

**PERQUIMANS COUNTY**

**North Carolina**

**AUDIT REPORT  
June 30, 2017**

**PERQUIMANS COUNTY, NORTH CAROLINA  
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JUNE 30, 2017**

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**PERQUIMANS COUNTY, NORTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2017**

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**BOARD OF COMMISSIONERS**

Kyle Jones, Chair

Fondella Leigh, Vice Chair  
Edward Muzzulin  
Charles Woodard

Joseph W. Hoffler  
Wallace Nelson

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  
Sydni Baker, Elections Chairman  
Jonathan Nixon, Communications  
Jonathan Nixon, EMS Coordinator  
Howard Williams, Recreation Director  
Janet Stallings, Soil Conservation  
Rhonda Money, County Planner  
Shelby White, Sheriff

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

## **FINANCIAL SECTION**

# 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, 2017, 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, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Emergency Telephone System 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, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll on pages 4 through 13 and 61 through 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

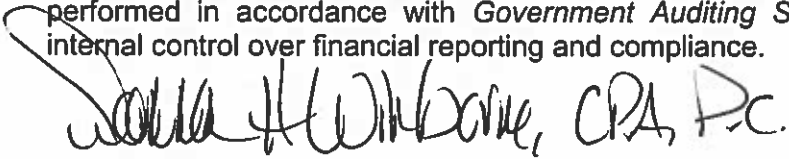
The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 November 7, 2017 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, appearing to read "Paula H. Winkler, CPA, P.C.", is written over the end of the paragraph above.

Edenton, North Carolina  
November 7, 2017

## 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, 2017. 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

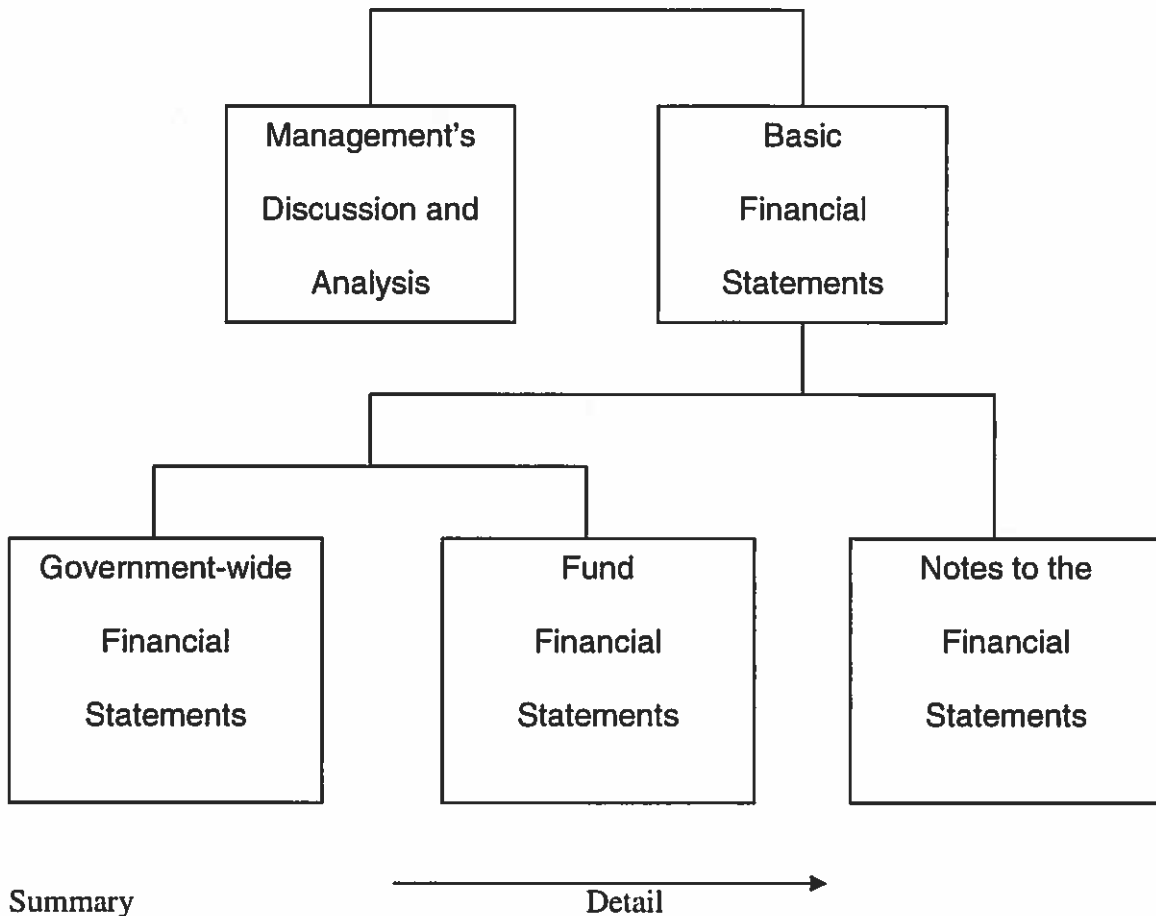
- The assets of Perquimans County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,879,874 (*net position*).
- The government's total net position increased by \$1,724,937, primarily due to increased revenue collections and reduced expenses in the General Fund.
- As of the close of the current fiscal year, Perquimans County's governmental funds reported combined ending fund balances of \$8,603,540, an increase of \$1,214,258 in comparison with the prior year. Approximately 44 percent of this total amount, or \$3,865,418, is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,738,122 or 32.33 percent of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$6,396,565 or 43.65%. The total fund balance minus funds reserved by State statute was \$5,775,430, or 39.40% of total general fund expenditures for the fiscal year.
- Perquimans County's total debt increased by \$1,420,952 (11.51%) 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 gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and solid waste services offered by Perquimans County.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Perquimans County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Perquimans County can be divided into two categories: governmental funds and proprietary funds.

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

determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Perquimans County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Perquimans County has seven fiduciary funds, all of which are agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 26 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 \$15,879,874 as of June 30, 2017. The County's net position increased by \$1,724,937 for the fiscal year ended June 30, 2017. One of the largest portions reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Perquimans County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Perquimans County's investment in its capital

assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Perquimans County's net position, \$2,858,221, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$246,626) is unrestricted.

## Perquimans County's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 10,027,806	\$ 8,527,367	\$ 2,570,560	\$ 3,045,936	\$ 12,598,366	\$ 11,573,303
Capital Assets	9,746,506	7,065,690	9,394,619	9,566,242	19,141,125	16,631,932
Total Assets	19,774,312	15,593,057	11,965,179	12,612,178	31,739,491	28,205,235
Total Deferred Outflow of Resources	884,496	208,060	75,499	17,767	959,995	225,827
Long-term Liabilities Outstanding	10,540,764	9,019,955	2,620,699	2,993,536	13,161,463	12,013,491
Other Liabilities	2,967,039	1,358,058	603,569	543,881	3,570,608	1,901,939
Total Liabilities	13,507,803	10,378,013	3,224,268	3,537,417	16,732,071	13,915,430
Total Deferred Inflow of Resources	84,298	139,985	3,243	9,272	87,541	149,257
<b>Net Position</b>						
Net investments in capital assets	6,809,293	6,530,839	6,458,986	6,261,515	13,268,279	12,792,354
Restricted	2,858,221	1,637,064	-	-	2,858,221	1,637,064
Unrestricted	(2,600,807)	(2,884,784)	2,354,181	2,821,741	(246,626)	(63,043)
Total Net Position	\$ 7,066,707	\$ 5,283,119	\$ 8,813,167	\$ 9,083,256	\$ 15,879,874	\$ 14,366,375

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 96.91%, higher than the average for counties with a population less than 25,000 of 96.88%. (Source: NC Treasurer, County Cash, Taxes and Fund Balance Available, 2016)
- 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 Assets

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,273,899	\$ 1,357,999	\$ 2,893,353	\$ 3,126,040	\$ 4,167,252	\$ 4,484,039
Operating Grants and Contributions	2,429,652	2,247,395	2,700	5,400	2,432,352	2,252,795
Capital Grants and Contributions	1,401,099	-	-	-	1,401,099	-
<b>General Revenue:</b>						
Property Taxes	8,286,943	8,125,973	-	-	8,286,943	8,125,973
Other Taxes	2,789,530	2,528,805	-	-	2,789,530	2,528,805
Other	82,974	120,428	3,073	2,970	86,047	123,398
<b>Total Revenue</b>	<b>16,264,097</b>	<b>14,380,600</b>	<b>2,899,126</b>	<b>3,134,410</b>	<b>19,163,223</b>	<b>17,515,010</b>
<b>Expenses:</b>						
General Government	418,372	2,235,864	-	-	418,372	2,235,864
Public Safety	4,738,415	4,615,535	-	-	4,738,415	4,615,535
Economic and Physical Development	267,337	176,004	-	-	267,337	176,004
Environmental Protection	325,169	250,422	-	-	325,169	250,422
Human Services	2,508,381	2,545,438	-	-	2,508,381	2,545,438
Cultural and Recreation	2,450,952	817,350	-	-	2,450,952	817,350
Education	3,184,968	2,703,642	-	-	3,184,968	2,703,642
Interest on Long-term Debt	365,477	255,646	-	-	365,477	255,646
Solid Waste Operations	-	-	966,872	920,753	966,872	920,753
Water Operations	-	-	2,202,343	1,968,276	2,202,343	1,968,276
<b>Total Expenses</b>	<b>14,259,071</b>	<b>13,599,901</b>	<b>3,169,215</b>	<b>2,889,029</b>	<b>17,428,286</b>	<b>16,488,930</b>
Transfers	(10,000)	-	-	-	(10,000)	-
<b>Increase in Net Position</b>	<b>1,995,026</b>	<b>780,699</b>	<b>(270,089)</b>	<b>245,381</b>	<b>1,724,937</b>	<b>1,026,080</b>
Net position, beginning	5,283,119	4,502,420	9,083,256	8,837,875	14,366,375	13,340,295
Restatement	(211,438)	-	-	-	(211,438)	-
Net position, beginning, restated	5,071,681	4,502,420	9,083,256	8,837,875	14,154,937	13,340,295
<b>Net position, ending</b>	<b>\$ 7,066,707</b>	<b>\$ 5,283,119</b>	<b>\$ 8,813,167</b>	<b>\$ 9,083,256</b>	<b>\$ 15,879,874</b>	<b>\$ 14,366,375</b>

**Governmental activities.** Governmental activities increased the County's net position by \$1,995,026. Key elements of this increase are as follows:

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

**Business-type activities:** Business-type activities decreased Perquimans County's net position by \$270,089. Key elements of this decrease are as follows:

- Fund balances appropriated for both water and solid waste funds, for well site improvements and convenience site capital improvements.

## **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 \$4,738,122, while total fund balance reached \$6,396,565. The County currently has an available fund balance of 32.33% of general fund expenditures, while total fund balance represents 43.64% of that same amount.

At June 30, 2017, the governmental funds of Perquimans County reported a combined fund balance of \$8,603,540, a 16.43% 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 \$556,780.

**Proprietary Funds.** Perquimans County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Total net position of the Solid Waste Fund at the end of the fiscal year amounted to \$372,969 and net position for the Water Fund equaled \$8,440,198. The total decrease in net position for the Solid Waste fund was \$60,950. The total decrease in the Water fund was \$209,139. 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, 2017, totals \$19,141,125 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, recreational facilities, and vehicles.

Major capital asset transactions during the year include:



- Library construction in progress.
- Manley well site improvements for Bethel water plant.

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

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,062,407	\$ 1,062,407	\$ 160,006	\$ 160,006	\$ 1,222,413	\$ 1,222,413
Construction in progress	2,418,603	171,932	156,164	25,000	2,574,767	196,932
Buildings and Systems	4,399,644	4,581,512	8,954,573	9,314,887	13,354,217	13,896,399
Machinery, Equipment, and Vehicles	1,865,852	1,249,839	123,876	66,349	1,989,728	1,316,188
<b>Total</b>	<b>\$ 9,746,506</b>	<b>\$ 7,065,690</b>	<b>\$ 9,394,619</b>	<b>\$ 9,566,242</b>	<b>\$ 19,141,125</b>	<b>\$ 16,631,932</b>

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, 2017, Perquimans County had no total bonded debt outstanding for the General Fund.

**Installment Obligation Debt.** As of June 30, 2017 Perquimans County had \$10,835,546 in installment purchases outstanding for the General Fund.

**Perquimans County's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Installment Agreement Indebtedness	\$ 10,835,546	\$ 9,045,500	\$ 2,935,633	\$ 3,304,727	\$ 13,771,179	\$ 12,350,227
<b>Total</b>	<b>\$ 10,835,546</b>	<b>\$ 9,045,500</b>	<b>\$ 2,935,633</b>	<b>\$ 3,304,727</b>	<b>\$ 13,771,179</b>	<b>\$ 12,350,227</b>

Perquimans County's total debt increased by \$1,420,952 (11.51%) 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 \$94,577,145.

Additional information regarding Perquimans County's long-term debt can be found in Note III.B.5 beginning on page 54 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 5.5% is more than the state average of 4.5% (July, 2017- 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's Ad-valorem tax rate will remain at \$0.57/\$100 value. Property tax revenues are expected to increase by approximately 0.74% as a result of new real estate construction. This will offset some of the economy-based revenue losses and provide funding for planned capital projects. Permit and fee revenues are expected to be approximately the same as the FY 2015-2016 levels based on housing starts and real estate transactions. Sales taxes are expected to increase by 2-3% over FY 2016-17 levels. Additional revenues are expected from the addition of the Desert Wind project business personal property levy.

Budgeted expenditures in the General Fund are \$15.29 million. While representing an increase from last year's budgeted amount, this allows funding of an increase to school capital expenses, an increase in County employee/retiree health care costs, an additional school resource officer, motor vehicle purchases for the Sheriff's office, additional parking lot paving at County buildings, Courthouse security improvements, communication tower improvements, an additional tele-communicator position, conversion to paramedic level of care for EMS, and additional debt service costs for the Perquimans County Library.

This budget includes no cost of living increase for employees, but merit increases remain enacted for employees who are eligible.

**Business – type Activities:** The County continued seasonal water conservation rates in 2017. These rates are in effect May through October in hopes of encouraging water conservation during peak demand periods. Within FY 17-18, 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, and continue to invest in radio read water meter technology.

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

## **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the County Manager, Perquimans County, P.O. Box 45, Hertford, NC 27944.

## **BASIC FINANCIAL STATEMENTS**

PERQUIMANS COUNTY, NORTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30, 2017

Exhibit 1

	Primary Government			Component Unit Perquimans County Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,688,897	\$ 1,861,327	\$ 8,550,224	\$ 22,845
Receivables (net)	737,454	401,469	1,138,923	-
Accrued interest receivable on taxes	187,620	-	187,620	-
Due from other governments	928,532	30,137	958,669	59
Inventories	-	63,107	63,107	-
Restricted cash and cash equivalents	1,454,887	209,039	1,663,926	-
Net pension asset	26,629	-	26,629	-
Loan fees	3,787	5,481	9,268	-
Capital assets:				
Land and construction in progress	3,481,010	316,170	3,797,180	-
Other capital assets, net of depreciation	6,265,496	9,078,449	15,343,945	-
Total capital assets	9,746,506	9,394,619	19,141,125	-
<b>Total assets</b>	<b>19,774,312</b>	<b>11,965,179</b>	<b>31,739,491</b>	<b>22,904</b>
<b>Deferred Outflows of Resources</b>	<b>884,496</b>	<b>75,499</b>	<b>959,995</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	392,585	17,907	410,492	-
Accrued interest payable	173,477	34,390	207,867	-
Customer deposits	-	68,948	68,948	-
Long-term liabilities:				
Net pension liability-LGERS	965,339	83,943	1,049,282	-
Total pension liability-LEOSSA	227,483	-	227,483	-
Due within one year	1,208,155	398,381	1,606,536	-
Due in more than one year	10,540,764	2,620,699	13,161,463	-
<b>Total liabilities</b>	<b>13,507,803</b>	<b>3,224,268</b>	<b>16,732,071</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>	<b>84,298</b>	<b>3,243</b>	<b>87,541</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	6,809,293	6,458,986	13,268,279	-
Restricted:				
Public Safety	10,722	-	10,722	-
Education	621,303	-	621,303	-
Register of Deeds	20,914	-	20,914	-
Stabilization by State Statute	621,135	-	621,135	-
Capital Outlay	1,584,147	-	1,584,147	-
Unrestricted	(2,600,807)	2,354,181	(246,626)	22,904
<b>Total net position</b>	<b>\$ 7,066,707</b>	<b>\$ 8,813,167</b>	<b>\$ 15,879,874</b>	<b>\$ 22,904</b>

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, 2017

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total		Perquimans County Tourism Development Authority
					Governmental Activities	Business-type Activities				
<b>Primary government:</b>										
<b>Governmental activities:</b>										
General government	\$ 418,372	\$ 346,683	\$ 15,881	\$ -	\$ (55,808)	\$ -	\$ -	\$ (55,808)		
Public safety	4,738,415	818,838	405,901	145,353	(3,368,323)	-	-	(3,368,323)		
Economic and physical development	267,337	-	167,020	-	(100,317)	-	-	(100,317)		
Environmental protection	325,169	-	42,600	-	(282,569)	-	-	(282,569)		
Human services	2,508,381	-	1,793,613	-	(714,768)	-	-	(714,768)		
Cultural and recreational	2,450,952	18,480	4,637	655,746	(1,772,089)	-	-	(1,772,089)		
Education	3,184,968	89,898	-	600,000	(2,495,070)	-	-	(2,495,070)		
Interest on long-term debt	365,477	-	-	-	(365,477)	-	-	(365,477)		
<b>Total governmental activities</b>	<b>14,259,071</b>	<b>1,273,899</b>	<b>2,429,652</b>	<b>1,401,099</b>	<b>(9,154,421)</b>	<b>-</b>	<b>-</b>	<b>(9,154,421)</b>		
<b>Business-type activities:</b>										
Solid waste	966,872	905,720	-	-	-	(61,152)	-	(61,152)		
Water	2,202,343	1,987,633	2,700	-	-	(212,010)	-	(212,010)		
<b>Total business-type activities</b>	<b>3,169,215</b>	<b>2,893,353</b>	<b>2,700</b>	<b>-</b>	<b>-</b>	<b>(273,162)</b>	<b>-</b>	<b>(273,162)</b>		
<b>Total primary government</b>	<b>\$ 17,428,286</b>	<b>\$ 4,167,252</b>	<b>\$ 2,432,352</b>	<b>\$ 1,401,099</b>	<b>(9,154,421)</b>	<b>(273,162)</b>	<b>(9,427,583)</b>	<b>\$ (5,868)</b>		
<b>Component unit:</b>										
Perquimans County Tourism Development Authority	\$ 12,795	\$ 6,927	\$ -	\$ -				\$ (5,868)		
<b>General revenues:</b>										
<b>Taxes:</b>										
Property taxes, levied for general purposes					8,286,943			8,286,943		
Local option sales tax					2,473,288			2,473,288		
Other taxes and licenses					316,242			316,242		
Unrestricted intergovernmental					49,136			49,136		
Investment earnings, unrestricted					12,351	3,073		15,424	38	
Miscellaneous, unrestricted					21,487			21,487		
<b>Total general revenues excluding transfers</b>					<b>11,159,447</b>	<b>3,073</b>		<b>11,162,520</b>	<b>38</b>	
<b>Transfers</b>					<b>(10,000)</b>	<b>-</b>		<b>(10,000)</b>	<b>10,000</b>	
<b>Total general revenues and transfers</b>					<b>11,149,447</b>	<b>3,073</b>		<b>11,152,520</b>	<b>10,038</b>	
Change in net position					1,995,026	(270,089)		1,724,937	4,170	
Net position, beginning, previously reported					5,283,119	9,083,256		14,366,375	18,734	
Restatement					(211,438)	-		(211,438)	-	
Net position, beginning, restated					5,071,681	9,083,256		14,154,937	18,734	
Net position, ending					\$ 7,066,707	\$ 8,813,167		\$ 15,879,874	\$ 22,904	

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

PERQUIMANS COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Exhibit 3

	Major			Non-major	Total
	General Fund	Emergency Telephone System Fund	County Construction Capital Projects Fund	Other Governmental Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 5,867,951	\$ -	\$ 299,550	\$ 521,396	\$ 6,688,897
Receivables, net	737,454	-	-	-	737,454
Due from other funds	13,069	-	-	-	13,069
Due from other governments	645,068	224,101	-	59,363	928,532
Restricted cash	70,383	-	763,201	621,303	1,454,887
<b>Total assets</b>	<b>\$ 7,333,925</b>	<b>\$ 224,101</b>	<b>\$ 1,062,751</b>	<b>\$ 1,202,062</b>	<b>\$ 9,822,839</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 123,715	\$ 85,926	\$ -	\$ -	\$ 209,641
Checks drawn in excess	-	123,581	-	59,363	182,944
Due to other funds	-	13,069	-	-	13,069
<b>Total liabilities</b>	<b>123,715</b>	<b>222,576</b>	<b>-</b>	<b>59,363</b>	<b>405,654</b>
<b>Deferred inflows of resources</b>	<b>813,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>813,645</b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Stabilization by State Statute	621,135	1,525	-	-	622,660
Register of Deeds	20,914	-	-	-	20,914
Department of Justice Forfeiture Program	9,197	-	-	-	9,197
School Capital	-	-	-	621,303	621,303
<b>Committed:</b>					
Tax revaluation	70,383	-	-	-	70,383
<b>Assigned:</b>					
Future County Capital Outlay	-	-	1,062,751	521,396	1,584,147
Subsequent year's expenditures	936,814	-	-	-	936,814
Unassigned	4,738,122	-	-	-	4,738,122
<b>Total fund balances</b>	<b>6,396,565</b>	<b>1,525</b>	<b>1,062,751</b>	<b>1,142,699</b>	<b>8,603,540</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,333,925</b>	<b>\$ 224,101</b>	<b>\$ 1,062,751</b>	<b>\$ 1,202,062</b>	

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	9,746,506
Net loan fees	3,787
Net pension asset	26,629
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	230,433
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	7,557
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds	187,620
Net pension liability - LGERS	(965,339)
Total pension liability - LEOSSA	(227,483)
Deferred inflows of resources for taxes receivable	774,454
Pension related deferrals	601,399
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	(11,922,396)
<b>Net position of governmental activities</b>	<b>\$ 7,066,707</b>

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, 2017

Exhibit 4

	Major			Non-major	Total
	General Fund	Emergency Telephone System Fund	County Construction Capital Projects Fund	Other Governmental Funds	
<b>Revenues:</b>					
Ad valorem taxes	\$ 8,189,224	\$ -	\$ -	\$ -	\$ 8,189,224
Local option sales taxes	2,473,288	-	-	-	2,473,288
Other taxes and licenses	23,980	-	-	-	23,980
Unrestricted intergovernmental	49,136	-	-	-	49,136
Restricted intergovernmental	2,261,415	502,569	308,762	482,922	3,555,668
Permits and fees	301,788	-	-	-	301,788
Sales and services	848,367	-	-	-	848,367
Investment earnings	10,993	65	159	1,134	12,351
Charles Ward Estate Bequest	-	-	-	600,000	600,000
Miscellaneous	112,576	-	-	-	112,576
<b>Total revenue</b>	<b>14,270,767</b>	<b>502,634</b>	<b>308,921</b>	<b>1,084,056</b>	<b>16,166,378</b>
<b>Expenditures:</b>					
<b>Current</b>					
General government	2,094,997	-	-	-	2,094,997
Public safety	4,264,051	534,775	-	-	4,798,826
Economic and physical development	36,994	-	-	167,020	204,014
Environmental protection	323,788	-	-	-	323,788
Human services	2,487,049	-	-	-	2,487,049
Cultural and recreational	585,519	-	2,085,447	-	2,670,966
<b>Intergovernmental:</b>					
Education	3,184,968	-	-	-	3,184,968
Capital outlay	730,125	-	-	-	730,125
<b>Debt service:</b>					
Principal	709,954	-	-	-	709,954
Interest	237,433	-	-	-	237,433
<b>Total expenditures</b>	<b>14,654,878</b>	<b>534,775</b>	<b>2,085,447</b>	<b>167,020</b>	<b>17,442,120</b>
<b>Excess of revenues over expenditures</b>	<b>(384,111)</b>	<b>(32,141)</b>	<b>(1,776,526)</b>	<b>917,036</b>	<b>(1,275,742)</b>
<b>Other financing sources (uses):</b>					
Installment purchase obligations	-	-	2,500,000	-	2,500,000
Transfer (to) from other funds	390,000	-	-	(400,000)	(10,000)
<b>Total other financing sources (uses)</b>	<b>390,000</b>	<b>-</b>	<b>2,500,000</b>	<b>(400,000)</b>	<b>2,490,000</b>
<b>Net change in fund balances</b>	<b>5,889</b>	<b>(32,141)</b>	<b>723,474</b>	<b>517,036</b>	<b>1,214,258</b>
<b>Fund balances, beginning</b>	<b>6,390,676</b>	<b>33,666</b>	<b>339,277</b>	<b>625,663</b>	<b>7,389,282</b>
<b>Fund balances, ending</b>	<b>\$ 6,396,565</b>	<b>\$ 1,525</b>	<b>\$ 1,062,751</b>	<b>\$ 1,142,699</b>	<b>\$ 8,603,540</b>

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, 2017**

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 1,214,258
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.	2,680,816
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	230,433
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	7,577
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	97,719
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.	(1,790,046)
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.	(445,731)
Total changes in net position of governmental activities	<u>\$ 1,995,026</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, 2017**

Exhibit 6

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,961,188	\$ 8,086,173	\$ 8,189,224	\$ 103,051
Local option sales taxes	2,231,080	2,319,298	2,473,288	153,990
Other taxes and licenses	21,950	21,950	23,980	2,030
Unrestricted intergovernmental	45,000	45,000	49,136	4,136
Restricted intergovernmental	2,086,347	2,419,824	2,261,415	(158,409)
Permits and fees	297,034	307,234	301,788	(5,446)
Sales and services	887,484	887,484	848,367	(39,117)
Investment earnings	10,205	10,105	10,904	799
Miscellaneous	122,500	122,500	112,576	(9,924)
<b>Total revenues</b>	<b>13,662,788</b>	<b>14,219,568</b>	<b>14,270,678</b>	<b>51,110</b>
<b>Expenditures:</b>				
<b>Current</b>				
General government	2,115,050	2,174,660	2,094,997	79,663
Public safety	4,167,932	4,511,023	4,264,051	246,972
Economic and physical development	40,137	67,637	36,994	30,643
Environmental protection	323,952	339,207	323,788	15,419
Human services	2,798,637	2,810,344	2,487,049	323,295
Cultural and recreational	604,435	573,685	585,519	(11,834)
<b>Intergovernmental:</b>				
Education	3,171,305	3,181,305	3,184,968	(3,663)
Capital outlay	666,940	742,307	730,125	12,182
<b>Debt service:</b>				
Principal retirement	716,639	700,899	709,954	(9,055)
Interest and other charges	237,465	253,205	237,433	15,772
<b>Total expenditures</b>	<b>14,842,492</b>	<b>15,354,272</b>	<b>14,654,878</b>	<b>699,394</b>
<b>Revenues over (under) expenditures</b>	<b>(1,179,704)</b>	<b>(1,134,704)</b>	<b>(384,200)</b>	<b>750,504</b>
<b>Other financing sources (uses):</b>				
Transfer from other funds	400,000	400,000	400,000	-
Transfer to other funds	-	(45,000)	(45,000)	-
Fund balance appropriated	779,704	779,704	-	(779,704)
<b>Total other financing sources (uses)</b>	<b>1,179,704</b>	<b>1,134,704</b>	<b>355,000</b>	<b>(779,704)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(29,200)</b>	<b>\$ (29,200)</b>
Fund balance, beginning			6,355,382	
Fund balance, ending			<b>\$ 6,326,182</b>	

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, 2017**

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			\$ 6,326,182	
Investment earnings			89	
Transfer from General Fund			35,000	
General Government Expenditures			-	
Fund balance, beginning			<u>35,294</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 6,396,565</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 - EMERGENCY TELEPHONE SYSTEM FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit 6  
(continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Restricted intergovernmental	\$ 136,353	\$ 687,047	\$ 502,569	\$ (184,478)
Investment earnings	100	100	65	(35)
Total	<u>136,453</u>	<u>687,147</u>	<u>502,634</u>	<u>(184,513)</u>
<b>Expenditures:</b>				
Hardware maintenance	27,019	50,082	43,909	6,173
Implemental functions	11,900	11,900	1,192	10,708
Software maintenance	60,000	150,251	128,169	22,082
Telephone	29,534	41,743	32,227	9,516
Training	8,000	13,200	7,345	5,855
Capital outlay	-	433,042	321,933	111,109
Total public safety	<u>136,453</u>	<u>700,218</u>	<u>534,775</u>	<u>165,443</u>
Revenues over (under) expenditures	<u>-</u>	<u>(13,071)</u>	<u>(32,141)</u>	<u>(19,070)</u>
<b>Other financing sources:</b>				
Fund balance appropriated	-	13,071	-	(13,071)
Total	<u>-</u>	<u>13,071</u>	<u>-</u>	<u>(13,071)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(32,141)</u>	<u>\$ (32,141)</u>
Fund balance, beginning			<u>33,666</u>	
Fund balance, ending			<u>\$ 1,525</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, 2017

Exhibit 7

	Major Water	Non-Major Solid Waste	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,714,021	\$ 147,306	\$ 1,861,327
Accounts receivables (net)	160,073	241,396	401,469
Due from other governments	27,963	2,174	30,137
Inventories	63,107	-	63,107
Total current assets	<u>1,965,164</u>	<u>390,876</u>	<u>2,356,040</u>
Noncurrent assets:			
Restricted cash and cash equivalents	209,039	-	209,039
Loan fees, net of accumulated amortization of \$3,621	5,481	-	5,481
Capital assets:			
Land and construction in progress	316,170	-	316,170
Other capital assets, net of depreciation	9,078,449	-	9,078,449
Total noncurrent assets	<u>9,609,139</u>	<u>-</u>	<u>9,609,139</u>
Total assets	<u>11,574,303</u>	<u>390,876</u>	<u>11,965,179</u>
<b>Deferred outflows of resources</b>	<u>75,499</u>	<u>-</u>	<u>75,499</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	17,907	17,907
Customer deposits	68,948	-	68,948
Accrued interest payable	34,390	-	34,390
Compensated absences	23,057	-	23,057
Installment notes payable	375,324	-	375,324
Total current liabilities	<u>501,719</u>	<u>17,907</u>	<u>519,626</u>
Noncurrent liabilities:			
Other postemployment benefits	60,390	-	60,390
Net pension liability	83,943	-	83,943
Installment notes payable	2,560,309	-	2,560,309
Total noncurrent liabilities	<u>2,704,642</u>	<u>-</u>	<u>2,704,642</u>
Total liabilities	<u>3,206,361</u>	<u>17,907</u>	<u>3,224,268</u>
<b>Deferred inflows of resources</b>	<u>3,243</u>	<u>-</u>	<u>3,243</u>
<b>Net Position</b>			
Net investment in capital assets	6,458,986	-	6,458,986
Unrestricted	1,981,212	372,969	2,354,181
Total net position	<u>\$ 8,440,198</u>	<u>\$ 372,969</u>	<u>\$ 8,813,167</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, 2017**

Exhibit 8

	<u>Major Water</u>	<u>Non-Major Solid Waste</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 1,873,247	\$ 896,636	\$ 2,769,883
Tap and reconnection fees	64,105	-	64,105
Penalties	46,474	-	46,474
Other operating revenue	3,807	9,084	12,891
Total operating revenues	<u>1,987,633</u>	<u>905,720</u>	<u>2,893,353</u>
<b>Operating expenses:</b>			
Administration	1,030,665	-	1,030,665
Water purchase	325,074	-	325,074
Water distribution and treatment	390,696	-	390,696
Solid waste operations	-	966,872	966,872
Depreciation/amortization	393,390	-	393,390
Total operating expenses	<u>2,139,825</u>	<u>966,872</u>	<u>3,106,697</u>
Capital outlay	<u>13,596</u>	<u>-</u>	<u>13,596</u>
Total expenses	<u>2,153,421</u>	<u>966,872</u>	<u>3,120,293</u>
Operating income (loss)	<u>(165,788)</u>	<u>(61,152)</u>	<u>(226,940)</u>
<b>Non-operating revenue (expenses):</b>			
Rent	2,700	-	2,700
Interest income	2,871	202	3,073
Other postemployment	(2,490)	-	(2,490)
Interest on long-term debt	(46,432)	-	(46,432)
Total non-operating revenue (expenses)	<u>(43,351)</u>	<u>202</u>	<u>(43,149)</u>
Change in net position	(209,139)	(60,950)	(270,089)
Total net position, beginning	<u>8,649,337</u>	<u>433,919</u>	<u>9,083,256</u>
Total net position, ending	<u>\$ 8,440,198</u>	<u>\$ 372,969</u>	<u>\$ 8,813,167</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, 2017

Exhibit 9

	Major Water	Non-Major Solid Waste	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 2,096,616	\$ 892,353	\$ 2,988,969
Cash paid for goods and services	(1,278,648)	(969,106)	(2,247,754)
Cash paid to employees for services	(512,435)	-	(512,435)
Customer deposits	1,161	-	1,161
Net cash provided by (used in) operating activities	<u>306,694</u>	<u>(76,753)</u>	<u>229,941</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(221,008)	-	(221,008)
Principal paid on installment payables	(369,094)	-	(369,094)
Interest paid on installment payables	(51,278)	-	(51,278)
Proceeds from rental	2,700	-	2,700
Net cash used in capital and related financing activities	<u>(638,680)</u>	<u>-</u>	<u>(638,680)</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>2,871</u>	<u>202</u>	<u>3,073</u>
Net increase (decrease) in cash and cash equivalents	(329,115)	(76,551)	(405,666)
Cash and cash equivalents, beginning (Water fund includes restricted cash of \$207,527)	<u>2,252,175</u>	<u>223,857</u>	<u>2,476,032</u>
Cash and cash equivalents, ending (Water fund includes restricted cash of \$209,039)	<u>\$ 1,923,060</u>	<u>\$ 147,306</u>	<u>\$ 2,070,366</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (165,788)	\$ (61,152)	\$ (226,940)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	393,390	-	393,390
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	115,494	(13,346)	102,148
Increase in deferred outflows of resources - pensions	(57,732)	-	(57,732)
Increase in net pension liability	66,980	-	66,980
Decrease in deferred inflows of resources - pensions	(6,029)	-	(6,029)
Increase in due from other governments	(6,511)	(21)	(6,532)
Increase in inventory	(26,665)	-	(26,665)
Decrease in accounts payable and accrued liabilities	(3,741)	(2,234)	(5,975)
Increase in customer deposits	1,161	-	1,161
Decrease in accrued vacation pay	(3,865)	-	(3,865)
Total adjustments	<u>472,482</u>	<u>(15,601)</u>	<u>456,881</u>
Net cash provided by (used in) operating activities	<u>\$ 306,694</u>	<u>\$ (76,753)</u>	<u>\$ 229,941</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, 2017

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Exhibit 10

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 62,805</u>
<b>Liabilities</b>	
Miscellaneous liabilities	<u>\$ 62,805</u>
<b>Net position</b>	<u>\$ -</u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

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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, 2017**

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column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

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

*Emergency Telephone System Fund* – This fund is used to account for the 911 revenue collected by the telephone industry to fund the County's 911 Emergency System.

*County Construction Capital Projects Fund* – This fund account for construction throughout the County and is reported as a capital projects fund.

The County reports the following major enterprise funds:

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

The County reports the following fund types:

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

*Nonmajor Funds.* The County maintains five legally budgeted funds. The NC Housing Finance Grant and Community Development Block Grant are reported as nonmajor special revenue funds. The County Capital Projects Reserve and School Construction Capital Projects Funds are reported as capital projects funds. The Solid Waste Fund, used to account for the operations of the County's solid waste activities, is reported as a nonmajor enterprise fund.

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

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**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, 2017**

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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, 2017**

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

Perquimans County Restricted Cash

Governmental activities:		
General Fund	Tax revaluation	\$ 70,383
County Construction Capital Projects Fund	Unexpended installment loan proceeds	\$ 763,201
School Capital Projects Fund	Unexpended Public School Building funds	621,303
Total governmental activities		1,454,887
Business-type activities:		
Water Fund	Unexpended bond proceeds	140,091
Water Fund	Customer deposits	68,948
Total business-type activities		209,039
Total restricted cash		\$ 1,663,926

**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, 2017**

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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, 2017**

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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 sources.

10. Compensated Absences

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

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

11. Net Position/Fund Balances

**Net Position**

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

**Fund Balances**

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



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

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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 three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law

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Enforcement Officers' Special Separation Allowance (LEOSSA) (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 \$(1,536,833) consists of the following:

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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)	\$ 14,455,967
Less - accumulated depreciation	(4,709,461)
Net capital assets	9,746,506
Net pension asset	26,629
Contributions to the pension plan in the current fiscal year	230,433
Benefit payments and pension administration costs for LEOSSA	7,557
Net loan fees	3,787
Accrued interest receivable less the amount claimed as unearned revenue in the government-side statements as these funds are not available and therefore are unavailable in the fund statements	187,620
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	774,454
Pension related deferrals	601,399
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	(10,835,546)
Compensated absences	(218,887)
Net pension liability -LGERS	(965,339)
Total pension liability - LEOSSA	(227,483)
Other postemployment benefits	(694,486)
Accrued interest payable	(173,477)
Total adjustment	\$ (1,536,833)

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 \$780,768 is comprised of the following:

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Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$3,183,962
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(503,146)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	(2,500,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	709,954
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	230,433
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	7,577
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(128,044)
Amortization expense	(362)
Compensated absences	28,516
Other postemployment benefits	(10,077)
County's portion of collective pension expense	(335,764)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Increase in accrued taxes receivable at year end	47,695
Reversal of deferred tax revenue recorded at July 1	(724,430)
Recording of tax receipts deferred in the funds statements at June 30	774,454
	\$ 780,768

**II. Stewardship, Compliance, and Accountability**

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

**1. Noncompliance with North Carolina General Statutes**

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

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Corrective Action Plan: Budget amendments have been revised to show revenues and expenditures separately to ensure compliance.

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, 2017, the County's deposits had a carrying amount of \$910,116,856 and a bank balance of \$10,823,265. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$10,073,265 was covered by collateral held under the Pooling Method.

At June 30, 2017, Perquimans County had \$950 cash on hand.

At June 30, 2017, the carrying amount of deposits for the Authority was \$22,845.

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, 2017 were not available. These amounts have not been recorded in the financial statements.

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**3. Receivables**

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

	<u>Accounts</u>	<u>Taxes and related accrued interest</u>	<u>Due from other governments</u>	<u>Total</u>
<b>Governmental activities:</b>				
General	\$ -	\$ 774,454	\$ 645,068	\$ 1,419,522
Other governmental	-	-	283,464	283,464
Total receivables	-	774,454	928,532	1,702,986
Allowance for doubtful accounts	-	(37,000)	-	(37,000)
Total governmental activities	<u>\$ -</u>	<u>\$ 737,454</u>	<u>\$ 928,532</u>	<u>\$ 1,665,986</u>
<b>Business type activities:</b>				
Water Fund	\$ 162,330	\$ -	\$ 27,963	\$ 190,293
Solid Waste	251,656	-	2,174	253,830
Total receivables	413,986	-	30,137	444,123
Allowance for doubtful accounts	(12,517)	-	-	(12,517)
Total business type activities	<u>\$ 401,469</u>	<u>\$ -</u>	<u>\$ 30,137</u>	<u>\$ 431,606</u>

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

Other grant funds	\$ 62,326
Local option sales tax	441,374
Sales tax reimbursements	105,653
Scrap tire tax	4,858
Franchise tax	4,963
White goods disposal tax	1,315
Social services reimbursements	141,804
State 911 funds	196,376
Total	<u>\$ 958,669</u>

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**4. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,062,407	\$ -	\$ -	\$ 1,062,407
Construction in progress	171,932	2,257,871	11,200	2,418,603
Total capital assets not being depreciated	<u>1,234,339</u>	<u>2,257,871</u>	<u>11,200</u>	<u>3,481,010</u>
<b>Capital assets being depreciated:</b>				
Buildings	6,728,656	5,071	-	6,733,727
Equipment	1,690,925	369,293	-	2,060,218
Land improvements	302,462	320,662	-	623,124
Vehicles and motor equipment	1,565,070	242,265	249,447	1,557,888
Total capital assets being depreciated	<u>10,287,113</u>	<u>937,291</u>	<u>249,447</u>	<u>10,974,957</u>
<b>Less accumulated depreciation for:</b>				
Buildings	2,147,144	186,939	-	2,334,083
Equipment	952,517	152,729	-	1,105,246
Land improvements	86,745	15,345	-	102,090
Vehicles and motor equipment	1,269,356	148,133	249,447	1,168,042
Total accumulated depreciation	<u>4,455,762</u>	<u>503,146</u>	<u>249,447</u>	<u>4,709,461</u>
Total capital assets being depreciated, net	<u>5,831,351</u>			<u>6,265,496</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 7,065,690</u>			<u>\$ 9,746,506</u>

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

Cultural and recreation	\$ 73,978
Economic and physical development	63,323
General government	88,790
Human services	6,848
Public Safety	<u>270,207</u>
Total depreciation expense	<u>\$ 503,146</u>

**Perquimans County, North Carolina  
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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Water Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 160,006	\$ -	\$ -	\$ 160,006
Construction in progress	25,000	131,164	-	156,164
Total capital assets not being depreciated	185,006	131,164	-	316,170
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	17,813,702	-	-	17,813,702
Furniture and maintenance equipment	233,250	59,345	-	292,595
Vehicles	315,417	30,500	-	345,917
Total capital assets being depreciated	18,362,369	89,845	-	18,452,214
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	8,498,816	360,313	-	8,859,129
Furniture and maintenance equipment	233,251	5,440	-	238,691
Vehicles	249,067	26,878	-	275,945
Total accumulated depreciation	8,981,134	392,631	-	9,373,765
Total capital assets being depreciated, net	9,381,235			9,078,449
<b>Business-type activity capital assets, net</b>	<b>\$ 9,566,241</b>			<b>\$ 9,394,619</b>

**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	\$ 2,255,859	\$ 244,141

**B. Liabilities**

**1. Payables**

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

	Vendors
<b>Governmental activities:</b>	
General	\$ 123,715
Other governmental	268,870
Total governmental activities	\$ 392,585
<b>Business type activities:</b>	
Solid Waste	17,907
Total business type activities	\$ 17,907



**Perquimans County, North Carolina**  
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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](http://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, 2017, was 8.00% of compensation for law enforcement officers

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and 7.25% 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 \$249,238 for the year ended June 30, 2017.

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

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

At June 30, 2017, the County reported a liability of \$1,049,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County’s proportion was .049%, which was an increase of .002% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$289,477. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19,714	\$ 36,768
Changes of assumptions	71,866	-
Net difference between projected and actual earnings on pension plan investments	580,121	-
Changes in proportion and differences between County contributions and proportionate share of contributions	22,797	3,773
County contributions subsequent to the measurement date	249,238	-
Total	<b>\$ 943,736</b>	<b>\$ 40,541</b>

\$249,238 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<b>Year ended June 30:</b>	
2018	\$ 100,626
2019	100,725
2020	281,381
2021	171,228
2022	-
Thereafter	-
	<u>\$ 653,960</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	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. 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 liability calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	\$ 2,490,437	\$ 1,049,282	\$ (154,477)

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

**b. Law Enforcement Officers' Special Separation Allowance**

**1. *Plan Description.***

Perquimans County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five

**Perquimans County, North Carolina**  
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or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

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

**2. Summary of Significant Accounting Policies:**

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

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

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

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

**4. Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$7,577 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$227,483. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$22,122.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ -	\$ 6,077
County benefit payments and plan administrative expense made subsequent to the measurement date	7,577	-
Total	\$ 7,577	\$ 6,077

\$7,577 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2018	\$ 975
2019	975
2020	975
2021	975
2022	975
Thereafter	1,202
	\$ 6,077

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

	<b>1% Decrease (2.86%)</b>	<b>Discount Rate (3.86%)</b>	<b>1% Increase (4.86%)</b>
Total Pension Liability	\$ 252,777	\$ 227,483	\$ 204,865

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

Beginning balance	\$211,438
Service Cost	15,549
Interest on the total pension liability	7,548
Changes of assumptions and other inputs	(7,052)
Ending balance of the total pension liability	\$227,483

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*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, 2017 were \$34,432 which consisted of \$24,022 from the County and \$10,410 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

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

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*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 \$1,114 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$26,629 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was .142%, which was an increase .008% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,860. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28	\$ 345
Changes of assumptions	7,094	-
Net difference between projected and actual earnings on pension plan investments	45	-
Changes in proportion and differences between County contributions and proportionate share of contributions	401	1,387
County contributions subsequent to the measurement date	<u>1,114</u>	<u>-</u>
Total	<u>\$ 8,682</u>	<u>\$ 1,732</u>

\$1,114 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:



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Year ended June 30:	
2018	\$ 2,607
2019	2,500
2020	1,027
2021	(298)
2022	-
Thereafter	-
	<u>\$ 5,836</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

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

*Discount rate.* The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from

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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 (2.75 percent) or 1-percentage-point higher (5.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (21,471)	\$ (26,629)	\$ (30,961)

*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. The County may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Retiree Health Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	6	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	77	12
	83	12

*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.

The current annual required contribution (ARC) rate is 4.24% of annual covered payroll. For the

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current year, the County contributed \$128,750 or 4.10% of annual covered payroll. The County obtains healthcare coverage through private insurers. The County has no required contributions for employees not engaged in law enforcement and for law enforcement officers. The County's contributions totaled \$108,660 in fiscal year 2017. There were no contributions made by employees. The County's obligation to contribute to the Retiree Health Plan is established and may be amended by the County Commissioners.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended June 30, 2017, the County's total contributions were \$108,660.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual 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	29,692
Adjustment to required contribution	<u>(28,365)</u>
Annual OPEB cost (expense)	141,317
Contributions made	<u>(128,750)</u>
Increase in net OPEB obligation	12,567
Net OPEB obligation, beginning of year	<u>742,309</u>
Net OPEB obligation, end of year	<u>\$ 754,876</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

3-Year Trend Information

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2017	\$ 141,317	91.1%	\$ 754,876
2016	\$ 185,457	13.2%	\$ 742,309
2015	\$ 109,023	18.4%	\$ 581,318

*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

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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 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 4.00% 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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**3. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience:		
LGERS	\$ 19,714.00	\$ 36,768
ROD	28	345
Changes of assumptions		
LGERS	71,866	-
ROD	7,094	-
LEOSSA	-	6,077
Pensions - difference between projected and actual investment earnings:		
LGERS	580,121	-
ROD	45	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	22,797	3,773
ROD	401	1,387
Contributions to pension plan subsequent to the measurement date:		
LGERS	249,238	-
ROD	1,114	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	7,577	
Prepaid taxes not yet earned (General)	-	35,842
Taxes receivable, net (General)	-	774,454
Wetlands Mitigation (General)	-	3,349
	\$ 959,995	\$ 861,995

**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.

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer, tax collector, and register of deeds are individually bonded for \$100,000, \$100,000, and \$100,000 respectively. The finance officer of the Perquimans County Tourism Development Authority is individually bonded for \$50,000.

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

5. Long-term Obligations

a. Installment Obligation Indebtedness

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

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

- i. Six million (\$6,000,000) with a term of fifteen (15) years at 2.64%, entered into on December 6, 2012. The County will make fifteen (15) payments of \$489,429 each. Principal payments and interest at 2.64% resulted in the following obligation at June 30, 2017:

Total installment obligation indebtedness	\$ 5,380,843
Less: amount representing interest	763,570
Net principal amount of obligation	\$ 4,617,273

- 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, 2017:

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Total installment obligation indebtedness	\$ 3,818,907
Less: amount representing interest	541,634
Net principal amount of obligation	\$ 3,277,273

On September 30, 2011, the County entered into an installment purchase agreement pursuant to N.C. General Statute 160A-20 for the purchase of a building to be used by Emergency Services. Total indebtedness under the agreement was \$1,108,181. The agreement has a twenty-year term at an interest rate of 2.49%. Payments will be \$98,000 annually plus accrued interest. Principal payments and interest of 2.49% resulted in the following obligation at June 30, 2017:

Total installment obligation indebtedness	\$ 468,491
Less: amount representing interest	27,491
Net principal amount of obligation	\$ 441,000

On July 27, 2016, the County entered into an installment purchase agreement pursuant to N.C. General Statute 160A-20 for the construction of a new public library. Total indebtedness under the agreement was \$2,500,000. The agreement has a ten-year term at an interest rate of 1.88%. Payments will be \$263,158 annually plus accrued interest. Principal payments and interest of 1.88% resulted in the following obligation at June 30, 2017:

Total installment obligation indebtedness	\$ 2,756,933
Less: amount representing interest	256,933
Net principal amount of obligation	\$ 2,500,000

During the 2016-2017 fiscal year, the County made interest payments of \$237,463.

**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, 2017:

Total installment obligation indebtedness	\$ 959,523
Less: amount representing interest	43,019
Net principal amount of obligation	\$ 916,504

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, 2017:

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Total installment obligation indebtedness	\$ 978,327
Less: amount representing interest	-
Net principal amount of obligation	<u>\$ 978,327</u>

As authorized by State law [G.S. 160A-20] the County is financing water supply from Pasquotank County R. O. plant through an installment financing agreement with the PNC Bank. The total amount financed is \$1,350,000 at a fixed rate of 2.69% for 15 years. The agreement was executed on August 23, 2012 and requires 15 annual payments of \$110,564, with the first payment due August 23, 2013. Principal payments and interest at 2.69% resulted in the following obligation at June 30, 2017:

Total installment obligation indebtedness	\$ 1,216,209
Less: amount representing interest	175,407
Net principal amount of obligation	<u>\$ 1,040,802</u>

For Perquimans County, the combined future minimum payments as of June 30, 2017 including interest are:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 989,268	\$ 286,564	\$ 375,324	\$ 45,048
2019	1,005,850	240,661	381,690	38,681
2020	1,022,870	216,267	388,194	32,178
2021	1,040,339	191,397	394,652	25,535
2022	1,009,269	166,079	161,697	18,748
2023-2027	4,955,736	467,141	846,886	55,339
2028-2032	812,214	21,519	387,190	2,897
Total	<u>\$ 10,835,546</u>	<u>\$ 1,589,628</u>	<u>\$ 2,935,633</u>	<u>\$ 218,426</u>

At June 30, 2017, Perquimans County had a legal debt margin of \$ 94,577,145.



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**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, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<b>Governmental activities:</b>					
Installment purchases	\$ 9,045,500	\$ 2,500,000	\$ 709,954	\$ 10,835,546	\$ 989,268
Net pension liability (LGERS)	195,092	770,247	-	965,339	-
Total pension liability (LEOSSA)	211,438	16,045	-	227,483	-
Unfunded post employment benefits	684,409	10,077	-	694,486	-
Compensated absences	247,403	-	28,516	218,887	218,887
Total	<u>\$ 10,383,842</u>	<u>\$ 3,296,369</u>	<u>\$ 738,470</u>	<u>\$ 12,941,741</u>	<u>\$ 1,208,155</u>
<b>Business-type activities:</b>					
Installment purchases	\$ 3,304,727	\$ -	\$ 369,094	\$ 2,935,633	\$ 375,324
Net pension liability (LGERS)	16,963	66,980	-	83,943	-
Unfunded post employment benefits	57,900	2,490	-	60,390	-
Compensated absences	26,922	-	3,865	23,057	23,057
Total	<u>\$ 3,406,512</u>	<u>\$ 69,470</u>	<u>\$ 372,959</u>	<u>\$ 3,103,023</u>	<u>\$ 398,381</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.

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2017 consist of the following:

	<u>Amount</u>
From the General Fund to the Revaluation Fund to accumulate resources for octennial revaluation of real property	\$ 35,000
From the General Fund to the Tourism Development Authority	10,000
From the Capital Projects Reserve Fund to the General Fund to supplement other funding sources	400,000
Total	<u>\$ 445,000</u>

**D. Net Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 9,750,293	\$ 9,394,619
Less: Long-term debt	2,941,000	2,935,633
Net investment in capital assets	<u>\$ 6,809,293</u>	<u>\$ 6,458,986</u>

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**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:

<b>Total Fund Balance-General Fund</b>	<b>\$ 6,396,565</b>
<b>Less:</b>	
Stabilization for State Statute	621,135
Register of Deeds	20,914
Tax revaluation	70,383
Dept of Justice Forfeiture Program	9,197
Appropriation for 2017-2018 budget	936,814
<u>Remaining Fund Balance</u>	<u>\$ 4,738,122</u>

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 2016-2017 fiscal year, the County contributed \$168,996 towards the operating expenses of the Library. Complete financial statements can be obtained from the Library's office at 110 West Academy Street, Hertford, North Carolina 27944.

Albemarle District Jail Commission

The County in conjunction with Camden and Pasquotank Counties, participates in the Albemarle District Jail Commission. Each participating government appoints one member to the four member board. The Jail Commission is a joint venture established to provide incarceration facilities for the participating counties. The intergovernmental agreement between the participating counties stipulates that each county make an annual contribution towards the operating expenses of the Commission. The contribution amount is based on a per capita assessment based on the most recent census figures available. During the fiscal year ended June 30, 2017, the County contributed \$602,717 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.

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**V. Jointly Governed Organization**

Perquimans, Chowan, Gates Solid Waste Commission

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

Perquimans, Pasquotank, Camden, Chowan, Currituck Health Department

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

**VI. Benefit Payments Issued by the State**

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

	Federal	State
Adoption assistance	\$ 1,650	\$ 315
Title IV-E Foster Care admin county paid	93	46
State/County Special Assistance for Adults	-	77,857
State/County Special Assistance for the Disabled	-	77,074
State Children's Insurance Program-NC Health Choice	303,885	711
Adult Home Special Services	5,111	2,555
Medicaid	11,664,437	6,308,050
Temporary assistance to needy families	47,869	(175)
Special Supplemental Nutrition Program for Women, Infants and Children	123,532	-
Total	\$ 12,146,577	\$ 6,466,433

**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. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of

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

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benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$211,438. The County also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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- Other Postemployment Benefits Plan Schedule of Funding Progress
  - Schedule of 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
  - Schedule of Changes in Total Pension Liability
  - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll
-

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

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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**

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<u>Year Ending June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2017	\$ 128,750	91.1%
2016	139,990	13.2%
2015	108,665	18.4%

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

	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.049%	0.047%	0.049%	0.050%
County's proportionate share of the net pension liability (asset) \$	\$ 1,049,282	\$ 212,055	\$ (289,624)	\$ 620,773
County's covered payroll	\$ 3,146,224	\$ 2,955,382	\$ 2,952,691	\$ 2,888,709
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.35%	7.18%	-9.81%	21.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.47%	98.09%	102.64%	94.35%

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



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

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

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) %	0.142%	0.134%	0.139%	0.140%
County's proportionate share of the net pension liability (asset) \$	\$ (26,629)	\$ (31,115)	\$ (31,400)	\$ (30,137)
County's covered payroll	\$ 43,298	\$ 43,122	\$ 49,422	\$ 51,819
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-61.50%	-72.16%	-63.53%	-58.16%
Plan fiduciary net position as a percentage of the total pension liability (asset)	160.17%	197.29%	193.88%	190.50%

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

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

	2017	2016	2015	2014
Contractually required contribution	\$ 3,363	\$ 2,949	\$ 3,019	\$ 3,494
Contributions in relation to the contractually required contribution	3,363	2,949	3,019	3,494
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 45,504	\$ 43,298	\$ 43,122	\$ 49,422
Contributions as a percentage of covered payroll	7.39%	6.81%	7.00%	7.07%

**PERQUIMANS COUNTY, NORTH CAROLINA**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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	<b>2017</b>
Beginning balance	\$ 211,438
Service cost	15,549
Interest on the total pension liability	7,548
Changes of assumptions and other inputs	(7,052)
Ending balance of the total pension liability	<u>\$ 227,483</u>

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

**PERQUIMANS COUNTY, NORTH CAROLINA**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

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

**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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 7,988,673	\$ 8,111,967	\$ 123,294
Penalties and interest	97,500	77,257	(20,243)
Total	<u>8,086,173</u>	<u>8,189,224</u>	<u>103,051</u>
Local option sales taxes:			
Article 39 and 44	775,298	844,154	68,856
Article 40 one-half of one percent	810,000	845,543	35,543
Article 42 one-half of one percent	325,000	380,747	55,747
Article 46 one-quarter of one percent	-	2	2
Utilities franchise distribution	15,000	19,676	4,676
Medicaid hold harmless payment	394,000	383,166	(10,834)
Total	<u>2,319,298</u>	<u>2,473,288</u>	<u>153,990</u>
Other taxes and licenses:			
Scrap tire disposal tax	16,500	18,273	1,773
White goods disposal tax	5,000	5,367	367
Beer and wine licenses	450	340	(110)
Total	<u>21,950</u>	<u>23,980</u>	<u>2,030</u>
Unrestricted intergovernmental:			
Beer and wine tax	<u>45,000</u>	<u>49,136</u>	<u>4,136</u>
Restricted intergovernmental:			
State grants	1,999,899	1,857,150	(142,749)
Federal grants	14,925	-	(14,925)
Court facility fees	25,000	32,654	7,654
ABC bottle tax (rehab)	4,000	3,658	(342)
Other grants	376,000	367,953	(8,047)
Total	<u>2,419,824</u>	<u>2,261,415</u>	<u>(158,409)</u>
Permits and fees:			
Officer and sheriff fees	55,000	56,994	1,994
Building permits and inspection fees	110,000	94,311	(15,689)
Register of deeds	136,984	143,183	6,199
DMV license revocation fees	750	730	(20)
Subdivision and zoning fees	4,500	6,570	2,070
Other	<u>307,234</u>	<u>301,788</u>	<u>(5,446)</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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Sales and services:</b>			
Ambulance fees	575,000	541,189	(33,811)
Administrative services	105,000	102,500	(2,500)
Dispatch services	80,000	82,769	2,769
Jail fees	7,000	9,729	2,729
Municipal tax collection fees	14,500	15,022	522
Recreation fees	17,000	18,480	1,480
Rents	88,984	78,678	(10,306)
<b>Total</b>	<b>887,484</b>	<b>848,367</b>	<b>(39,117)</b>
Investment earnings	10,105	10,904	799
Miscellaneous			
School security	75,000	89,898	14,898
Other	47,500	22,678	(24,822)
<b>Total</b>	<b>122,500</b>	<b>112,576</b>	<b>(9,924)</b>
<b>Total revenues</b>	<b>14,219,568</b>	<b>14,270,678</b>	<b>51,110</b>
<b>Expenditures:</b>			
<b>General government:</b>			
Governing body:			
Salaries and employee benefits	52,483	52,360	123
Other operating expenses	18,800	16,620	2,180
<b>Total</b>	<b>71,283</b>	<b>68,980</b>	<b>2,303</b>
Administrative and finance:			
Salaries and employee benefits	317,734	304,756	12,978
Other operating expenses	47,450	37,915	9,535
Professional services	41,200	34,907	6,293
Capital outlay	1,500	1,311	189
<b>Total</b>	<b>407,884</b>	<b>378,889</b>	<b>28,995</b>
Elections:			
Salaries and employee benefits	90,802	81,292	9,510
Other operating expenses	41,525	33,958	7,567
<b>Total</b>	<b>132,327</b>	<b>115,250</b>	<b>17,077</b>



PERQUIMANS COUNTY, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
-- BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Tax administration:</b>			
Salaries and employee benefits	357,016	354,580	2,436
Other operating expenses	117,965	96,139	21,826
Professional services	9,200	9,160	40
Mapping	6,000	1,094	4,906
Total	<u>490,181</u>	<u>460,973</u>	<u>29,208</u>
<b>Legal:</b>			
Contracted services	<u>82,500</u>	<u>92,795</u>	<u>(10,295)</u>
<b>Register of deeds:</b>			
Salaries and employee benefits	149,433	148,505	928
Other operating expenses	67,260	63,338	3,922
Professional services	20,000	20,000	-
Capital outlay	3,400	3,263	137
Total	<u>240,093</u>	<u>235,106</u>	<u>4,987</u>
<b>Public buildings:</b>			
Salaries and employee benefits	206,509	205,924	585
Other operating expenses	182,050	160,086	21,964
Insurance and bonds	174,800	173,191	1,609
Utilities	140,000	125,835	14,165
Professional services and contracts	50,200	49,540	660
Total	<u>753,559</u>	<u>714,576</u>	<u>38,983</u>
<b>Court facilities:</b>			
Other operating expenses	<u>50,111</u>	<u>31,469</u>	<u>18,642</u>
Total	<u>50,111</u>	<u>31,469</u>	<u>18,642</u>
<b>Jury commission</b>			
Other operating expenses	<u>2,200</u>	<u>1,533</u>	<u>667</u>
<b>Total general government:</b>	<u>2,230,138</u>	<u>2,099,571</u>	<u>130,567</u>
<b>Public safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits	870,429	845,140	25,289
Other operating expenses	166,155	128,043	38,112
Capital outlay	85,575	85,568	7
Total	<u>1,122,159</u>	<u>1,058,751</u>	<u>63,408</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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Jail:</b>			
Contracted services	653,482	602,717	50,765
Contracted services - debt service	240,935	240,825	110
<b>Total</b>	<b>894,417</b>	<b>843,542</b>	<b>50,875</b>
<b>Emergency Medical Services:</b>			
Salaries and employee benefits	1,007,698	1,003,848	3,850
Other operating expenses	175,787	157,825	17,962
Capital outlay	196,232	196,232	-
<b>Total</b>	<b>1,379,717</b>	<b>1,357,905</b>	<b>21,812</b>
<b>Dispatch:</b>			
Salaries and employee benefits	457,569	454,466	3,103
Other operating expenses	67,317	55,289	12,028
Capital outlay	13,140	13,140	-
<b>Total</b>	<b>538,026</b>	<b>522,895</b>	<b>15,131</b>
<b>Fire/emergency management:</b>			
Salaries and employee benefits	30,681	30,681	-
Other operating expenses	89,395	79,486	9,909
Capital outlay	27,390	27,390	-
Assistance to local fire departments	405,000	405,000	-
<b>Total</b>	<b>552,466</b>	<b>542,557</b>	<b>9,909</b>
<b>Inspections:</b>			
Salaries and employee benefits	179,417	170,167	9,250
Other operating expenses	40,800	28,922	11,878
<b>Total</b>	<b>220,217</b>	<b>199,089</b>	<b>21,128</b>
<b>Animal Control:</b>			
Contribution to regional animal shelter	60,000	58,292	1,708
<b>Medical examiner:</b>			
Professional services	4,000	3,350	650
<b>Total public safety</b>	<b>4,771,002</b>	<b>4,586,381</b>	<b>184,621</b>

**PERQUIMANS COUNTY, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
-- BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Economic and physical development:</b>			
Economic Development Commission:			
Other operating expenses	27,330	24,187	3,143
Capital outlay	27,500	-	27,500
Total	<u>54,830</u>	<u>24,187</u>	<u>30,643</u>
Other:			
Albemarle Regional Planning Organization	2,283	2,283	-
Albemarle Commission	9,274	9,274	-
Skills, Inc.	500	500	-
R C and D	750	750	-
Total	<u>12,807</u>	<u>12,807</u>	<u>-</u>
<b>Total economic and physical development</b>	<u>67,637</u>	<u>36,994</u>	<u>30,643</u>
<b>Environmental protection:</b>			
Conversation - soil and forest service:			
Salaries and employee benefits	33,826	33,822	4
Other operating expenses	12,610	13,967	(1,357)
Cost share programs	16,500	17,336	(836)
Forestry service	45,537	30,986	14,551
Total	<u>108,473</u>	<u>96,111</u>	<u>12,362</u>
Beaver management	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Agricultural extension:			
Salaries and employee benefits	191,803	191,323	480
Other operating expenses	31,831	28,802	3,029
Total	<u>223,634</u>	<u>220,125</u>	<u>3,509</u>
Drainage study	<u>5,100</u>	<u>3,552</u>	<u>1,548</u>
<b>Total environmental protection</b>	<u>341,207</u>	<u>323,788</u>	<u>17,419</u>
<b>Human services:</b>			
Health:			
Administration - contracted services	51,375	51,322	53
Aquatic Weed Control	1,169	-	1,169
Transportation	27,478	29,617	(2,139)
Total	<u>80,022</u>	<u>80,939</u>	<u>(917)</u>
Mental health:			
Administration - contracted services	<u>26,906</u>	<u>26,904</u>	<u>2</u>

PERQUIMANS COUNTY, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
-- BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance Positive (Negative)
Alcoholism:			
Operating - rehabilitation	4,000	3,658	342
Social services:			
Administration:			
Salaries and employee benefits	1,254,491	1,191,713	62,778
Other operating expenses	90,608	60,292	30,316
Professional services	173,971	154,379	19,592
Capital outlay	34,000	31,433	2,567
Total	<u>1,553,070</u>	<u>1,437,817</u>	<u>115,253</u>
Special assistance for adults:			
Aid for the aged	85,000	77,857	7,143
Aid for the permanently and totally disabled	85,000	77,074	7,926
Total	<u>170,000</u>	<u>154,931</u>	<u>15,069</u>
Medical assistance programs:			
Assistance payments	3,000	5	2,995
Welfare-to-work program:			
Transportation	509	508	1
Other operating expenditures	2,484	400	2,084
Total	<u>2,993</u>	<u>908</u>	<u>2,085</u>
OJJ program:			
Social Thinking Program	32,646	42,646	(10,000)
Other assistance:			
Links	4,750	-	4,750
Adoption subsidy/enhancement	8,944	7,186	1,758
Nutrition program for the aged	47,305	47,305	-
Aid to the blind	1,679	1,679	-
IV E foster care clothing	2,400	-	2,400
Foster care program	122,016	2,560	119,456
Smart Start day care	83,200	83,200	-
Crisis intervention	59,540	59,539	1
Day care program	349,293	349,165	128
Emergency assistance	25,248	25,248	-
Humanitarian needs	5,922	1,859	4,063
Title III funds	9,194	7,871	1,323
Food stamp issuance	6,000	3,910	2,090
LIEAP	56,902	56,800	102
Contracted transportation	102,000	66,340	35,660
Total	<u>884,393</u>	<u>712,662</u>	<u>171,731</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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
Total social services	2,646,102	2,348,969	297,133
Other:			
Food Bank of the Albemarle	500	500	-
Kids First, Inc.	5,000	5,000	-
Albemarle Hopeline	3,000	3,000	-
Veterans service officer:			
Salaries and employee benefits	7,264	7,263	1
Other operating expenses	1,550	692	858
Total	8,814	7,955	859
Restitution Program:			
Salaries and employee benefits	4,500	4,500	-
Other operating expenses	19,622	9,749	9,873
Professional services	10,492	10,492	-
Total	34,614	24,741	9,873
Mentoring Focus Group:			
Other operating expenses	16,986	16,816	170
<b>Total human services</b>	<b>2,825,944</b>	<b>2,518,482</b>	<b>307,462</b>
<b>Cultural and recreational:</b>			
Recreation:			
Salaries and employee benefits	177,425	173,175	4,250
Other operating expenses	108,431	99,257	9,174
Capital outlay	363,000	358,412	4,588
Total	648,856	630,844	18,012
Senior Citizens:			
Salaries and employee benefits	107,099	106,386	713
Other operating expenses	21,900	16,705	5,195
Capital outlay	15,080	13,376	1,704
Total	144,079	136,467	7,612
Library:			
Contribution to regional library	169,000	168,996	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, 2017

	Final Budget	Actual	Variance Positive (Negative)
Other:			
Chamber of Commerce	5,500	5,500	-
Newbold White House	11,000	11,000	-
Perquimans Arts League	3,000	3,000	-
Perquimans County Fireworks	1,500	1,500	-
<b>Total cultural and recreational</b>	<b>982,935</b>	<b>957,307</b>	<b>25,628</b>
<b>Debt service:</b>			
Principal retirement	700,899	709,954	(9,055)
Interest and other charges	253,205	237,433	15,772
Total	954,104	947,387	6,717
<b>Total debt service</b>	<b>954,104</b>	<b>947,387</b>	<b>6,717</b>
<b>Education:</b>			
Public schools - current expense	2,775,000	2,775,000	-
Public schools - capital outlay	373,805	377,468	(3,663)
College of the Albemarle	32,500	32,500	-
Total	3,181,305	3,184,968	(3,663)
<b>Total education</b>	<b>3,181,305</b>	<b>3,184,968</b>	<b>(3,663)</b>
<b>Total expenditures</b>	<b>15,354,272</b>	<b>14,654,878</b>	<b>699,394</b>
Revenue over (under) expenditures	(1,134,704)	(384,200)	750,504
<b>Other financing sources (uses):</b>			
Transfer from other funds:			
Capital Projects Reserve Fund	400,000	400,000	-
Transfer to other funds			
Tourism Development Authority	(10,000)	(10,000)	-
Revaluation Reserve Fund	(35,000)	(35,000)	-
Fund balance appropriated	779,704	-	(779,704)
<b>Total other financing sources (uses)</b>	<b>1,134,704</b>	<b>355,000</b>	<b>779,704</b>
Net change in fund balance	\$ -	(29,200)	\$ (29,200)
Fund balance, beginning		6,355,382	
Fund balance, ending		\$ 6,326,182	

**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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenue:</b>			
Investment earnings	\$ 100	\$ 89	\$ (11)
<b>Expenditures:</b>			
General government	35,100	-	35,100
Revenue over (under) expenditures	(35,000)	89	35,089
<b>Other financing sources:</b>			
Transfer from General Fund	35,000	35,000	-
	35,000	35,000	-
Net change in fund balance	<u>\$ -</u>	35,089	<u>\$ 35,089</u>
Fund balance, beginning		<u>35,294</u>	
Fund balance, ending		<u>\$ 70,383</u>	

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, 2017

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted intergovernmental	\$ 687,047	\$ 502,569	\$ (184,478)
Investment earnings	100	65	(35)
Total	<u>687,147</u>	<u>502,634</u>	<u>(184,513)</u>
<b>Expenditures:</b>			
Hardware maintenance	50,082	43,909	6,173
Implemental functions	11,900	1,192	10,708
Software maintenance	150,251	128,169	22,082
Telephone	41,743	32,227	9,516
Training	13,200	7,345	5,855
Capital outlay	433,042	321,933	111,109
Total public safety	<u>700,218</u>	<u>534,775</u>	<u>165,443</u>
Revenues over (under) expenditures	<u>(13,071)</u>	<u>(32,141)</u>	<u>(19,070)</u>
<b>Other financing sources:</b>			
Fund balance appropriated	13,071	-	(13,071)
Total	<u>13,071</u>	<u>-</u>	<u>(13,071)</u>
Net change in fund balance	<u>\$ -</u>	<u>(32,141)</u>	<u>\$ (32,141)</u>
Fund balance, beginning		<u>33,666</u>	
Fund balance, ending		<u>\$ 1,525</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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>  Restricted intergovernmental:</b>			
State Grant - Golden Leaf	\$ 308,762	\$ 308,762	\$ -
Charles Ward Estate Bequest	600,000	-	(600,000)
Investment earnings	-	159	159
	<u>908,762</u>	<u>308,921</u>	<u>(599,841)</u>
<b>Expenditures:</b>			
Cultural and recreation	1,218,451	2,085,447	(866,996)
	<u>(309,689)</u>	<u>(1,776,526)</u>	<u>(1,466,837)</u>
<b>Revenue over (under) expenditures</b>			
	<u>(309,689)</u>	<u>(1,776,526)</u>	<u>(1,466,837)</u>
<b>Other financing sources:</b>			
Fund balance appropriated	309,689	-	(309,689)
Installment purchase obligations	-	2,500,000	2,500,000
Total	<u>309,689</u>	<u>2,500,000</u>	<u>2,190,311</u>
Net change in fund balance	<u>\$ -</u>	723,474	<u>\$ 723,474</u>
Fund balance, beginning		<u>339,277</u>	
Fund balance, ending		<u>\$ 1,062,751</u>	

## **COMBINING STATEMENTS - NON-MAJOR FUNDS**

### **Special Revenue Funds**

- North Carolina Housing Finance Fund: accounts for the grant funds obtained to rehabilitate single family housing units in Perquimans County

### **Capital Projects Funds**

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

PERQUIMANS COUNTY, NORTH CAROLINA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds		Capital Project Funds				Total Non-major Governmental Funds
	NC Housing Finance Grant	Total Special Revenue Funds	Capital Projects Reserve	School Construction Capital Projects	Total Capital Project Funds		
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 521,396	\$ -	\$ 521,396	\$ 521,396	
Restricted cash	-	-	-	621,303	621,303	621,303	
Due from other governments	59,363	59,363	-	-	-	59,363	
<b>Total assets</b>	<b>\$ 59,363</b>	<b>\$ 59,363</b>	<b>\$ 521,396</b>	<b>\$ 621,303</b>	<b>\$ 1,142,699</b>	<b>\$ 1,202,062</b>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	-	-	-	
Checks drawn in excess	59,363	59,363	-	-	-	59,363	
<b>Total liabilities</b>	<b>59,363</b>	<b>59,363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,363</b>	
<b>Fund balances:</b>							
Restricted for:							
Stabilization by State Statute	-	-	-	-	-	-	
School Capital	-	-	-	621,303	621,303	621,303	
Assigned:							
Future County Capital Outlay	-	-	521,396	-	521,396	521,396	
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>521,396</b>	<b>621,303</b>	<b>1,142,699</b>	<b>1,142,699</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 59,363</b>	<b>\$ 59,363</b>	<b>\$ 521,396</b>	<b>\$ 621,303</b>	<b>\$ 1,142,699</b>	<b>\$ 1,202,062</b>	

**PERQUIMANS COUNTY, NORTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds		Capital Project Funds				Total Non-major Governmental Funds
	NC Housing Finance Grant	Total Special Revenue Funds	Capital Projects Reserve	School Construction Capital Projects	Total Capital Project Funds		
<b>Revenues:</b>							
Restricted intergovernmental	\$ 167,020	\$ 167,020	\$ 315,902	\$ -	\$ 315,902	\$ 482,922	
Charles Ward Estate Bequest	-	-	-	600,000	600,000	600,000	
Investment earnings	-	-	1,134	-	1,134	1,134	
<b>Total revenues</b>	<b>167,020</b>	<b>167,020</b>	<b>317,036</b>	<b>600,000</b>	<b>917,036</b>	<b>1,084,056</b>	
<b>Expenditures:</b>							
Public safety	-	-	-	-	-	-	
Economic development	167,020	167,020	-	-	-	167,020	
Cultural and recreational	-	-	-	-	-	-	
Education	-	-	-	-	-	-	
<b>Total expenditures</b>	<b>167,020</b>	<b>167,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,020</b>	
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>317,036</b>	<b>600,000</b>	<b>917,036</b>	<b>917,036</b>	
<b>Other financing sources (uses):</b>							
Transfer from other funds	-	-	-	-	-	-	
Transfer to other funds	-	-	(400,000)	-	(400,000)	(400,000)	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(400,000)</b>	<b>-</b>	<b>(400,000)</b>	<b>(400,000)</b>	
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(82,964)</b>	<b>600,000</b>	<b>517,036</b>	<b>517,036</b>	
<b>Fund balances, beginning</b>	<b>-</b>	<b>-</b>	<b>604,360</b>	<b>21,303</b>	<b>625,663</b>	<b>625,663</b>	
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 521,396</b>	<b>\$ 621,303</b>	<b>\$ 1,142,699</b>	<b>\$ 1,142,699</b>	

**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, 2017**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenue:</b>					
Federal grant no. SFR-LP14	\$ 158,229	\$ -	\$ 167,020	\$ 167,020	\$ (8,791)
Total restricted intergovernmental	<u>158,229</u>	<u>-</u>	<u>167,020</u>	<u>167,020</u>	<u>(8,791)</u>
<b>Expenditures:</b>					
Rehabilitation	134,030	-	133,815	133,815	215
Program costs	<u>24,199</u>	<u>-</u>	<u>33,205</u>	<u>33,205</u>	<u>(9,006)</u>
Total economic development	<u>158,229</u>	<u>-</u>	<u>167,020</u>	<u>167,020</u>	<u>(8,791)</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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Land transfer tax	\$ 250,000	\$ 315,902	\$ 65,902
Investment earnings	1,000	1,134	134
<b>Total revenues</b>	<u>251,000</u>	<u>317,036</u>	<u>66,036</u>
<b>Other financing sources (uses):</b>			
Transfer to other funds	(400,000)	(400,000)	-
Fund balance appropriated	149,000	-	(149,000)
<b>Total other financing sources (uses)</b>	<u>(251,000)</u>	<u>(400,000)</u>	<u>(149,000)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(82,964)</u>	<u>\$ (82,964)</u>
<b>Fund balance, beginning</b>		<u>604,360</u>	
<b>Fund balance, ending</b>		<u>\$ 521,396</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA**  
**SCHOOL CONSTRUCTION CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**-- BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenue:</b>			
Charles Ward Estate Bequest	\$ -	\$ 600,000	\$ 600,000
Total revenues	<u>-</u>	<u>600,000</u>	<u>600,000</u>
<b>Expenditures:</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Net change in fund balance	<u>\$ -</u>	<u>600,000</u>	<u>\$ 600,000</u>
Fund balance, beginning		<u>21,303</u>	
Fund balance, ending		<u>\$ 621,303</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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Occupancy tax	\$ 4,900	\$ 6,927	\$ 2,027
Investment earnings	40	38	(2)
Total revenues	<u>4,940</u>	<u>6,965</u>	<u>2,025</u>
<b>Expenditures:</b>			
Economic and physical development	17,200	12,795	4,405
Total expenditures	<u>17,200</u>	<u>12,795</u>	<u>4,405</u>
Revenues over (under) expenditures	(12,260)	(5,830)	6,430
<b>Other financing sources:</b>			
Transfer from General Fund	10,000	10,000	-
Fund balance appropriated	2,260	-	(2,260)
Total other financing sources	<u>12,260</u>	<u>10,000</u>	<u>(2,260)</u>
Revenues over (under) expenditures	<u>\$ -</u>	4,170	<u>\$ 4,170</u>
Fund balance, beginning		<u>18,734</u>	
Fund balance, ending		<u>\$ 22,904</u>	



## **ENTERPRISE FUNDS**

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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.

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**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, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Solid waste fees	\$ 927,900	\$ 896,636	\$ (31,264)
Other revenue	6,500	9,084	2,584
Non-operating revenues:			
Investment earnings	150	202	52
Total revenues	934,550	905,922	(28,628)
<b>Expenditures:</b>			
Landfill operations:			
Solid waste operations	973,127	966,872	6,255
Revenues over (under) expenditures	(38,577)	(60,950)	(22,373)
<b>Other financing sources:</b>			
Fund balance appropriated	38,577	-	(38,577)
Revenues and other financing sources over (under) expenditures	\$ -	(60,950)	\$ (60,950)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Change in net position (full accrual)		\$ (60,950)	

**PERQUIMANS COUNTY, NORTH CAROLINA  
WATER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Water sales	\$ 2,000,000	\$ 1,873,247	\$ (126,753)
Tap and reconnection fees	62,000	64,105	2,105
Penalties	42,500	46,474	3,974
Other operating revenue	3,500	3,807	307
Total operating revenues	<u>2,108,000</u>	<u>1,987,633</u>	<u>(120,367)</u>
Non-operating revenues:			
Rent	8,100	2,700	(5,400)
Investment earnings	2,300	2,520	220
Total non-operating revenues	<u>10,400</u>	<u>5,220</u>	<u>(5,180)</u>
Total revenues	<u>2,118,400</u>	<u>1,992,853</u>	<u>(125,547)</u>
<b>Expenditures:</b>			
Administration:			
Salaries and employee benefits	525,605	513,633	11,972
Professional services	127,997	123,775	4,222
Indirect costs	100,000	100,000	-
Other department expenses	328,484	293,903	34,581
Total administration	<u>1,082,086</u>	<u>1,031,311</u>	<u>50,775</u>
Water purchase	<u>328,500</u>	<u>325,074</u>	<u>3,426</u>
Water distribution and treatment:			
Salt and chemical supplies	154,825	181,330	(26,505)
Insurance and bonds	35,210	35,209	1
Utilities	98,500	89,381	9,119
Water sample tests	21,300	19,714	1,586
Sedimentation control	27,540	27,540	-
Repairs and maintenance	63,270	63,104	166
Other department expenses	1,488	1,082	406
Total water distribution and treatment	<u>402,133</u>	<u>417,360</u>	<u>(15,227)</u>

**PERQUIMANS COUNTY, NORTH CAROLINA  
WATER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Positive (Negative)
<b>Debt service:</b>			
Debt principal	369,092	369,094	(2)
Interest and fees	51,282	46,432	4,850
Total debt service	<u>420,374</u>	<u>415,526</u>	<u>4,848</u>
<b>Capital Outlay</b>			
Total capital outlay	<u>253,500</u>	<u>234,605</u>	<u>18,895</u>
Total expenditures	<u>2,486,593</u>	<u>2,423,876</u>	<u>62,717</u>
<b>Revenue over (under) expenditures</b>	(368,193)	(431,023)	(62,830)
<b>Other financing sources</b>			
Fund balance appropriated	<u>368,193</u>	-	<u>368,193</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	(431,023)	<u>\$ (431,023)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Debt principal		369,094	
Capital outlay		221,009	
Increase in deferred outflows of resources - pensions		57,732	
Increase in net pension liability		(66,980)	
Decrease in deferred inflows of resources - pensions		6,029	
Increase in inventory		26,664	
Decrease in accrued vacation pay		3,865	
Increase in other postemployment benefits		(2,490)	
Amortization		(759)	
Depreciation		(392,631)	
Interest income from Water Capital Improvement Fund		351	
Total reconciling items		<u>221,884</u>	
Change in net position (full accrual)		<u>\$ (209,139)</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, 2017**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenue:</b>					
Non-operating revenue:					
Investment earnings	\$ 350	\$ -	\$ 351	\$ 351	\$ 1
Total non-operating revenue	<u>350</u>	<u>-</u>	<u>351</u>	<u>351</u>	<u>1</u>
<b>Expenditures:</b>					
Professional services	70,000	-	-	-	70,000
Capital outlay	30,000	-	-	-	30,000
Total	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Revenue over (under) expenditures	<u>(99,650)</u>	<u>-</u>	<u>351</u>	<u>351</u>	<u>100,001</u>
<b>Other financing sources:</b>					
Fund balance appropriated	99,650	-	-	-	(99,650)
Total	<u>99,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,650)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351</u>	<u>\$ 351</u>	<u>\$ 351</u>

## AGENCY FUNDS

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

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### 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, 2017**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Social Services</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 35,492</u>	<u>\$ 70,797</u>	<u>\$ 67,776</u>	<u>\$ 38,513</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 35,492</u>	<u>\$ 70,797</u>	<u>\$ 67,776</u>	<u>\$ 38,513</u>
<b>Soil and Water Conservation</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 7,416</u>	<u>\$ 19,009</u>	<u>\$ 18,206</u>	<u>\$ 8,219</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 7,416</u>	<u>\$ 19,009</u>	<u>\$ 18,206</u>	<u>\$ 8,219</u>
<b>4-H Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 8,695</u>	<u>\$ 9,709</u>	<u>\$ 10,630</u>	<u>\$ 7,774</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 8,695</u>	<u>\$ 9,709</u>	<u>\$ 10,630</u>	<u>\$ 7,774</u>
<b>Sheriff's Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 812</u>	<u>\$ 481</u>	<u>\$ 235</u>	<u>\$ 1,058</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 812</u>	<u>\$ 481</u>	<u>\$ 235</u>	<u>\$ 1,058</u>
<b>Babe Ruth Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 2,555</u>	<u>\$ 14,082</u>	<u>\$ 14,689</u>	<u>\$ 1,948</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 2,555</u>	<u>\$ 14,082</u>	<u>\$ 14,689</u>	<u>\$ 1,948</u>
<b>Farm Service Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 5,424</u>	<u>\$ 4,231</u>	<u>\$ 4,362</u>	<u>\$ 5,293</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 5,424</u>	<u>\$ 4,231</u>	<u>\$ 4,362</u>	<u>\$ 5,293</u>

**PERQUIMANS COUNTY, NORTH CAROLINA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Deed of Trust Fee Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 2,146</u>	<u>\$ 2,146</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Intergovernmental payable-State North Carolina	<u>\$ -</u>	<u>\$ 2,146</u>	<u>\$ 2,146</u>	<u>\$ -</u>
<b>Total All Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 60,394</u>	<u>\$ 120,455</u>	<u>\$ 118,044</u>	<u>\$ 62,805</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 60,394</u>	<u>\$ 120,455</u>	<u>\$ 118,044</u>	<u>\$ 62,805</u>



## **OTHER SCHEDULES**

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This section includes additional information on property taxes.

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- 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, 2017**

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 7,965,235	\$ 7,718,797	\$ 246,438
2015-2016	215,427		91,908	123,519
2014-2015	122,878		30,047	92,831
2013-2014	86,401		12,599	73,802
2012-2013	76,609		10,628	65,981
2011-2012	59,648		8,939	50,709
2010-2011	42,824		7,773	35,051
2009-2010	32,621		3,405	29,216
2008-2009	30,438		2,258	28,180
2007-2008	29,815		1,088	28,727
2006-2007	27,771		27,771	-
	<u>\$ 724,432</u>	<u>\$ 7,965,235</u>	<u>\$ 7,915,213</u>	<u>\$ 774,454</u>
Less allowance for uncollected accounts: General Fund				<u>37,000</u>
Ad valorm taxes receivable - net: General Fund				<u>\$ 737,454</u>
<b><u>Reconciliation with revenue:</u></b>				
Ad valorem taxes - General Fund				\$ 8,111,967
Reconciling items:				
Taxes written off				27,771
Adjustments				<u>(224,525)</u>
Total reconciling items				<u>(196,754)</u>
Total collection and credits				<u>\$ 7,915,213</u>

**PERQUIMANS COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2017**

	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	\$ 1,258,871,615	0.57	\$ 7,627,678	\$ 6,922,324	\$ 705,354
Penalties			2,471	2,471	-
Total:			7,630,149	6,924,795	705,354
Discoveries:					
Current year taxes	58,787,018	0.57	335,086	335,086	
Total property valuation:	<u>\$ 1,317,658,633</u>				
Net levy			<u>\$ 7,965,235</u>	<u>\$ 7,259,881</u>	<u>\$ 705,354</u>
Uncollected taxes at June 30, 2017			<u>\$ 246,438</u>	<u>\$ 206,062</u>	<u>\$ 40,376</u>
Current year's taxes collected			<u>\$ 7,718,797</u>	<u>\$ 7,053,819</u>	<u>\$ 664,978</u>
Current levy collection percentage			<u>96.91%</u>	<u>97.16%</u>	<u>94.28%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA  
TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u>
Albemarle Electric	Electric Company	\$ 25,030,995	1.90%
NC Dominion Power	Electric Company	22,723,688	1.72%
Weyerhaeuser	Lumber Company	12,050,800	0.91%
Perquimans Development	Real Estate Development	7,772,600	0.59%
NC Virginia Railroad	Railroad Company	6,375,986	0.48%
Carolina Telephone	Telephone Company	4,791,024	0.36%
Harris Clark	Real Estate Development	4,165,200	0.32%
FPI Carolinas, LLC	Real Estate Development	3,632,300	0.28%
Huang Family, LLC	Real Estate Development	3,219,800	0.24%
State Employees	Real Estate Development	2,350,997	0.18%
		<u>\$ 92,113,390</u>	<u>6.99%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
PSAP RECONCILIATION  
JUNE 30, 2017**

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Amounts reported on the Emergency Telephone System Fund budget to actual (pg 78) are different from the PSAP Revenue-Expenditure Report because:

Net change in Fund Balance, reported on Budget to Actual	\$ (32,141)
Expenditures accrued in prior year, expensed in current year	-
Beginning Balance, PSAP Revenue-Expenditure Report	<u>32,141</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ -</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, 2017, and the related notes to the financial statements, which collectively comprise Perquimans County's basic financial statements, and have issued my report thereon dated November 7, 2017. 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.

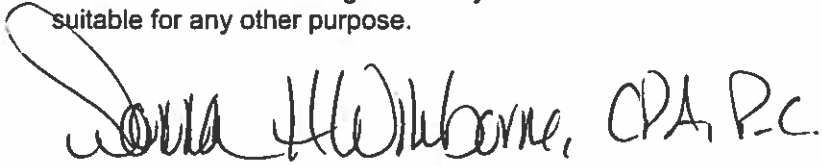
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit I did not identify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

Edenton, North Carolina  
November 7, 2017



# DONNA H. WINBORNE, CPA, P.C.

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

## Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

### Independent Auditor's Report

To the Board of County Commissioners  
Perquimans County, North Carolina

#### Report on Compliance for Each Major Federal Program

I have audited Perquimans County, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Perquimans County's major federal programs for the year ended June 30, 2017. 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, 2017.

## Report on Internal Control Over Compliance

Management of Perquimans County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing the audit of compliance, I considered Perquimans County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Edenton, North Carolina  
November 7, 2017

# DONNA H. WINBORNE, CPA, P.C.

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

## Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

### Independent Auditor's Report

To the Board of County Commissioners  
Perquimans County, North Carolina

#### Report on Compliance for Each Major 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, 2017. 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, 2017.

## 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.



Edenton, North Carolina  
November 7, 2017

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

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance 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, 2017

**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, 2017**

There are no matters to report.

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

There are no matters to report.



**PERQUIMANS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>Federal Awards:</b>						
<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		\$ 163,066	\$ -	\$ -	\$ 163,066
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		123,532	-	-	-
Total U.S. Department of Agriculture			<u>286,598</u>	<u>-</u>	<u>-</u>	<u>163,066</u>
<u>U.S. Department of Housing and Urban Development</u>						
Passed through N.C. Housing Finance Agency:						
Single Family Rehabilitation	14.239	SFRLP14	109,446	-	-	-
Total U.S. Department of Housing and Urban Development			<u>109,446</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		10,066	-	-	10,066
Title IV-E Foster Child Protective Services	93.658		1,448	1,448	-	-
Title IV-E Foster Care - Direct Benefit Payments	93.658		1,650	315	-	503
Title IV-E Foster Care admin county paid - Direct Benefit Payments	93.658		93	46	-	46
Adoption Assistance - Title IV-E	93.659		18,592	4,648	-	4,648
Total foster care and adoption cluster (Note 3)			<u>31,849</u>	<u>6,457</u>	<u>-</u>	<u>15,263</u>
<u>Temporary Assistance for Needy Families Cluster</u>						

**PERQUIMANS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Temporary Assistance for Needy Families (TANF) Work First	93.558		75,041	5,535	-	99,447
TANF/Work First - Direct Benefit Payments	93.558		47,869	(175)	-	(1)
Total TANF Cluster			122,910	5,360	-	99,446
Child Support Enforcement	93.563		100,391	754	-	76,690
Low-Income Home Energy Assistance:						
Administration	93.568		9,218	-	-	8,208
Crisis Intervention Program	93.568		66,755	-	-	-
LIHEAP Payments	93.568		56,800	-	-	-
Total Low-Income Energy Assistance			132,773	-	-	8,208
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning - Families for Kids	93.645		3,630	-	-	2,840
Social Services Block Grant - Other services and Training	93.667		58,402	2,659	-	56,990
Case Management 60 & Up	93.667		148	-	-	21
<u>Division of Child Development and Early Education:</u>						
Subsidized Child Care (Note 3)						
Child Care Development Fund Cluster						
Division of Social Services:						
Child Care Development Mandatory and Match Fund-Administration	93.596		80,957	-	-	-
Division of Child Development:						
Child Care and Development Block Grant	93.575		118,464	-	-	-
Child Care and Development Fund - Mandatory	93.596		44,141	-	-	-
Child Care and Development Fund - Match	93.596		86,388	34,777	-	-
Total Child Care Fund Cluster			329,950	34,777	-	-
Temporary Assistance for Needy Families	93.558		36,588	-	-	-
Foster Care Title IV-E	93.658		4,451	2,224	-	-
State Appropriations			-	17,453	-	-
TANF-MOE			-	66,034	-	-

**PERQUIMANS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Total Subsidized Child Care Cluster (Note 3)						
Passed through the NC Department of Health & Human Services:						
<u>Division of Medical Assistance:</u>						
Direct benefit payments:						
Medical Assistance Program	93.778		11,664,437	6,308,050	-	-
<u>Division of Social Services:</u>						
Administration:						
Medical assistance program	93.778		532,674	-	-	180,554
Medical assistance expansion	93.778		-	-	-	-
Medical transportation	93.778		37,139	-	-	37,139
State Children's Insurance Program-N.C. Health Choice	93.767		21,756	16	-	35
Direct benefit payments:						
State Children's Insurance Program-N.C. Health Choice	93.767		303,885	711	-	-
Adult Home Special Services	93.778		5,111	2,555	-	2,555
Total U.S. Department of Health & Human Services			13,386,094	6,447,050	-	479,741
<u>U.S. Department of Homeland Security</u>						
Passed through the NC Department of Public Safety						
Division of Emergency Management						
Emergency Management Performance Grants	97.042		38,583	-	-	-
Interagency Hazardous Materials Public Sector Training and Planning Guides	20.703		7,525	-	-	-
Total U.S. Department of Homeland Security			46,108	-	-	-
Total Federal awards			13,828,246	6,447,050	-	642,807
<b>State awards:</b>						
<u>N.C. Department of Health &amp; Human Services</u>						
Division of Aging and Adult Services						

**PERQUIMANS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor/Pass-through Grantor/Program Title	Federal		State/ Pass-through		Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
	CFDA Number	Grantor's Number	Grantor's Number	Expenditures				
<u>Division of Social Services</u>								
State/County Special Assistance for Adults - Direct Benefit Payments	-	-	-	77,857	-	77,857	-	77,857
State/County Special Assistance for the Disabled - Direct Benefit Payments	-	-	-	77,074	-	77,074	-	77,074
<u>Division of Social Services</u>								
DCD Smart Start	-	-	-	6,526	-	7,785	-	7,785
Child Welfare State In Home Fund	-	-	-	969	-	730	-	730
Total N.C. Department of Health & Human Services	-	-	-	162,426	-	163,446	-	163,446
<u>N.C. Department of Public Safety</u>								
Juvenile Crime Prevention Programs: Passed through to Perquimans 20/20 a not-for-profit organization	-	-	-	64,398	64,398	-	-	-
Total N.C. Department of Public Safety	-	-	-	64,398	64,398	-	-	-
<u>N. C. Department of Environmental Quality</u>								
<u>Division of Waste Management</u>								
White Goods Management Program	-	-	-	4,052	-	-	-	-
Scrap Tire Program	-	-	-	13,415	-	-	-	-
Soil conservation - Technical Assistance/operation	-	-	-	13,860	-	-	-	-
Soil conservation - Operations	-	-	-	5,100	-	-	-	-
Total N.C. Department of Environmental Quality	-	-	-	36,427	-	-	-	-
<u>N.C. Department of Insurance</u>								
<u>Division of Seniors' Health Insurance Information</u>								
Total N.C. Department of Insurance	-	-	-	4,339	-	-	-	-
<u>Information Technology Service</u>								
Perquimans County Back-up 911 Center Grant	-	-	-	145,352	-	-	-	-
<u>Golden Leaf Foundation</u>								
Economic Catalyst Grant Program	-	-	-	308,762	-	-	-	-

**PERQUIMANS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>Total State awards</b>			-	721,704	64,398	163,446
<b>Total Federal &amp; State Awards</b>			<b>\$ 13,828,246</b>	<b>\$ 7,168,754</b>	<b>\$ 64,398</b>	<b>\$ 806,253</b>

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