

PERQUIMANS COUNTY

North Carolina

**AUDIT REPORT
June 30, 2015**

**PERQUIMANS COUNTY, NORTH CAROLINA
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JUNE 30, 2015**

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FINANCIAL SECTION

**PERQUIMANS COUNTY, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2015**

BOARD OF COMMISSIONERS

Janice McKenzie Cole, Chair

Edward R. Muzzulin, Vice Chair
Kyle Jones
Wallace Nelson

Matthew Peeler
Fondella Leigh

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

Office of the County Manager

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

Jacqueline Frierson, Register of Deeds
William F. Jennings, Tax Supervisor
Charles White, Elections Chairman
Homeria Jennette, Communications
Jonathan Nixon, EMS Coordinator
Howard Williams, Recreation Director
Janet Stallings, Soil Conservation
Donna Godfrey, County Planner
Eric Tilley, Sheriff

Richard Copeland, Water Plant Superintendent
William Felton, Bldg. & Grounds Supervisor
Virgil Parrish, Chief Building Inspector
Preston Spear, Veterans Services Coordinator
Jewel Winslow, Chairman Extension Services
Susan Chaney, Director Social Services
Stephen Chappell, Animal Control Officer
Delphine Madre, Senior Citizens

DONNA H. WINBORNE, CPA, P.C.

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A PROFESSIONAL CORPORATION

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DONNA H. WINBORNE, CPA

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 units, each major fund, and the aggregate remaining fund information of Perquimans County, North Carolina, as of and for the year ended June 30, 2015 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 my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller 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 of 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.

MEMBER OF:

THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

THE VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

THE NORTH CAROLINA
ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Perquimans County as of June 30, 2015, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Other Post Employment Benefits Schedules of Funding Progress and Employer Contributions, Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions on pages 4 through 13, 50 and 51, 52 and 53, and 54 and 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my 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 Perquimans County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

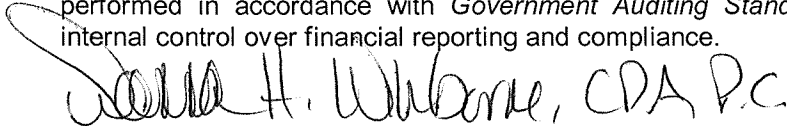
The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion' based on my audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal

and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 3, 2015 on my consideration of the 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 of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perquimans County's internal control over financial reporting and compliance.

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

Elizabeth City, North Carolina
November 3, 2015

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, 2015. 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

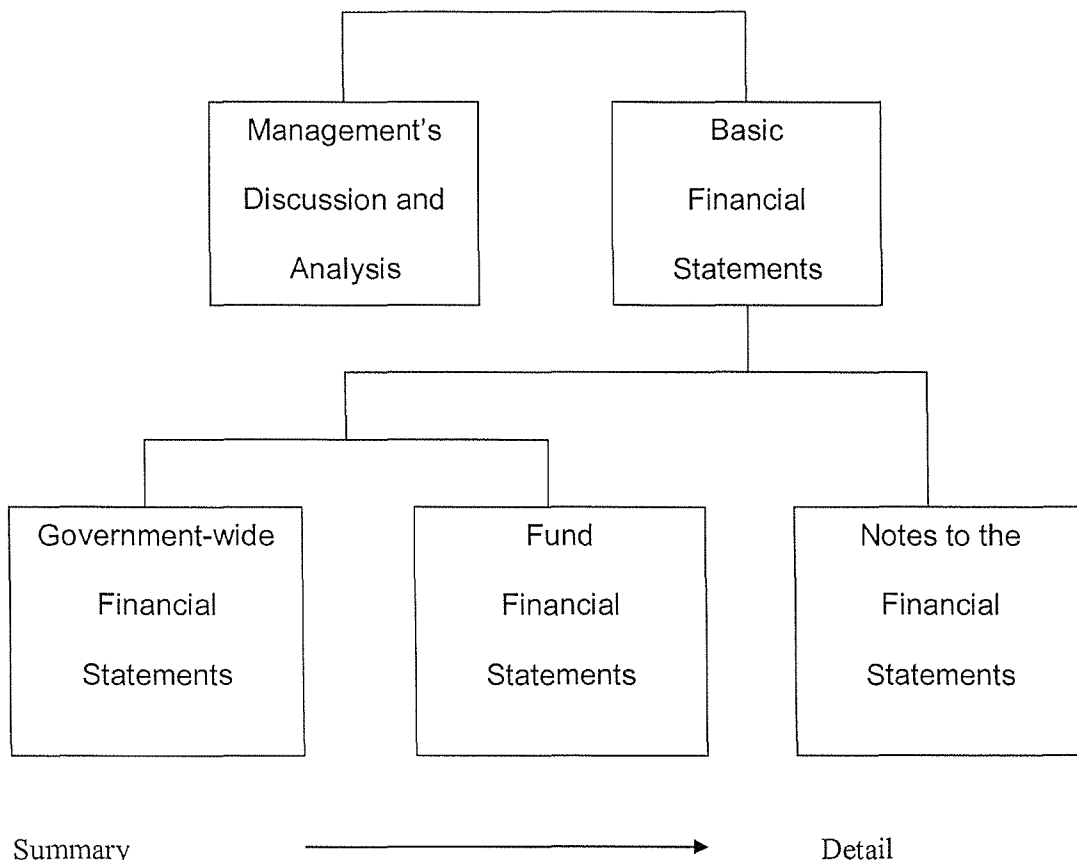
- The assets of Perquimans County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,340,295 (*net position*).
- The government's total net position increased by \$1,213,657, primarily due to increased revenue collections and reduced expenses in the General Fund.
- As of the close of the current fiscal year, Perquimans County's governmental funds reported combined ending fund balances of \$7,324,289, an increase of \$457,315 in comparison with the prior year. Approximately 36 percent of this total amount, or \$2,670,279, is restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,654,010 or 35.14 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 \$6,475,525 or 48.89%. The total fund balance minus funds reserved by State statute was \$5,937,528, or 44.83% of total general fund expenditures for the fiscal year.
- Perquimans County's total debt decreased by \$957,762 (6.3%) 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 25 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Perquimans County exceeded liabilities and deferred inflows of resources by \$13,340,295 as of June 30, 2015. The County's net position increased by \$1,213,657 for the fiscal year ended June 30, 2015. One of the largest portions reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Perquimans County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Perquimans County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that

debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Perquimans County's net position, \$1,403,673, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$544,259) is unrestricted.

Perquimans County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current & Other Assets	\$ 8,833,731	\$ 8,041,396	\$ 2,865,250	\$ 2,734,860	\$ 11,698,981	\$ 10,776,256
Capital Assets	6,879,758	7,162,806	9,901,328	10,213,821	16,781,086	17,376,627
Total Assets	15,713,489	15,204,202	12,766,578	12,948,681	28,480,067	28,152,883
Total Deferred Outflow of Resources	198,353	-	17,092	-	215,445	-
Long-term Liabilities	9,559,223	9,840,486	3,372,323	3,677,741	12,931,546	13,518,227
Other Liabilities	1,193,656	1,195,119	516,396	518,471	1,710,052	1,713,590
Total Liabilities	10,752,879	11,035,605	3,888,719	4,196,212	14,641,598	15,231,817
Total Deferred Inflow of Resources	656,543	36,262	57,076	-	713,619	36,262
Net Position						
Net investments in capital assets	6,247,270	6,436,806	6,233,611	6,188,816	12,480,881	12,625,622
Restricted	1,403,673	1,558,195	-	-	1,403,673	1,558,195
Unrestricted	(3,148,523)	(3,862,666)	2,604,264	2,563,653	(544,259)	(1,299,013)
Total Net Position	\$ 4,502,420	\$ 4,132,335	\$ 8,837,875	\$ 8,752,469	\$ 13,340,295	\$ 12,884,804

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 96.96%, higher than the average for counties with a population less than 25,000 of 96.05%. (Source: NC Treasurer, County Cash, Taxes and Fund Balance Available, 2014)
- 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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,304,244	\$ 1,262,679	\$ 3,052,006	\$ 2,934,210	\$ 4,356,250	\$ 4,196,889
Operating Grants & Contributions	2,187,754	2,115,788	7,425	28,715	2,195,179	2,144,503
Capital Grants & Contributions	78,832	330,416	-	-	78,832	330,416
General Revenue:						
Property Taxes	8,067,018	8,005,410	-	-	8,067,018	8,005,410
Other Taxes	2,379,271	2,219,305	-	-	2,379,271	2,219,305
Other	100,478	139,457	4,008	4,826	104,486	144,283
Total Revenue	14,117,597	14,073,055	3,063,439	2,967,751	17,181,036	17,040,806
Expenses:						
General Government	2,286,054	1,970,948	-	-	2,286,054	1,970,948
Public Safety	4,250,627	4,117,130	-	-	4,250,627	4,117,130
Economic/Physical Development	226,451	236,098	-	-	226,451	236,098
Environmental Protection	198,272	238,134	-	-	198,272	238,134
Human Services	2,500,795	2,492,990	-	-	2,500,795	2,492,990
Cultural & Recreation	666,788	673,204	-	-	666,788	673,204
Education	2,667,094	2,793,067	-	-	2,667,094	2,793,067
Interest on Long-term Debt	273,375	276,754	-	-	273,375	276,754
Solid Waste Operations	-	-	852,590	850,827	852,590	850,827
Water Operations	-	-	2,045,333	1,964,064	2,045,333	1,964,064
Total Expenses	13,069,456	12,798,325	2,897,923	2,814,891	15,967,379	15,613,216
Increase in Net Position	1,048,141	1,274,730	165,516	152,860	1,213,657	1,427,590
Net position, beginning	4,132,335	2,857,605	8,752,469	8,599,609	12,884,804	11,457,214
Restatement	(678,056)	-	(80,110)	-	(758,166)	-
Net position, beginning, restated	3,454,279	2,857,605	8,672,359	8,599,609	12,126,638	11,457,214
Net position, ending	\$ 4,502,420	\$ 4,132,335	\$ 8,837,875	\$ 8,752,469	\$ 13,340,295	\$ 12,884,804

Governmental activities. Governmental activities increased the County's net position by \$1,048,141. 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 increased Perquimans County's net position by \$165,516. Key elements of this increase are as follows:

- Increased revenue collection for the water department.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Perquimans County. At the end of the current fiscal year, Perquimans County's fund balance available in the General Fund was \$4,654,010, while total fund balance reached \$6,475,525. The County currently has an available fund balance of 35.14% of general fund expenditures, while total fund balance represents 48.89% of that same amount.

At June 30, 2015, the governmental funds of Perquimans County reported a combined fund balance of \$7,324,289, a 6.7% 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 \$154,758.

Proprietary Funds. Perquimans County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$449,097 and those for the Water Fund equaled \$2,155,167. The total increase in net position for the Solid Waste fund was \$51,854. The total increase in the Water fund was \$113,662. 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, 2015, totals \$16,781,086 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, recreational facilities, and vehicles.

Major capital asset transactions during the year include:

- Renovation of school parking lots to ease traffic flow and parking concerns.

- Continued renovation of the Perquimans County Senior Center, including paving an additional parking lot and adding additional sidewalks.
- Addition of new parking lot south of softball fields at Perquimans County Recreation Center.
- Additional sheriff's vehicles and a new ambulance for EMS.
- Backup power supply for repeaters at Durants Neck, Belvidere, and Bethel.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,062,407	\$ 1,062,407	\$ 160,007	\$ 133,810	\$ 1,222,414	\$ 1,196,217
Buildings & System	4,761,951	4,948,573	9,679,282	10,046,139	14,441,233	14,994,712
Machinery, Equipment & Vehicles	1,055,400	1,151,826	62,039	33,872	1,117,439	1,185,698
Total	\$ 6,879,758	\$ 7,162,806	\$ 9,901,328	\$ 10,213,821	\$ 16,781,086	\$ 17,376,627

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, 2015, Perquimans County had no total bonded debt outstanding for the General Fund.

Installment Obligation Debt. As of June 30, 2015 Perquimans County had \$9,739,714 in installment purchases outstanding for the General Fund.

Perquimans County's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment Agreement Indebtedness	\$ 9,739,714	\$ 10,418,593	\$ 3,667,717	\$ 4,025,006	\$ 13,407,431	\$ 14,443,599
Total	\$ 9,739,714	\$ 10,418,593	\$ 3,667,717	\$ 4,025,006	\$ 13,407,431	\$ 14,443,599

Perquimans County's total debt decreased by \$957,762 (6.3%) 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 \$123,545,444.

Additional information regarding Perquimans County's long-term debt can be found in Note III(B)(5) beginning on page 50 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 7.6% is more than the state average of 6.3% (July, 2015- N.C. Dept. of Commerce, Labor and economic Analysis Division)
- Continued suppressed 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, 2016

Governmental Activities: Perquimans County maintained the Ad-valorem tax rate at \$0.44/\$100 value. Property tax revenues are expected to increase by approximately 1.25% 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 2014-2015 levels based on housing starts and real estate transactions. Sales taxes are expected to increase by 2-3% over FY 2014-15 levels.

Budgeted expenditures in the General Fund are \$13.7 million. While representing an increase from last year's budgeted amount, this allows funding of increased school current expense requests (\$75,000), an approximately \$50,000 increase for school capital, a \$500,000 allocation for beginning work on a new library facility, and an \$190,000 increase in employee hospitalization costs. It is likely that these increases for health coverage will not materialize, as Perquimans County will be joining the State of North Carolina health plan effective 1-1-16.

The County will set aside approximately \$30,000 for Phase 4 renovations of the Senior Center, replace two Sheriff's vehicles, install a new generator and UPS backup at the Emergency Service Building, security improvements in the Clerk's office, and a new metal detector at the Annex Courtroom.

This budget includes a new code enforcement officer position, an additional EMS shift supervisor, one social services worker, and additional funds for part time EMS and 911 workers. We will also hire an additional water technician through the water fund.

Business – type Activities: The County continued seasonal water conservation rates in 2015. These rates are in effect May through October in hopes of encouraging water conservation during peak demand periods. Within FY 15-16, Perquimans will continue to pay for and receive 150,000 gallons of treated water per day from Pasquotank County. Water rates will continue at \$15 for the first 1,000 gallons, and \$7.00 per thousand for

each additional thousand gallons. The seasonal rates, as discussed above, will continue to be \$9.00 per thousand above 8,000 gallons.

Perquimans will begin to develop a new well site to service the Bethel water plant.

Rates for solid waste services will remain at \$130 per year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Perquimans County Tourism Development Authority
Assets				
Cash and cash equivalents	\$ 6,742,964	\$ 2,125,577	\$ 8,868,541	\$ 20,274
Receivables (net)	765,421	430,550	1,195,971	-
Accrued interest receivable on taxes	147,490	-	147,490	-
Due from other governments	586,448	21,224	607,672	222
Inventories	-	24,782	24,782	-
Restricted cash and cash equivalents	289,041	232,950	521,991	-
Net pension asset	297,855	23,169	321,024	-
Loan fees	4,512	6,998	11,510	-
Capital assets:				
Land and construction in progress	1,062,407	160,007	1,222,414	-
Other capital assets, net of depreciation	5,817,351	9,741,321	15,558,672	-
Total capital assets	6,879,758	9,901,328	16,781,086	-
Total assets	15,713,489	12,766,578	28,480,067	20,496
Deferred Outflows of Resources	198,353	17,092	215,445	-
Liabilities				
Accounts payable and accrued expenses	197,549	14,710	212,259	-
Accrued interest payable	-	43,769	43,769	-
Customer deposits	-	68,638	68,638	-
Long-term liabilities:				
Net pension liability	-	-	-	-
Due within one year	930,659	389,279	1,319,938	-
Due in more than one year	9,559,223	3,372,323	12,931,546	-
Total liabilities	10,687,431	3,888,719	14,576,150	-
Deferred Inflows of Resources	721,991	57,076	779,067	-
Net Position				
Net investment in capital assets	6,247,270	6,233,611	12,480,881	-
Restricted:				
Public Safety	176,886	-	176,886	-
Education	21,303	-	21,303	-
Register of Deeds	7,715	-	7,715	-
Stabilization by State Statute	537,997	-	537,997	-
Capital Outlay	659,772	-	659,772	-
Unrestricted	(3,148,523)	2,604,264	(544,259)	20,496
Total net position	\$ 4,502,420	\$ 8,837,875	\$ 13,340,295	\$ 20,496

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, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Perquimans County Tourism Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,286,054	\$ 348,869	\$ 28,341	\$ -	\$ (1,908,844)	\$ -	\$ (1,908,844)	
Public safety	4,250,627	851,939	191,379	-	(3,207,309)	-	(3,207,309)	
Economic and physical development	226,451	-	126,782	-	(99,669)	-	(99,669)	
Environmental protection	198,272	-	58,450	-	(139,822)	-	(139,822)	
Human services	2,500,795	-	1,777,847	-	(722,948)	-	(722,948)	
Cultural and recreational	666,788	15,350	4,955	-	(646,483)	-	(646,483)	
Education	2,667,094	88,086	-	78,832	(2,500,176)	-	(2,500,176)	
Interest on long-term debt	273,375	-	-	-	(273,375)	-	(273,375)	
Total governmental activities	13,069,456	1,304,244	2,187,754	78,832	(9,498,626)	-	(9,498,626)	
Business-type activities:								
Solid waste	852,590	904,180	-	-	-	51,590	51,590	
Water	2,045,333	2,147,826	7,425	-	-	109,918	109,918	
Total business-type activities	2,897,923	3,052,006	7,425	-	-	161,508	161,508	
Total primary government	\$ 15,967,379	\$ 4,356,250	\$ 2,195,179	\$ 78,832	(9,498,626)	161,508	(9,337,118)	
Component unit:								
Perquimans County Tourism Development Authority	\$ 9,984	\$ 5,046	\$ -	\$ -				\$ (4,938)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					8,067,018	-	8,067,018	-
Local option sales tax					2,100,795	-	2,100,795	-
Other taxes and licenses					278,476	-	278,476	-
Unrestricted intergovernmental					52,224	-	52,224	-
Investment earnings, unrestricted					14,951	4,008	18,959	63
Miscellaneous, unrestricted					33,303	-	33,303	-
Total general revenues					10,546,767	4,008	10,550,775	63
Change in net position					1,048,141	165,516	1,213,657	(4,875)
Net position, beginning					4,132,335	8,752,469	12,884,804	25,371
Restatement					(678,056)	(80,110)	(758,166)	-
Net position, beginning, restated					3,454,279	8,672,359	12,126,638	25,371
Net position, ending					\$ 4,502,420	\$ 8,837,875	\$ 13,340,295	\$ 20,496

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

PERQUIMANS COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Exhibit 3

	Major	Non-major	
	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 5,932,879	\$ 810,085	\$ 6,742,964
Receivables, net:	765,421	-	765,421
Due from other funds	-	8,057	8,057
Due from other governments	569,164	17,284	586,448
Restricted cash	268,257	20,784	289,041
Total assets	<u>\$ 7,535,721</u>	<u>\$ 856,210</u>	<u>\$ 8,391,931</u>
Liabilities, Deferred inflows of resources, and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 190,103	\$ -	\$ 190,103
Checks drawn in excess	-	7,446	7,446
Due to other funds	8,057	-	8,057
Total liabilities	<u>198,160</u>	<u>7,446</u>	<u>205,606</u>
Deferred inflows of resources	<u>862,036</u>	<u>-</u>	<u>862,036</u>
Fund balances:			
Restricted for:			
Stabilization by State Statute	537,997	167,689	705,686
Register of Deeds	7,715	-	7,715
Department of Justice Forfeiture Program	9,197	-	9,197
School Capital	-	21,303	21,303
Committed:			
Tax revaluation	268,374	-	268,374
Assigned:			
Future County Capital Outlay	-	659,772	659,772
Subsequent year's expenditures	998,232	-	998,232
Unassigned	4,654,010	-	4,654,010
Total fund balances	<u>6,475,525</u>	<u>848,764</u>	<u>7,324,289</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,535,721</u>	<u>\$ 856,210</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,879,758
Net loan fees	4,512
Net pension asset	297,855
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	198,353
Other long-term assets are not available to pay for current-period expenditures therefore are unavailable in the funds	147,490
Deferred inflows of resources for taxes receivable	796,588
Pension related deferrals	(656,543)
Some liabilities, including bonds payable, and other post employment benefits, are not due and payable in the current period and therefore are not reported in the funds	<u>(10,489,882)</u>
Net position of governmental activities	<u>\$ 4,502,420</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit 4

	Major	Non-major Other Governmental	
	General Fund	Funds	Total
Revenue:			
Ad valorem taxes	\$ 7,987,722	\$ -	\$ 7,987,722
Local option sales taxes	2,100,795	-	2,100,795
Other taxes and licenses	37,969	-	37,969
Unrestricted intergovernmental	52,224	-	52,224
Restricted intergovernmental	1,905,817	631,864	2,537,681
Permits and fees	297,859	-	297,859
Sales and services	875,811	-	875,811
Investment earnings	13,059	1,892	14,951
Miscellaneous	133,289	-	133,289
Total revenue	<u>13,404,545</u>	<u>633,756</u>	<u>14,038,301</u>
Expenditures:			
Current			
General government	2,207,226	-	2,207,226
Public safety	3,943,559	124,430	4,067,989
Economic and physical development	36,346	126,782	163,128
Environmental protection	199,017	-	199,017
Human services	2,502,790	-	2,502,790
Cultural and recreational	617,046	-	617,046
Intergovernmental:			
Education	2,580,569	86,525	2,667,094
Capital outlay	204,442	-	204,442
Debt service:			
Principal	678,879	-	678,879
Interest	273,375	-	273,375
Total expenditures	<u>13,243,249</u>	<u>337,737</u>	<u>13,580,986</u>
Excess (deficiency) of revenues over expenditures	<u>161,296</u>	<u>296,019</u>	<u>457,315</u>
Other financing sources (uses):			
Transfer (to) from other funds	400,000	(400,000)	-
Total other financing sources (uses)	<u>400,000</u>	<u>(400,000)</u>	<u>-</u>
Net change in fund balance	561,296	(103,981)	457,315
Fund balances, beginning	<u>5,914,229</u>	<u>952,745</u>	<u>6,866,974</u>
Fund balances, ending	<u>\$ 6,475,525</u>	<u>\$ 848,764</u>	<u>\$ 7,324,289</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 457,315
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 depreciation exceeded capital outlays in the current period.	(283,048)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	197,689
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	79,296
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.	678,879
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(81,990)</u>
Total changes in net position of governmental activities	<u>\$ 1,048,141</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 -- BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit 6

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenue:				
Ad valorem taxes	\$ 7,749,449	\$ 7,840,978	\$ 7,987,722	\$ 146,744
Local option sales taxes	1,810,000	1,810,000	2,100,795	290,795
Other taxes and licenses	21,950	37,775	37,969	194
Unrestricted intergovernmental	45,000	45,000	52,224	7,224
Restricted intergovernmental	1,796,304	1,843,508	1,905,817	62,309
Permits and fees	300,650	300,650	297,859	(2,791)
Sales and services	878,115	878,115	875,811	(2,304)
Investment earnings	11,580	11,230	12,388	1,158
Miscellaneous	143,300	143,850	133,289	(10,561)
Total revenue	<u>12,756,348</u>	<u>12,911,106</u>	<u>13,403,874</u>	<u>492,768</u>
Expenditures:				
Current				
General government	2,254,155	2,299,858	2,204,652	95,206
Public safety	4,079,845	4,165,938	3,943,559	222,379
Economic and physical development	38,454	38,454	36,346	2,108
Environmental protection	273,524	274,066	199,017	75,049
Human services	2,629,434	2,682,566	2,502,790	179,776
Cultural and recreational	655,166	654,495	617,046	37,449
Intergovernmental:				
Education	2,547,500	2,547,500	2,580,569	(33,069)
Capital outlay	220,429	210,388	204,442	5,946
Debt service:				
Principal retirement	678,880	678,880	678,879	1
Interest and other charges	273,422	273,422	273,375	47
Total expenditures	<u>13,650,809</u>	<u>13,825,567</u>	<u>13,240,675</u>	<u>584,892</u>
Revenues over (under) expenditures	<u>(894,461)</u>	<u>(914,461)</u>	<u>163,199</u>	<u>1,077,660</u>
Other financing sources (uses):				
Transfer from other funds	400,000	400,000	400,000	-
Transfer to other funds	-	(25,000)	(25,000)	-
Fund balance appropriated	494,461	539,461	-	(539,461)
Total other financing sources (uses)	<u>894,461</u>	<u>914,461</u>	<u>375,000</u>	<u>(539,461)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	538,199	<u>\$ 538,199</u>
Fund balance, beginning			<u>5,668,952</u>	
Fund balance, ending			<u>\$ 6,207,151</u>	

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

PERQUIMANS COUNTY, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 -- BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

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			\$ 6,207,151	
Interest earnings			671	
Transfer from General Fund			25,000	
General Government Expenditures			(2,574)	
Fund balance, beginning			<u>245,277</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 6,475,525</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, 2015

Exhibit 7

	Major		Total
	Water	Solid Waste	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,887,532	\$ 238,045	\$ 2,125,577
Accounts receivables (net)	206,786	223,764	430,550
Due from other governments	19,226	1,998	21,224
Inventories	24,782	-	24,782
Total current assets	<u>2,138,326</u>	<u>463,807</u>	<u>2,602,133</u>
Noncurrent assets:			
Restricted cash and cash equivalents	232,950	-	232,950
Net pension asset	23,169	-	23,169
Loan fees, net of accumulated amortization of \$2,105	6,998	-	6,998
Capital assets:			
Land and construction in progress	160,007	-	160,007
Other capital assets, net of depreciation	9,741,321	-	9,741,321
Total noncurrent assets	<u>10,164,445</u>	<u>-</u>	<u>10,164,445</u>
Total assets	<u>12,302,771</u>	<u>463,807</u>	<u>12,766,578</u>
Deferred outflows of resources	<u>17,092</u>	<u>-</u>	<u>17,092</u>
Liabilities			
Current liabilities:			
Accounts payable	-	14,710	14,710
Customer deposits	68,638	-	68,638
Accrued interest payable	43,769	-	43,769
Compensated absences	26,290	-	26,290
Installment notes payable	362,989	-	362,989
Total current liabilities	<u>501,686</u>	<u>14,710</u>	<u>516,396</u>
Noncurrent liabilities:			
Other postemployment benefits	67,595	-	67,595
Installment notes payable	3,304,728	-	3,304,728
Total noncurrent liabilities	<u>3,372,323</u>	<u>-</u>	<u>3,372,323</u>
Total liabilities	<u>3,874,009</u>	<u>14,710</u>	<u>3,888,719</u>
Deferred inflows of resources	<u>57,076</u>	<u>-</u>	<u>57,076</u>
Net Position			
Net investment in capital assets	6,233,611	-	6,233,611
Unrestricted	2,155,167	449,097	2,604,264
Total net position	<u>\$ 8,388,778</u>	<u>\$ 449,097</u>	<u>\$ 8,837,875</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 NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit 8

	Major		Total
	Water	Solid Waste	
Operating revenue:			
Charges for services	\$ 2,017,742	\$ 895,475	\$ 2,913,217
Tap and reconnection fees	79,575	-	79,575
Penalties	48,900	-	48,900
Other operating revenue	1,609	8,705	10,314
Total operating revenue	<u>2,147,826</u>	<u>904,180</u>	<u>3,052,006</u>
Operating expenses:			
Administration	586,801	-	586,801
Water purchase	325,290	-	325,290
Water distribution and treatment	671,744	-	671,744
Solid waste operations	-	852,590	852,590
Depreciation/amortization	391,994	-	391,994
Total operating expenses	<u>1,975,829</u>	<u>852,590</u>	<u>2,828,419</u>
Operating income (loss)	<u>171,997</u>	<u>51,590</u>	<u>223,587</u>
Non-operating revenue (expenses):			
Rent	7,425	-	7,425
Interest income	3,744	264	4,008
Other postemployment	(10,340)	-	(10,340)
Interest on long-term debt	(59,164)	-	(59,164)
Total non-operating revenue (expenses)	<u>(58,335)</u>	<u>264</u>	<u>(58,071)</u>
Change in net position	<u>113,662</u>	<u>51,854</u>	<u>165,516</u>
Total net position, beginning	8,355,226	397,243	8,752,469
Restatement	(80,110)	-	(80,110)
Total net position, beginning, restated	<u>8,275,116</u>	<u>397,243</u>	<u>8,672,359</u>
Total net position, ending	<u>\$ 8,388,778</u>	<u>\$ 449,097</u>	<u>\$ 8,837,875</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, 2015**

Exhibit 9

	Major		Total
	Water	Solid Waste	
Cash flows from operating activities:			
Cash received from customers	\$ 2,127,647	\$ 895,383	\$ 3,023,030
Cash paid for goods and services	(1,145,833)	(857,166)	(2,002,999)
Cash paid to employees for services	(407,380)	-	(407,380)
Customer deposits	2,116	-	2,116
Other operating revenue	-	8,705	8,705
Net cash provided by (used in) operating activities	<u>576,550</u>	<u>46,922</u>	<u>623,472</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(78,741)	-	(78,741)
Principal paid on installment payables	(357,288)	-	(357,288)
Interest paid on installment payables	(63,083)	-	(63,083)
Proceeds from rental	7,425	-	7,425
Net cash (used in) capital and related financing activities	<u>(491,687)</u>	<u>-</u>	<u>(491,687)</u>
Cash flows from investing activities:			
Interest on investments	<u>3,744</u>	<u>264</u>	<u>4,008</u>
Net increase (decrease) in cash and cash equivalents	88,607	47,186	135,793
Cash and cash equivalents, beginning (Water fund includes restricted cash of \$317,489)	<u>2,031,875</u>	<u>190,859</u>	<u>2,222,734</u>
Cash and cash equivalents, ending (Water fund includes restricted cash of 232,950)	<u>\$ 2,120,482</u>	<u>\$ 238,045</u>	<u>\$ 2,358,527</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 171,997</u>	<u>\$ 51,590</u>	<u>\$ 223,587</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	391,993	-	391,993
Pension expense	1,300	-	1,300
Change in assets and liabilities:			
(Increase) in accounts receivable	(18,995)	(92)	(19,087)
(Increase) in deferred outflows of resources for pensions	(17,092)	-	(17,092)
Decrease in due from other governments	(1,184)	-	(1,184)
Decrease in inventory	48,084	-	48,084
(Decrease) in accounts payable and accrued liabilities	(2,439)	(4,576)	(7,015)
Increase in customer deposits	2,116	-	2,116
Increase in accrued vacation pay	770	-	770
Total adjustments	<u>404,553</u>	<u>(4,668)</u>	<u>399,885</u>
Net cash provided/(used) by operating activities	<u>\$ 576,550</u>	<u>\$ 46,922</u>	<u>\$ 623,472</u>

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

PERQUIMANS COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

Exhibit 10

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 61,203</u>
Liabilities	
Miscellaneous liabilities	<u>\$ 61,203</u>
Net position	<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a six-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit; legally separate 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 Fiscal Year Ended June 30, 2015

column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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 and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund type:

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 eight agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Soil and Water Conservation Fund, which accounts for money held by the County for the use in soil and water conservation projects; the 4-H Fund, which accounts for money held by the County for the use in the 4-H program; the Sheriff's Fund, which accounts for money held by the Sheriff for community benevolent uses; the Babe Ruth Fund, which accounts for money held by the County for the Babe Ruth baseball leagues; the Farm Service Fund, which accounts for money held by the County for the Farm Service Agency; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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. Also, 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 Fiscal Year Ended June 30, 2015

municipalities and special tax districts. Property taxes are due when motor 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. 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 are 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, which 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, at the object 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, 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 Fiscal Year Ended June 30, 2015

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.

3. Restricted Assets

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

Perquimans County Restricted Cash

Governmental activities:		
General Fund	Tax revaluation	\$ 268,257
School Capital Projects Fund	Unexpended Public School Building funds	<u>20,784</u>
Total governmental activities		<u>\$ 289,041</u>
Business-type activities:		
Water Fund	Unexpended bond proceeds	\$ 164,312
Water Fund	Customer deposits	<u>68,638</u>
Total business-type activities		<u>\$ 232,950</u>
Total restricted cash		<u>\$ 521,991</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008. Perquimans County does not use a discount schedule, which is permitted by State law.

5. Allowances for Doubtful Accounts

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

6. Inventory 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 Enterprise Funds consists of materials and supplies held for consumption. The cost is recorded as an expenditure 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 are recorded at the estimated fair value at the date of donation. 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, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Perquimans County Board of Education.

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion - contributions made to the pension plan in the current fiscal year.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS) and the Registers of Deeds’ Supplemental Pension Fund (RODSPF) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

E. Reconciliation of Government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$(2,404,177) consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$	11,381,503
Less - accumulated depreciation		(4,501,745)
Net capital assets		6,879,758
Net pension asset		297,855
Contributions to the pension plan in the current fiscal year		198,353
Net loan fees		4,512
Accrued interest receivable less the amount claimed as unearned revenue in the government-side statements as these funds are not available and therefore are deferred in the fund statements		147,490
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide		796,588
Pension related deferrals		(656,543)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:		
Bonds and installment financings		(9,739,714)
Compensated absences		(236,445)
Other postemployment benefits		(513,723)
Total adjustment	\$	(2,821,869)

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between 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 \$674,155 is comprised of the following:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 157,976
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	(441,024)
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	678,879
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	197,689
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Amortization expense	(361)
Compensated absences	11,290
Other postemployment benefits	(78,587)
County's portion of collective pension expense	(14,332)
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	69,552
Reversal of deferred tax revenue recorded at July 1	(786,844)
Recording of tax receipts deferred in the funds statements at June 30	796,588
	\$ 590,826

II. Stewardship, Compliance, and Accountability

No items to disclose.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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 the unit's name. 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 entity's names. The amount of the pledged collateral is based on an approved averaging method for non-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 relies 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, 2015, the County's deposits had a carrying amount of \$9,450,785 and a bank balance of \$9,744,901. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$9,244,901 was covered by collateral held under the Pooling Method.

At June 30, 2015, Perquimans County had \$950 cash on hand.

At June 30, 2015, the carrying amount of deposits for the Authority was \$20,274.

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, 2015 were not available. These amounts have not been recorded in the financial statements.

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

3. Receivables

Receivables at the government-wide level at June 30, 2015 were as follows:

	<u>Accounts</u>	<u>Taxes and related accrued interest</u>	<u>Due from other governments</u>	<u>Total</u>
Governmental activities:				
General	\$ -	\$ 802,421	\$ 569,164	\$ 1,371,585
Other governmental	-	-	17,284	17,284
Total receivables	-	802,421	586,448	1,388,869
Allowance for doubtful accounts	-	(37,000)	-	(37,000)
Total governmental activities	<u>\$ -</u>	<u>\$ 765,421</u>	<u>\$ 586,448</u>	<u>\$ 1,351,869</u>
Business type activities:				
Water Fund	\$ 209,043	\$ -	\$ 19,226	\$ 228,269
Solid Waste	234,024	-	1,998	236,022
Total receivables	443,067	-	21,224	464,291
Allowance for doubtful accounts	(12,517)	-	-	(12,517)
Total business type activities	<u>\$ 430,550</u>	<u>\$ -</u>	<u>\$ 21,224</u>	<u>\$ 451,774</u>

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

Local option sales tax	258,011
Sales tax reimbursements	51,156
Scrap tire tax	4,670
Franchise tax	5,277
White goods disposal tax	984
Social services reimbursements	168,679
Tower Rent	450
EMS Cost Report	103,365
State 911 funds	12,293
Total	<u>\$ 607,672</u>

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

4. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,062,407	\$ -	\$ -	\$ 1,062,407
Total capital assets not being depreciated	<u>1,062,407</u>	<u>-</u>	<u>-</u>	<u>1,062,407</u>
Capital assets being depreciated:				
Buildings	6,722,490	-	-	6,722,490
Equipment	1,553,785	-	6,000	1,547,785
Land improvements	302,462	-	-	302,462
Vehicles and motor equipment	<u>1,588,383</u>	<u>157,976</u>	<u>-</u>	<u>1,746,359</u>
Total capital assets being depreciated	<u>10,167,120</u>	<u>157,976</u>	<u>6,000</u>	<u>10,319,096</u>
Less accumulated depreciation for:				
Buildings	1,773,917	186,622	-	1,960,539
Equipment	925,782	110,674	6,000	1,030,456
Land improvements	57,509	14,618	-	72,127
Vehicles and motor equipment	<u>1,309,513</u>	<u>129,110</u>	<u>-</u>	<u>1,438,623</u>
Total accumulated depreciation	<u>4,066,721</u>	<u>441,024</u>	<u>6,000</u>	<u>4,501,745</u>
Total capital assets being depreciated, net	<u>6,100,399</u>			<u>5,817,351</u>
Governmental activity capital assets, net	<u>\$ 7,162,806</u>			<u>\$ 6,879,758</u>

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

Cultural and recreation	\$ 47,517
Economic and physical development	63,323
General government	94,399
Public Safety	<u>235,785</u>
Total depreciation expense	<u>\$ 441,024</u>

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 133,810	\$ 26,197	\$ -	\$ 160,007
Total capital assets not being depreciated	133,810	26,197	-	160,007
Capital assets being depreciated:				
Plant and distribution systems	17,854,359	-	-	17,854,359
Furniture and maintenance equipment	252,592	-	-	252,592
Vehicles	302,971	52,545	-	355,516
Total capital assets being depreciated	18,409,922	52,545	-	18,462,467
Less accumulated depreciation for:				
Plant and distribution systems	7,808,220	366,857	-	8,175,077
Furniture and maintenance equipment	246,545	4,859	-	251,404
Vehicles	275,146	19,519	-	294,665
Total accumulated depreciation	8,329,911	\$ 391,235	\$ -	8,721,146
Total capital assets being depreciated, net	10,080,011			9,741,321
Business-type activity capital assets, net	\$ 10,213,821			\$ 9,901,328

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

	Vendors
Governmental activities:	
General	\$ 190,103
Other governmental	7,446
Total governmental activities	\$ 197,549
Business type activities:	
Water Fund	\$ -
Solid Waste	14,710
Total business type activities	\$ 14,710

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% 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 \$213,650 for the year ended June 30, 2015.

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.

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Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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

At June 30, 2015, the County reported an asset of \$289,624 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset 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, 2014, the County's proportion was .05%, which was an increase of .00% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$16,259. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,646
Net difference between projected and actual earnings on pension plan investments	-	674,239
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	7,565
Board contributions subsequent to the measurement date	213,650	-
Total	\$ 213,650	\$ 713,450

\$213,650 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (178,387)
2017	(178,387)
2018	(178,387)
2019	(178,289)
2020	-
Thereafter	-
	\$ (713,450)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 983,110	\$ (289,624)	\$(1,361,226)

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

b. Law Enforcement Officers' Special Separation Allowance

1. *Plan Description.*

Perquimans County administers a public employee retirement system (the "*Separation Allowance*"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable 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. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

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

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At December 31, 2014, the Separation Allowance's membership consisted of:

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

A separate report was not issued for the plan.

2. Funding Policy

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2015 were \$26,028 which consisted of \$24,618 from the County and \$1,410 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. 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

Perquimans County, North Carolina
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For the Fiscal Year Ended June 30, 2015

State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2015, the County's required and actual contributions were \$1,074.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,131 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$31,400 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014, the County's proportion was .14%, which was no increase or decrease from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(627). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 288	
Net difference between projected and actual earnings on pension plan investments	-	\$ 169
Changes in proportion and differences between Board contributions and proportionate share of contributions	376	-
Board contributions subsequent to the measurement date	1,131	-
Total	\$ 1,795	\$ 169

\$1,795 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	260
2017		260
2018		18
2019		(42)
2020		-
Thereafter		-
		\$ 496

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

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of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (28,195)	\$ (31,399)	\$ (34,153)

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

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan). The plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty consecutive years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers, until the retiree reaches the age of 65. Also, the County's retirees can purchase coverage for their dependents at the County's group

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

Funding Policy. By County resolution, the County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The County has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended June 30, 2015, the County's total contributions were \$20,024.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. 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	\$	108,665
Interest on net OPEB obligation		358
Annual OPEB cost (expense)		109,023
Contributions made		(20,024)
Increase in net OPEB obligation		88,999
Net OPEB obligation, beginning of year		492,319
Net OPEB obligation, end of year	\$	581,318

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

3-Year Trend Information

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2015	\$ 109,023	18.4%	\$ 581,318
2014	\$ 110,909	6.9%	\$ 492,319
2013	\$ 120,413	2.0%	\$ 387,341

Funded Status and Funding Progress. As of December 31, 2014, the actuarial accrued liability for benefits was \$1,064,517, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,258,319, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.9 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the

Perquimans County, North Carolina
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future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required 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 at 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.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Tables for Males and for Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 4.0 percent was used.

Health insurance premiums – 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected long-term inflation assumption of 3.0 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2007 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount rate of 0.50 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is not being amortized

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as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was thirty 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. All death benefits are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience:		
LGERS	\$ -	\$ 31,646
ROD	288	-
Pensions - difference between projected and actual investment earnings:		
LGERS	-	674,239
ROD	-	169
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	-	7,565
ROD	376	-
Contributions to pension plan in 2014-2015 fiscal year:		
LGERS	213,650	-
ROD	1,131	-
Prepaid taxes not yet earned (General)	-	61,142
Taxes receivable, net (General)	-	796,588
Wetlands Mitigation (General)	-	4,306
	\$ 215,445	\$ 1,575,655

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

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Association of County Commissioners. Through these pools, the County obtains property insurance coverage equal to replacement cost values of owned property subject to a limit of \$200 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of \$250,000 per occurrence retention for property and auto physical damage. For workers compensation, there is a per occurrence retention of \$750,000.

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

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

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

5. Long-term Obligations

a. Installment Agreement Indebtedness

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

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

- I. Six million (\$6,000,000) with a term of fifteen (15) years at 2.64%, entered into on December 6, 2012. The County will make fifteen (15) payments of \$489,429 each. Principal and interest at 2.64% resulted in the following obligation at June 30, 2015:

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Total installment obligation indebtedness	\$	6,359,699
Less: amount representing interest		1,035,624
Net principal amount of obligation		\$ 5,324,075

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 and interest at 2.64% resulted in the following obligation at June 30, 2015:

Total installment obligation indebtedness	\$	4,513,253
Less: amount representing interest		734,614
Net principal amount of obligation		\$ 3,778,639

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 payment and interest of 2.49% resulted in the following obligation at June 30, 2015:

Total installment obligation indebtedness	\$	692,603
Less: amount representing interest		55,603
Net principal amount of obligation		\$ 637,000

During the 2014-2015 fiscal year, the County made interest payments of \$273,419..

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 payment and interest at 1.86% resulted in the following obligation at June 30, 2015:

Total installment obligation indebtedness	\$	1,439,380
Less: amount representing interest		89,255
Net principal amount of obligation		\$ 1,350,125

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

borrowed is immediately forgiven. The remaining principal is to be repaid at an interest rate of 0% over 20 years at an annual amount of \$69,881 per year. Principal and interest at 0.00% resulted in the following obligation at June 30, 2015:

Total installment obligation indebtedness	\$ 1,118,088
Less: amount representing interest	-
Net principal amount of obligation	\$ 1,118,088

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 payment and interest at 2.69% resulted in the following obligation at June 30, 2015:

Total installment obligation indebtedness	\$ 1,437,338
Less: amount representing interest	237,834
Net principal amount of obligation	\$ 1,199,504

For Perquimans County, the combined future minimum payments as of June 30, 2015 including interest are:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 694,214	\$ 255,684	\$ 362,989	\$ 57,382
2017	709,954	237,463	369,091	51,281
2018	726,110	218,868	375,324	45,048
2019	742,692	199,845	381,690	38,681
2020	756,842	180,399	388,194	32,178
2021-2025	3,727,006	606,673	1,056,528	85,442
2026-2030	2,382,896	126,910	664,020	17,076
2031-2035	-	-	69,881	-
Total	\$ 9,739,714	\$ 1,825,842	\$ 3,667,717	\$ 327,088

At June 30, 2015, Perquimans County had a legal debt margin of \$ 123,545,444.

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, 2015:

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$10,418,593	\$ -	\$ 678,879	\$ 9,739,714	\$ 694,214
Unfunded post employment benefits	435,136	78,587	-	513,723	-
Compensated absences	247,736	-	11,291	236,445	236,445
Total	<u>\$11,101,465</u>	<u>\$ 78,587</u>	<u>\$ 690,170</u>	<u>\$10,489,882</u>	<u>\$ 930,659</u>
Business-type activities:					
Installment purchases	\$ 4,025,006	\$ -	\$ 357,289	\$ 3,667,717	\$ 362,989
Unfunded post employment benefits	57,255	10,340	-	67,595	-
Compensated absences	25,520	770	-	26,290	26,290
Total	<u>\$ 4,107,781</u>	<u>\$ 11,110</u>	<u>\$ 357,289</u>	<u>\$ 3,761,602</u>	<u>\$ 389,279</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 Balance and Activity

Transfers to/from other funds at June 30, 2015 consist of the following:

	<u>Amount</u>
From the General Fund to the Revaluation Fund to accumulate resources for octennial revaluation of real property	\$ 25,000
From the Capital Projects Reserve Fund to the General Fund to supplement other funding sources	400,000
Total	<u>\$ 425,000</u>

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 6,884,270	\$ 9,901,328
Less: Long-term debt	637,000	3,667,717
Add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 6,247,270</u>	<u>\$ 6,233,611</u>

E. Fund Balance

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

Total Fund Balance-General Fund	\$ 6,475,525
Less:	
Stabilization for State Statute	537,997
Register of Deeds	7,715
Tax revaluation	268,374
Dept of Justice Forfeiture Program	9,197
Appropriation for 2015-2016 budget	998,232
Remaining Fund Balance	\$ 4,654,010

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 2014-2015 fiscal year, the County contributed \$160,000 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, 2015, the County contributed \$601,833 to the Commission. None of the participating governments have an equity interest in the Commission. Complete financial statements for the Jail can be obtained from the Albemarle District Jail Commission, 320 South Hughes Blvd., Elizabeth City, North Carolina 27909.

V. Jointly Governed Organization

Perquimans, Chowan, Gates Solid Waste Commission

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

Perquimans, Pasquotank, Camden, Chowan, Currituck Health Department

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

Perquimans County, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

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	\$ 18,366	\$ 4,763
Adult assistance	-	151,664
Medicaid	11,109,036	6,136,991
Temporary assistance to needy families	61,247	-
WIC	151,185	-
Total	\$ 11,339,834	\$ 6,293,418

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 monies.

VIII. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$343,692 and \$32,607, respectively.

During the year, an error in the OPEB calculation was discovered that caused an understatement of net position as of June 30, 2014. As a result, net position for the governmental and business-type activities decreased by \$334,364 and \$47,503, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of Funding Progress for the Other Postemployment Benefits
 - Schedule of Employer Contributions for the Other Postemployment Benefits
 - Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)
 - Schedule of County Contributions (LGERS)
 - Schedule of County's Proportionate Share of Net Pension Asset (ROD)
 - Schedule of County Contributions (ROD)
-

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2011	\$ -	\$ 861,628	\$ 861,628	0.0%	\$ 2,248,586	38.3%
12/31/2012	\$ -	\$ 995,846	\$ 995,846	0.0%	\$ 2,461,014	40.5%
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%

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

<u>Year Ending June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2015	\$ 20,024	18.4%
2014	5,931	6.9%
2013	262	2.0%
2012	1,968	11.6%
2011	9,368	37.4%
2010	10,800	12.3%

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

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

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

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

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

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Ad valorem taxes:			
Taxes	\$ 7,751,978	\$ 7,889,245	\$ 137,267
Penalties and interest	89,000	98,477	9,477
Total	<u>7,840,978</u>	<u>7,987,722</u>	<u>146,744</u>
Local option sales taxes:			
Article 39 and 44	350,000	407,680	57,680
Article 40 one-half of one percent	675,000	785,231	110,231
Article 42 one-half of one percent	280,000	330,230	50,230
Article 46 one-quarter of one percent	-	(68)	(68)
Utilities franchise distribution	5,000	21,009	16,009
Medicaid hold harmless payment	500,000	556,713	56,713
Total	<u>1,810,000</u>	<u>2,100,795</u>	<u>290,795</u>
Other taxes and licenses:			
Scrap tire disposal tax	26,042	26,944	902
White goods disposal tax	11,283	10,665	(618)
Beer and wine licenses	450	360	(90)
Total	<u>37,775</u>	<u>37,969</u>	<u>194</u>
Unrestricted intergovernmental:			
Beer and wine tax	<u>45,000</u>	<u>52,224</u>	<u>7,224</u>
Restricted intergovernmental:			
State grants	1,770,349	1,830,991	60,642
Federal grants	3,230	3,229	(1)
Court facility fees	30,000	30,589	589
ABC bottle tax (rehab)	3,400	3,355	(45)
Other grants	36,529	37,653	1,124
Total	<u>1,843,508</u>	<u>1,905,817</u>	<u>62,309</u>
Permits and fees:			
Officer and sheriff fees	52,000	46,176	(5,824)
Building permits and inspection fees	95,000	106,821	11,821
Register of deeds	147,900	139,665	(8,235)
DMV license revocation fees	1,000	647	(353)
Subdivision and zoning fees	4,750	4,550	(200)
Other	<u>300,650</u>	<u>297,859</u>	<u>(2,791)</u>

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Sales and services:			
Ambulance fees	575,000	575,799	799
Administrative services	105,000	100,000	(5,000)
Dispatch services	70,231	71,846	1,615
Jail fees	7,000	8,808	1,808
Municipal tax collection fees	14,000	14,629	629
Recreation fees	17,000	15,350	(1,650)
Rents	89,884	89,379	(505)
Total	<u>878,115</u>	<u>875,811</u>	<u>(2,304)</u>
Investment earnings	<u>11,230</u>	<u>12,388</u>	<u>1,158</u>
Miscellaneous			
School security	86,700	88,086	1,386
Other	57,150	45,203	(11,947)
Total	<u>143,850</u>	<u>133,289</u>	<u>(10,561)</u>
Total revenue	<u>12,911,106</u>	<u>13,403,874</u>	<u>492,768</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	48,800	48,739	61
Other operating expenses	20,500	20,705	(205)
Land use update	10,000	9,998	2
Total	<u>79,300</u>	<u>79,442</u>	<u>(142)</u>
Administrative and finance:			
Salaries and employee benefits	343,668	328,492	15,176
Other operating expenses	47,157	45,026	2,131
Professional services	32,693	26,346	6,347
Total	<u>423,518</u>	<u>399,864</u>	<u>23,654</u>
Elections:			
Salaries and employee benefits	90,647	74,643	16,004
Other operating expenses	39,025	29,023	10,002
Total	<u>129,672</u>	<u>103,666</u>	<u>26,006</u>
Tax administration:			
Salaries and employee benefits	327,706	321,286	6,420
Other operating expenses	118,800	90,496	28,304
Professional services	10,000	6,975	3,025
Mapping	6,000	4,081	1,919
Total	<u>462,506</u>	<u>422,838</u>	<u>39,668</u>

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Legal:			
Contracted services	25,000	16,387	8,613
Register of deeds:			
Salaries and employee benefits	139,224	135,090	4,134
Other operating expenses	60,725	62,748	(2,023)
Professional services	16,750	16,750	-
Capital Outlay	3,900	3,895	5
Total	220,599	218,483	2,116
Public buildings:			
Salaries and employee benefits	208,005	201,366	6,639
Other operating expenses	159,291	158,614	677
Insurance and bonds	357,888	364,477	(6,589)
Utilities	139,690	139,055	635
Professional services and contracts	47,855	55,300	(7,445)
Total	912,729	918,812	(6,083)
Court facilities:			
Other operating expenses	51,111	49,646	1,465
Total	51,111	49,646	1,465
Jury commission			
Other operating expenses	1,116	1,116	-
Total general government:	2,305,551	2,210,254	95,297
Public safety:			
Sheriff:			
Salaries and employee benefits	848,022	793,097	54,925
Other operating expenses	165,256	122,679	42,577
Capital outlay	81,983	81,745	238
Total	1,095,261	997,521	97,740
Jail:			
Contracted services	661,627	606,347	55,280
Contracted services - debt service	247,282	247,189	93
Total	908,909	853,536	55,373
Emergency Medical Services:			
Salaries and employee benefits	880,910	858,924	21,986
Other operating expenses	179,458	170,875	8,583
Capital Outlay	100,492	100,492	-
Total	1,160,860	1,130,291	30,569

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Dispatch:			
Salaries and employee benefits	412,502	401,452	11,050
Other operating expenses	58,250	51,212	7,038
Total	<u>470,752</u>	<u>452,664</u>	<u>18,088</u>
Fire/emergency management:			
Salaries and employee benefits	30,900	30,680	220
Other operating expenses	44,543	40,255	4,288
Capital outlay	1,793	1,707	86
Assistance to local fire departments	375,000	375,000	-
Total	<u>452,236</u>	<u>447,642</u>	<u>4,594</u>
Inspection:			
Salaries and employee benefits	164,145	162,754	1,391
Other operating expenses	32,750	17,844	14,906
Total	<u>196,895</u>	<u>180,598</u>	<u>16,297</u>
Animal Control:			
Contribution to regional animal shelter	60,000	59,944	56
Medical examiner:			
Professional services	3,500	3,600	(100)
Total public safety	<u>4,348,413</u>	<u>4,125,796</u>	<u>222,617</u>
Economic and physical development:			
Economic Development Commission:			
Other operating expenses	26,010	23,902	2,108
Other:			
Albemarle Regional Planning Organization	2,294	2,294	-
Albemarle Commission	8,900	8,900	-
Skills, Inc.	500	500	-
R C and D	750	750	-
Total	<u>12,444</u>	<u>12,444</u>	<u>-</u>
Total economic and physical development	<u>38,454</u>	<u>36,346</u>	<u>2,108</u>

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Conversation - soil and forest service:			
Salaries and employee benefits	32,210	31,962	248
Other operating expenses	12,316	10,550	1,766
Cost share programs	14,640	14,635	5
Forestry service	48,502	25,099	23,403
Total	<u>107,668</u>	<u>82,246</u>	<u>25,422</u>
Beaver management	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Agricultural extension:			
Salaries and employee benefits	125,892	79,708	46,184
Other operating expenses	31,146	27,921	3,225
Total	<u>157,038</u>	<u>107,629</u>	<u>49,409</u>
Drainage study	<u>5,360</u>	<u>5,142</u>	<u>218</u>
Total environmental protection	<u>274,066</u>	<u>199,017</u>	<u>75,049</u>
Human services:			
Health:			
Administration - contracted services	51,372	51,371	1
Aquatic Weed Control	1,169	-	1,169
Transportation	43,303	43,587	(284)
Total	<u>95,844</u>	<u>94,958</u>	<u>886</u>
Mental health:			
Administration - contracted services	<u>26,906</u>	<u>26,906</u>	<u>-</u>
Alcoholism:			
Operating - rehabilitation	<u>3,400</u>	<u>3,355</u>	<u>45</u>
Social services:			
Administration:			
Salaries and employee benefits	1,159,193	1,114,037	45,156
Other operating expenses	73,446	57,724	15,722
Professional services	164,347	154,183	10,164
Capital outlay	13,000	8,970	4,030
Total	<u>1,409,986</u>	<u>1,334,914</u>	<u>75,072</u>
Special assistance for adults:			
Aid for the aged	100,000	82,461	17,539
Aid for the permanently and totally disabled	85,000	69,203	15,797
Total	<u>185,000</u>	<u>151,664</u>	<u>33,336</u>

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Medical assistance programs:			
Assistance payments	3,000	41	2,959
Welfare-to-work program:			
Transportation	500	-	500
Other operating expenditures	1,500	-	1,500
Total	2,000	-	2,000
OJJ program:			
Social Thinking Program	32,646	32,644	2
Other assistance:			
Links	4,750	500	4,250
Adoption subsidy/enhancement	9,354	7,761	1,593
Nutrition program for the aged	40,403	40,403	-
Aid to the blind	1,486	-	1,486
IV E foster care clothing	2,400	1,300	1,100
Foster care program	80,000	40,707	39,293
Smart Start day care	83,122	83,094	28
Crisis intervention	54,388	54,225	163
Day care program	352,911	345,037	7,874
Emergency assistance	25,000	24,916	84
Humanitarian needs	5,000	4,491	509
Title III funds	9,766	9,078	688
Food stamp issuance	4,000	3,881	119
LIEAP	81,710	81,700	10
Contracted transportation	102,000	90,220	11,780
Total	856,290	787,313	68,977
Total social services	2,488,922	2,306,576	182,346
Other:			
Albemarle Hospital	1,000	1,000	-
Food Bank of the Albemarle	500	500	-
NC Coalition	1,349	1,349	-
Kids First, Inc.	4,000	4,000	-
Albemarle Hopeline	3,000	3,000	-
Veterans service officer:			
Salaries and employee benefits	7,117	7,051	66
Other operating expenses	1,385	987	398
Total	8,502	8,038	464

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Restitution Program:			
Salaries and employee benefits	10,800	10,800	-
Other operating expenses	4,514	5,894	(1,380)
Professional services	19,200	17,755	1,445
Total	<u>34,514</u>	<u>34,449</u>	<u>65</u>
Mentoring Focus Group:			
Other operating expenses	27,629	27,629	-
Total human services	<u>2,695,566</u>	<u>2,511,760</u>	<u>183,806</u>
Cultural and recreational:			
Recreation:			
Salaries and employee benefits	177,111	175,019	2,092
Other operating expenses	96,765	79,182	17,583
Capital outlay	5,000	3,420	1,580
Total	<u>278,876</u>	<u>257,621</u>	<u>21,255</u>
Senior Citizens:			
Salaries and employee benefits	108,369	100,857	7,512
Other operating expenses	23,250	13,654	9,596
Capital outlay	4,220	4,213	7
Total	<u>135,839</u>	<u>118,724</u>	<u>17,115</u>
Library:			
Contribution to regional library	160,000	160,000	-
Other:			
Chamber of Commerce	5,000	5,000	-
Newbold White House	11,000	11,000	-
Perquimans Arts League	1,000	1,000	-
Perquimans County Fireworks	1,500	1,500	-
Perquimans County Trail Blazers	500	-	500
Narrow Band Conversion	70,000	69,834	166
Total cultural and recreational	<u>663,715</u>	<u>624,679</u>	<u>39,036</u>
Debt service:			
Principal retirement	678,880	678,879	1
Interest and other charges	273,422	273,375	47
Total	<u>952,302</u>	<u>952,254</u>	<u>48</u>
Total debt service	<u>952,302</u>	<u>952,254</u>	<u>48</u>

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Education:			
Public schools - current expense	2,300,000	2,300,000	-
Public schools - capital outlay	215,000	248,069	(33,069)
College of the Albemarle	32,500	32,500	-
Total	<u>2,547,500</u>	<u>2,580,569</u>	<u>(33,069)</u>
Total education	<u>2,547,500</u>	<u>2,580,569</u>	<u>(33,069)</u>
Total expenditures	<u>13,825,567</u>	<u>13,240,675</u>	<u>584,892</u>
Revenue over (under) expenditures	<u>(914,461)</u>	<u>163,199</u>	<u>1,077,660</u>
Other financing sources (uses):			
Transfer from other funds:			
Capital Projects Reserve Fund	400,000	400,000	-
Transfer to other funds:			
Revaluation Reserve Fund	(25,000)	(25,000)	-
Fund balance appropriated	539,461	-	(539,461)
Total other financing sources (uses)	<u>914,461</u>	<u>375,000</u>	<u>539,461</u>
Net change in fund balance	<u>\$ -</u>	<u>538,199</u>	<u>\$ 538,199</u>
Fund balance, beginning		<u>5,668,952</u>	
Fund balance, ending		<u>\$ 6,207,151</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
REVALUATION RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Investment earnings	\$ 350	\$ 671	321
Expenditures:			
General government	170,350	2,574	167,776
Revenue over (under) expenditures	(170,000)	(1,903)	168,097
Other financing sources (uses):			
Transfer from General Fund	25,000	25,000	-
Fund balance appropriated	145,000		(145,000)
	170,000	25,000	(145,000)
Net change in fund balance	\$ -	23,097	\$ 23,097
Fund balance, beginning		245,277	
Fund balance, ending		\$ 268,374	

COMBINING STATEMENTS - NON-MAJOR FUNDS

Special Revenue Funds

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

Capital Projects Funds

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

PERQUIMANS COUNTY, NORTH CAROLINA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Funds				Capital Project Funds				Total Non-major Governmental Funds
	Emergency Telephone System	NC Housing Finance Grant	Community Development Block Grant	Total Special Revenue Funds	Capital Projects Reserve	County Construction Capital Projects	School Construction Capital Projects	Total Capital Project Funds	
Assets									
Cash and cash equivalents	\$ 150,313	\$ -	\$ -	\$ 150,313	\$ 650,083	\$ 9,689	\$ -	\$ 659,772	\$ 810,085
Retricted cash	-	-	-	-	-	-	20,784	20,784	20,784
Due from other funds	611	7,446	-	8,057	-	-	-	-	8,057
Due from other governments	16,765	-	-	16,765	-	-	519	519	17,284
Total assets	\$ 167,689	\$ 7,446	\$ -	\$ 175,135	\$ 650,083	\$ 9,689	\$ 21,303	\$ 681,075	\$ 856,210
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Checks drawn in excess	-	7,446	-	7,446	-	-	-	-	7,446
Total liabilities	-	7,446	-	7,446	-	-	-	-	7,446
Fund balances:									
Restricted for:									
Stabilization by State Statute	167,689	-	-	167,689	-	-	-	-	167,689
School Capital	-	-	-	-	-	-	21,303	21,303	21,303
Assigned:									
Future County Capital Outlay	-	-	-	-	650,083	9,689	-	659,772	659,772
Total fund balances	167,689	-	-	167,689	650,083	9,689	21,303	681,075	848,764
Total liabilities and fund balances	\$ 167,689	\$ 7,446	\$ -	\$ 175,135	\$ 650,083	\$ 9,689	\$ 21,303	\$ 681,075	\$ 856,210

PERQUIMANS COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 #REF!

	Special Revenue Funds				Capital Project Funds				Total Non-major Governmental Funds
	Emergency Telephone System	NC Housing Finance Grant	Community Development Block Grant	Total Special Revenue Funds	Capital Projects Reserve	County Construction Capital Projects	School Construction Capital Projects	Total Capital Project Funds	
Revenue									
Restricted intergovernmental	\$ 148,134	\$ -	\$ 126,782	\$ 274,916	\$ 278,116	\$ -	\$ 78,832	\$ 356,948	\$ 631,864
Investment earnings	165	-	-	165	1,725	-	2	1,727	1,892
Total revenues	148,299	-	126,782	275,081	279,841	-	78,834	358,675	633,756
Expenditures:									
Public safety	124,430	-	-	124,430	-	-	-	-	124,430
Economic development	-	-	126,782	126,782	-	-	-	-	126,782
Cultural and recreational	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	86,525	86,525	86,525
Total expenditures	124,430	-	126,782	251,212	-	-	86,525	86,525	251,212
Excess (deficiency) of revenues over expenditures	23,869	-	-	23,869	279,841	-	(7,691)	272,150	296,019
Other financing sources (uses):									
Transfer to other funds	-	-	-	-	(400,000)	-	-	(400,000)	(400,000)
Net change in fund balances	23,869	-	-	23,869	(120,159)	-	(7,691)	(127,850)	(103,981)
Fund balances, beginning	143,820	-	-	143,820	770,242	9,689	28,994	808,925	952,745
Fund balances, ending	\$ 167,689	\$ -	\$ -	\$ 167,689	\$ 650,083	\$ 9,689	\$ 21,303	\$ 681,075	\$ 848,764

PERQUIMANS COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Restricted intergovernmental	\$ 147,518	\$ 148,134	\$ 616
Investment earnings	150	165	15
Total	<u>147,668</u>	<u>148,299</u>	<u>631</u>
Expenditures:			
Professional services	400	361	39
Hardware maintenance	16,940	16,929	11
Implemental functions	11,900	11,900	-
Software maintenance	56,660	56,094	566
Telephone	28,000	27,823	177
Training	11,000	2,094.00	8,906
Capital outlay	22,768	9,229	13,539
Total public safety	<u>147,668</u>	<u>124,430</u>	<u>23,238</u>
Net change in fund balance	<u>\$ -</u>	23,869	<u>\$ 23,869</u>
Fund balance, beginning		<u>143,820</u>	
Fund balance, ending		<u>\$ 167,689</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
NORTH CAROLINA HOUSING FINANCE GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Federal grant no. SFR-LP1121	\$ 170,000	\$ -	\$ -	\$ -	\$ 170,000
Total restricted intergovernmental	170,000	-	-	-	170,000
Expenditures:					
Rehabilitation	134,030	-	-	-	134,030
Program costs	35,970	-	-	-	35,970
Total economic development	170,000	-	-	-	170,000
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

PERQUIMANS COUNTY, NORTH CAROLINA
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
State grant no. 12-C-2426	\$ 225,000	\$ 97,950	\$ 126,782	\$ 224,732	\$ 268
Total restricted intergovernmental	<u>225,000</u>	<u>97,950</u>	<u>126,782</u>	<u>224,732</u>	<u>268</u>
Expenditures:					
Administration/Planning	22,500	19,739	5,746	25,485	(2,985)
Relocation	103,440	-	103,173	103,173	267
Clearance	3,000	-	3,000	3,000	-
Rehabilitation construction	73,560	73,679	-	73,679	(119)
Rehabilitation	22,500	4,532	14,863	19,395	3,105
Total economic development	<u>225,000</u>	<u>97,950</u>	<u>126,782</u>	<u>224,732</u>	<u>268</u>
Net change in fund balance	<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
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Land transfer tax	\$ 250,000	\$ 278,116	\$ 28,116
Investment earnings	2,500	1,725	(775)
Total revenues	<u>252,500</u>	<u>279,841</u>	<u>27,341</u>
Other financing sources (uses):			
Transfer to other funds	(400,000)	(400,000)	-
Fund balance appropriated	147,500	-	(147,500)
Total other financing sources (uses)	<u>(252,500)</u>	<u>(400,000)</u>	<u>(147,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>(120,159)</u>	<u>\$ (120,159)</u>
Fund balance, beginning		<u>770,242</u>	
Fund balance, ending		<u>\$ 650,083</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
COUNTY CONSTRUCTION CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
Cultural and recreation	\$ 8,465	\$ -	\$ (8,465)
Revenue over (under) expenditures	<u>(8,465)</u>	<u>-</u>	<u>8,465</u>
Other financing sources (uses):			
Fund balance appropriated	8,465	-	8,465
Transfer from General Fund	-	-	-
Total	<u>8,465</u>	<u>-</u>	<u>8,465</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>9,689</u>	
Fund balance, ending		<u>\$ 9,689</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
SCHOOL CONSTRUCTION CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Restricted intergovernmental:			
Public School Building Capital Fund - Lottery	\$ 78,918	\$ 78,832	\$ (86)
Investment earnings	-	2	2
Total revenues	<u>78,918</u>	<u>78,834</u>	<u>(84)</u>
Expenditures:			
Restricted intergovernmental:			
Hertford Grammer Elementary	82,210	78,832	3,378
Equipment	21,428	7,693	13,735
Total expenditures	<u>103,638</u>	<u>86,525</u>	<u>17,113</u>
Revenue over (under) expenditures	<u>(24,720)</u>	<u>(7,691)</u>	<u>17,029</u>
Other financing sources:			
Fund balance appropriated	<u>24,720</u>	-	<u>(24,720)</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,691)</u>	<u>\$ (7,691)</u>
Fund balance, beginning		<u>28,994</u>	
Fund balance, ending		<u>\$ 21,303</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
PERQUIMANS COUNTY TOURISM DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
-- BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:			
Occupancy tax	\$ 4,300	\$ 5,046	\$ 746
Investment earnings	70	63	(7)
Total revenues	<u>4,370</u>	<u>5,109</u>	<u>739</u>
Expenditures:			
Economic and physical development	13,250	9,984	3,266
Fund balance appropriated	(8,880)	-	(8,880)
Total other financing sources (uses)	<u>4,370</u>	<u>9,984</u>	<u>(5,614)</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,875)</u>	<u>\$ (4,875)</u>
Fund balance, beginning		<u>25,371</u>	
Fund balance, ending		<u>\$ 20,496</u>	

ENTERPRISE FUNDS

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

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

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

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

PERQUIMANS COUNTY, NORTH CAROLINA
SOLID WASTE FUND
STATEMENT OF REVENUES AND EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenue:			
Charges for services:			
Solid waste fees	\$ 870,580	\$ 895,475	\$ 24,895
Other revenue	8,500	8,705	205
Non-operating revenues:			
Investment earnings	400	264	(136)
Total revenues	879,480	904,444	24,964
Expenditures:			
Landfill operations:			
Solid waste operations	879,480	852,590	26,890
Revenues over expenditures	<u>\$ -</u>	51,854	<u>\$ 51,854</u>
Reconciliation of modified accrual to full accrual:			
Change in net position (full accrual)		<u>\$ 51,854</u>	

**PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES, EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Positive (Negative)
Revenue:			
Operating revenues:			
Charges for services:			
Water sales	\$ 1,960,000	\$ 2,017,742	\$ 57,742
Tap and reconnection fees	55,984	79,575	23,591
Penalties	35,000	48,900	13,900
Other operating revenue	4,500	1,609	(2,891)
Total operating revenue	<u>2,055,484</u>	<u>2,147,826</u>	<u>92,342</u>
Non-operating revenues:			
Rent	8,100	7,425	(675)
Investment earnings	3,500	3,193	(307)
Federal reimbursement-waterline relocation	27,565	0	(27,565)
Total non-operating revenue	<u>39,165</u>	<u>10,618</u>	<u>(28,547)</u>
 Total revenues	 <u>2,094,649</u>	 <u>2,158,444</u>	 <u>63,795</u>
Expenditures:			
Administration:			
Salaries and employee benefits	322,386	273,492	48,894
Professional services	81,000	75,561	5,439
Indirect costs	100,000	100,000	-
Other department expenses	123,573	152,770	(29,197)
Total administration	<u>626,959</u>	<u>601,823</u>	<u>25,136</u>
 Water purchase	 <u>355,875</u>	 <u>325,290</u>	 <u>30,585</u>
Water distribution and treatment:			
Salaries and employee benefits	133,746	133,888	(142)
Travel	500	79	421
Professional services	22,300	13,200	9,100
Salt and chemical supplies	165,540	113,319	52,221
Insurance and bonds	40,872	40,866	6
Utilities	97,500	93,733	3,767
Water sample tests	24,000	19,367	4,633
Sedimentation control	31,460	31,460	-
Repairs and maintenance	103,270	98,194	5,076
Other department expenses	24,738	18,596	6,142
Total water distribution and treatment	<u>643,926</u>	<u>562,702</u>	<u>81,224</u>

PERQUIMANS COUNTY, NORTH CAROLINA
WATER FUND
STATEMENT OF REVENUES, EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Debt service:			
Debt principal	357,019	357,289	(270)
Interest and fees	63,358	59,164	4,194
Total debt service	<u>420,377</u>	<u>416,453</u>	<u>3,924</u>
Capital Outlay	80,116	52,545	27,571
Total capital outlay	<u>80,116</u>	<u>52,545</u>	<u>27,571</u>
Total expenditures	<u>2,127,253</u>	<u>1,958,813</u>	<u>168,440</u>
Revenue over (under) expenditures	(32,604)	199,631	232,235
Other financing sources			
Fund balance appropriated	<u>32,604</u>	<u>-</u>	<u>32,604</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	199,631	<u>\$ 199,631</u>
Reconciliation of modified accrual to full accrual:			
Reconciling items:			
Debt principal		357,289	
Capital outlay		52,545	
Contributions to the pension plan in the current fiscal year		17,092	
Increase in inventory		(48,084)	
Increase in accrued vacation pay		(770)	
Increase in other postemployment benefits		(10,340)	
Amortization		(759)	
Depreciation		(391,235)	
Pension expense		(1,300)	
Interest income from Water Capital Improvement Fund		551	
Professional fees from Water Capital Improvement Funds		(60,958)	
Total reconciling items		<u>(85,969)</u>	
Change in net position (full accrual)		<u>\$ 113,662</u>	

PERQUIMANS COUNTY, NORTH CAROLINA
WATER CAPITAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES -- BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenue:					
Non-operating revenue:					
Investment earnings	\$ 500	\$ -	\$ 551	\$ 551	\$ 51
Sales tax refund	-	-	-	-	-
Total non-operating revenue	<u>500</u>	<u>-</u>	<u>551</u>	<u>551</u>	<u>51</u>
Expenditures:					
Professional services	40,000	-	28,010	28,010	11,990
Capital outlay	75,000	-	59,145	59,145	15,855
Total	<u>115,000</u>	<u>-</u>	<u>87,155</u>	<u>87,155</u>	<u>27,845</u>
Revenue over (under) expenditures	<u>(114,500)</u>	<u>-</u>	<u>(86,604)</u>	<u>(86,604)</u>	<u>27,896</u>
Other financing sources (uses):					
Fund balance appropriated	114,500	-	-	-	(114,500)
Total	<u>114,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,500)</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,604)</u>	<u>\$ (86,604)</u>	<u>\$ (86,604)</u>

AGENCY FUNDS

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

Agency Funds

- **Social Services Fund** -- This fund accounts for moneys held by Social Services Department for the benefit of certain individuals in the County.
- **Soil and Water Conservation Fund** -- This fund accounts for the moneys held by the County for the use in soil and water conservsation projects.
- **4H Fund** -- This fund accounts for moneys held by the County for the use in the 4H program.
- **Sheriff's Fund** -- This fund accounts for moneys held by the County's Sheriff's department for community uses.
- **Babe Ruth Fund** -- This fund accounts for moneys held by the County for the Babe Ruth baseball leagues.
- **Farm Service Fund** -- This fund accounts for moneys held by the County for the Perquimans Farm Service agency.
- **Deed of Trust Fee Fund** -- This fund accounts for the five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

PERQUIMANS COUNTY, NORTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
Social Services				
Assets:				
Cash and cash equivalents	\$ 32,350	\$ 97,505	\$ 91,710	\$ 38,145
Liabilities:				
Miscellaneous liabilities	\$ 32,350	\$ 97,505	\$ 91,710	\$ 38,145
Soil and Water Conservation				
Assets:				
Cash and cash equivalents	\$ 6,069	\$ 33,892	\$ 33,048	\$ 6,913
Liabilities:				
Miscellaneous liabilities	\$ 6,069	\$ 33,892	\$ 33,048	\$ 6,913
4-H Fund				
Assets:				
Cash and cash equivalents	\$ 4,869	\$ 8,857	\$ 7,438	\$ 6,288
Liabilities:				
Miscellaneous liabilities	\$ 4,869	\$ 8,857	\$ 7,438	\$ 6,288
Sheriff's Fund				
Assets:				
Cash and cash equivalents	\$ 1,269	\$ 1,062	\$ 1,092	\$ 1,239
Liabilities:				
Miscellaneous liabilities	\$ 1,269	\$ 1,062	\$ 1,092	\$ 1,239
Babe Ruth Fund				
Assets:				
Cash and cash equivalents	\$ 2,790	\$ 7,166	\$ 6,930	\$ 3,026
Liabilities:				
Miscellaneous liabilities	\$ 2,790	\$ 7,166	\$ 6,930	\$ 3,026
Farm Service Fund				
Assets:				
Cash and cash equivalents	\$ 6,477	\$ 5,145	\$ 6,030	\$ 5,592
Liabilities:				
Miscellaneous liabilities	\$ 6,477	\$ 5,145	\$ 6,030	\$ 5,592

PERQUIMANS COUNTY, NORTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Deed of Trust Fee Fund				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,004	\$ 2,004	\$ -
Liabilities:				
Intergovernmental payable-State North Carolina	\$ -	\$ 2,004	\$ 2,004	\$ -
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 53,824	\$ 155,631	\$ 148,252	\$ 61,203
Liabilities:				
Miscellaneous liabilities	\$ 53,824	\$ 155,631	\$ 148,252	\$ 61,203

OTHER SCHEDULES

This section includes additional information on property taxes.

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

PERQUIMANS COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2015

Fiscal Year	Beginning Balance	Additions	Collections and Credits	Ending Balance
2014-2015	\$ -	\$ 7,930,599	\$ 7,689,657	\$ 240,942
2013-2014	281,605		134,717	146,888
2012-2013	150,592		37,166	113,426
2011-2012	109,913		21,379	88,534
2010-2011	63,190		11,609	51,581
2009-2010	46,479		7,532	38,947
2008-2009	40,206		5,236	34,970
2007-2008	35,476		3,419	32,057
2006-2007	32,753		2,723	30,030
2005-2006	26,455		1,407	25,048
2004-2005	21,511		21,511	-
	<u>\$ 808,180</u>	<u>\$ 7,930,599</u>	<u>\$ 7,936,356</u>	<u>\$ 802,423</u>
Less allowance for uncollected accounts: General Fund				<u>37,000</u>
Ad valorm taxes receivable - net: General Fund				<u>\$ 765,423</u>
<u>Reconciliation with revenue:</u>				
Ad valorem taxes - General Fund				\$ 7,914,639
Reconciling items:				
Taxes written off				21,511
Adjustments				206
Total reconciling items				<u>21,717</u>
Total collection and credits				<u>\$ 7,936,356</u>

PERQUIMANS COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	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	\$ 1,611,570,587	0.44	\$ 7,688,544	\$ 7,682,511	\$ 6,033
Penalties			2,124	2,124	-
Total:			7,690,668	7,684,635	6,033
Discoveries:					
Current year taxes	54,529,773	0.44	239,931	239,931	
Total property valuation:	<u>\$ 1,666,100,360</u>				
Net levy			<u>\$ 7,930,599</u>	<u>\$ 7,924,566</u>	<u>\$ 6,033</u>
Uncollected taxes at June 30, 2015			<u>\$ 240,942</u>	<u>\$ 240,942</u>	<u>\$ -</u>
Current year's taxes collected			<u>\$ 7,689,657</u>	<u>\$ 7,683,624</u>	<u>\$ 6,033</u>
Current levy collection percentage			<u>96.96%</u>	<u>96.96%</u>	<u>100.00%</u>

**PERQUIMANS COUNTY, NORTH CAROLINA
 TEN LARGEST TAXPAYERS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation</u>
Dominion N. C. Power	Electric Company	\$ 21,721,241	1.30%
Albemarle Electric	Electric Company	18,759,796	1.13%
Weyerhaeuser	Lumber Company	11,722,189	0.70%
Albemarle Plantation II	Real Estate Development	10,412,300	0.62%
Albemarle Plantation POA	Real Estate Development	7,287,600	0.44%
NC Virginia Railroad	Railroad Company	6,737,949	0.40%
Albemarle Plantation Holdings	Real Estate Development	5,472,003	0.33%
Carolina Telephone	Telephone Company	4,423,116	0.27%
Brown Development of NC	Real Estate Development	4,253,800	0.26%
Bethel Creek	Real Estate Development	3,112,400	0.19%
		<u>\$ 93,902,394</u>	<u>5.64%</u>

PERQUIMANS COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
JUNE 30, 2015

Amounts reported on the Emergency Telephone System Fund budget to actual (pg 64) are different from the PSAP Revenue-Expenditure Report because:

Net change in Fund Balance, reported on Budget to Actual	\$ 23,869
Sales Tax refund accrued but not reported on PSAP Report	(617)
Expenditures accrued in prior year, expensed in current year	(2,569)
Beginning Balance, PSAP Revenue-Expenditure Report	<u>145,482</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 166,165</u>

COMPLIANCE SECTION

DONNA H. WINBORNE, CPA, P.C.

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DONNA H. WINBORNE, CPA

**Report On Internal Control Over Financial Reporting And On Compliance
and Other Matters Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Board of County Commissioners
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 units, each major fund, and the aggregate remaining fund information of Perquimans County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises Perquimans County's basic financial statements, and have issued my report thereon dated November 3, 2015. The financial statements of the Perquimans County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my 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 my 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

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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 my 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 my 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.



Sandra H. Wilburne, CPA P.C.

Elizabeth City, North Carolina
November 3, 2015

DONNA H. WINBORNE, CPA, P.C.

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DONNA H. WINBORNE, CPA

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In accordance with OMB Circular A-133; 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 *Circular A-133 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, 2015. 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 my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, my 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, 2015.

Report on Internal Control Over Compliance

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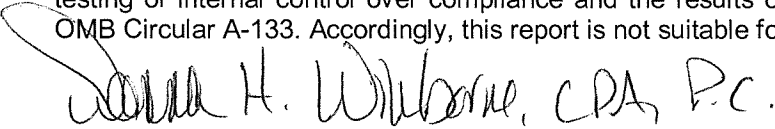
THE NORTH CAROLINA
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Management of Perquimans County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Elizabeth City, North Carolina
November 3, 2015

DONNA H. WINBORNE, CPA, P.C.

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DONNA H. WINBORNE, CPA

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Circular A-133; 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, 2015. 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 my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, my 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, 2015.

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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 my 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Susan H. Wilborne, CPA P.C.

Elizabeth City, North Carolina
November 3, 2015

PERQUIMANS COUNTY, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant Deficiency(ies) identified
 that are not considered to be
 material weaknesses _____ 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

Significant Deficiency(ies) identified
 that are not considered to be
 material weaknesses _____ 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 Section 510(a)
 of Circular A-133 _____ 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)
93.575, 93.596, 93.714, 93.667, 93.558, 93.658	Subsidized Child Care Cluster

Dollar threshold used to distinguish between
 Type A and Type B Programs _____ \$391,124

Auditee qualified as low-risk auditee? _____ yes X no

**PERQUIMANS COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

There are no matters to report.

**PERQUIMANS COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

There are no matters to report.

PERQUIMANS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Services</u>					
Passed-through the N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 123,539	\$ -	\$ 123,539
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, & Children	10.557		151,185	-	-
Total U.S. Department of Agriculture			<u>274,724</u>	<u>-</u>	<u>123,539</u>
<u>U.S. Department of Housing and Urban Development</u>					
Passed through N.C. Department of Commerce:					
Community Development Block Grant - Scattered Sites	14.228	12-C-2426	126,782	-	-
Total U.S. Department of Housing and Urban Development			<u>126,782</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Federal Asset Forfeiture Program	16.999		3,229	-	-
Total U.S. Department of Justice			<u>3,229</u>	<u>-</u>	<u>-</u>

PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
		Grantor's Number			
<u>U.S Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services:</u>					
<u>Foster care and adoption cluster</u>					
Title IV-E Foster care optional admin	93.658		28,366	98	28,268
Title IV-E Foster Child Protective Services	93.658		2,064	1,183	881
Title IV-E Foster Care	93.658		4,204	1,091	1,091
Title IV-E Foster Care in excess	93.658		511	133	133
Title IV-E Foster Care admin county paid	93.658		4,490	2,245	2,245
Title IV-E Foster Care Maximization	93.658		40	-	21
Adoption Assistance - Title IV-E	93.659		18,366	4,763	4,763
State Foster Home	93.659		-	501	501
Foster Care - Special Provision	93.659		-	-	-
SFHF Maximization	93.659		-	49	49
Total foster care and adoption cluster			<u>58,041</u>	<u>10,063</u>	<u>37,952</u>
Foster Care Caseworker Visit	93.556		<u>2,258</u>	<u>2,537</u>	<u>(2,372)</u>
<u>Temporary Assistance for Needy Families Cluster</u>					
Temporary Assistance for Needy Families (TANF)/Work First	93.558		<u>79,731</u>	-	<u>89,104</u>
TANF/Work First - Direct Benefit Program	93.558		<u>61,247</u>	-	-
Child Support Enforcement	93.563		<u>100,228</u>	-	<u>81,713</u>
Low Income Home Energy Assistance Block Grant:					
Crisis Intervention Program	93.568		<u>65,078</u>	-	<u>6,428</u>
LIHEAP Payments	93.568		<u>81,700</u>	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning - Families for Kids	93.645		<u>2,840</u>	-	<u>1,086</u>
Case Management 60 & up	93.667		<u>2,759</u>	-	<u>394</u>
Independent Living Transitional	93.674		<u>500</u>	-	-

PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Division of Child Development:</u>					
Subsidized Child Care (Note 2)					
<u>Child Care Development Fund Cluster</u>					
Division of Social Services					
Child Care Development Fund-Administration	93.596		80,324	-	3,149
Division of Child Development:					
Child Care and Development Block Grant	93.575		170,260	-	-
Child Care and Development Fund - Mandatory	93.596		62,073	-	-
Child Care and Development Fund - Match	93.596		69,358	26,714	-
Total Child Care Fund Cluster			382,015	26,714	3,149
Temporary Assistance for Needy Families	93.558		44,910	-	-
Foster Care Title IV-E	93.658		3,456	1,790	-
State Appropriations			-	2,176	-
TANF-MOE			-	40,047	-
Total Subsidized Child Care Cluster (Note 2)			430,381	70,727	3,149
Passed through the NC Department of Health & Human Services:					
<u>Division of medical assistance:</u>					
Direct benefit payments:					
Medical assistance program	93.778		11,109,036	6,136,991	68,251
<u>Division of Social Services:</u>					
Administration:					
Medical assistance program	93.778		462,366	(251)	145,274
Medical transportation	93.778		17,442	-	17,442
State Children's Insurance Program-Health Choice	93.767		11,545	808	2,817
Direct benefit payments:					
State Children's Insurance Program-Health Choice	93.767		103,143	32,394	-
Adult Home Special Services	93.778		5,813	2,906	2,906
Total U.S. Department of Health & Human Services			12,594,108	6,256,175	454,144
<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		38,220	-	-
Total U.S. Department of Homeland Security			38,220	-	-
Total Federal awards			13,037,063	6,256,175	577,683

PERQUIMANS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
State awards:					
<u>N.C. Department of Health & Human Services</u>					
Division of Aging and Adult Services					
Division of Social Service					
State/County Special Assistance for Adults				82,461	82,461
State/County Special Assistance for the Disabled				69,203	69,203
State Adult Protective Services				-	3,074
Divison of Social Services					
DCD Smart Start				6,843	4,552
Office of Emergency Medical Services					
Special Assistance Adults				-	408
Chld Welfare State In Home Fund				5,113	(25)
Total N.C. Department of Health & Human Services				163,620	159,673
<u>N.C. Department of Public Safety</u>					
Juvenile Crime Prevention Programs: Passed through to Perquimans 20/20 a not-for-profit organization				64,160	-
Total N.C. Department of Public Safety				64,160	-
<u>N. C. Department of Environment and Natural Resources</u>					
Division of Waste Management					
White Goods Management Program				10,665	-
Scrap Tire Program				26,944	-
Soil conservation - Technical Assistance/operation				17,241	-
Soil conservation - Operations				3,600	-
Total N.C. Department of Environment and Natural Resources				58,450	-
<u>N.C. Department of Insurance</u>					
Division of Seniors' Health Insurance Information				4,357	-
Total N.C. Department of Insurance				4,357	-

PERQUIMANS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal	State/ Pass-through	Federal (Direct & Pass-through)	State	Local
	CFDA Number	Grantor's Number	Expenditures	Expenditures	Expenditures
<u>N.C.Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery				78,832	-
Total N.C. Department of Public Instruction				78,832	-
Total State awards				369,419	159,673
Total Federal & State Award			\$ 13,037,063	\$ 6,625,594	\$ 737,356

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, 2015. The information in the SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act*. Because the SEFSA 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 assets, 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or cost principles contained in Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3. Subrecipients

Of the federal and State expenditures presented in the schedule, Perquimans County provided federal and State awards to subrecipients as follows:

Program Title	Federal	Pass-through	Federal (Direct and Pass-through)	State
	CFDA Number	Grantor's Number	Expenditures	Expenditures
Public School Building Capital Fund - Lottery Proceeds			\$ -	\$ 78,832
Juvenile Crime Prevention Programs to Perquimans 20/20			\$ -	\$ 64,160

4. Cluster of Programs

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