within one year	957,357	396,013	1,353,370	-
Due in more than one year	9,019,955	2,993,536	12,013,491	-
Total liabilities	10,378,013	3,537,417	13,915,430	60
Deferred Inflows of Resources	139,985	9,272	149,257	-
Net Position				
Net investment in capital assets	6,530,839	6,261,515	12,792,354	-
Restricted:				
Public Safety	42,863	-	42,863	-
Education	21,303	-	21,303	-
Register of Deeds	14,534	-	14,534	-
Stabilization by State Statute	614,727	-	614,727	-
Capital Outlay	943,637	-	943,637	-
Unrestricted	(2,884,784)	2,821,741	(63,043)	18,734
Total net position	\$ 5,283,119	\$ 9,083,256	\$ 14,366,375	\$ 18,734

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, 2016**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit 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	\$ 2,235,864	\$ 360,122	\$ 19,290	\$ -	\$ (1,856,452)	\$ -	\$ (1,856,452)	
Public safety	4,615,535	908,485	357,946	-	(3,349,104)	-	(3,349,104)	
Economic and physical development	176,004	-	76,231	-	(99,773)	-	(99,773)	
Environmental protection	250,422	-	43,723	-	(206,699)	-	(206,699)	
Human services	2,545,438	-	1,745,092	-	(800,346)	-	(800,346)	
Cultural and recreational	817,350	17,250	5,113	-	(794,987)	-	(794,987)	
Education	2,703,642	72,142	-	-	(2,631,500)	-	(2,631,500)	
Interest on long-term debt	255,646	-	-	-	(255,646)	-	(255,646)	
Total governmental activities	13,599,901	1,357,999	2,247,395	-	(9,994,507)	-	(9,994,507)	
Business-type activities:								
Solid waste	920,753	905,383	-	-	-	(15,370)	(15,370)	
Water	1,968,276	2,220,657	5,400	-	-	257,781	257,781	
Total business-type activities	2,889,029	3,126,040	5,400	-	-	242,411	242,411	
Total primary government	\$ 16,488,930	\$ 4,484,039	\$ 2,252,795	\$ -	(9,994,507)	242,411	(9,752,096)	
Component unit:								
Perquimans County Tourism Development Authority	\$ 7,718	\$ 5,917	\$ -	\$ -				\$ (1,801)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					8,125,973	-	8,125,973	-
Local option sales tax					2,175,194	-	2,175,194	-
Other taxes and licenses					353,611	-	353,611	-
Unrestricted intergovernmental					47,708	-	47,708	-
Investment earnings, unrestricted					12,310	2,970	15,280	39
Miscellaneous, unrestricted					60,410	-	60,410	-
Total general revenues					10,775,206	2,970	10,778,176	39
Change in net position					780,699	245,381	1,026,080	(1,762)
Net position, beginning					4,502,420	8,837,875	13,340,295	20,496
Net position, ending					\$ 5,283,119	\$ 9,083,256	\$ 14,366,375	\$ 18,734

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

PERQUIMANS COUNTY, NORTH CAROLINA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2016

Exhibit 3

	Major	Non-major Other	
	General Fund	Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 5,960,153	\$ 977,921	\$ 6,938,074
Receivables, net	687,430	-	687,430
Due from other funds	44,781	-	44,781
Due from other governments	606,946	63,131	670,077
Restricted cash	35,294	21,303	56,597
Total assets	<u>\$ 7,334,604</u>	<u>\$ 1,062,355</u>	<u>\$ 8,396,959</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 186,641	\$ -	\$ 186,641
Checks drawn in excess	-	18,968	18,968
Due to other funds	-	44,781	44,781
Total liabilities	<u>186,641</u>	<u>63,749</u>	<u>250,390</u>
Deferred inflows of resources	<u>757,287</u>	<u>-</u>	<u>757,287</u>
Fund balances:			
Restricted for:			
Stabilization by State Statute	614,727	33,666	648,393
Register of Deeds	14,534	-	14,534
Department of Justice Forfeiture Program	9,197	-	9,197
School Capital	-	21,303	21,303
Committed:			
Tax revaluation	35,294	-	35,294
Assigned:			
Future County Capital Outlay	-	943,637	943,637
Subsequent year's expenditures	779,704	-	779,704
Unassigned	4,937,220	-	4,937,220
Total fund balances	<u>6,390,676</u>	<u>998,606</u>	<u>7,389,282</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,334,604</u>	<u>\$ 1,062,355</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	7,065,690
Net loan fees	4,149
Net pension asset	31,115
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	202,558
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	139,925
Net pension liability	(195,092)
Deferred inflows of resources for taxes receivable	724,430
Pension related deferrals	93,466
Some liabilities, including bonds payable, and other post employment benefits, are not due and payable in the current period and therefore are not reported in the funds	<u>(10,172,404)</u>
Net position of governmental activities	<u>\$ 5,283,119</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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit 4

	Major	Non-major Other Governmental	
	General Fund	Funds	Total
Revenues:			
Ad valorem taxes	\$ 8,205,696	\$ -	\$ 8,205,696
Local option sales taxes	2,175,194	-	2,175,194
Other taxes and licenses	23,141	-	23,141
Unrestricted intergovernmental	47,708	-	47,708
Restricted intergovernmental	1,869,853	739,019	2,608,872
Permits and fees	365,183	-	365,183
Sales and services	877,767	-	877,767
Investment earnings	11,108	1,202	12,310
Miscellaneous	144,452	-	144,452
Total revenue	<u>13,720,102</u>	<u>740,221</u>	<u>14,460,323</u>
Expenditures:			
Current			
General government	2,277,233	-	2,277,233
Public safety	4,177,353	443,736	4,621,089
Economic and physical development	36,450	76,231	112,681
Environmental protection	249,211	-	249,211
Human services	2,520,971	-	2,520,971
Cultural and recreational	561,637	170,412	732,049
Intergovernmental:			
Education	2,703,642	-	2,703,642
Capital outlay	228,594	-	228,594
Debt service:			
Principal	694,214	-	694,214
Interest	255,646	-	255,646
Total expenditures	<u>13,704,951</u>	<u>690,379</u>	<u>14,395,330</u>
Excess of revenues over expenditures	<u>15,151</u>	<u>49,842</u>	<u>64,993</u>
Other financing sources (uses):			
Transfer (to) from other funds	(100,000)	100,000	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	(84,849)	149,842	64,993
Fund balances, beginning	<u>6,475,525</u>	<u>848,764</u>	<u>7,324,289</u>
Fund balances, ending	<u>\$ 6,390,676</u>	<u>\$ 998,606</u>	<u>\$ 7,389,282</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
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 64,993
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.	190,830
Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(4,898)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	202,558
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(79,723)
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.	694,214
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>(287,275)</u>
Total changes in net position of governmental activities	<u>\$ 780,699</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, 2016

Exhibit 6

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 7,857,500	\$ 7,867,932	\$ 8,205,696	\$ 337,764
Local option sales taxes	1,975,000	2,000,000	2,175,194	175,194
Other taxes and licenses	21,950	21,950	23,141	1,191
Unrestricted intergovernmental	45,000	45,000	47,708	2,708
Restricted intergovernmental	2,076,125	2,434,189	1,869,853	(564,336)
Permits and fees	280,150	299,266	365,183	65,917
Sales and services	877,884	877,884	877,767	(117)
Investment earnings	12,035	11,635	10,682	(953)
Miscellaneous	143,700	151,065	144,452	(6,613)
Total revenues	<u>13,289,344</u>	<u>13,708,921</u>	<u>13,719,676</u>	<u>10,755</u>
Expenditures:				
Current				
General government	2,420,655	2,121,857	1,988,727	133,130
Public safety	4,345,495	4,355,634	4,177,353	178,281
Economic and physical development	39,195	39,195	36,450	2,745
Environmental protection	285,861	292,123	249,211	42,912
Human services	2,789,344	2,779,996	2,520,971	259,025
Cultural and recreational	595,545	620,545	561,637	58,908
Intergovernmental:				
Education	2,672,000	2,672,000	2,703,642	(31,642)
Capital outlay	352,581	742,307	228,594	513,713
Debt service:				
Principal retirement	694,215	696,611	694,214	2,397
Interest and other charges	255,685	255,685	255,646	39
Total expenditures	<u>14,450,576</u>	<u>14,575,953</u>	<u>13,416,445</u>	<u>1,159,508</u>
Revenues over (under) expenditures	<u>(1,161,232)</u>	<u>(867,032)</u>	<u>303,231</u>	<u>1,170,263</u>
Other financing sources (uses):				
Transfer from other funds	400,000	400,000	400,000	-
Transfer to other funds	(500,000)	(555,000)	(555,000)	-
Fund balance appropriated	1,261,232	1,022,032	-	(1,022,032)
Total other financing sources (uses)	<u>1,161,232</u>	<u>867,032</u>	<u>(155,000)</u>	<u>(1,022,032)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	148,231	<u>\$ 148,231</u>
Fund balance, beginning			<u>6,207,151</u>	
Fund balance, ending			<u>\$ 6,355,382</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, 2016

Exhibit 6
(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Positive (Negative)</u>
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Total fund balance, General Fund			\$ 6,355,382	
Interest earnings			426	
Transfer from General Fund			55,000	
General Government Expenditures			(288,506)	
Fund balance, beginning			<u>268,374</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 6,390,676</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, 2016

Exhibit 7

	Major		Total
	Water	Solid Waste	
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,044,648	\$ 223,857	\$ 2,268,505
Accounts receivables (net)	275,567	228,050	503,617
Due from other governments	21,452	2,153	23,605
Inventories	36,442	-	36,442
Total current assets	<u>2,378,109</u>	<u>454,060</u>	<u>2,832,169</u>
Noncurrent assets:			
Restricted cash and cash equivalents	207,527	-	207,527
Loan fees, net of accumulated amortization of \$2,105	6,240	-	6,240
Capital assets:			
Land and construction in progress	185,006	-	185,006
Other capital assets, net of depreciation	9,381,236	-	9,381,236
Total noncurrent assets	<u>9,780,009</u>	<u>-</u>	<u>9,780,009</u>
Total assets	<u>12,158,118</u>	<u>454,060</u>	<u>12,612,178</u>
Deferred outflows of resources	<u>17,767</u>	<u>-</u>	<u>17,767</u>
Liabilities			
Current liabilities:			
Accounts payable	3,741	20,141	23,882
Customer deposits	67,787	-	67,787
Accrued interest payable	39,236	-	39,236
Compensated absences	26,922	-	26,922
Installment notes payable	369,091	-	369,091
Total current liabilities	<u>506,777</u>	<u>20,141</u>	<u>526,918</u>
Noncurrent liabilities:			
Other postemployment benefits	57,900	-	57,900
Net pension liability	16,963	-	16,963
Installment notes payable	2,935,636	-	2,935,636
Total noncurrent liabilities	<u>3,010,499</u>	<u>-</u>	<u>3,010,499</u>
Total liabilities	<u>3,517,276</u>	<u>20,141</u>	<u>3,537,417</u>
Deferred inflows of resources	<u>9,272</u>	<u>-</u>	<u>9,272</u>
Net Position			
Net investment in capital assets	6,261,515	-	6,261,515
Unrestricted	2,387,822	433,919	2,821,741
Total net position	<u>\$ 8,649,337</u>	<u>\$ 433,919</u>	<u>\$ 9,083,256</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, 2016

Exhibit 8

	Major		Total
	Water	Solid Waste	
Operating revenues:			
Charges for services	\$ 2,100,754	\$ 896,688	\$ 2,997,442
Tap and reconnection fees	59,935	-	59,935
Penalties	48,702	-	48,702
Other operating revenue	11,266	8,695	19,961
Total operating revenues	<u>2,220,657</u>	<u>905,383</u>	<u>3,126,040</u>
Operating expenses:			
Administration	826,681	-	826,681
Water purchase	326,376	-	326,376
Water distribution and treatment	380,887	-	380,887
Solid waste operations	-	920,753	920,753
Depreciation/amortization	391,177	-	391,177
Total operating expenses	<u>1,925,121</u>	<u>920,753</u>	<u>2,845,874</u>
Operating income (loss)	<u>295,536</u>	<u>(15,370)</u>	<u>280,166</u>
Non-operating revenue (expenses):			
Rent	5,400	-	5,400
Interest income	2,778	192	2,970
Other postemployment	9,695	-	9,695
Interest on long-term debt	(52,850)	-	(52,850)
Total non-operating revenue (expenses)	<u>(34,977)</u>	<u>192</u>	<u>(34,785)</u>
Change in net position	260,559	(15,178)	245,381
Total net position, beginning	<u>8,388,778</u>	<u>449,097</u>	<u>8,837,875</u>
Total net position, ending	<u>\$ 8,649,337</u>	<u>\$ 433,919</u>	<u>\$ 9,083,256</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, 2016**

Exhibit 9

	Major		Total
	Water	Solid Waste	
Cash flows from operating activities:			
Cash received from customers	\$ 2,149,650	\$ 900,942	\$ 3,050,592
Cash paid for goods and services	(1,097,434)	(915,322)	(2,012,756)
Cash paid to employees for services	(452,144)	-	(452,144)
Customer deposits	(851)	-	(851)
Net cash provided by (used in) operating activities	<u>599,221</u>	<u>(14,380)</u>	<u>584,841</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(55,333)	-	(55,333)
Principal paid on installment payables	(362,990)	-	(362,990)
Interest paid on installment payables	(57,383)	-	(57,383)
Proceeds from rental	5,400	-	5,400
Net cash used in capital and related financing activities	<u>(470,306)</u>	<u>-</u>	<u>(470,306)</u>
Cash flows from investing activities:			
Interest on investments	<u>2,778</u>	<u>192</u>	<u>2,970</u>
Net increase (decrease) in cash and cash equivalents	131,693	(14,188)	117,505
Cash and cash equivalents, beginning (Water fund includes restricted cash of \$232,950)	<u>2,120,482</u>	<u>238,045</u>	<u>2,358,527</u>
Cash and cash equivalents, ending (Water fund includes restricted cash of \$207,527)	<u>\$ 2,252,175</u>	<u>\$ 223,857</u>	<u>\$ 2,476,032</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	<u>\$ 295,536</u>	<u>\$ (15,370)</u>	<u>\$ 280,166</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	391,177	-	391,177
Change in assets and liabilities:			
Increase in accounts receivable	(68,781)	(4,286)	(73,067)
Decrease in net pension asset	23,169	-	23,169
Increase in deferred outflows of resources - pensions	(675)	-	(675)
Increase in net pension liability	16,963	-	16,963
Decrease in deferred inflows of resources - pensions	(47,804)	-	(47,804)
Increase in due from other governments	(2,226)	(155)	(2,381)
Increase in inventory	(11,660)	-	(11,660)
Increase in accounts payable and accrued liabilities	3,741	5,431	9,172
Decrease in customer deposits	(851)	-	(851)
Increase in accrued vacation pay	632	-	632
Total adjustments	<u>303,685</u>	<u>990</u>	<u>304,675</u>
Net cash provided by (used in) operating activities	<u>\$ 599,221</u>	<u>\$ (14,380)</u>	<u>\$ 584,841</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, 2016

Exhibit 10

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 60,397
Liabilities	
Miscellaneous liabilities	\$ 60,397
Net position	\$ -

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 disclosure 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, 2016**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a six-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally separate entity for which the County is financially accountable. The Perquimans County Tourism Development Authority (the Authority), which has a June 30 year end, is presented as if it were a separate proprietary fund of the County (discrete presentation).

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate

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

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 fund:

General Fund - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

The County reports the following major enterprise funds:

Solid Waste Fund – This fund is used to account for the operations of the County's solid waste activities.

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.

The County reports the following fund types:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Soil and Water Conservation Fund, which accounts for money held by the County for the use in soil and water conservation projects; the 4-H Fund, which accounts for money held by the County for the use in the 4-H program; the Sheriff's Fund, which accounts for money held by the Sheriff for community benevolent uses; the Babe Ruth Fund, which accounts for money held by the County for the Babe Ruth baseball leagues; the Farm Service Fund, which accounts for money held by the County for the Farm Service Agency; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Nonmajor Funds. The County maintains six legally budgeted funds. The Emergency Telephone System, NC Housing Finance Grant, and Community Development Block Grant are reported as nonmajor special revenue funds. The County Construction Capital Projects, Capital Projects Reserve, and 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, 2016

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all

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

municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Revaluation Reserve, Court Facilities, Economic Development, Tourism Development, USDA Reserve, NC Housing Finance, E-911 Reserve, and Capital Projects Reserve Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds and the Enterprise Capital Projects Fund. The Enterprise Capital Projects Fund is consolidated with the enterprise operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer may transfer amounts between objects of expenditures within a department except salary amounts without limitation. The Budget Officer may not transfer any amount between funds. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the County and the Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the Authority to invest in obligations of the

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

United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

2. Cash and Cash Equivalents

The County pools moneys from all funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority considers demand deposits and investments with a maturity of 90 days or less at the time of purchase to be cash and cash equivalents.

3. Restricted Assets

The unexpected 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	\$ 35,294
School Capital Projects Fund	Unexpended Public School Building funds	<u>21,303</u>
Total governmental activities		<u>56,597</u>
Business-type activities:		
Water Fund	Unexpended bond proceeds	139,740
Water Fund	Customer deposits	<u>67,787</u>
Total business-type activities		<u>207,527</u>
Total restricted cash		<u>\$ 264,124</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. Perquimans County does not use a discount schedule, which is permitted by State law.

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

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

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

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

	<u>Years</u>
Buildings	50
Infrastructure	50
Improvements	25
Furniture/Equipment	10
Computer Equipment	5
Vehicles	5

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

8. Deferred outflows/inflows of resources

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

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

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

10. Compensated Absences

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

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the Budget Officer may transfer amounts between objects of expenditures within a department except salary amounts without limitation. The Budget Officer may not transfer amounts between funds.

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

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System

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

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes 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 \$(2,106,163) consists of the following:

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)	\$ 11,521,452
Less - accumulated depreciation	(4,455,762)
Net capital assets	<u>7,065,690</u>
Net pension asset	31,115
Contributions to the pension plan in the current fiscal year	202,558
Net loan fees	4,149
Accrued interest receivable less the amount claimed as unearned revenue in the government-side statements as these funds are not available and therefore are deferred in the fund statements	139,925
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	724,430
Pension related deferrals	(101,626)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financings	(9,045,500)
Compensated absences	(247,403)
Net pension liability	(195,092)
Other postemployment benefits	<u>(684,409)</u>
Total adjustment	<u>\$ (2,106,163)</u>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$715,706 is comprised of the following:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 590,231
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	(399,401)
Cost of disposed capital assets not recorded in fund statements	(4,898)
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	-
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	694,214
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	202,558
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:	
Amortization expense	(362)
Compensated absences	(10,958)
Other postemployment benefits	(170,686)
County's portion of collective pension expense	(105,269)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in accrued taxes receivable at year end	(7,565)
Reversal of deferred tax revenue recorded at July 1	(796,588)
Recording of tax receipts deferred in the funds statements at June 30	724,430
	<u>\$ 715,706</u>

II. Stewardship, Compliance, and Accountability

No items to disclose.

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

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the Authority rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the Authority do not have a formal policy regarding custodial credit risk for deposits.

At June 30, 2016, the County's deposits had a carrying amount of \$9,530,150 and a bank balance of \$9,778,925. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$9,278,925 was covered by collateral held under the Pooling Method.

At June 30, 2016, Perquimans County had \$950 cash on hand.

At June 30, 2016, the carrying amount of deposits for the Authority was \$18,794.

2. Property Tax – Use – Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The property taxes that could become due if present use-value eligibility is lost at June 30, 2016 were not available. These amounts have not been recorded in the financial statements.

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

3. Receivables

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

	<u>Accounts</u>	<u>Taxes and related accrued interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental activities:				
General	\$ -	\$ 724,430	\$ 606,946	\$ 1,331,376
Other governmental	-	-	63,131	63,131
Total receivables	-	724,430	670,077	1,394,507
Allowance for doubtful accounts	-	(37,000)	-	(37,000)
Total governmental activities	<u>\$ -</u>	<u>\$ 687,430</u>	<u>\$ 670,077</u>	<u>\$ 1,357,507</u>
Business type activities:				
Water Fund	\$ 277,824	\$ -	\$ 21,452	\$ 299,276
Solid Waste	238,310	-	2,153	240,463
Total receivables	516,134	-	23,605	539,739
Allowance for doubtful accounts	(12,517)	-	-	(12,517)
Total business type activities	<u>\$ 503,617</u>	<u>\$ -</u>	<u>\$ 23,605</u>	<u>\$ 527,222</u>

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

Other grant funds	\$ 28,616
Local option sales tax	359,950
Sales tax reimbursements	73,559
Scrap tire tax	4,667
Franchise tax	5,099
White goods disposal tax	1,117
Social services reimbursements	191,958
State 911 funds	28,716
Total	<u>\$ 693,682</u>

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

4. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,062,407	\$ -	\$ -	\$ 1,062,407
Construction in progress	<u>-</u>	<u>171,932</u>	<u>-</u>	<u>171,932</u>
Total capital assets not being depreciated	<u>1,062,407</u>	<u>171,932</u>	<u>-</u>	<u>1,234,339</u>
Capital assets being depreciated:				
Buildings	6,722,490	6,166	-	6,728,656
Equipment	1,547,785	312,193	169,053	1,690,925
Land improvements	302,462	-	-	302,462
Vehicles and motor equipment	<u>1,746,359</u>	<u>99,940</u>	<u>281,229</u>	<u>1,565,070</u>
Total capital assets being depreciated	<u>10,319,096</u>	<u>418,299</u>	<u>450,282</u>	<u>10,287,113</u>
Less accumulated depreciation for:				
Buildings	1,960,539	186,605	-	2,147,144
Equipment	1,030,456	91,114	169,053	952,517
Land improvements	72,127	14,618	-	86,745
Vehicles and motor equipment	<u>1,438,623</u>	<u>107,064</u>	<u>276,331</u>	<u>1,269,356</u>
Total accumulated depreciation	<u>4,501,745</u>	<u>399,401</u>	<u>445,384</u>	<u>4,455,762</u>
Total capital assets being depreciated, net	<u>5,817,351</u>			<u>5,831,351</u>
Governmental activity capital assets, net	<u>\$ 6,879,758</u>			<u>\$ 7,065,690</u>

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

Cultural and recreation	\$ 46,395
Economic and physical development	63,323
General government	88,157
Public Safety	<u>201,526</u>
Total depreciation expense	<u>\$ 399,401</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 160,006	\$ -	\$ -	\$ 160,006
Construction in progress	-	25,000	-	25,000
Total capital assets not being depreciated	160,006	25,000	-	185,006
Capital assets being depreciated:				
Plant and distribution systems	17,854,360	-	40,657	17,813,703
Furniture and maintenance equipment	252,592	-	19,342	233,250
Vehicles	355,516	30,333	70,432	315,417
Total capital assets being depreciated	18,462,468	30,333	130,431	18,362,370
Less accumulated depreciation for:				
Plant and distribution systems	8,175,077	364,396	40,657	8,498,816
Furniture and maintenance equipment	251,404	1,189	19,342	233,251
Vehicles	294,665	24,834	70,432	249,067
Total accumulated depreciation	8,721,146	390,419	130,431	8,981,134
Total capital assets being depreciated, net	9,741,322			9,381,236
Business-type activity capital assets, net	\$ 9,901,328			\$ 9,566,242

Construction commitments

The County has an active construction project at June 30, 2016 for the construction of a new public library. The County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Public library	\$ 170,412	\$ 2,329,588

B. Liabilities

1. Payables

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

	Vendors
Governmental activities:	
General	\$ 205,609
Other governmental	-
Total governmental activities	\$ 205,609
Business type activities:	
Water Fund	3,741
Solid Waste	20,141
Total business type activities	\$ 23,882

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

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

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

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

and 6.81% 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 \$218,906 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$195,092 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County’s proportion was .047%, which was a decrease of .002% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$114,577. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 49,845
Net difference between projected and actual earnings on pension plan investments	-	60,371
Changes in proportion and differences between County contributions and proportionate share of contributions	3,188	5,669
County contributions subsequent to the measurement date	218,906	-
Total	\$ 222,094	\$ 115,885

\$218,906 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Notes to the Financial Statements
For the Year Ended June 30, 2016**

Year ended June 30:	
2017	\$ (71,405)
2018	(71,405)
2019	(71,309)
2020	101,421
2021	-
Thereafter	-
	<u>\$ (112,698)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 9.10 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

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Notes to the Financial Statements
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 1,478,689	\$ 212,055	\$ (855,056)

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. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable

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Notes to the Financial Statements
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to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	14
Total	<u>14</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. Accordingly, no amounts have been reflected in these financial statements. As of June 30, 2015, no officers have retired who qualify for the separation allowance. There were no contributions made by employees. The County's obligation to contribute to this plan is established by and may be amended by the North Carolina General Assembly.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2016 were \$27,435 which consisted of \$24,990 from the County and \$2,445 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Perquimans County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,164 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$31,115 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was .134%, which was a decrease .005% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(197). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to the Financial Statements
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152	\$ 515
Net difference between projected and actual earnings on pension plan investments	1,540	-
Changes in proportion and differences between County contributions and proportionate share of contributions	877	-
County contributions subsequent to the measurement date	1,164	-
Total	\$ 3,733	\$ 515

\$1,164 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	745
2018		506
2019		390
2020		416
2021		-
Thereafter		-
		\$ 2,057

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations

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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, 2015 is 2.2%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (28,065)	\$ (31,115)	\$ (33,724)

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

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan). The plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty consecutive years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers, until the retiree reaches the age of 65. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The County may amend the benefit provisions. A separate report was not issued for the plan.

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Funding Policy. By County resolution, the County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The County has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended June 30, 2016, the County's total contributions were \$24,466.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 139,990
Interest on net OPEB obligation	23,253
Adjustment to required contribution	<u>22,214</u>
Annual OPEB cost (expense)	185,457
Contributions made	<u>(24,466)</u>
Increase in net OPEB obligation	160,991
Net OPEB obligation, beginning of year	<u>581,318</u>
Net OPEB obligation, end of year	<u><u>\$ 742,309</u></u>

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

3-Year Trend Information

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2016	\$ 185,457	13.2%	\$ 742,309
2015	\$ 109,023	18.4%	\$ 581,318
2014	\$ 110,909	6.9%	\$ 492,319

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the actuarially accrued liability for benefits was \$1,599,105, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,140,578, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 50.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required

Perquimans County, North Carolina
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supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3% inflation assumption. The medical cost trend rate varied between 7.75% and 5.00%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2015 was 30 years.

f. 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.

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Notes to the Financial Statements
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3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience:		
LGERS	\$ -	\$ 49,845
ROD	152	515
Pensions - difference between projected and actual investment earnings:		
LGERS	-	60,371
ROD	1,540	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	3,188	5,669
ROD	877	-
Contributions to pension plan subsequent to the measurement date:		
LGERS	218,906	-
ROD	1,164	-
Prepaid taxes not yet earned (General)	-	29,030
Taxes receivable, net (General)	-	724,430
Wetlands Mitigation (General)	-	3,827
	\$ 225,827	\$ 873,687

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers compensation, there is a per occurrence retention of \$750,000.

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer, tax collector, and register of deeds are individually bonded for

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\$100,000, \$100,000, and \$100,000 respectively. The finance officer of the Perquimans County Tourism Development Authority is individually bonded for \$50,000.

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

5. Long-term Obligations

a. Installment Agreement Indebtedness

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

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

- I. Six million (\$6,000,000) with a term of fifteen (15) years at 2.64%, entered into on December 6, 2012. The County will make fifteen (15) payments of \$489,429 each. Principal payments and interest at 2.64% resulted in the following obligation at June 30, 2016:

Total installment obligation indebtedness	\$	5,870,271
Less: amount representing interest		894,993
Net principal amount of obligation		\$ 4,975,278

- II. Four million, two hundred thirty thousand, nine hundred sixty-seven (\$4,230,967) with a term of fifteen (15) years at 2.64%, entered into on January 8, 2013. The County will make the first payment of \$311,492 and the subsequent fourteen (14) payments at \$347,173 each. Principal payments and interest at 2.64% resulted in the following obligation at June 30, 2016:

Total installment obligation indebtedness	\$	4,166,080
Less: amount representing interest		634,858
Net principal amount of obligation		\$ 3,531,222

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

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

30, 2016:

Total installment obligation indebtedness	\$	579,307
Less: amount representing interest		40,307
Net principal amount of obligation		539,000

During the 2015-2016 fiscal year, the County made interest payments of \$255,646.

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, 2016:

Total installment obligation indebtedness	\$	1,199,453
Less: amount representing interest		64,139
Net principal amount of obligation		1,135,314

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, 2016:

Total installment obligation indebtedness	\$	1,048,207
Less: amount representing interest		-
Net principal amount of obligation		1,048,207

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, 2016:

Total installment obligation indebtedness	\$	1,326,773
Less: amount representing interest		205,567
Net principal amount of obligation		1,121,206

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

For Perquimans County, the combined future minimum payments as of June 30, 2016 including interest are:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 709,954	\$ 237,463	\$ 369,091	\$ 51,281
2018	726,110	218,868	375,324	45,048
2019	742,692	199,845	381,690	38,681
2020	759,712	180,399	388,194	32,178
2021	774,312	160,476	394,656	25,535
2022-2026	3,723,518	509,106	833,854	68,370
2027-2031	1,609,202	64,001	561,918	8,613
Total	<u>\$ 9,045,500</u>	<u>\$ 1,570,158</u>	<u>\$ 3,304,727</u>	<u>\$ 269,706</u>

At June 30, 2016, Perquimans County had a legal debt margin of \$ 125,547,319.

b. Long-term Obligation Activity

The following is a summary of changes in the County's long term obligations for the fiscal year June 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 9,739,714	\$ -	\$ 694,214	\$ 9,045,500	\$ 709,954
Net pension liability (LGERS)	-	195,092	-	195,092	-
Unfunded post employment benefits	513,723	170,686	-	684,409	-
Compensated absences	236,445	10,958	-	247,403	247,403
Total	<u>\$ 10,489,882</u>	<u>\$ 376,736</u>	<u>\$ 694,214</u>	<u>\$ 10,172,404</u>	<u>\$ 957,357</u>
Business-type activities:					
Installment purchases	\$ 3,667,717	\$ -	\$ 362,990	\$ 3,304,727	\$ 369,091
Net pension liability (LGERS)	-	16,963	-	16,963	-
Unfunded post employment benefits	67,595	-	9,695	57,900	-
Compensated absences	26,290	632	-	26,922	26,922
Total	<u>\$ 3,761,602</u>	<u>\$ 17,595</u>	<u>\$ 372,685</u>	<u>\$ 3,406,512</u>	<u>\$ 396,013</u>

Compensated absences 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, 2016**

C. Interfund Balances and Activity

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

	Amount
From the General Fund to the Revaluation Fund to accumulate resources for octennial revaluation of real property	\$ 55,000
From the General Fund to the County Construction Capital Projects Fund for construction of the new public library	500,000
From the Capital Projects Reserve Fund to the General Fund to supplement other funding sources	400,000
Total	\$ 955,000

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 7,069,839	\$ 9,566,242
Less: Long-term debt	539,000	3,304,727
Net investment in capital assets	\$ 6,530,839	\$ 6,261,515

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	\$ 6,390,676
Less:	
Stabilization for State Statute	614,727
Register of Deeds	14,534
Tax revaluation	35,294
Dept of Justice Forfeiture Program	9,197
Appropriation for 2016-2017 budget	779,704
Remaining Fund Balance	\$ 4,937,220

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 2015-2016 fiscal year, the County contributed \$159,996 towards the operating expenses of the Library. Complete financial

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

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, 2016, the County contributed \$640,399 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.

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

	<u>Federal</u>	<u>State</u>
Adoption assistance	\$ 18,448	\$ 4,720
Adult assistance	-	164,559
Energy assistance	-	-
Title IV-E Foster Care	(752)	(195)
Title IV-E Foster Care admin county paid	(225)	(113)
State Foster Home	-	2,984
SFHF Maximization	-	225
Independent Living Transitional	720	-
State/County Special Assistance for Adults	-	80,941
State/County Special Assistance for the Disabled	-	83,618
State Children's Insurance Program-NC Health Choice	21,227	1,051
Adult Home Special Services	5,103	2,551
Medicaid	10,746,889	5,875,477
Temporary assistance to needy families	54,191	-
Special Supplemental Nutrition Program for Women, Infants and Children	138,380	-
Total	<u>\$ 10,983,981</u>	<u>\$ 6,215,818</u>

VII. Summary Disclosure of Significant Contingencies and Commitments

Federal and State Assisted Programs

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

VIII. Significant Effects of Subsequent Events

On July 27, 2016, the County entered into a financing agreement with Branch Banking and Trust Company (BB&T) in the amount of \$2,500,000 to finance the construction of a new public library. Principal payments of \$131,579 plus interest at 1.88% will be payable beginning July 15, 2017 through July 15, 2026.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of Funding Progress for the Other Postemployment Benefits
 - Schedule of Employer Contributions for the Other Postemployment Benefits
 - 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
-

**PERQUIMANS COUNTY, NORTH CAROLINA
 OTHER POSTEMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2013	\$ -	\$ 964,716	\$ 964,716	0.0%	\$ 2,220,122	43.5%
12/31/2014	\$ -	\$ 1,064,517	\$ 1,064,517	0.0%	\$ 2,258,319	47.1%
12/31/2015	\$ -	\$ 1,599,105	\$ 1,599,105	0.0%	\$ 3,140,578	50.9%

**PERQUIMANS COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ending June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2016	\$ 139,990	13.2%
2015	108,665	18.4%
2014	75,429	6.9%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.047%	0.049%	0.050%
County's proportionate share of the net pension liability (asset) \$	\$ 212,055	\$ (289,624)	\$ 620,773
County's covered payroll	\$ 3,146,224	\$ 2,955,382	\$ 2,952,691
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	6.74%	-9.80%	21.02%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 215,957	\$ 210,631	\$ 209,715
Contributions in relation to the contractually required contribution	215,957	210,631	209,715
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 3,146,224	\$ 2,955,382	\$ 2,952,691
Contributions as a percentage of covered payroll	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 Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.134%	0.139%	0.140%
County's proportionate share of the net pension liability (asset) \$	\$ (31,115)	\$ (31,400)	\$ (30,137)
County's covered payroll	\$ 43,298	\$ 43,122	\$ 49,422
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-71.86%	-72.82%	-60.98%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,949	\$ 3,019	\$ 3,494
Contributions in relation to the contractually required contribution	<u>2,949</u>	<u>3,019</u>	<u>3,494</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 43,298	\$ 43,122	\$ 49,422
Contributions as a percentage of covered payroll	6.81%	7.00%	7.07%

**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, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 7,787,932	\$ 8,094,831	\$ 306,899
Penalties and interest	80,000	110,865	30,865
Total	<u>7,867,932</u>	<u>8,205,696</u>	<u>337,764</u>
Local option sales taxes:			
Article 39 and 44	385,000	458,088	73,088
Article 40 one-half of one percent	790,000	820,472	30,472
Article 42 one-half of one percent	315,000	358,384	43,384
Utilities franchise distribution	10,000	19,665	9,665
Medicaid hold harmless payment	500,000	518,585	18,585
Total	<u>2,000,000</u>	<u>2,175,194</u>	<u>175,194</u>
Other taxes and licenses:			
Scrap tire disposal tax	16,500	18,087	1,587
White goods disposal tax	5,000	4,639	(361)
Beer and wine licenses	450	415	(35)
Total	<u>21,950</u>	<u>23,141</u>	<u>1,191</u>
Unrestricted intergovernmental:			
Beer and wine tax	<u>45,000</u>	<u>47,708</u>	<u>2,708</u>
Restricted intergovernmental:			
State grants	2,362,647	1,807,824	(554,823)
Federal grants	14,892	-	(14,892)
Court facility fees	25,000	31,007	6,007
ABC bottle tax (rehab)	3,650	3,556	(94)
Other grants	28,000	27,466	(534)
Total	<u>2,434,189</u>	<u>1,869,853</u>	<u>(564,336)</u>
Permits and fees:			
Officer and sheriff fees	50,700	54,801	4,101
Building permits and inspection fees	100,000	153,746	53,746
Register of deeds	143,316	152,973	9,657
DMV license revocation fees	750	813	63
Subdivision and zoning fees	4,500	2,850	(1,650)
Other	<u>299,266</u>	<u>365,183</u>	<u>65,917</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Ambulance fees	575,000	567,950	(7,050)
Administrative services	105,000	100,000	(5,000)
Dispatch services	70,000	77,858	7,858
Jail fees	7,000	11,222	4,222
Municipal tax collection fees	14,000	16,175	2,175
Recreation fees	17,000	17,250	250
Rents	89,884	87,312	(2,572)
Total	<u>877,884</u>	<u>877,767</u>	<u>(117)</u>
Investment earnings	<u>11,635</u>	<u>10,682</u>	<u>(953)</u>
Miscellaneous			
School security	86,700	72,142	(14,558)
Other	64,365	72,310	7,945
Total	<u>151,065</u>	<u>144,452</u>	<u>(6,613)</u>
Total revenues	<u>13,708,921</u>	<u>13,719,676</u>	<u>10,755</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	48,500	48,227	273
Other operating expenses	20,800	15,758	5,042
Land use update	5,000	5,000	-
Total	<u>74,300</u>	<u>68,985</u>	<u>5,315</u>
Administrative and finance:			
Salaries and employee benefits	315,843	307,473	8,370
Other operating expenses	49,298	40,146	9,152
Professional services	36,652	35,647	1,005
Capital outlay	1,500	689	811
Total	<u>403,293</u>	<u>383,955</u>	<u>19,338</u>
Elections:			
Salaries and employee benefits	94,863	81,649	13,214
Other operating expenses	40,595	33,030	7,565
Capital outlay	600	-	600
Total	<u>136,058</u>	<u>114,679</u>	<u>21,379</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, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Tax administration:			
Salaries and employee benefits	349,160	336,993	12,167
Other operating expenses	112,614	101,510	11,104
Professional services	8,000	5,178	2,822
Mapping	6,000	5,997	3
Total	475,774	449,678	26,096
Legal:			
Contracted services	28,000	28,000	-
Register of deeds:			
Salaries and employee benefits	145,130	142,142	2,988
Other operating expenses	69,626	61,917	7,709
Professional services	20,000	20,000	-
Capital outlay	13,378	12,787	591
Total	248,134	236,846	11,288
Public buildings:			
Salaries and employee benefits	211,990	202,036	9,954
Other operating expenses	135,251	124,318	10,933
Insurance and bonds	175,000	170,995	4,005
Utilities	142,940	126,761	16,179
Professional services and contracts	52,700	44,350	8,350
Capital outlay	40,000	12,620	27,380
Total	757,881	681,080	76,801
Court facilities:			
Other operating expenses	52,111	37,197	14,914
Total	52,111	37,197	14,914
Jury commission			
Other operating expenses	1,784	1,783	1
Total general government:	2,177,335	2,002,203	175,132
Public safety:			
Sheriff:			
Salaries and employee benefits	895,241	802,560	92,681
Other operating expenses	166,883	117,254	49,629
Capital outlay	90,840	90,840	-
Total	1,152,964	1,010,654	142,310

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Jail:			
Contracted services	656,627	640,399	16,228
Contracted services - debt service	244,107	243,992	115
Total	<u>900,734</u>	<u>884,391</u>	<u>16,343</u>
Emergency Medical Services:			
Salaries and employee benefits	948,808	941,632	7,176
Other operating expenses	166,333	163,377	2,956
Capital outlay	142,675	89,067	53,608
Total	<u>1,257,816</u>	<u>1,194,076</u>	<u>63,740</u>
Dispatch:			
Salaries and employee benefits	423,489	411,496	11,993
Other operating expenses	62,850	55,321	7,529
Capital outlay	3,464	3,464	-
Total	<u>489,803</u>	<u>470,281</u>	<u>19,522</u>
Fire/emergency management:			
Salaries and employee benefits	30,949	30,949	-
Other operating expenses	64,752	51,018	13,734
Assistance to local fire departments	390,000	390,000	-
Total	<u>485,701</u>	<u>471,967</u>	<u>13,734</u>
Inspections:			
Salaries and employee benefits	209,295	182,539	26,756
Other operating expenses	33,300	19,546	13,754
Capital outlay	23,000	22,481	519
Total	<u>265,595</u>	<u>224,566</u>	<u>41,029</u>
Animal Control:			
Contribution to regional animal shelter	60,000	58,828	1,172
Medical examiner:			
Professional services	3,000	2,050	950
Total public safety	<u>4,615,613</u>	<u>4,316,813</u>	<u>298,800</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, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Economic and physical development:			
Economic Development Commission:			
Other operating expenses	26,700	24,980	1,720
Other:			
Albemarle Regional Planning Organization	2,294	2,294	-
Albemarle Commission	8,951	8,951	-
Skills, Inc.	500	500	-
R C and D	750	750	-
Total	12,495	12,495	-
Total economic and physical development	39,195	37,475	1,720
Environmental protection:			
Conversation - soil and forest service:			
Salaries and employee benefits	32,601	32,535	66
Other operating expenses	12,310	12,092	218
Cost share programs	12,500	15,079	(2,579)
Forestry service	48,502	20,189	28,313
Capital outlay	2,000	1,025	975
Total	107,913	80,920	26,993
Beaver management	4,000	4,000	-
Agricultural extension:			
Salaries and employee benefits	137,508	128,127	9,381
Other operating expenses	29,702	29,416	286
Total	167,210	157,543	9,667
Drainage study	15,000	6,748	8,252
Total environmental protection	294,123	249,211	44,912
Human services:			
Health:			
Administration - contracted services	61,825	61,823	2
Aquatic Weed Control	1,169	276	893
Transportation	27,478	28,704	(1,226)
Total	90,472	90,803	(331)
Mental health:			
Administration - contracted services	26,906	26,904	2

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Alcoholism:			
Operating - rehabilitation	3,650	3,556	94
Social services:			
Administration:			
Salaries and employee benefits	1,265,261	1,185,122	80,139
Other operating expenses	77,000	58,802	18,198
Professional services	162,615	155,684	6,931
Capital outlay	15,600	15,513	87
Total	<u>1,520,476</u>	<u>1,415,121</u>	<u>105,355</u>
Special assistance for adults:			
Aid for the aged	90,000	80,941	9,059
Aid for the permanently and totally disabled	83,618	83,618	-
Total	<u>173,618</u>	<u>164,559</u>	<u>9,059</u>
Medical assistance programs:			
Assistance payments	3,000	29	2,971
Welfare-to-work program:			
Transportation	500	-	500
Other operating expenditures	2,741	140	2,601
Total	<u>3,241</u>	<u>140</u>	<u>3,101</u>
OJJ program:			
Social Thinking Program	43,152	43,152	-
Other assistance:			
Links	4,750	-	4,750
Adoption subsidy/enhancement	9,002	7,458	1,544
Nutrition program for the aged	47,497	47,305	192
Aid to the blind	3,332	1,846	1,486
IV E foster care clothing	2,400	-	2,400
Foster care program	71,600	6,829	64,771
Smart Start day care	83,122	83,049	73
Crisis intervention	66,220	46,222	19,998
Day care program	356,425	344,445	11,980
Emergency assistance	25,000	24,922	78
Humanitarian needs	5,000	2,630	2,370
Title III funds	9,499	6,663	2,836
Food stamp issuance	4,000	3,776	224
LIEAP	66,520	66,500	20
Contracted transportation	102,000	90,939	11,061
Total	<u>856,367</u>	<u>732,584</u>	<u>123,783</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, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Total social services	2,599,854	2,355,585	244,269
Other:			
Food Bank of the Albemarle	500	500	-
Perquimans Boys & Girls Club	5,000	5,000	-
Kids First, Inc.	4,000	4,000	-
Albemarle Hopeline	3,000	3,000	-
Veterans service officer:			
Salaries and employee benefits	7,052	7,051	1
Other operating expenses	1,335	909	426
Total	8,387	7,960	427
Restitution Program:			
Salaries and employee benefits	7,294	6,630	664
Other operating expenses	4,514	3,224	1,290
Professional services	12,219	10,339	1,880
Total	24,027	20,193	3,834
Mentoring Focus Group:			
Other operating expenses	29,800	18,983	10,817
Total human services	2,795,596	2,536,484	259,112
Cultural and recreational:			
Recreation:			
Salaries and employee benefits	209,466	172,501	36,965
Other operating expenses	96,675	91,423	5,252
Capital outlay	379,250	29,120	350,130
Total	685,391	293,044	392,347
Senior Citizens:			
Salaries and employee benefits	111,944	104,479	7,465
Other operating expenses	23,960	14,738	9,222
Capital outlay	30,000	30,000	-
Total	165,904	149,217	16,687
Library:			
Contribution to regional library	160,000	159,996	4

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Other:			
Chamber of Commerce	5,000	5,000	-
Newbold White House	11,000	11,000	-
Perquimans Arts League	1,000	1,000	-
Perquimans County Fireworks	1,500	1,500	-
Total cultural and recreational	1,029,795	620,757	409,038
Debt service:			
Principal retirement	696,611	694,214	2,397
Interest and other charges	255,685	255,646	39
Total	952,296	949,860	2,436
Total debt service	952,296	949,860	2,436
Education:			
Public schools - current expense	2,375,000	2,375,000	-
Public schools - capital outlay	264,500	296,142	(31,642)
College of the Albemarle	32,500	32,500	-
Total	2,672,000	2,703,642	(31,642)
Total education	2,672,000	2,703,642	(31,642)
Total expenditures	14,575,953	13,416,445	1,159,508
Revenue over (under) expenditures	(867,032)	303,231	1,170,263
Other financing sources (uses):			
Transfer from other funds:			
Capital Projects Reserve Fund	400,000	400,000	-
Transfer to other funds			
County Construction Capital Projects Fund	(500,000)	(500,000)	-
Revaluation Reserve Fund	(55,000)	(55,000)	-
Fund balance appropriated	1,022,032	-	(1,022,032)
Total other financing sources (uses)	867,032	(155,000)	1,022,032
Net change in fund balance	\$ -	148,231	\$ 148,231
Fund balance, beginning		6,207,151	
Fund balance, ending		\$ 6,355,382	

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Investment earnings	\$ 400	\$ 426	\$ 26
Expenditures:			
General government	318,400	288,506	29,894
Revenue over (under) expenditures	(318,000)	(288,080)	29,920
Other financing sources:			
Transfer from General Fund	55,000	55,000	-
Fund balance appropriated	263,000	-	(263,000)
	<u>318,000</u>	<u>55,000</u>	<u>(263,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(233,080)</u>	<u>\$ (233,080)</u>
Fund balance, beginning		<u>268,374</u>	
Fund balance, ending		<u>\$ 35,294</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
- County Construction Capital Projects Fund: accounts for construction throughout Perquimans County
- School Construction Capital Project Fund: accounts for capital improvements in Perquimans County schools

**PERQUIMANS COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016**

	Special Revenue Funds			Capital Project Funds				Total Non-major Governmental Funds
	Emergency Telephone System	NC Housing Finance Grant	Total Special Revenue Funds	Capital Projects Reserve	County Construction Capital Projects	School Construction Capital Projects	Total Capital Project Funds	
Assets								
Cash and cash equivalents	\$ 34,284	\$ -	\$ 34,284	\$ 604,360	\$ 339,277	\$ -	\$ 943,637	\$ 977,921
Retricted cash	-	-	-	-	-	21,303	21,303	21,303
Due from other governments	44,163	18,968	63,131	-	-	-	-	63,131
Total assets	\$ 78,447	\$ 18,968	\$ 97,415	\$ 604,360	\$ 339,277	\$ 21,303	\$ 964,940	\$ 1,062,355
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	44,781	-	44,781	-	-	-	-	44,781
Checks drawn in excess	-	18,968	18,968	-	-	-	-	18,968
Total liabilities	44,781	18,968	63,749	-	-	-	-	108,530
Fund balances:								
Restricted for:								
Stabilization by State Statute	33,666	-	33,666	-	-	-	-	33,666
School Capital	-	-	-	-	-	21,303	21,303	21,303
Assigned:								
Future County Capital Outlay	-	-	-	604,360	339,277	-	943,637	943,637
Total fund balances	33,666	-	33,666	604,360	339,277	21,303	964,940	998,606
Total liabilities and fund balances	\$ 78,447	\$ 18,968	\$ 97,415	\$ 604,360	\$ 339,277	\$ 21,303	\$ 964,940	\$ 1,062,355

PERQUIMANS COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			Capital Project Funds				Total Non-major Governmental Funds
	Emergency Telephone System	NC Housing Finance Grant	Total Special Revenue Funds	Capital Projects Reserve	County Construction Capital Projects	School Construction Capital Projects	Total Capital Project Funds	
Revenues:								
Restricted intergovernmental	\$ 309,592	\$ 76,231	\$ 385,823	\$ 353,196	\$ -	\$ -	\$ 353,196	\$ 739,019
Investment earnings	121	-	121	1,081	-	-	1,081	1,202
Total revenues	309,713	76,231	385,944	354,277	-	-	354,277	740,221
Expenditures:								
Public safety	443,736	-	443,736	-	-	-	-	443,736
Economic development	-	76,231	76,231	-	-	-	-	76,231
Cultural and recreational	-	-	-	-	170,412	-	170,412	170,412
Education	-	-	-	-	-	-	-	-
Total expenditures	443,736	76,231	519,967	-	170,412	-	170,412	690,379
Excess (deficiency) of revenues over expenditures	(134,023)	-	(134,023)	354,277	(170,412)	-	183,865	49,842
Other financing sources (uses):								
Transfer from other funds	-	-	-	-	500,000	-	500,000	500,000
Transfer to other funds	-	-	-	(400,000)	-	-	(400,000)	(400,000)
Total other financing sources (uses)	-	-	-	(400,000)	500,000	-	100,000	100,000
Net change in fund balances	(134,023)	-	(134,023)	(45,723)	329,588	-	283,865	149,842
Fund balances, beginning	167,689	-	167,689	650,083	9,689	21,303	681,075	848,764
Fund balances, ending	\$ 33,666	\$ -	\$ 33,666	\$ 604,360	\$ 339,277	\$ 21,303	\$ 964,940	\$ 998,606

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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 309,446	\$ 309,592	\$ 146
Investment earnings	150	121	(29)
Total	<u>309,596</u>	<u>309,713</u>	<u>117</u>
Expenditures:			
Hardware maintenance	55,313	51,290	4,023
Implemental functions	11,900	11,900	-
Software maintenance	61,464	57,232	4,232
Telephone	36,517	27,982	8,535
Training	4,000	2,550	1,450
Capital outlay	284,940	292,782	(7,842)
Total public safety	<u>454,134</u>	<u>443,736</u>	<u>10,398</u>
Revenues over (under) expenditures	<u>(144,538)</u>	<u>(134,023)</u>	<u>10,515</u>
Other financing sources:			
Fund balance appropriated	144,538	-	(144,538)
Total	<u>144,538</u>	<u>-</u>	<u>(144,538)</u>
Net change in fund balance	<u>\$ -</u>	<u>(134,023)</u>	<u>\$ (134,023)</u>
Fund balance, beginning		<u>167,689</u>	
Fund balance, ending		<u>\$ 33,666</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, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Federal grant no. SFR-LP10	\$ 163,909	\$ -	\$ 76,231	\$ 76,231	\$ 87,678
Total restricted intergovernmental	<u>163,909</u>	<u>-</u>	<u>76,231</u>	<u>76,231</u>	<u>87,678</u>
Expenditures:					
Rehabilitation	134,030	-	52,782	52,782	81,248
Program costs	29,879	-	23,449	23,449	6,430
Total economic development	<u>163,909</u>	<u>-</u>	<u>76,231</u>	<u>76,231</u>	<u>87,678</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

PERQUIMANS COUNTY, NORTH CAROLINA
CAPITAL PROJECTS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Land transfer tax	\$ 210,000	\$ 353,196	\$ 143,196
Investment earnings	2,000	1,081	(919)
Total revenues	<u>212,000</u>	<u>354,277</u>	<u>142,277</u>
Other financing sources (uses):			
Transfer to other funds	(400,000)	(400,000)	-
Fund balance appropriated	188,000	-	(188,000)
Total other financing sources (uses)	<u>(212,000)</u>	<u>(400,000)</u>	<u>(188,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(45,723)</u>	<u>\$ (45,723)</u>
Fund balance, beginning		<u>650,083</u>	
Fund balance, ending		<u>\$ 604,360</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
Cultural and recreation	\$ 509,689	\$ 170,412	\$ (339,277)
Revenue over (under) expenditures	<u>(509,689)</u>	<u>(170,412)</u>	<u>339,277</u>
Other financing sources:			
Fund balance appropriated	9,689	-	9,689
Transfer from General Fund	500,000	500,000	-
Total	<u>509,689</u>	<u>500,000</u>	<u>9,689</u>
Net change in fund balance	<u>\$ -</u>	329,588	<u>\$ 329,588</u>
Fund balance, beginning		<u>9,689</u>	
Fund balance, ending		<u>\$ 339,277</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, 2016

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Occupancy tax	\$ 4,300	\$ 5,917	\$ 1,617
Investment earnings	70	39	(31)
Total revenues	<u>4,370</u>	<u>5,956</u>	<u>1,586</u>
Expenditures:			
Economic and physical development	10,000	7,718	2,282
Total expenditures	<u>10,000</u>	<u>7,718</u>	<u>2,282</u>
Revenues over (under) expenditures	(5,630)	(1,762)	3,868
Other financing sources:			
Fund balance appropriated	<u>5,630</u>	-	<u>(5,630)</u>
Revenues over (under) expenditures	<u>\$ -</u>	(1,762)	<u>\$ (1,762)</u>
Fund balance, beginning		<u>20,496</u>	
Fund balance, ending		<u>\$ 18,734</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, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Solid waste fees	\$ 885,580	\$ 896,688	\$ 11,108
Other revenue	6,500	8,695	2,195
Non-operating revenues:			
Investment earnings	250	192	(58)
Total revenues	892,330	905,575	13,245
Expenditures:			
Landfill operations:			
Solid waste operations	950,330	920,753	29,577
Revenues over (under) expenditures	(58,000)	(15,178)	42,822
Other financing sources:			
Fund balance appropriated	58,000	-	(58,000)
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	(15,178)	<u>\$ (15,178)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Change in net position (full accrual)		<u>\$ (15,178)</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 2,000,000	\$ 2,100,754	\$ 100,754
Tap and reconnection fees	55,000	59,935	4,935
Penalties	40,000	48,702	8,702
Other operating revenue	4,500	11,266	6,766
Total operating revenues	<u>2,099,500</u>	<u>2,220,657</u>	<u>121,157</u>
Non-operating revenues:			
Rent	8,100	5,400	(2,700)
Investment earnings	3,250	2,401	(849)
Federal reimbursement-waterline relocation	5,565	-	(5,565)
Total non-operating revenues	<u>16,915</u>	<u>7,801</u>	<u>(9,114)</u>
 Total revenues	 <u>2,116,415</u>	 <u>2,228,458</u>	 <u>112,043</u>
Expenditures:			
Administration:			
Salaries and employee benefits	455,988	436,083	19,905
Professional services	117,000	93,361	23,639
Indirect costs	100,000	100,000	-
Other department expenses	263,021	204,951	58,070
Total administration	<u>936,009</u>	<u>834,395</u>	<u>101,614</u>
 Water purchase	 <u>328,500</u>	 <u>326,376</u>	 <u>2,124</u>
Water distribution and treatment:			
Salaries and employee benefits	-	632	(632)
Salt and chemical supplies	150,000	156,974	(6,974)
Insurance and bonds	37,500	35,492	2,008
Utilities	105,000	87,176	17,824
Water sample tests	27,949	17,066	10,883
Sedimentation control	33,605	33,605	-
Repairs and maintenance	63,270	60,763	2,507
Other department expenses	5,000	838	4,162
Total water distribution and treatment	<u>422,324</u>	<u>392,546</u>	<u>29,778</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016**

	Final Budget	Actual	Variance Positive (Negative)
Debt service:			
Debt principal	362,991	362,990	1
Interest and fees	57,383	52,850	4,533
Total debt service	<u>420,374</u>	<u>415,840</u>	<u>4,534</u>
Capital Outlay	36,565	30,333	6,232
Total capital outlay	<u>36,565</u>	<u>30,333</u>	<u>6,232</u>
Total expenditures	<u>2,143,772</u>	<u>1,999,490</u>	<u>144,282</u>
Revenue over (under) expenditures	(27,357)	228,968	256,325
Other financing sources			
Fund balance appropriated	<u>27,357</u>	<u>-</u>	<u>27,357</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>228,968</u>	<u>\$ 228,968</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		362,990	
Capital outlay		30,333	
Decrease in net pension asset		(23,169)	
Increase in deferred outflows of resources - pensions		675	
Increase in net pension liability		(16,963)	
Decrease in deferred inflows of resources - pensions		47,803	
Increase in inventory		11,659	
Increase in accrued vacation pay		(632)	
Decrease in other postemployment benefits		9,695	
Amortization		(758)	
Depreciation		(390,419)	
Interest income from Water Capital Improvement Fund		377	
Total reconciling items		<u>31,591</u>	
Change in net position (full accrual)		<u>\$ 260,559</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, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Non-operating revenue:					
Investment earnings	\$ 500	\$ -	\$ 377	\$ 377	\$ (123)
Total non-operating revenue	<u>500</u>	<u>-</u>	<u>377</u>	<u>377</u>	<u>(123)</u>
Expenditures:					
Professional services	40,000	-	-	-	40,000
Capital outlay	45,000	-	25,000	25,000	20,000
Total	<u>85,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>60,000</u>
Revenue over (under) expenditures	<u>(84,500)</u>	<u>-</u>	<u>(24,623)</u>	<u>(24,623)</u>	<u>59,877</u>
Other financing sources:					
Fund balance appropriated	84,500	-	-	-	(84,500)
Total	<u>84,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,500)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,623)</u>	<u>\$ (24,623)</u>	<u>\$ (24,623)</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, 2016**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Social Services				
Assets:				
Cash and cash equivalents	\$ 38,145	\$ 88,790	\$ 91,443	\$ 35,492
Liabilities:				
Miscellaneous liabilities	\$ 38,145	\$ 88,790	\$ 91,443	\$ 35,492
Soil and Water Conservation				
Assets:				
Cash and cash equivalents	\$ 6,913	\$ 6,408	\$ 5,905	\$ 7,416
Liabilities:				
Miscellaneous liabilities	\$ 6,913	\$ 6,408	\$ 5,905	\$ 7,416
4-H Fund				
Assets:				
Cash and cash equivalents	\$ 6,288	\$ 13,632	\$ 11,225	\$ 8,695
Liabilities:				
Miscellaneous liabilities	\$ 6,288	\$ 13,632	\$ 11,225	\$ 8,695
Sheriff's Fund				
Assets:				
Cash and cash equivalents	\$ 1,239	\$ 2,590	\$ 3,014	\$ 815
Liabilities:				
Miscellaneous liabilities	\$ 1,239	\$ 2,590	\$ 3,014	\$ 815
Babe Ruth Fund				
Assets:				
Cash and cash equivalents	\$ 3,026	\$ 10,988	\$ 11,459	\$ 2,555
Liabilities:				
Miscellaneous liabilities	\$ 3,026	\$ 10,988	\$ 11,459	\$ 2,555
Farm Service Fund				
Assets:				
Cash and cash equivalents	\$ 5,592	\$ 3,546	\$ 3,714	\$ 5,424
Liabilities:				
Miscellaneous liabilities	\$ 5,592	\$ 3,546	\$ 3,714	\$ 5,424

PERQUIMANS COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Deed of Trust Fee Fund				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 2,257</u>	<u>\$ 2,257</u>	<u>\$ -</u>
Liabilities:				
Intergovernmental payable-State North Carolina	<u>\$ -</u>	<u>\$ 2,257</u>	<u>\$ 2,257</u>	<u>\$ -</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	<u>\$ 61,203</u>	<u>\$ 128,211</u>	<u>\$ 129,017</u>	<u>\$ 60,397</u>
Liabilities:				
Miscellaneous liabilities	<u>\$ 61,203</u>	<u>\$ 128,211</u>	<u>\$ 129,017</u>	<u>\$ 60,397</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

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

**PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2016**

Fiscal Year	Beginning Balance	Additions	Collections and Credits	Ending Balance
2015-2016	\$ -	\$ 7,930,599	\$ 7,715,172	\$ 215,427
2014-2015	240,942		118,065	122,877
2013-2014	146,888		60,488	86,400
2012-2013	113,426		36,817	76,609
2011-2012	88,534		28,886	59,648
2010-2011	51,581		8,757	42,824
2009-2010	38,947		6,326	32,621
2008-2009	34,970		4,532	30,438
2007-2008	32,057		2,242	29,815
2006-2007	30,030		2,259	27,771
2005-2006	25,048		25,048	-
	<u>\$ 802,423</u>	<u>\$ 7,930,599</u>	<u>\$ 8,008,592</u>	<u>\$ 724,430</u>
Less allowance for uncollected accounts: General Fund				<u>37,000</u>
Ad valorm taxes receivable - net: General Fund				<u>\$ 687,430</u>
<u>Reconciliation with revenue:</u>				
Ad valorem taxes - General Fund				\$ 8,048,950
Reconciling items:				
Taxes written off				25,048
Adjustments				<u>(65,406)</u>
Total reconciling items				<u>(40,358)</u>
Total collection and credits				<u>\$ 8,008,592</u>

PERQUIMANS COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2016

	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	\$ 1,621,827,943	0.44	\$ 7,662,151	\$ 7,103,870	\$ 558,281
Penalties			1,728	1,728	-
Total:			7,663,879	7,105,598	558,281
Discoveries:					
Current year taxes	60,618,182	0.44	266,720	266,720	
Total property valuation:	<u>\$ 1,682,446,125</u>				
Net levy			<u>\$ 7,930,599</u>	<u>\$ 7,372,318</u>	<u>\$ 558,281</u>
Uncollected taxes at June 30, 2016			<u>\$ 215,427</u>	<u>\$ 215,427</u>	<u>\$ -</u>
Current year's taxes collected			<u>\$ 7,715,172</u>	<u>\$ 7,156,891</u>	<u>\$ 558,281</u>
Current levy collection percentage			<u>97.28%</u>	<u>97.08%</u>	<u>100.00%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u>
Dominion N. C. Power	Electric Company	\$ 24,349,206	1.45%
Albemarle Electric	Electric Company	19,114,333	1.14%
Weyerhaeuser	Lumber Company	12,216,000	0.73%
Perquimans Development	Real Estate Development	11,378,900	0.68%
Albmearle Plantation POA	Real Estate Development	7,287,600	0.43%
NC Virginia Railroad	Railroad Company	6,714,024	0.40%
Albemarle Plantation Holdings II	Real Estate Development	4,293,900	0.26%
Brown Development of NC	Real Estate Development	4,253,800	0.25%
Carolina Telephone	Telephone Company	3,940,146	0.23%
Bethel Creek	Real Estate Development	3,188,200	0.19%
		<u>\$ 96,736,109</u>	<u>5.75%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
JUNE 30, 2016**

Amounts reported on the Emergency Telephone System Fund budget to actual (pg 73) are different from the PSAP Revenue-Expenditure Report because:

Net change in Fund Balance, reported on Budget to Actual	\$ (134,023)
Expenditures accrued in prior year, expensed in current year	-
Beginning Balance, PSAP Revenue-Expenditure Report	<u>166,165</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 32,142</u>

COMPLIANCE SECTION

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

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, 2016, and the related notes to the financial statements, which collectively comprise Perquimans County's basic financial statements, and have issued my report thereon dated October 27, 2016. 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.

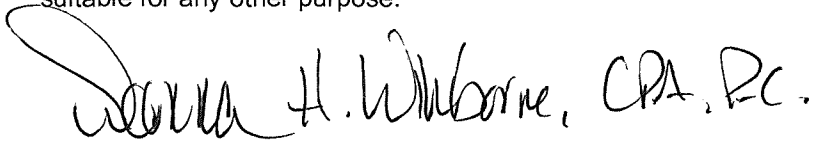
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit I did not identify 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 "Susan H. Wilborne, CPA, PC." The signature is written in a cursive style with a large, looping initial "S".

Elizabeth City, North Carolina
October 27, 2016

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

Report on Compliance for Each Major Federal Program; Report on 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, 2016. 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, 2016.

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.



Elizabeth City, North Carolina

Elizabeth City, North Carolina
October 27, 2016

DONNA H. WINBORNE, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT · ELIZABETH CITY, NC · EDENTON, NC

Report on Compliance for Each Major State Program; Report on 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 State Program

I have audited Perquimans County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Perquimans County's major state programs for the year ended June 30, 2016. Perquimans County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Perquimans County's major state 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), as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 state 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 state program. However, the audit does not provide a legal determination of Perquimans County's compliance.

Opinion on Each Major State 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 state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

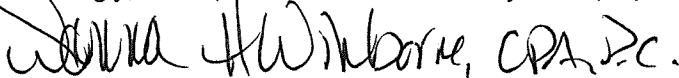
Management of Perquimans County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the audit of compliance, I considered Perquimans County's internal control over compliance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

types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major state 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.



Elizabeth City, North Carolina
October 27, 2016

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

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards _____ yes X no

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ 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? _____ yes X no
 Significant Deficiency(ies) identified _____ yes X none reported

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

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

Noncompliance material to state awards _____ yes X no

Type of auditors' report issued on compliance for major state programs: Unmodified

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

Identification of major State programs:

<u>CFDA /Grant Numbers</u>	<u>Program Name</u>
93.778	Medical Assistance Program (Title XIX - Medicaid)

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
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

There are no matters to report.

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

There are no matters to report.

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	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>						
<u>Food and Nutrition Services</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		\$ 133,257	\$ -	\$ -	\$ 133,257
Passed-through the N.C. Department of Health and Human Services:						
Division of Public Health:						
Direct Benefit Payments:						
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		138,380	-	-	-
Total U.S. Department of Agriculture			<u>271,637</u>	<u>-</u>	<u>-</u>	<u>133,257</u>
<u>U.S. Department of Housing and Urban Development</u>						
Passed through N.C. Housing Finance Agency:						
Single Family Rehabilitation	14.239	SFRLP10	76,231	-	-	-
Total U.S. Department of Housing and Urban Development			<u>76,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>						
Passed through the N.C. Dept. of Health and Human Services:						
<u>Division of Social Services:</u>						
<u>Foster Care and Adoption Cluster (Note 3)</u>						
Title IV-E Foster care optional admin	93.658		(203)	-	-	(203)
Title IV-E Foster Child Protective Services	93.658		4,161	6,219	-	193
Title IV-E Foster Care - Direct Benefit Payments	93.658		(752)	(195)	-	(195)
Title IV-E Foster Care admin county paid - Direct Benefit Payments	93.658		(225)	(113)	-	(113)
Adoption Assistance - Title IV-E	93.659		18,448	4,720	-	4,720
State Foster Home - Direct Benefit Payments	93.659		-	2,984	-	2,984
Adoption Subsidy	93.659		-	1,800	-	600

PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
SFHF Maximization - Direct Benefit Payments	93.659		-	225	-	225
Total foster care and adoption cluster			21,429	15,640	-	8,211
Foster Care Caseworker Visit	93.556		297	6,329	-	(6,261)
<u>Temporary Assistance for Needy Families Cluster</u>						
Temporary Assistance for Needy Families (TANF)/Work First	93.558		84,427	-	-	103,449
TANF/Work First - Direct Benefit Payments	93.558		54,191	-	-	-
Total TANF Cluster			138,618	-	-	103,449
Child Support Enforcement	93.563		100,146	-	-	75,973
Low Income Home Energy Assistance Block Grant:						
Crisis Intervention Program	93.568		57,046	-	-	10,938
LIHEAP Payments	93.568		66,500	-	-	-
Social Services Block Grant - Other services and training	93.667		46,369	-	-	81,216
Case Management 60 & Up	93.667		4,013	-	-	573
Independent Living Transitional - Direct Benefit Payments	93.674		720	-	-	-
Division of Aging and Adult Services						
Passed through the N.C. Dept. of Health and Human Services:						
Links	93.674		322	80	-	956
<u>Division of Child Development and Early Education:</u>						
Subsidized Child Care (Note 3)						
<u>Child Care Development Fund Cluster</u>						
Division of Social Services:						
Child Care Development Mandatory and Match Fund-Administration	93.596		78,626	-	-	6,261
Division of Child Development:						
Child Care and Development Block Grant	93.575		158,764	-	-	-
Child Care and Development Fund - Mandatory	93.596		49,345	-	-	-

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Child Care and Development Fund - Match	93.596		54,944	20,170	-	-
Total Child Care Fund Cluster			341,679	20,170	-	6,261
Temporary Assistance for Needy Families	93.558		41,937	-	-	-
Foster Care Title IV-E	93.658		2,983	1,528	-	-
Smart Start			-	9,273	-	-
State Appropriations			-	10,522	-	-
TANF-MOE			-	60,523	-	-
Total Subsidized Child Care Cluster (Note 3)			386,599	102,016	-	6,261
Passed through the NC Department of Health & Human Services:						
<u>Division of Medical Assistance:</u>						
Direct benefit payments:						
Medical Assistance Program	93.778		10,746,889	5,875,477	-	(5,601)
<u>Division of Social Services:</u>						
Administration:						
Medical assistance program	93.778		476,789	-	-	159,352
Medical transportation	93.778		29,791	-	-	29,791
State Children's Insurance Program-N.C. Health Choice	93.767		21,227	1,051	-	289
Direct benefit payments:						
State Children's Insurance Program-N.C. Health Choice	93.767		239,734	16,047	-	-
Adult Home Special Services	93.778		5,103	2,551	-	2,551
Total U.S. Department of Health & Human Services			12,341,592	6,019,191	-	467,698
<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		44,492	-	-	-
Total U.S. Department of Homeland Security			44,492	-	-	-

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Total Federal awards			12,733,952	6,019,191	-	600,955
State awards:						
<u>N.C. Department of Health & Human Services</u>						
Division of Aging and Adult Services						
Division of Social Services						
State/County Special Assistance for Adults - Direct Benefit Payments			-	80,941	-	80,941
State/County Special Assistance for the Disabled - Direct Benefit Payments			-	83,618	-	83,618
Divison of Social Services						
DCD Smart Start			-	6,683	-	903
Office of Emergency Medical Services						
Child Welfare State In Home Fund			-	3,391	-	4,299
Total N.C. Department of Health & Human Services			-	174,633	-	169,761
<u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Programs: Passed through to Perquimans 20/20 a not-for-profit organization			-	64,160	64,160	-
Total N.C. Department of Public Safety			-	64,160	64,160	-
<u>N. C. Department of Environmental Quality</u>						
Division of Waste Management						
White Goods Management Program			-	4,639	-	-
Scrap Tire Program			-	18,087	-	-
Soil conservation - Technical Assistance/operation			-	17,397	-	-
Soil conservation - Operations			-	3,600	-	-
Total N.C. Department of Environmental Quality			-	43,723	-	-
<u>N.C.Department of Insurance</u>						
Division of Seniors' Health Insurance Information			-	3,857	-	-

**PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Total N.C. Department of Insurance			-	3,857	-	-
Total State awards			-	286,373	64,160	169,761
Total Federal & State Awards			<u>\$ 12,733,952</u>	<u>\$ 6,305,564</u>	<u>\$ 64,160</u>	<u>\$ 770,716</u>

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, 2016. 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.

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

3. Cluster of Programs

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