

**PASQUOTANK COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**PREPARED BY THE FINANCE DEPARTMENT**  
**SHERI SMALL, FINANCE OFFICER**

# PASQUOTANK COUNTY, NORTH CAROLINA

## TABLE OF CONTENTS

June 30, 2017

### INTRODUCTORY SECTION

	<u>Exhibit</u>	<u>Page Number</u>
Letter of Transmittal		1
GFOA Certificate of Achievement for Excellence in Financial Reporting		7
Organizational Chart		8
List of Principal Officials		9

### FINANCIAL SECTION

Independent Auditor's Report		10
Management's Discussion and Analysis		13

#### Basic Financial Statements:

Government-Wide Financial Statements		
Statement of Net Position	1	21
Statement of Activities	2	22
Fund Financial Statements:		
Balance Sheet-Governmental Funds	3	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	3	24
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	4	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4	26
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual-General Fund	5	27
Statement of Net Position-Proprietary Funds	6	28
Statement of Revenues, Expenditures, and Changes in Net Position-Proprietary Funds	7	29
Statement of Cash Flows-Proprietary Funds	8	30
Statement of Fiduciary Net Position-Fiduciary Fund	9	32
Notes to the Basic Financial Statements		33

	<u>Schedule</u>	<u>Page Number</u>
<b>Required Supplemental Financial Data:</b>		
Law Enforcement Officers' Special Separation Allowance		
Schedule of Changes in Total Pension Liability	A-1	71
Schedule of Total Pension Liability as a percentage of Covered Payroll	A-2	72
Other Postemployment Benefits		
Schedule of Funding Progress	A-3	73
Schedule of Employer Contributions	A-4	74
Local Government Employees' Retirement System (LGERS)		
Schedule of County's Proportionate Share of the Net Pension (Asset) Liability	A-5	75
Schedule of the County's Contributions	A-6	76
Register of Deeds' Supplemental Pension Fund		
Schedule of County's Proportionate Share of the Net Pension (Asset) Liability	A-7	77
Schedule of the County's Contributions	A-8	78
 <b>Supplementary Information:</b>		
Combining and Individual Fund Financial Statements Section:		
<b>Major Governmental Funds:</b>		
Balance - Budget and Actual-General Fund	B-1	79
Schedule of Revenues, Expenditures, and Changes in Fund		
Balance - Budget and Actual - Capital Reserve Fund	B-2	88
Schedule of Revenues, Expenditures, and Changes in Fund		
Balance - Budget and Actual - Reappraisal Reserve Fund	B-3	89
 <b>Nonmajor Governmental Funds:</b>		
Combining Balance Sheet-Nonmajor Funds	C-1	90
Combining Schedule of Revenues, Expenditures and Changes		
in Fund Balances-Nonmajor Funds	C-2	91
Emergency Telephone Fund - Schedule of Revenues, Expenditures and		
Changes in Fund Balance - Budget and Actual	C-3	92
Seized Asset Fund - Schedule of Revenues, Expenditures and		
Changes in Fund Balance - Budget and Actual	C-4	93
Library Reserve Fund - Schedule of Revenues, Expenditures and		
Changes in Fund Balance - Budget and Actual	C-5	94
Drainage Districts Fund - Schedule of Revenues,		
Expenditures and Changes in Fund Balance - Budget and Actual	C-6	95
Friends of the Library Fund - Schedule of Revenues,		
Expenditures and Changes in Fund Balance - Budget and Actual	C-7	96
Occupancy Tax Fund - Schedule of Revenues,		
Expenditures and Changes in Fund Balance - Budget and Actual	C-8	97

	<u>Schedule</u>	<u>Page Number</u>
<b>Enterprise Funds:</b>		
Landfill Fund - Schedule of Revenue and Expenditures - Budget and Actual (Non - GAAP)	D-1	98
Water System Fund - Schedule of Revenue and Expenditures - Budget and Actual (Non - GAAP)	D-2	101
<b>Agency Funds:</b>		
Combining Statement of Changes in Assets and Liabilities	E-1	104
<b>Capital Assets:</b>		
Schedule of General Capital Assets by Source	F-1	105
Schedule of General Capital Assets by Function and Activity	F-2	106
Schedule of Changes in General Capital Assets by Function and Activity	F-3	107
<b>Governmental Long-Term Debt Obligations:</b>		
Schedule of Changes in Governmental Long-Term Debt	G-1	108
<b>Other Schedules:</b>		
General Fund - Schedule of Ad Valorem Taxes Receivable	H-1	109
Analysis of Current Tax Levy	H-2	110
	<u>Table</u>	
<b>Statistical Section</b>		
Net Assets by Component	1	111
Changes in Net Assets	2	112
Fund Balances, Governmental Funds	3	114
Changes in Funds Balances, Governmental Funds	4	115
Assessed Value and Estimated Actual Value of Taxable Property	5	116
Property Tax Rates - Direct and All Overlapping Governments	6	117
Principal Taxpayers	7	118
Property Tax Levies and Collections	8	119
Ratios of Outstanding Debt by Type	9	120
Computation of Legal Debt Margin	10	121
Enterprise Fund - Water System Revenue Bond Coverage	11	122
Demographic Statistics	12	123
Principal Employers	13	124
Full-Time Equivalent County Government Employees by Function	14	125
Operating Indicators by Function	15	126
Capital Asset Statistics by Function	16	127



**Compliance Section:**

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards	128
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	130
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	132
Schedule of Findings and Questioned Costs	134
Corrective Action Plan	138
Summary Schedule of Prior Audit Findings	139
Schedule of Expenditures of Federal and State Awards	I-1      140

## **INTRODUCTORY SECTION**

**COMMISSIONERS**

Cecil Perry, Chairman  
Dr. William R. Sterritt, Vice-Chairman  
Jeff Dixon  
Lloyd E. Griffin, III  
Joseph S. Winslow, Jr.  
Frankie Meads  
Bettie J. Parker



**COUNTY MANAGER**  
Rodney Bunch

**COUNTY ATTORNEY**  
R. Michael Cox

**CLERK TO THE BOARD**  
Lynn Scott

**COUNTY OF PASQUOTANK**

Post Office Box 39  
Elizabeth City, North Carolina 27907-0039  
(252)335-0865  
Fax (252)335-0866

The Board of County Commissioners  
Pasquotank County, North Carolina

November 30, 2017

We are pleased to present the comprehensive annual financial report (CAFR) of Pasquotank County for the fiscal year ended June 30, 2017. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Thompson, Price, Scott, Adams & Co. P.A. and that firm's unqualified opinion is included in the financial section of this report. The County Finance Office, however, has prepared the report, and is responsible for the accuracy of the data and for the completeness and fairness of its presentation, including all disclosures. We believe that the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Pasquotank County's MD&A can be found immediately following the report of independent auditors.

The financial reporting entity includes all of the funds of the primary government (Pasquotank County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. Albemarle Hospital Authority and Elizabeth City-Pasquotank County Tourism Development Authority are reported as discretely presented component units.

Albemarle Hospital Authority is reported in the financial statements in a manner similar to a proprietary fund. The Elizabeth City-Pasquotank County Tourism Development Authority is reported in the financial statements in a manner similar to a governmental fund. The Pasquotank County Industrial Facilities and Pollution Control Financing Authority is also a component unit of Pasquotank County; however this authority has no financial transactions or account balances and therefore is not reported in the financial statements.

### **Description of the County**

Pasquotank County is located in the northeastern section of North Carolina and is bordered on three sides by water; the Pasquotank River to the east, the Albemarle Sound to the south, and the Little River to the west. The City of Elizabeth City is the County seat and is centrally located within the County. Pasquotank Precinct was created in 1672 from Albemarle County, the original County of North Carolina. Pasquotank Precinct was named for a tribe of Native Americans who inhabited the area. Pasquotank Precinct became a County in 1738 and is one of the four oldest counties in North Carolina. In 1793, the General Assembly authorized a town at the narrows of the Pasquotank River to be known as Redding which later changed its name to Elizabeth City. The County is known for being the site of many first events in the state. In 1660, the first known land deed in North Carolina was executed and is preserved in the Pasquotank County Courthouse; in 1665, the first Grand Assembly (the precursor to today's General Legislative Assembly) in North Carolina convened in the County; the Culpepper Rebellion, the first armed revolt against England occurred in 1677; and the first public school in North Carolina was established in the County in 1705. Pasquotank County has a land area of 229 square miles and a population of 39,731.

The County has a commissioner/manager form of government. The seven members of the Board of Commissioners are elected from a combination of districts and at-large on a partisan basis and serve staggered four-year terms. The Board of Commissioners is the policy-making and legislative authority for the County. They are also responsible for adopting a budget and appointing a County manager. The manager is responsible for implementing policies, managing daily operations, and appointing County employees. The County provides its citizens with a wide range of services that include public safety, human services, solid waste services, cultural and recreational activities, general government, and others. This report includes all of the County's activities in maintaining these services. The County also provides financial support to other boards and agencies to assist them in providing services to the citizens. Among these are the Elizabeth City-Pasquotank County Board of Education, College of the Albemarle, Albemarle Regional Health Services, Albemarle Commission, and Trillium Health Resources.

### **Economic Conditions and Outlook**

The economy of Pasquotank County remained about the same over the past year. The local unemployment rate was 5.2%, the state unemployment rate was 4.2% and the national rate was 4.5% at the end of fiscal year 2017. Major industries in Pasquotank County include DRS Technologies, Sentara Albemarle Medical Center, Hoffer Flow Controls, Inc., TCOM, J.W. Jones Lumber Company, and Century Link Telephone. The largest employers in Pasquotank County however, continue to be government facilities such as the U.S. Coast Guard, the Elizabeth City-Pasquotank County Public School System, the Pasquotank Correctional Institute, Elizabeth City State University, College of the Albemarle, Pasquotank County and Elizabeth City. Pasquotank County continues to have a diversified employment base although it is somewhat dominated by governmental jobs.

Pasquotank County and Elizabeth City approved 107 new residential lots during the past year. The total number of new home permits in the county and city increased 18% from 95 during the previous year to 112 this past year. Permits for modular and manufactured homes decreased 70% from 51 during the previous year to 15 this past year. Altogether, new residential units decreased from the prior year's total of 146 to this year's total of 127. Total commercial construction decreased 33% to \$2.3 million in FY 2016-17 from the prior year's total of \$3.4 million. Total new construction increased 21% to \$23.3 million in FY 2016-17 from the prior year's total of \$19.3 million.

The economy for Pasquotank County has remained stable over the past year with multiple commercial projects permitted in FY 2016-17. Commercial projects completed in the County over the past year

include an addition to Pepsi located at 109 Corporate Drive, an addition to Freedom Baptist Church at 768 Pitts Chapel Road and The Carolina Center building renovation at 110 Corporate Drive. Commercial projects completed within the City of Elizabeth City include the Elizabeth City Firing Range on Wellfield Road, Tidal Wave Car Wash at 3880 Patrick Way, Starbucks at 109 Tanglewood Parkway North and 2 new structures at Universal Forrest Products at 141 Knobbs Creek Drive. Pasquotank County will continue to promote diversity in the local economy and bring good paying jobs to Pasquotank County, so that residents do not have to commute outside the area for employment.

### **Major Initiatives**

During the past year, the County was involved in a number of major projects. Highlights of these projects are discussed in the following paragraphs.

The Board approved a 2-year extension for the solid waste disposal and transfer agreement with Waste Industries, with a \$21.50 per ton processing/hauling rate and a \$2.75 base fuel charge.

Amazon Wind Farm was completed consisting of 104 wind turbines. Fifty four turbines are located in Pasquotank County and 50 turbines are located in Perquimans County.

The Board approved a farm lease with John B. Bulman, Jr. for cultivating approximately 198 acres in the Pasquotank County Commerce Park for term of three years beginning January 1, 2017. The annual rent is \$161.99 per acre for non-platted lots and \$75 per acre for platted lots.

The City of Elizabeth City/Pasquotank County Parks and Recreation Department completed construction of an all-inclusive playground at Fun Junktion. The playground was funded by a Trillium Health Resources grant in the amount of \$650,000.

The Board approved a contract with Mission Critical Partners to provide grant support for establishing a 911 back up PSAP in Martin County.

The Board approved an inter-local agreement with Martin County whereby Martin County will provide facilities for our PSAP for a ten-year period. Pasquotank County received a \$1,010,779 grant from the NC 911 Board for establishing the PSAP backup center within the Martin County Communications Center.

### **Financial Information**

#### **Accounting**

The annual budget which is adopted by the County Board of Commissioners is an integral part of the County's accounting system and daily operations. The budget ordinance creates a legal limit on spending authorizations. The County's accounting records for general governmental operations are maintained on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when fund liabilities have occurred. Enterprise funds are reported on the full accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred. Adherence to generally accepted accounting principals is maintained with a concerted effort to follow the accounting and financial reporting guidelines of the Government Finance Officers Association of the United States and Canada (GFOA) and the Governmental Accounting Standards Board (GASB).

Internal Control

County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) safeguarding of assets against loss from unauthorized use or disposition; (2) reliability of financial records for preparing financial statements in conformity with generally accepted accounting principals and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the County's single audit, the independent auditor performed a review of the County's internal control structure. The procedures performed by the independent auditor did not indicate any material internal control weaknesses or reportable conditions.

General Governmental Functions

Revenues for general governmental functions (General Fund) amounted to \$48,473,014 for the fiscal year ended June 30, 2017, an increase of 2.68% from the prior year. The following schedule shows the sources of revenue, the percentage of each to total revenue, and the change from the previous year:

Summary of Governmental Revenue

	<b>FY 2017</b>	<b>% of Total</b>	<b>Inc/(Dec) from 2016</b>	<b>%Inc/Dec</b>
Ad Valorem Taxes	\$ 23,584,208	49%	\$ 718,810	3%
Sales Taxes	7,684,369	16%	107,707	1%
Other Taxes and Licenses	1,559,794	3%	96,642	6%
Intergovernmental Revenue	7,625,683	16%	(204,372)	(2%)
Sales, Fees and Services	5,339,867	11%	(93,066)	(1%)
Miscellaneous	2,679,093	5%	643,470	24%
Total	\$ 48,473,014	100%	\$ 1,269,191	2%

Property taxes continue to be the County's single largest revenue source, providing 49% of the total General Fund revenues. The tax collection percentage increased by .44%. Sales tax revenue increased by 1% after last year's increase of 6%. Other taxes and licenses increased 6% due to an increase in land transfer tax and franchise fees. The miscellaneous category had an increase of 24% due to the receipt of insurance proceeds.

Summary of Governmental Expenditures

Expenditures for general government functions (General Fund) totaled \$49,689,017 for the fiscal year ended June 30, 2017, an increase of 5.52% from the prior year. The following schedule shows the sources of expenditures, the percentage of each to total expenditures, and the change from the previous year:

### Summary of Governmental Expenditures

	<b>FY 2017</b>	<b>% of Total</b>	<b>Inc/(Dec) from 2016</b>	<b>%Inc/Dec</b>
General Government	\$ 3,729,439	8%	\$ (102,340)	(3%)
Public Safety	15,205,283	31%	1,096,698	8%
Economic & Physical Development	909,692	2%	66,064	8%
Human Services	8,950,623	18%	(351,146)	(4%)
Cultural & Recreational	1,642,706	3%	17,395	1%
Education	14,560,579	29%	2,022,547	16%
Debt Service	4,690,695	9%	(146,413)	(3%)
Total	\$ 49,689,017	100%	\$ 2,602,805	5%

Expenditures increased by 5% with the largest increases in public safety and education. The bulk of the increase in public safety is due to the purchase of a fire truck for Newland VFD and two ambulances for Emergency Medical Services. The increase in Education is a result in increases in current expense funding and capital projects for both public schools and the community college.

#### General Fund Balance

The fund balance for the General Fund increased 18% to 14,012,459. This increase was due to school projects that will be completed and paid for in 2017-18 year. The amount of unassigned fund balance this year increased by 40% to \$8,445,410. The amount of fund balance available for appropriation in the general fund was approximately 17% of total general fund expenditures for the fiscal year. This was an increase from the previous year's percentage of 12.80%. We were able to maintain our goal of keeping the fund balance available for appropriation above 10% by borrowing funds to pay for school capital needs.

#### Long-term Financial Planning

Pasquotank County borrowed \$3,295,000 in the 2016-17 year. The largest portion, \$2,490,000, was borrowed to fund needed roof repair/replacements and HVAC needs of the public schools.

The County anticipates borrowing funds in the 2017-2018 budget year for capital needs of the county and public schools in the amount of \$1.8 million.

#### Other Information

##### Independent Audit

Pasquotank County is required by state law (G.S. 159-34) to have an annual independent financial audit. A compliance audit on federal and state financial assistance programs is also required under the Federal Single Audit Act of 1984 and the State Single Audit Implementation Act. The County's auditor, Thompson, Price, Scott, Adams & Co. P.A. was selected through a formal request for proposals process. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports required as part of a single audit are found in the compliance section of this report.

##### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pasquotank County for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the nineteenth

year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

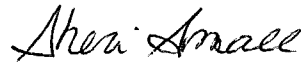
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report would not have been possible without the dedicated efforts of Delores Hague, Sharon Spence, and Sharon Kee who constitute the staff of the Finance Department. We also thank the members of the Board of County Commissioners for their continued support during the past year.

Respectfully submitted,



Rodney Bunch  
County Manager



Sheri Small  
Finance Officer





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

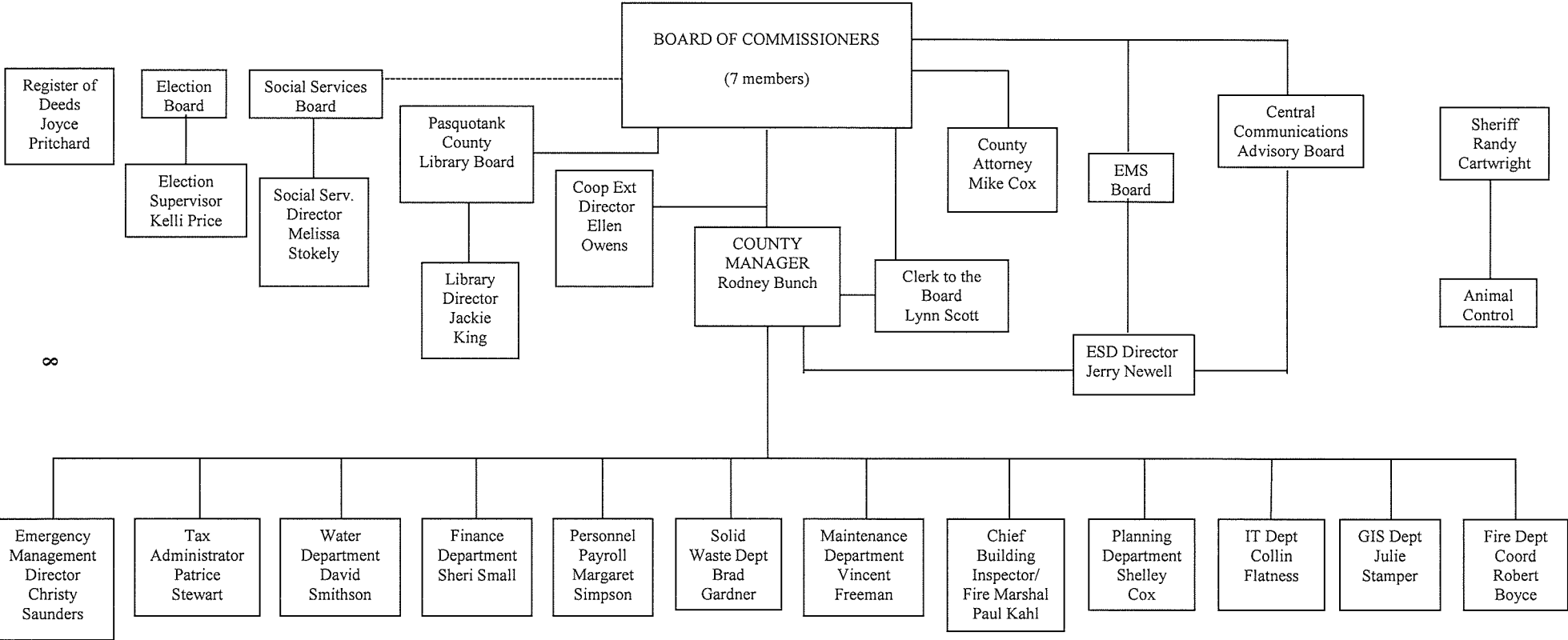
**Pasquotank County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**PASQUOTANK COUNTY GOVERNMENT  
FY 2016-17**



**PASQUOTANK COUNTY, NORTH CAROLINA**

**PRINCIPAL OFFICIALS**  
JUNE 30, 2017

**BOARD OF COMMISSIONERS**

Cecil Perry, Chairman

Dr. William Sterritt, Vice-Chairman  
Frankie Meads  
Lloyd E. Griffin, III

Bettie J. Parker  
Joseph S. Winslow, Jr.  
Jeff Dixon

Lynn Scott, Clerk to the Board  
R. Michael Cox, County Attorney

Office of the County Manager  
Rodney Bunch, County Manager

Randy Cartwright, Sheriff  
Melissa Stokely, Director,  
Department of Social Services  
David Smithson, Supervisor, Water Department  
Christy Saunders,  
Emergency Management Coordinator  
Gerald E. Newell, Director,  
Emergency Services  
Joyce Pritchard, Register of Deeds  
Ellen Owens, Director, Agricultural  
Extension Service  
Robert Boyce, Fire Department  
Coordinator

Patrice Stewart, Tax Administrator  
Margaret Simpson, Personnel Director  
Sheri Small, Finance Officer  
Collin Flatness, IT Manager  
Paul Kahl, Building Inspector  
Kelli Price, Election Supervisor  
Shelley Cox, County Planner  
Vincent Freeman, Maintenance Supervisor  
Jackie King, Librarian,  
Pasquotank County Library  
Brad Gardner, Solid Waste Director

## **FINANCIAL SECTION**



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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## **Independent Auditors' Report**

To the Board of County Commissioners  
Pasquotank County  
Elizabeth City, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina, as of and for the year then ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Pasquotank 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Albemarle Hospital Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Albemarle Hospital Authority is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Albemarle Hospital Authority were not audited in accordance with *Government 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 auditors' 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 auditors consider 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 we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinions, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Pasquotank County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of Pasquotank County's internal control over financial reporting and on our 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 our 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 Pasquotank County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA  
Wilmington, North Carolina  
November 30, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the County, we offer readers of Pasquotank County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### **Financial Highlights**

- The assets and deferred outflows of resources of Pasquotank County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,298,304 (net position).
- On the government-wide statements, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the governmental activities at the close of the fiscal year by \$7,309,089. The governmental activities' net assets are impacted considerably by the certificates of participation (COPS) and the qualified school construction bonds (QSCB) that the County has issued on behalf of the Elizabeth City-Pasquotank County Board of Education to fund capital projects. Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of County funds, installment purchase, bank qualified debt, certificates of participation, and qualified school construction bonds. The assets are not reflected in the County's financial statements and the full amount of the long-term debt \$17,044,351, is reflected in the County's financial statements. Under North Carolina law, the County is also responsible for capital and maintenance cost at College of the Albemarle. As of June 30, 2017 the outstanding debt relating to the expansion of Building A totaled \$2,142,000. The assets are not reflected in the County's financial statements.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,639,010, an increase \$2,417,856 in comparison with the prior year. Approximately 57 percent of this total amount or \$8,445,410 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,445,410 or approximately 16.9 percent of total general fund expenditures for the fiscal year. The County appropriated \$606,526 for the 2017-2018 budget.
- The County's total debt decreased by \$3,026,026 during the current fiscal year, due to fiscal year principal payments exceeding new debt.
- The County has an "A" bond rating (Standard & Poor's Investor Services) and a rating of 80 from North Carolina Municipal Council, Inc.

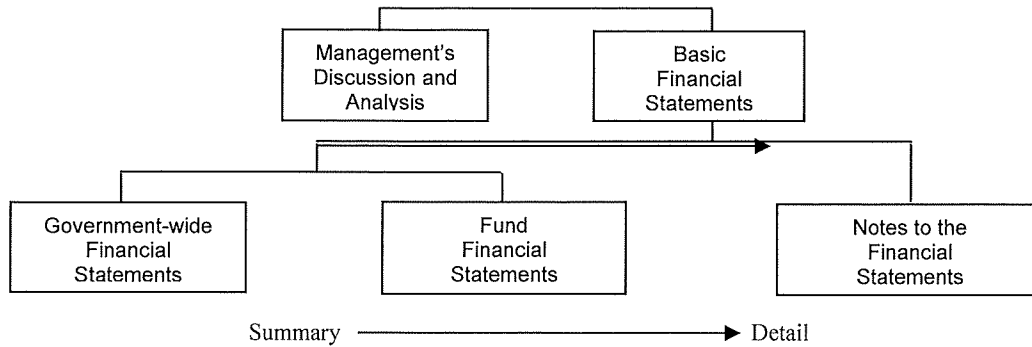
### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the 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. 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 the 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 9) 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 agency 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 major and non-major governmental 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 it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, taxation and records, human services, education, and public safety. Property and other 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, sewer, and landfill services offered by The County. The final category is the component units. Although both component units are legally separate from the County, the County appoints the majority of the board members on the Elizabeth City-Pasquotank County Tourism Development Authority and the Hospital is important to the County because of the lease arrangement the Hospital has with the County.

The government-wide financial statements are on Pages 21 and 22 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. The 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 the 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* which provides 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.

The 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 Statement of Revenues, Expenditures and Changes in Fund Balance. 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.

**Proprietary Funds** – The County has one kind of proprietary fund. An *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water System activity and for its Landfill operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Agency Funds** – Agency funds are used to account for assets the County holds on behalf of others. The County has six 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 are on pages 33 – 70 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning The County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

## Government-wide Financial Analysis

### Pasquotank County's Net Position

	Governmental Activities		Business-type Activities		Totals		Percent Change 16-17
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 19,510,622	\$ 16,867,025	\$ 13,962,117	\$ 12,448,717	\$ 33,472,739	\$ 29,315,742	14.18%
Capital assets	41,715,078	42,977,785	26,285,418	27,416,362	68,000,496	70,394,147	-3.40%
Total assets	<u>61,225,700</u>	<u>59,844,810</u>	<u>40,247,535</u>	<u>39,865,079</u>	<u>101,473,235</u>	<u>99,709,889</u>	1.77%
Total deferred outflows of resources	3,523,717	1,083,466	368,423	93,670	3,892,140	1,177,136	230.64%
Long-term liabilities/schools	17,044,351	17,942,808	-	-	17,044,351	17,942,808	-5.00%
Long-term liabilities/other	26,248,136	27,537,351	11,791,808	12,688,599	38,039,944	40,225,950	-5.43%
Other Liabilities	13,891,628	9,233,414	2,817,683	2,442,099	16,709,311	11,675,513	43.11%
Total liabilities	<u>57,184,115</u>	<u>54,713,573</u>	<u>14,609,491</u>	<u>15,130,698</u>	<u>71,793,606</u>	<u>69,844,271</u>	2.79%
Total deferred inflows of resources	256,213	496,577	17,252	47,268	273,465	543,845	49.72%
Net position:							
Net investment in capital assets	18,304,840	18,137,713	14,493,610	14,727,763	32,798,450	32,865,476	-0.20%
Restricted/Bonds	5,412,104	5,428,803			5,412,104	5,428,803	-0.30%
Unrestricted	<u>(16,407,855)</u>	<u>(17,848,390)</u>	<u>11,495,605</u>	<u>10,053,020</u>	<u>(4,912,250)</u>	<u>(7,795,370)</u>	-36.98%
Total net position	<u>\$ 7,309,089</u>	<u>\$ 5,718,126</u>	<u>\$ 25,989,215</u>	<u>\$ 24,780,783</u>	<u>\$ 33,298,304</u>	<u>\$ 30,498,909</u>	9.18%

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 the County exceeded liabilities and deferred inflows of resources by \$33,298,304 as of June 30, 2017. The County's net position increased by \$2,799,395 for the fiscal year ended June 30, 2017. Net position is reported in three categories: Net investment in capital assets of \$32.8 million, Restricted of \$5.4 million and Unrestricted of (\$4.9) million.

The net investment in capital assets is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and infrastructure), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in 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. At June 30, 2017 the decrease in this category of net position is due to current year depreciation.

The second category of net position is restricted. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2017, the total net deficit reported of \$(4,912,250) is primarily attributable to the installment purchase, bank qualified debt, certificates of participation, and the qualified school construction bonds issued on behalf of the school system.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the Elizabeth City-Pasquotank County Board of Education (the "school system"). Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds, certificates of participation, and qualified zone academy bonds. The assets are funded by the County; however, they are owned and utilized by the school system. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$17 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. The school debt is collateralized by a deed of trust granting, among other things, a first lien of record on the Project, including the land constituting a part of the Project, all other buildings, structures, improvements and fixtures thereon and all appurtenances thereto of any nature whatsoever, excluding mobile or modular classrooms located on the Site at any time, subject to Permitted Encumbrances. Accordingly, the County makes installment payments under the Installment Financing Agreement for payment of the debt. Neither the certificates nor the County's obligation to make payments under the Installment Financing Agreement constitute a pledge of the

County's faith and credit within the meaning of any constitutional provision. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The deficit in unrestricted net position in the Governmental Activities decreased this year by \$1,518,693 due primarily to the net reduction in debt related to school projects. While expenses came in over \$4.5 million under budget, this was due mainly to the funding for the costs of school projects deferred to the 2017-2018 year and the significant reduction in the costs to the County for the implementation of the viper radio upgrade. Revenues for the Governmental Activities also came in under budget. The County used approximately \$1.2 million in fund balance, the issuance of debt in the amount of \$3,295,000 allowed the County to supplant the loss with spreading the costs of capital assets over a longer period. The decrease in the deficit is reflected below:

- Overall debt decreased by \$2,187,669
- School capital expenses of \$1,048,727 deferred to 2017-2018 budget year

### Pasquotank County Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,646,475	\$ 7,140,730	\$ 10,685,226	\$ 10,459,441	\$ 18,331,701	\$ 17,600,171
Operating grants and contributions	8,788,995	8,739,444	244,353	263,650	9,033,348	9,003,094
Capital grants and contributions	40,000	40,000			40,000	40,000
General revenues:						
Property taxes	23,471,045	22,983,747			23,471,045	22,983,747
Other taxes	9,240,412	9,035,746			9,240,412	9,035,746
Other general revenues	464,790	439,058	142,220	139,569	607,010	578,627
<b>Total revenues</b>	<b>49,651,717</b>	<b>48,378,725</b>	<b>11,071,799</b>	<b>10,862,660</b>	<b>60,723,516</b>	<b>59,241,385</b>
<b>Expenses:</b>						
General government	4,541,625	4,497,581			4,541,625	4,497,581
Public safety	15,013,392	14,267,608			15,013,392	14,267,608
Environmental protection					0	0
Economic and physical development	1,699,440	1,631,392			1,699,440	1,631,392
Human services	9,443,791	9,562,791			9,443,791	9,562,791
Cultural and recreational	1,828,863	1,782,318			1,828,863	1,782,318
Education	14,566,361	12,543,814			14,566,361	12,543,814
Interest on long-term debt	1,514,601	1,648,469			1,514,601	1,648,469
Water system			5,206,884	5,411,199	5,206,884	5,411,199
Landfill operations			4,556,483	4,423,469	4,556,483	4,423,469
<b>Total expenses</b>	<b>48,608,073</b>	<b>45,933,973</b>	<b>9,763,367</b>	<b>9,834,668</b>	<b>58,371,440</b>	<b>55,768,641</b>
Increase in net position before transfers	1,043,644	2,444,752	1,308,432	1,027,992	2,352,076	3,472,744
Special items (net)	855,939				855,939	
Transfers in (out)	100,000	100,000	(100,000)	(100,000)		
<b>Increase (decrease) in net position</b>	<b>1,999,583</b>	<b>2,544,752</b>	<b>1,208,432</b>	<b>927,992</b>	<b>3,208,015</b>	<b>3,472,744</b>
Net position July 1-restated	5,309,506	3,173,374	24,780,783	23,852,791	30,090,289	27,026,165
<b>Net position June 30</b>	<b>\$ 7,309,089</b>	<b>\$ 5,718,126</b>	<b>\$ 25,989,215</b>	<b>\$ 24,780,783</b>	<b>\$ 33,298,304</b>	<b>\$ 30,498,909</b>

**Governmental activities:** Governmental activities increased the County's net position by \$1,999,583. Key elements of this increase are as follows:

- The Special Item of investment earnings reported in the amount of \$855,939
- The collection percentage on the current year tax levy increased by .44% to 96.65%
- Land transfer tax collections came in higher than anticipated by approximately \$300,000

**Business-type activities:** Business-type activities increased the County's net position by \$1,208,432 as compared to an increase of \$927,992 in the prior year. The difference between the two years of \$280,440 can be attributed to the following:

- Collections of revenues for both the Water System and Landfill Fund came in over budget, with expenses in both funds coming in under budget.
- The interest rate reduction on the outstanding revenue bonds the Water System completed at the end of last fiscal year reduced interest expense by approximately \$200,000 as compared to last year

### **Financial Analysis of the County's Funds**

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

**Governmental Funds:** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the 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 the County. At the end of the current fiscal year, Pasquotank County's fund balance available in the General Fund was \$8,445,410 while total fund balance increased to \$14,012,459 from \$11,833,462 at June 30, 2017. The County currently has an available fund balance of approximately 16.9 percent of total General Fund expenses, while total fund balance represents approximately 28 percent of that same amount.

At June 30, 2017, the governmental funds of the County reported a combined fund balance of \$14,639,010, an approximate 19 percent increase from last year. The primary reason for this increase is due to the school system's capital expenses in the amount of \$1,048,727 deferred until the 2017-2018 budget year.

**General Fund Budgetary Highlights:** 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 and expenditures by \$2,486,323 or approximately 5%. The increase is a result of funds in the amount of \$424,312 received from Perquimans and Camden counties, \$690,524 for school capital rolled over from the 2015-2016 year, \$576,860 in additional repair projects approved, \$436,152 of outstanding purchase orders and contracts rolled over from 2015-2016 to 2016-2017, and \$212,717 in grants received.

**Proprietary Funds:** The 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 Landfill Fund is \$1,944,875 at the end of the fiscal year and for the Water System Fund equaled \$9,550,730. The increase in net position for the Landfill Fund was \$551,098. The increase in net position in the Water System Fund was \$657,334.

### **Capital Asset and Debt Administration**

**Capital assets:** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$68,000,496 (net of accumulated depreciation) a decrease of \$2,393,651 from last year. These assets include construction in progress, land, buildings, automotive equipment, office and other equipment, and water and sewer lines. The net decrease is a result of assets added was less than annual depreciation. Depreciation exceeded capital asset additions during the year by \$2,373,415.

## Pasquotank County's Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 5,646,249	\$ 5,646,249	\$ 1,247,627	\$ 1,247,627	\$ 6,893,876	\$ 6,893,876
Buildings	31,952,470	33,525,742	11,384,189	11,786,649	43,336,659	45,312,391
Transfer station			65,858	73,338	65,858	73,338
Infrastructure	1,508,503	1,634,560	13,180,443	13,939,047	14,688,946	15,573,607
Furniture and fixtures	457,012	555,232			457,012	555,232
Machinery and equipment			135,708	202,888	135,708	202,888
Vehicles and motorized equipment	2,114,070	1,609,796	224,541	166,813	2,338,611	1,776,609
Construction in progress	36,774	6,206	47,052		83,826	6,206
Total net capital assets	\$ 41,715,078	\$ 42,977,785	\$ 26,285,418	\$ 27,416,362	\$ 68,000,496	\$ 70,394,147

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2017, the County has \$54,801,653 in outstanding debt that is related to the construction of a reverse osmosis water treatment facility, capital improvements, construction of a new library and public safety building, construction of a new jail, and additional schools built on behalf of the Elizabeth City-Pasquotank School Board. The County has several installment notes outstanding. A summary of total long-term debt is shown in below:

### Revenue Bonds, Installment Notes Payable, Certificates of Participation, Qualified School Construction Bonds, and Qualified Zone Academy Bonds

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$	\$	\$ 11,756,620	\$ 12,630,563	\$ 11,756,620	\$ 12,630,563
Installment purchase	37,281,512	36,954,454	35,188	58,036	37,316,700	37,012,490
Certificates of Participation	4,395,000	5,715,000			4,395,000	5,715,000
Qualified School Construction Bonds	1,333,333	1,466,667			1,333,333	1,466,667
Qualified Zone Academy Bonds		1,002,959			-	1,002,959
	\$ 43,009,845	\$ 45,139,080	\$ 11,791,808	\$ 12,688,599	\$ 54,801,653	\$ 57,827,679

During the past fiscal year the County's total debt decreased by \$3,026,026 or 5.52%. The County issued \$3,295,000 in new debt in the 2016-2017 year. The new debt was to finance capital improvements for the school system in the amount of \$2,490,000 and \$805,000 for the purchase of a fire truck, ambulance, a fleet vehicle and patrol cars. The Qualified Zone Academy bonds were paid in full primarily with accrued investment earnings held by the trustee of \$855,939 and the County's annual payment of \$147,020.

The County has been assigned a rating of "80" with the North Carolina Municipal Bond Council, Inc. and a rating of "A" from Standard & Poor's rating service.

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 the County is \$203,079,741. Additional information regarding the County's long-term debt can be found in Note 3 on pages 61 - 66 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate in the County was at 5.2% on June 30, 2017, compared with a national rate of 4.5% and a State rate of 4.2%.
- Construction of the County's first wind farm was completed at the end of December 2016.
- The County entered into an inter-local agreement with Martin County to provide facilities for a back-up 911 center.

## **Budget Highlights for the Fiscal Year Ending June 30, 2018**

**Governmental Activities:** The County has approved a \$45.5 million general fund budget for fiscal year 2018 which represents an increase of \$85,867 or less than 1% over fiscal year 2017. The County's the tax rate for the 2017-2018 budget year increased to \$.77 per \$100 to help fund the additional request from the school system. The valuation is projected to be \$3,257,495,355, an increase in the tax base of approximately \$228,981,130. The County increased the school current expense budget allocation by \$1,164,000 from the 2016-2017 budget, and appropriated \$1,320,000 for capital projects. College of the Albemarle's current expense budget increased from the 2015-2016 level of \$1,500,000 to \$1,660,000 and \$500,000 was appropriated for capital projects.

**Business – type Activities:** The Landfill Fund's budget includes plans to upgrade and improve several convenience sites, as well as to purchase one piece of equipment, new scales, and one road tractor. The Water System's budget includes the purchase of equipment and various improvements to the system.

## **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 Finance Officer, Pasquotank County, 206 East Main Street, P.O. Box 529, Elizabeth City, NC 27907.

## **BASIC FINANCIAL STATEMENTS**



**Pasquotank County, North Carolina**

Exhibit 1

Statement of Net Position

June 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Albemarle Hospital Authority	EC-PC Tourism Development Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,196,364	\$ 10,592,803	\$ 22,789,167	\$ 831,805	\$ 617,254
Receivables (net)	2,979,669	1,074,296	4,053,965		
Other receivables	3,313,269	54,846	3,368,115		68,423
Inventories		27,101	27,101		
Prepaid items	14,076		14,076		2,225
Restricted cash and cash equivalents	902,391	1,590,597	2,492,988		
Prepaid insurance on debt issuance	25,625		25,625		
Prepaid trustee fees on debt issuance		9,562	9,562		
Other assets		612,912	612,912		
Net pension asset-register of deeds	79,228		79,228		
Capital assets:					
Land, improvements, and construction in progress	5,683,023	1,294,679	6,977,702		
Other capital assets, net of depreciation	36,032,055	24,990,739	61,022,794		60,141
Total capital assets	41,715,078	26,285,418	68,000,496	-	60,141
Total assets	61,225,700	40,247,535	101,473,235	831,805	748,043
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plan-LGERS	3,264,055	368,423	3,632,478		47,327
Pension plan-LEOSSA	15,536		15,536		
Pension plan-register of deeds	25,781		25,781		
Unamortized bond refunding difference	218,345		218,345		
Total deferred outflows of resources	3,523,717	368,423	3,892,140	-	47,327
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	1,144,027	155,613	1,299,640		9,362
Other liabilities	436,697		436,697	234,451	
Liabilities to be paid from restricted assets		75,515	75,515		
Compensated absences	510,081	52,370	562,451		
Accrued interest	401,959	103,155	505,114		
Prepaid rents	899,767		899,767		
Prepaid health services	300,000		300,000		
Note receivable-City of Elizabeth City		612,912	612,912		
Long-term liabilities:					
Due within one year	4,902,755	811,809	5,714,564		
Compensated absences	410,105	61,505	471,610		
Other post employment benefits	5,228,584	1,359,119	6,587,703		
Net pension liability-LGERS	3,600,347	397,494	3,997,841		43,933
Total pension liability-LEOSSA	960,061		960,061		
Due in more than one year	38,389,732	10,979,999	49,369,731		5,647
Total liabilities	57,184,115	14,609,491	71,793,606	234,451	58,942
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid Taxes	81,497		81,497		
Prepaid solid waste fees		144	144		
Pension plan-register of deeds	3,051		3,051		
Pension plan-LEOSSA	23,933		23,933		
Pension plan-LGERS	147,732	17,108	164,840		2,405
Total deferred inflows of resources	256,213	17,252	273,465	-	2,405
<b>NET POSITION</b>					
Net investment in capital assets	18,304,840	14,493,610	32,798,450		60,141
Restricted for:					
Stabilization by State Statute	4,478,746		4,478,746		70,648
School capital project	413,256		413,256		
Law enforcement	76,587		76,587		
Emergency telephone system	443,515		443,515		
Unrestricted (deficit)	(16,407,855)	11,495,605	(4,912,250)	597,354	603,234
Total net position	\$ 7,309,089	\$ 25,989,215	\$ 33,298,304	\$ 597,354	\$ 734,023

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

**Pasquotank County, North Carolina**

Statement of Activities

For the Year Ended June 30, 2017

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Albemarle Hospital Authority	EC-PC Tourism Development Authority
<b>Primary government:</b>									
Governmental Activities:									
General government	\$ 4,541,625	\$ 2,513,412	\$ 45,847		\$ (1,982,366)	\$	\$ (1,982,366)		
Public safety	15,013,392	5,041,107	1,633,000		(8,339,285)		(8,339,285)		
Environmental protection	-	5,185	136,945		142,130		142,130		
Economic and physical development	1,699,440	12,717	687,437		(999,286)		(999,286)		
Human services	9,443,791	50,119	5,861,232		(3,532,440)		(3,532,440)		
Cultural and recreation	1,828,863	23,935	29,769	40,000	(1,735,159)		(1,735,159)		
Education	14,566,361		394,765		(14,171,596)		(14,171,596)		
Interest on long-term debt	1,514,601				(1,514,601)		(1,514,601)		
Total governmental activities	48,608,073	7,646,475	8,788,995	40,000	(32,132,603)	-	(32,132,603)		
Business-type activities:									
Landfill	4,556,483	5,044,292	121,771			609,580	609,580		
Water and Sewer	5,206,884	5,640,934	122,582			556,632	556,632		
Total business-type activities	9,763,367	10,685,226	244,353	-	-	1,166,212	1,166,212		
	<u>\$ 58,371,440</u>	<u>\$ 18,331,701</u>	<u>\$ 9,033,348</u>	<u>\$ 40,000</u>	<u>(32,132,603)</u>	<u>1,166,212</u>	<u>(30,966,391)</u>		
Component unit:									
Albemarle Hospital	\$ 48,711	\$ -	\$ -	\$ -			\$ (48,711)	\$ -	
EC-PC Tourism Development Authority	709,052	2,922						(706,130)	
Total component units	<u>\$ 757,763</u>	<u>\$ 2,922</u>	<u>\$ -</u>	<u>\$ -</u>			<u>(48,711)</u>	<u>(706,130)</u>	
General revenues:									
Taxes:									
Property taxes, levied for general purpose					23,471,045		23,471,045		
Local option sales tax					7,684,369		7,684,369		
Other taxes and licenses					1,556,043		1,556,043		667,347
Investment earnings, unrestricted					123,466	79,327	202,793	469	6,097
Unrestricted intergovernmental					106,073		106,073		
Miscellaneous, unrestricted					235,251	62,893	298,144		953
Special item-interest earnings					855,939	-	855,939		
Transfers					100,000	(100,000)	-		
Total general revenues					<u>34,132,186</u>	<u>42,220</u>	<u>34,174,406</u>	<u>469</u>	<u>674,397</u>
Change in net position					1,999,583	1,208,432	3,208,015	(48,242)	(31,733)
Net position--beginning, previously reported					5,718,126	24,780,783	30,498,909	645,596	765,756
Restatement					(408,620)		(408,620)		
Net position--beginning, restated					5,309,506	24,780,783	30,090,289	645,596	765,756
Net position-ending					<u>\$ 7,309,089</u>	<u>\$ 25,989,215</u>	<u>\$ 33,298,304</u>	<u>\$ 597,354</u>	<u>\$ 734,023</u>

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

**Pasquotank County, North Carolina**

Balance Sheet  
 Governmental Funds  
 June 30, 2017

Exhibit 3  
 Page 1 of 2

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,642,449	\$ 553,915	\$ 12,196,364
Receivables (net):			
Taxes	1,581,613		1,581,613
Assessments		393	393
Other	3,056,757	79,796	3,136,553
Emergency medical services	1,074,898		1,074,898
Sales taxes	176,716		176,716
Restricted cash and cash equivalents	902,391		902,391
Prepaid items	14,076		14,076
Total assets	<u>\$ 18,448,900</u>	<u>\$ 634,104</u>	<u>\$ 19,083,004</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,136,867	\$ 7,160	\$ 1,144,027
Prepaid revenues	1,199,767		1,199,767
Miscellaneous liabilities	436,697		436,697
Total liabilities	<u>2,773,331</u>	<u>7,160</u>	<u>2,780,491</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	81,497		81,497
Unavailable taxes receivable	1,581,613		1,581,613
Unavailable assessments receivable		393	393
Total deferred inflows of resources	<u>1,663,110</u>	<u>393</u>	<u>1,663,503</u>
Fund balances:			
Nonspendable:			
Prepaid items	14,076		14,076
Restricted:			
Stabilization by State statute	4,398,950	79,796	4,478,746
School capital projects	413,256		413,256
Law enforcement		76,587	76,587
Emergency telephone system		443,515	443,515
Committed:			
Tax Revaluation	134,241		134,241
Drainage		15,287	15,287
Library		11,366	11,366
Assigned:			
Subsequent year's expenditures	606,526		606,526
Unassigned:			
Total fund balances	<u>14,012,459</u>	<u>626,551</u>	<u>14,639,010</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,448,900</u>	<u>\$ 634,104</u>	

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

(continued)

**Pasquotank County, North Carolina**

Balance Sheet  
Governmental Funds  
June 30, 2017

Exhibit 3  
Page 2 of 2

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

Total fund balance, Governmental funds	14,639,010
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,715,078
Other long-term assets are not available to pay current-period expenditures and therefore are unavailable in the funds.	348,390
Net pension asset	79,228
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	3,305,372
Difference related to advance refunding	218,345
Deferred inflows of resources for taxes and special assessments receivable	1,582,006
Pension related deferrals	(174,716)
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>(54,403,624)</u>
Net position of governmental activities	<u>\$ 7,309,089</u>

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

**Pasquotank County, North Carolina**

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Funds  
 For the Year Ended June 30, 2017

	<u>Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 23,584,208	\$ -	\$ 23,584,208
Assessments		5,179	5,179
Local option sales taxes	7,684,369		7,684,369
Other taxes and licenses	1,559,794		1,559,794
Unrestricted intergovernmental	103,635		103,635
Restricted intergovernmental	7,032,048	626,843	7,658,891
Restricted other	490,000	672,041	1,162,041
Permits and fees	407,950		407,950
Sales and services	4,931,917		4,931,917
Investment earnings	119,472	3,994	123,466
Miscellaneous	2,559,621	4,081	2,563,702
Total revenues	<u>48,473,014</u>	<u>1,312,138</u>	<u>49,785,152</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,646,697		3,646,697
Public safety	12,617,667	398,278	13,015,945
Environmental protection			-
Economic and physical development	909,692	671,382	1,581,074
Human services	8,940,363		8,940,363
Cultural and recreational	1,642,706	3,619	1,646,325
Intergovernmental:			
Education	14,560,579		14,560,579
Capital outlay	1,272,434		1,272,434
Debt service:			
Principal	4,568,295		4,568,295
Interest and other charges	1,530,584		1,530,584
Total expenditures	<u>49,689,017</u>	<u>1,073,279</u>	<u>50,762,296</u>
Excess (deficiency) of revenues over expenditures	<u>(1,216,003)</u>	<u>238,859</u>	<u>(977,144)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in (out)	100,000		100,000
Issuance of debt	3,295,000		3,295,000
Total other financing sources and (uses)	<u>3,395,000</u>		<u>3,395,000</u>
Net change in fund balance	2,178,997	238,859	2,417,856
Fund balances-beginning	11,833,462	387,692	12,221,154
Fund balances-ending	<u>\$ 14,012,459</u>	<u>\$ 626,551</u>	<u>\$ 14,639,010</u>

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

**Pasquotank County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances in Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

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

Net changes in fund balances - total governmental funds	\$ 2,417,856
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	(1,242,471)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(20,236)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	627,190
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position	15,536
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	742,740
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,269,647
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>(1,810,679)</u>
Total changes in net position of governmental activities	<u>\$ 1,999,583</u>

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

**Pasquotank County, North Carolina**

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - General Fund  
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 22,898,500	\$ 23,252,402	\$ 23,584,208	\$ 331,806
Local option sales tax	7,500,000	7,500,000	7,684,369	184,369
Other taxes and licenses	1,190,500	1,208,355	1,559,794	351,439
Unrestricted intergovernmental	99,000	99,000	103,635	4,635
Restricted intergovernmental	7,346,133	8,005,658	7,032,048	(973,610)
Restricted other	490,000	490,000	490,000	
Permits and fees	386,000	391,087	407,950	16,863
Sales and services	4,595,360	4,637,645	4,931,917	294,272
Investment earnings	71,900	96,900	119,472	22,572
Miscellaneous	2,492,942	3,233,309	2,559,621	(673,688)
<b>Total revenues</b>	<u>47,070,335</u>	<u>48,914,356</u>	<u>48,473,014</u>	<u>(441,342)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,799,207	4,436,353	3,729,439	706,914
Public safety	14,621,340	14,954,288	13,839,043	1,115,245
Economic and physical development	858,554	1,077,560	909,692	167,868
Human services	9,711,697	9,742,215	8,950,623	791,592
Cultural and recreational	1,649,743	1,736,353	1,642,706	93,647
<b>Intergovernmental:</b>				
Education	14,831,600	15,609,306	14,560,579	1,048,727
Reserve funds	387,500	637,500		637,500
<b>Debt service:</b>				
Principal retirement	4,527,959	4,527,959	4,527,959	
Interest and other charges	1,127,107	1,529,496	1,528,976	520
<b>Total expenditures</b>	<u>51,514,707</u>	<u>54,251,030</u>	<u>49,689,017</u>	<u>4,562,013</u>
<b>Revenues over (under) expenditures</b>	<u>(4,444,372)</u>	<u>(5,336,674)</u>	<u>(1,216,003)</u>	<u>4,120,671</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	3,196,735	3,295,000	3,295,000	
Transfer in (out)	100,000	100,000	100,000	
Fund balance appropriated	1,147,637	1,941,674		(1,941,674)
<b>Total other financing sources (uses)</b>	<u>4,444,372</u>	<u>5,336,674</u>	<u>3,395,000</u>	<u>(1,941,674)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,178,997</u>	<u>\$ 2,178,997</u>
<b>Fund balances:</b>				
Fund balance, beginning			11,833,462	
Fund balance, ending (Exhibit 4)			<u>\$ 14,012,459</u>	

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

**Pasquotank County, North Carolina**

Exhibit 6

Statement of Net Position

Proprietary Funds

June 30, 2017

	<b>Enterprise Funds</b>		
	<b>Landfill Fund</b>	<b>Water System</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,065,282	\$ 8,527,521	\$ 10,592,803
Accounts receivables, net	520,783	553,513	1,074,296
Other receivables	36,391	18,455	54,846
Cash reserve-current year debt payment		379,533	379,533
Prepaid trustee fees on debt issuance		9,562	9,562
Cash reserve-customer deposits	1,625	73,890	75,515
Inventories	3,959	23,142	27,101
Total current assets	<u>2,628,040</u>	<u>9,585,616</u>	<u>12,213,656</u>
Noncurrent assets:			
Cash-Debt service reserve-trustee		1,135,549	1,135,549
Note receivable-City of Elizabeth City		612,912	612,912
Capital assets:			
Land, improvements, and construction in progress	517,605	777,074	1,294,679
Other capital assets, net of depreciation	707,560	24,283,179	24,990,739
Total capital assets	<u>1,225,165</u>	<u>25,060,253</u>	<u>26,285,418</u>
Total noncurrent assets	<u>1,225,165</u>	<u>26,808,714</u>	<u>28,033,879</u>
Total assets	<u>3,853,205</u>	<u>36,394,330</u>	<u>40,247,535</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension plan-LGERS	154,623	213,800	368,423
Total deferred outflows of resources	<u>154,623</u>	<u>213,800</u>	<u>368,423</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	110,013	45,600	155,613
Liabilities payable from restricted assets:			
Customer deposits	1,625	73,890	75,515
Accrued interest payable	106	103,049	103,155
Compensated absences, current	19,645	32,725	52,370
Current portion, long-term debt	23,335	788,474	811,809
Total current liabilities	<u>154,724</u>	<u>1,043,738</u>	<u>1,198,462</u>
Noncurrent liabilities:			
Compensated absences	27,075	34,430	61,505
Net pension liability	166,828	230,666	397,494
Other post employment benefits	505,172	853,947	1,359,119
Note receivable-City of Elizabeth City		612,912	612,912
Noncurrent portion, long-term debt	11,853	10,968,146	10,979,999
Total noncurrent liabilities	<u>710,928</u>	<u>12,700,101</u>	<u>13,411,029</u>
Total liabilities	<u>865,652</u>	<u>13,743,839</u>	<u>14,609,491</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Prepaid solid waste fees	144		144
Pension plan-LGERS	7,180	9,928	17,108
Total deferred inflows of resources	<u>7,324</u>	<u>9,928</u>	<u>17,252</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,189,977	13,303,633	14,493,610
Unrestricted	1,944,875	9,550,730	11,495,605
Total net position	<u>\$ 3,134,852</u>	<u>\$ 22,854,363</u>	<u>\$ 25,989,215</u>

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



**Pasquotank County, North Carolina**

Exhibit 7

Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2017

	<b>Enterprise Funds</b>		
	<b>Landfill Fund</b>	<b>Water System Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,508,473	\$ 3,921,054	\$ 6,429,527
Water sales-reverse osmosis plant		1,605,084	1,605,084
Solid waste fees	2,453,782		2,453,782
Service fees and penalties	37,010	112,946	149,956
Other operating revenue	45,027	1,850	46,877
Total operating revenues	<u>5,044,292</u>	<u>5,640,934</u>	<u>10,685,226</u>
<b>OPERATING EXPENSES</b>			
Water plant operations		2,337,018	2,337,018
Reverse osmosis plant operations		690,014	690,014
Waste water treatment plant operations		280,337	280,337
Professional services		66,899	66,899
Administrative services		162,546	162,546
Depreciation and amortization	171,804	1,257,403	1,429,207
Transfer station	126,094		126,094
Landfill operations	2,152,330		2,152,330
Convenience sites	2,062,721		2,062,721
Total operating expenses	<u>4,512,949</u>	<u>4,794,217</u>	<u>9,307,166</u>
Operating income (loss)	<u>531,343</u>	<u>846,717</u>	<u>1,378,060</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State grants	34,658		34,658
N C Department of Revenue:			
Tire disposal fee tax	53,194		53,194
White goods disposal fee tax	15,623		15,623
Solid waste disposal tax	18,296		18,296
Payment from the City of Elizabeth City		122,582	122,582
Trustee fees		(3,080)	(3,080)
Sale of assets	20,056	2,986	23,042
Tower rental fees		39,851	39,851
Other post employment benefits	(42,493)	(46,334)	(88,827)
Interest paid on long-term debt	(1,041)	(363,253)	(364,294)
Interest and investment revenue	21,462	57,865	79,327
Total nonoperating revenue (expenses)	<u>119,755</u>	<u>(189,383)</u>	<u>(69,628)</u>
Income before transfers	651,098	657,334	1,308,432
Transfers (to) from other funds	(100,000)		(100,000)
Change in net position	<u>551,098</u>	<u>657,334</u>	<u>1,208,432</u>
Total net position - beginning	2,583,754	22,197,029	24,780,783
Total net position - ending	<u>\$ 3,134,852</u>	<u>\$ 22,854,363</u>	<u>\$ 25,989,215</u>

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

**Pasquotank County, North Carolina**

Exhibit 8

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2017

	Landfill Fund	Water System	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 2,522,105	\$ 5,485,602	\$ 8,007,707
Cash received from solid waste fees	2,428,252		2,428,252
Cash paid for goods and services	(3,393,184)	(2,454,033)	(5,847,217)
Cash paid to employees for services	(949,161)	(1,076,854)	(2,026,015)
Customer deposits (net)		(1,290)	(1,290)
Other operating revenue	73,652	114,796	188,448
Net cash provided by (used by) operating activities	<u>681,664</u>	<u>2,068,221</u>	<u>2,749,885</u>
<b>Cash flows from noncapital financing activities</b>			
Proceeds from State grants-operating	60,992		60,992
Proceeds from City		122,582	122,582
N C Department of Revenue:			
Proceeds for white goods disposal tax	15,044		15,044
Proceeds for tire disposal tax	52,634		52,634
Proceeds for solid waste disposal tax	18,230		18,230
Transfer out to capital reserve	(100,000)		(100,000)
Net cash provided by (used by) noncapital financing activities	<u>46,900</u>	<u>122,582</u>	<u>169,482</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(274,853)	(22,560)	(297,413)
Sale of assets	20,056	2,986	23,042
Trustee fees		(3,080)	(3,080)
Principal paid on bonds		(873,943)	(873,943)
Interest paid on bonds		(260,204)	(260,204)
Principal paid on installment purchase contracts	(22,848)		(22,848)
Interest paid on installment purchase contracts	(1,110)		(1,110)
Proceeds from tower rental		39,851	39,851
Net cash provided by (used by) capital and related financing activities	<u>(278,755)</u>	<u>(1,116,950)</u>	<u>(1,395,705)</u>
<b>Cash flows from investing activities:</b>			
Interest on investments	21,462	61,475	82,937
Net cash used by investing activities	<u>21,462</u>	<u>61,475</u>	<u>82,937</u>
<b>Net increase (decrease) in cash and cash equivalents</b>			
	471,271	1,135,328	1,606,599
Cash and cash equivalents, July 1	1,595,636	8,981,165	10,576,801
Cash and cash equivalents, June 30	<u>\$ 2,066,907</u>	<u>\$ 10,116,493</u>	<u>\$ 12,183,400</u>
(Landfill includes reserves of \$1,625)			
(Water System includes cash reserves of \$379,533, \$73,890 and \$1,135,549)			

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

(continued)

**Pasquotank County, North Carolina**

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2017

Exhibit 8

(continued)

	Landfill Fund	Water System	Total
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating (loss) income	\$ 531,343	\$ 846,717	\$ 1,378,060
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	171,804	1,256,553	1,428,357
Amortization		850	850
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	13,632	(40,615)	(26,983)
(Increase) decrease in other receivables	(33,917)		(33,917)
(Increase) decrease in inventory	1,927		1,927
(Increase) decrease in deferred outflows of resources for pensions	(115,313)	(159,440)	(274,753)
Increase (decrease) in accounts payable and accrued liabilities	(3,892)	116	(3,776)
Increase (decrease) in customer deposits		(1,290)	(1,290)
Increase (decrease) in net pension liability	132,634	183,387	316,021
Increase (decrease) in deferred inflows of resources for pensions	(12,598)	(17,418)	(30,016)
Increase (decrease) in accrued vacation pay	(3,956)	(639)	(4,595)
Total adjustments	150,321	1,221,504	1,371,825
Net cash provided by (used by) operating activities	\$ 681,664	\$ 2,068,221	\$ 2,749,885

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

**Pasquotank County, North Carolina**

Exhibit 9

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

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	Agency Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 88,739
<b>Liabilities and Net Position</b>	
Liabilities:	
Miscellaneous liabilities	\$ 3,748
Intergovernmental payable	84,421
Due to Health Department	570
Total liabilities	88,739
Net position:	\$ -

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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Notes are provided in the Financial Section and are considered essential to fair presentation and adequate disclosure for this 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.

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## **PASQUOTANK COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2017

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Pasquotank County and its component units 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 seven-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 units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. The discretely presented component units presented below are reported in a separate column in the County's combined financial statements.

#### **Albemarle Hospital**

Albemarle Hospital (the "Hospital") was a County-owned public hospital located in Elizabeth City, North Carolina through September 27, 2000. Effective September 28, 2000, the Hospital became a public authority (Albemarle Hospital Authority) established under North Carolina general statutes. The real estate and equipment used by the Hospital were leased to the Authority by Pasquotank County for a term of fifteen years. The Authority, through the operations of the Hospital, provides medical facilities, inpatient and outpatient services to the residents of Pasquotank County and surrounding counties. The Authority's commissioners are appointed by the County's Board of Commissioners. The County does not have the authority to designate the management of the Hospital, nor does it have the authority to review or approve the Hospital's budget. Contracting authority rests with the Authority board. The County does not control the collection or disbursement of Hospital funds. A significant financing arrangement exists between the Hospital and the County; in which the County owns all of the real estate and equipment used by the Hospital (see Note 4). The Hospital is presented at September 30, 2016, as if it were a proprietary fund.

Effective March 1, 2014, the Albemarle Hospital Authority entered into a long-term lease agreement, as well as associated ancillary agreements (collectively, the "Lease Agreement"), with Sentara Healthcare ("Sentara") and a wholly owned subsidiary of Sentara, Sentara Albemarle Regional Medical Center ("SARMC"). Pursuant to the Lease Agreement, as of March 1, 2014, the Authority transferred all operating rights, obligations and benefits associated with the Authority's facilities, clinics and operations, as well as certain assets and liabilities associated with the Authority, to SARMC, all subject to the terms of the related transactional documents. Consequently, as of March 1, 2014, the Authority is no longer the operator of the health system known as "Albemarle Health".

As part of the transfer of the Authority's lease of facilities to Sentara Albemarle Regional Medical Center (SARMC) \$7,763,918 was transferred to SunTrust as trustee for an escrow account for the purpose of insuring that funds are available to pay certain liabilities of the health system and amounts owed to landlords.

Complete financial statements for the component unit may be obtained at the administrative office of the entity:

Albemarle Hospital Authority  
P O Box 39  
Elizabeth City, North Carolina 27907

### **Elizabeth City-Pasquotank County Tourism Development Authority**

The Elizabeth City-Pasquotank County Tourism Development Authority (TDA) is governed by a ten member board and was established in North Carolina under the North Carolina General Statutes. Under the Statutes the TDA receives room occupancy taxes which are levied on gross receipts derived from the rental of any room, lodging or similar accommodation furnished by a hotel, motel or similar establishment from Pasquotank County. The TDA was formed to promote travel and tourism in Elizabeth City and Pasquotank County and to sponsor tourism related events and activities in the same area. The TDA's Board is made up of elected officials appointed by the City and County and individuals affiliated in tourism related businesses.

Complete financial statements for the component unit may be obtained at the administrative office of the entity:

Elizabeth City-Pasquotank County Tourism Development Authority  
501 S. Water Street  
Elizabeth City, NC 27909

### **Pasquotank County Industrial Facilities and Pollution Control Financing Authority**

Pasquotank County Industrial Facilities and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

## **B. Basis of Presentation, Basis of Accounting**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate 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, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

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

The County reports the following major enterprise funds:

*Landfill Fund.* This fund accounts for the operations of the County's transfer station, recycling and solid waste activities. The Landfill no longer accepts municipal solid waste. Municipal solid waste is brought to the transfer station, where it is hauled to an outside landfill in another county.

*Water System Fund.* This fund is used to account for the operations of the County's water operations.

The County reports the following fund types:

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the City Tax Collection Fund, which accounts for funds that are billed and collected by the County for the City of Elizabeth City but are not revenues to the County; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Elizabeth City-Pasquotank Board of Education; the Health Department Fund, which accounts for septic tank inspection fees collected by the County on behalf of the Albemarle Regional Health Services; 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 Fund, the Seized Asset Fund, the Library Reserve Fund, the Drainage Districts Fund, the Friends of the Library Fund, and the Occupancy Tax Fund are reported as nonmajor special revenue funds. The Capital Reserve Fund and the Reappraisal Reserve Fund are consolidated into the General Fund in accordance with GASB Statement No. 54.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 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 is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all enterprise funds and governmental funds except the Seized Asset Fund (special revenue funds). All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the Seized Asset Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general fund, special revenue, and enterprise funds, and at the project level for the capital project funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital project fund or to the General Fund for debt service in accordance with the annual ordinance adopted for the reserve fund. The County Manager is authorized to transfer appropriations within a department; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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, the TDA, and the Hospital are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the TDA, and the Hospital may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the TDA, and the Hospital 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, the TDA, and the Hospital to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

#### **2. Cash and Cash Equivalents**

The County pools moneys from several funds into a central depository account to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalent. The County also owns cash and investments in individual funds. The Hospital considers demand deposits and investments which are not limited as to use purchased with an original maturity of three months or less, to be cash and cash equivalents.

3. Restricted Assets and Assets Limited as to Use

The unexpended loan proceeds and the debt service reserve of the General Fund are classified as restricted assets because their use is restricted by the trustee. The required accumulated debt service reserves of the Water System Fund are classified as restricted assets within the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued and by the bond covenants of the bond issue. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

Pasquotank County Restricted Cash

Governmental Activities		
General Fund		
Debt service reserve	\$	354,894
Unspent debt proceeds		413,256
Tax revaluation		<u>134,241</u>
Total Governmental Activities	\$	<u>902,391</u>
Business-Type Activities		
Water System:		
Debt service reserve-current	\$	379,533
Debt service reserve-per bond covenant		1,135,549
Customer deposits		73,890
Landfill Fund:		
Customer deposits		<u>1,625</u>
Total Business-type Activities	\$	<u>1,590,597</u>
Total Restricted Cash	\$	<u>2,492,988</u>

4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. Inventories are not maintained in the governmental funds of the County. The governmental funds recognize material and supplies as expenditures at the time of purchase. The inventory of the County's enterprise funds consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed.

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

7. Capital assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Capital assets and the related accumulated depreciation are reported for the County using the straight-line method as follows:

	<u>Useful Life</u>
Buildings	30 years
Furniture/equipment	5 years
Infrastructure (distribution lines)	50 years
Vehicles	3 - 10 years
Leasehold improvements	10 - 20 years
Computers, etc.	3 years

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 two items that meet this criterion – a charge on refunding (Governmental), bond issuance costs (Business-type), pension related deferrals, and contributions made to the pension plan in the current year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has two items that meets the criterion for this category – prepaid taxes and other pension related deferrals.

9. Long-Term Obligations

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

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

## 10. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty (30) 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 within those funds as the leave is earned. Compensated balances are reported in governmental funds only if they have matured. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

## 11. Net Position/Fund Balances

### **Net Position**

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

### **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.

Prepaid items-This item represents funds that have been spent to benefit a future period.

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

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

Restricted for school capital projects – Portion of fund balance that represents unspent funds at year end to be rolled over to next fiscal year for designated school capital projects.

Restricted for law enforcement – Portion of fund balance that represents forfeiture money received from Federal or State agencies that must be used for law enforcement activities.

Restricted for emergency telephone system – Portion of fund balance that represents funds received from the State 911 Board for the purpose of enhancing the 911 system.

Committed Fund Balance- Portion of fund balance that can only be used for specific purpose imposed by majority vote of Pasquotank 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.

Committed for drainage - Portion of fund balance that can only be used for the improvement and maintenance of the Newland drainage district.

Committed for the library - Portion of fund balance that represents funds for the use of the library to purchase books and computers.

Assigned Fund Balance - Portion of fund balance that the Pasquotank County governing board has budgeted.

Subsequent year's expenditures - Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

Pasquotank County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

## 12. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) 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/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. 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 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 \$(7,329,921) consists of several elements as follows:

Description	Amount
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)	\$ 77,691,024
Less accumulated depreciation	(35,975,946)
Net pension asset	79,228
Contributions to the pension plan in the current fiscal year	627,190
Benefit payments and pension administration costs for LEOSSA	15,536
Deferred charges related to the issuance of debt included in the government-wide statement of net position but are not current financial resources	243,970
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	322,765
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,582,006
Pension related deferrals	2,487,930
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds and installment financing	(43,009,845)
Premium on issuance of bonds	(282,642)
Compensated absences	(920,186)
Unfunded pension obligation	(960,061)
Net pension liability-LGERS	(3,600,347)
Other postemployment benefits	(5,228,584)
Accrued interest payable	(401,959)
Total adjustment	<u>\$ (7,329,921)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(418,273) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,272,434
Cost of disposed asset not recorded in fund statements	(20,236)
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.	(2,514,905)
New debt issued during the year is recorded as a source of funds on the fund Statements: it has no effect on the statement of activities-it affects only the Government-wide statement of position	(3,295,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	4,568,296
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	627,190
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.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(34,987)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	12,130
Amortization of bond issuance deferred charges	(62,085)
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	15,536
Other postemployment benefits	(900,799)
County's portion of collective pension expense	(877,023)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Amortization of charge related to advance refunding	58,436
Special item-accumulated investment earnings applied to outstanding debt	855,939
Reversal of deferred inflows of resources – taxes receivable recorded at July 1, 2016	(2,017,541)
Recording of deferred inflows of resources – taxes receivable at June 30, 2017	1,904,378
Reversal of deferred assessments recorded at July 1, 2016	(429)
Recording of assessments deferred in the funds statement June 30, 2017	393
Total adjustment	<u>\$ (418,273)</u>



## **Note 2 - Stewardship, Compliance, and Accountability**

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

#### Noncompliance with North Carolina General Statutes

There were no significant violations of finance related legal and contractual provisions at June 30, 2017.

### **B. Excess of Expenditures over Appropriations**

There were no significant violations of expenditures over appropriations at June 30, 2017.

## **Note 3 - Detail Notes on All Funds**

### **A. Assets**

#### 1. Deposits

All of the County's, the TDA's, and the Hospital'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, the TDA's, and Hospital's agents in those unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the TDA, and the Hospital, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the TDA, or the Hospital or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the TDA, and the Hospital, under the Pooling Method, the potential exists for undercollateralization, 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, the TDA, and Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County's Board of Commissioners has adopted a formal investment policy based on G.S. 159-30, but omitting several of the investment options allowed by this statute. The TDA and the Hospital has no formal policy and therefore uses G.S. 159-30 in its entirety.

At June 30, 2017, the County's deposits had a carrying amount of \$21,721,515 and a bank balance of \$18,348,877. Of the bank balance, \$1,942,199 was covered by federal depository insurance, and the rest was covered by collateral held under the pooling method. At June 30, 2017, the County had \$2,825 cash on hand. At June 30, 2017 the Agency Funds had a carrying amount and bank balance of \$88,739. At June 30, 2017, the TDA's deposits had a carrying value of \$617,254 and a bank balance of \$643,843. Of the bank balance, \$250,000 was covered by federal depository insurance and \$393,843 was covered by collateral held under the pooling method. At September 30, 2016 the Hospital's deposits had a carrying amount and bank balance of \$831,805. Of the bank balance \$250,000 was covered by federal depository insurance, \$581,805 was covered by collateral under the pooling method.

## 2. Investments

As of June 30, 2017, the County's investments consisted of \$3,557,815 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The County has no policy on credit risk.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. As of June 30, 2017, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2017. The County's investment in the North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the United States government and agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk.

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

In accordance with the general statutes, agriculture, horticulture, and forest land 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 following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,603,028	\$ 380,719	\$ 1,983,747
2015	1,663,174	245,318	1,908,492
2016	1,663,048	95,625	1,758,673
2017	<u>1,690,019</u>		<u>1,690,019</u>
	\$ <u>6,619,269</u>	\$ <u>721,662</u>	\$ <u>7,340,931</u>

4. Receivables

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

	Accounts	Taxes and Related Accrued Interest	Special Assessments	Due From Other Governments	Other	Total
<b>Governmental Activities:</b>						
General	\$ 1,935,084	\$ 2,120,053	\$ -	\$ 2,961,249	\$ 272,224	\$ 7,288,610
Other governmental			393	79,784	12	80,189
Total Receivables	1,935,084	2,120,053	393	3,041,033	272,236	7,368,799
Allowance for Doubtful Accounts	(860,186)	(215,675)				(1,075,861)
Total Governmental Activities	\$ 1,074,898	\$ 1,904,378	\$ 393	\$ 3,041,033	\$ 272,236	\$ 6,292,938
<b>Business-type Activities:</b>						
Landfill	\$ 526,312	\$	\$	\$ 35,816	\$ 575	\$ 562,703
Water System	635,185			18,387	68	653,640
Total Receivables	1,161,497			54,203	643	1,216,343
Allowance for Doubtful Accounts	(87,201)					(87,201)
Total Business-type Activities	\$ 1,074,296	\$	\$	\$ 54,203	\$ 643	\$ 1,129,142

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

	Governmental	Business-type
Local option sales tax	\$1,886,727	\$ -
City of Elizabeth City	32,649	18,862
Camden County	29,880	
U S Department of Interior	2,438	
State of North Carolina:		
Department of Transportation	213,405	
Department of Public Safety	67,809	
Department of Environmental Quality		12,994
Department of Revenue	44,629	
Department of Health and Human Services	697,681	
Information Technology Service	65,815	
Solid Waste Disposal Tax		4,378
White Goods Disposal Tax		3,828
Scrap Tire Disposal Tax		14,141
Total	\$3,041,033	\$ 54,203

5. Capital Assets

**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,646,249	\$	\$	\$ 5,646,249
Construction in progress	6,206	30,568		36,774
Total assets not being depreciated	<u>5,652,455</u>	<u>30,568</u>	<u>-</u>	<u>5,683,023</u>
<b>Capital assets being depreciated:</b>				
Buildings	55,621,931			55,621,931
Furniture, fixtures and office equipment	6,338,885	320,161		6,659,046
Vehicles and motorized equipment	6,595,313	921,705	416,604	7,100,414
Infrastructure	2,626,610			2,626,610
Total assets being depreciated	<u>71,182,739</u>	<u>1,241,866</u>	<u>416,604</u>	<u>72,008,001</u>
Less accumulated depreciation for:				
Buildings	22,096,189	1,573,272		23,669,461
Furniture and fixtures	5,783,653	418,381		6,202,034
Vehicles and motorized equipment	4,985,517	397,195	396,368	4,986,344
Infrastructure	992,050	126,057		1,118,107
Total accumulated depreciated	<u>33,857,409</u>	<u>\$ 2,514,905</u>	<u>\$ 396,368</u>	<u>35,975,946</u>
Total capital assets being depreciated, net	<u>37,325,330</u>			<u>36,032,055</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 42,977,785</u>			<u>\$ 41,715,078</u>

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

General government	\$683,440
Public safety	1,449,730
Economic development	80,932
Human Services	161,136
Cultural and recreational	133,885
Education	5,782
Total depreciation expense	<u>\$2,514,905</u>

Discretely presented component unit

EC-PC Tourism Development Authority:

Office equipment and furniture	\$ 22,648
Website and computer software	77,880
Kiosk	5,000
Less accumulated depreciation	<u>(45,387)</u>
Capital assets, net	<u>\$ 60,141</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Landfill</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 470,553			\$ 470,553
Construction in progress	-	47,052		47,052
Total assets not being depreciated	<u>470,553</u>	<u>47,052</u>	<u>-</u>	<u>517,605</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	596,740	96,395		693,135
Transfer station	496,970			496,970
Equipment	806,557	13,900		820,457
Vehicles	1,467,858	117,506	83,021	1,502,343
Total assets being depreciated	<u>3,368,125</u>	<u>227,801</u>	<u>83,021</u>	<u>3,512,905</u>
Less accumulated depreciation for:				
Buildings and improvements	363,880	49,302		413,182
Transfer station	423,632	7,480		431,112
Equipment	592,986	58,722		651,708
Vehicles	1,336,064	56,300	83,021	1,309,343
Total accumulated depreciated	<u>2,716,562</u>	<u>\$ 171,804</u>	<u>\$ 83,021</u>	<u>2,805,345</u>
Total capital assets being depreciated, net	<u>651,563</u>			<u>707,560</u>
<b>Landfill capital assets, net</b>	<u><b>1,122,116</b></u>			<u><b>1,225,165</b></u>
<b>Water System</b>				
<b>Capital assets not being depreciated:</b>				
Land	777,074			777,074
Total assets not being depreciated	<u>777,074</u>	<u>-</u>	<u>-</u>	<u>777,074</u>
<b>Capital assets being depreciated:</b>				
Buildings	14,881,284			14,881,284
Plant and distribution	24,794,058			24,794,058
Equipment	834,668		13,963	820,705
Vehicles	478,744	22,560		501,304
Total assets being depreciated	<u>40,988,754</u>	<u>22,560</u>	<u>13,963</u>	<u>40,997,351</u>
Less accumulated depreciation for:				
Buildings	3,327,495	449,553		3,777,048
Plant and distribution	10,855,011	758,604		11,613,615
Equipment	838,886	28,823	13,963	853,746
Vehicles	450,190	19,573		469,763
Total accumulated depreciated	<u>15,471,582</u>	<u>\$ 1,256,553</u>	<u>\$ 13,963</u>	<u>16,714,172</u>
Total capital assets being depreciated, net	<u>25,517,172</u>			<u>24,283,179</u>
<b>Water system capital assets, net</b>	<u><b>26,294,246</b></u>			<u><b>25,060,253</b></u>
<b>Business-type activities capital assets, net</b>	<u><b>\$ 27,416,362</b></u>			<u><b>\$ 26,285,418</b></u>

## B. Liabilities

### 1. Payables

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

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
<b>Governmental activities:</b>					
General	\$ 640,547	\$ 387,251	\$ 401,959	\$ 552,926	\$ 1,982,683
Total governmental activities	<u>\$ 640,547</u>	<u>\$ 387,251</u>	<u>\$ 401,959</u>	<u>\$ 552,926</u>	<u>\$ 1,982,683</u>
<b>Business-type activities:</b>					
Landfill	\$ 83,254	\$ 27,670	\$ 106	\$ (910)	\$ 110,120
Water system	21,550	23,406	103,049	643	148,648
Total business-type activities	<u>\$ 104,804</u>	<u>\$ 51,076</u>	<u>\$ 103,155</u>	<u>\$ (267)</u>	<u>\$ 258,768</u>

## 2. Pension Plan and Other Postemployment Obligations

### a. Local Governmental Employees' Retirement System

*Plan Description.* Pasquotank County, the TDA, and the Hospital participate 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 government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement 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 by the North Carolina General Assembly. Plan members are required to contribute six percent (6%) of their annual covered salary. The County and the TDA are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.37% and 8.00%, respectively, of annual covered payroll. For the library employees, the current rate for employees not engaged in law enforcement is 7.41% of annual covered payroll. For the emergency medical services employees, the current rate for employees not engaged in law enforcement is 7.32%. The County's contributions to LGERS for the years ended June 30, 2017, was \$907,289. The TDA's contributions to LGERS for the year

ended June 30, 2017 was \$11,470. The County's contributions for the library employees to LGERS for the year ended June 30, 2017 was \$23,576. The contributions made by the County and the TDA equaled the required contributions for each year.

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

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

At June 30, 2017, the County reported a liability of \$3,997,841 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was .188%, which was an increase of .012% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,115,742. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 75,112	\$ 140,090
Changes of assumptions	273,817	
Net difference between projected and actual earnings on pension plan investments	2,210,303	
Changes in proportion and differences between County contributions and proportionate share of contributions	142,381	24,750
County contributions subsequent to the measurement date	930,865	
Total	\$ 3,632,478	\$ 164,840

\$930,865 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 398,736
2019	399,084
2020	1,083,002
2021	655,951
2022	-
Thereafter	-

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

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.



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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 9,488,746	\$ 3,997,841	\$ (588,568)

*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 for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Pasquotank County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan of which no stand-alone financial report is issued, that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	2
Active plan members	<u>44</u>
Total	<u>46</u>

A separate report was issued for the plan.

2. Summary of Significant Accounting Policies

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

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

### 3. Actuarial Assumptions

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

Inflation	3.00%
Salary increases	3.50 - 7.35%
Discount rate*	3.86%

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

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

### 4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$24,668 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$960,061. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$80,447.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments		23,933
Changes in proportion and differences between County contributions and proportionate share of contributions		
County contributions subsequent to the measurement date	15,536	
Total	\$ 15,536	\$ 23,933

\$15,536 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ (3,781)
2019	(3,781)
2020	(3,781)
2021	(3,781)
2022	(3,781)
Thereafter	(5,028)

\$15,305 paid as benefits came due and \$231 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 1,045,324	\$ 960,061	\$ 882,316

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

	2017
Beginning balance	\$ 918,724
Service cost	51,533
Interest	32,464
Change in benefit terms	-
Difference between expected and actuarial experience	-
Changes in assumptions and other inputs	(23,933)
Benefit payments	(18,727)
Other changes	-
Ending balance of the total pension liability	<u>\$ 960,061</u>

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$143,656 which consisted of \$97,682 from the County and \$45,974 from the law enforcement officers.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts which had been deferred by the plan participants were required to be reported as assets of the County. Effective for the current fiscal year and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's Agency Funds.

e. Registers of Deeds' Supplemental Pension Fund

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

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

*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 \$3,496 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$79,228 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was .424%, which was an increase of .012% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$5,707. At June 30, 2017, 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	\$ 85	\$ 1,026
Changes of assumptions	21,108	
Net difference between projected and actual earnings on pension plan investments	136	
Changes in proportion and differences between County contributions and proportionate share of contributions	956	2025
County contributions subsequent to the measurement date	3,496	
Total	\$ 25,781	\$ 3,051

The \$3,496 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 8,420
2019	8,313
2020	3,388
2021	(887)
2022	-
Thereafter	-

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

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are

based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

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

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

*Discount rate.* The discount rate used to measure the total pension liability was 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 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (63,883)	\$ (79,228)	\$ (92,119)

*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.

f. Other Postemployment Benefits

*Plan Description.* According to a County resolution, Pasquotank County administers the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan to cover retirees of the County who meet any of the unreduced retirement options available through the North Carolina Local

Government Retirement System (System) and have twenty-five years of continuous service with the County and retire. The County pays the full cost of the coverage of these benefits. Currently twenty-three retirees are eligible for postretirement health benefits. Employees hired on or after January 1, 2015, who meet any of the unreduced retirement options available through the North Carolina Local Government Retirement System (System) and have twenty-five years of continuous service with the County and retire, will be eligible for coverage up until eligible for Medicare. For the fiscal year ended June 30, 2017, the County made payments for postretirement health benefit premiums of \$108,639.

Membership of the HCB Plan consisted of the following at December 31, 2016 the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	20	2
Retirees entitled to, but not yet receiving benefits	1	
Active plan members	<u>256</u>	<u>45</u>
Total	<u>277</u>	<u>47</u>

*Funding Policy.* The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board. The County's members deal directly with the insurance for dependent coverage. The County is currently funding the healthcare benefits on a pay as you go basis.

The current ARC rate is 8.72% of covered payroll. For the current year, the County contributed \$108,639 or .87% of covered payroll. The County obtains healthcare coverage through private insurers. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented .97% and .34% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to HCB is established and may be amended by the Board of Commissioners.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the fund in which the retiree was employed. Expenditures in the General Fund are maintained on the modified accrual basis and expenditures in the Enterprise Funds are maintained on the accrual basis. No funds are set aside to pay benefits and administer costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits.

Annual required contributions	\$ 1,088,258
Valuation discount rate	4.00%
Interest on net OPEB obligation	223,923
Amortization factor	26.1695
Adjustments to annual required contribution	<u>213,916</u>
Annual OPEB cost (expense)	1,098,265
Contributions made	<u>(108,639)</u>
Increase (decrease) in net OPEB obligation	989,626
Net OPEB obligation, beginning of year	<u>5,598,077</u>
Net OPEB obligation, end of year	<u>\$ 6,587,703</u>

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

Schedule of Trend Information

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation End of Year</u>
6/30/2015	\$ 820,189	10.7%	\$ 4,602,781
6/30/2016	1,096,486	9.2%	5,598,077
6/30/2017	1,098,265	9.9%	6,587,703

*Funded Status and Funding Progress.* As of December 31, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$12,581,247. The covered payroll (annual payroll of active employees covered by the plan) was \$12,478,909, and the ratio of the UAAL to the covered payroll was 107.65 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 7.75 and 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2016, was 30 years.

g. Other Employment Benefits

The County and the Hospital have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental 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 those 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 benefit 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 benefit



payments are made from the Death Benefit Plan. The County and the Hospital have no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The County considered these contributions to be immaterial.

For the fiscal year ended June 30, 2017, the County made contributions to the State for death benefits of \$11,349. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.12% and 0.14% of covered payroll, respectively. The death benefit for law enforcement officers was offset by a credit for court costs. The County's required contribution for Library employees represented .16% of covered payroll and for Emergency Medical Service .07% of covered payroll.

### 3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference on refunding of debt	\$ 218,345	\$ -
Changes of assumptions	294,925	
Pensions-difference between expected and actual experience		
LGERS	75,112	140,090
Register of Deeds	85	1,026
LEOSSA		23,933
Pensions-difference between projected and actual investment earnings	2,210,439	26,775
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	143,337	
Contributions to pension plan in 16-17 fiscal year	934,361	
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	15,536	
Prepaid taxes not yet earned (General)		81,497
Prepaid solid waste fees not yet earned, net (Landfill)		144
Total	<u>\$ 3,892,140</u>	<u>\$ 273,465</u>

### 4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

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 and Tax Administrator are each individually bonded for \$100,000 each. In addition the Register of Deeds is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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.

The County also participates in the Teachers' and State Employee's Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the County are eligible to receive health care benefits up to a \$5 million lifetime limit. The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan..

Albemarle Hospital Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these 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.

The Authority is currently covered under a claims-made policy for the purpose of providing professional and patient care liability insurance. The total limits of coverage are \$1,000,000 per claim and \$3,000,000 in the aggregate.

#### 5. Contingent Liabilities

At June 30, 2017 the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's position.

The Hospital is involved in litigation arising in the ordinary course of business, which may include professional liability claims. Incidents occurring through September 30, 2014 may result in assertion of a claim. Other claims may be asserted arising from past services provided. Hospital management believes these claims, if asserted, would be settled within the limits of its insurance coverage.

#### 6. Long-term Obligations

##### a. General Obligation Indebtedness

General obligation bonds financed by the governmental funds are collateralized by the full faith, credit and taxing power of the County. Principal and interest requirements are appropriated when due. Pasquotank County had no general obligation bonds outstanding at June 30, 2017.

At June 30, 2017 Pasquotank County had a legal debt margin of \$203,079,741.

##### b. Revenue Bonds

Revenue bonds payable at June 30, 2017 are comprised of the following individual issues:

##### Primary Government - Water System Fund

\$16,500,000 Water and Sewer Revenue Bonds issued September 30, 2009. Due September and March in various installments through September 2029. Interest rate is 2.99 percent. \$11,756,620

In September 2009, the County issued \$16,500,000 of Water and Sewer Revenue Bonds. The proceeds were used to finance a reverse osmosis water treatment plant. In December of 2010, the County was able to have the rate adjusted from 5.02% to 4.37%. In June 2016, the County was able

to have the interest rate adjusted from 4.37% to 2.99%. The combination of both of these rate adjustments will result in a total savings of interest over the life of the debt of approximately \$2,000,000. Interest and principal payments are due semi-annually on September 15 and March 15, beginning September 15, 2009, through September 15, 2029. The County has pledged future water and sewer customer revenues, net of specific operating expenses, to repay the \$16,500,000. The taxing power of the County is not pledged for the payment of principal and interest on the revenue bonds, and no owner of a bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property.

Certain financial covenants are contained in the Series 2009 Bond agreements, among the most restrictive of which provide that the Water System Fund maintain a one hundred twenty per centum (120%) of the principal and interest requirements for the current fiscal year. The rates, fees and charges for the use and for the services and facilities furnished shall be revised from time to time to produce sufficient revenues to comply with this requirement. As of June 30, 2017 the Water System's Revenue Bond Coverage was at one hundred and ninety-seven per centum (1.97%).

Year ending June 30	Principal	Interest	Total
2018	788,474	345,673	1,134,147
2019	812,225	321,921	1,134,146
2020	836,693	297,454	1,134,147
2021	861,897	272,250	1,134,147
2022	887,860	246,287	1,134,147
2023 - 2027	4,856,964	813,770	5,670,734
2028 - 2030	2,712,507	122,859	2,835,366
Total	<u>\$ 11,756,620</u>	<u>\$ 2,420,214</u>	<u>\$14,176,834</u>

c. Certificates of Participation

On December 9, 2004, the County issued \$14,280,000 of tax-exempt Certificates of Participation to finance the construction of a new middle school. Interest at varying rates from 3.00% to 5.00% is payable semiannually on December 1 and June 1. Principal payments are due annually on June 1, with final principal payments due June 1, 2030. A majority, \$10,970,000, of these bonds were advance refunded in December 2012 and January 2013. The projected interest savings to the County will be approximately \$2,000,000 over the life of the debt.

On December 7, 2006, the County issued \$12,575,000 of tax-exempt Certificates of Participation to refund a portion of the 1995 certificates maturing on June 1, 2015 and all of the 1995 Certificates maturing on June 1, 2020. Interest rates varying from 4.00% to 5.25% is payable semiannually on December 1 and June 1. Principal payments are due annually on June 1, beginning in 2011, with final principal payments due on June 1, 2020. The outstanding balance on June 30, 2017 was \$4,395,000. As a result of the refunding the County will reduce interest paid by approximately \$352,000 over the life of the debt.

Debt service requirements to maturity are presented in the following table:

Year ending June 30	Principal	Interest	Total
2018	\$ 1,390,000	\$ 230,738	\$ 1,620,738
2019	1,460,000	157,762	1,617,762
2020	1,545,000	81,113	1,626,113
	<u>\$ 4,395,000</u>	<u>\$ 469,613</u>	<u>\$ 4,864,613</u>

d. Advance Refundings

**Series 2012**

On December 31, 2012 the County borrowed \$4,748,186 through a bank qualified loan with BB&T at an interest rate of 2.59% to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources to provide for the future payments of principal and interest to the bond holders. As a result the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net position. The first principal payment is due on June 1, 2015, with interest only payments beginning December 1, 2013. The outstanding balance at June 30, 2017 is \$2,684,868.

**Series 2013**

On January 23, 2013 the County borrowed \$6,195,123 through a bank qualified loan with BB&T at an interest rate of 2.59% to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources to provide for the future payments of principal and interest to the bond holders. As a result the refunded Certificates of Participation are considered defeased and the liability has been removed from the governmental activities column of the statement of position. The first principal payment is due on June 1, 2015, with interest only payments beginning December 1, 2013. The outstanding balance at June 30, 2017 is \$5,688,237.

Year Ending June 30	Principal		Combined		Total
	Series 2012	Series 2013	Interest		
2018	\$ 685,734	\$ 177,789	\$ 216,864	\$	1,080,387
2019	677,294	182,393	194,498		1,054,185
2020	668,636	187,117	172,232		1,027,985
2021	653,204	191,964	150,068		995,236
2022		851,936	128,178		980,114
2023 - 2027		4,097,038	294,755		4,391,793
Total	\$ 2,684,868	\$ 5,688,237	\$ 1,156,595	\$	9,529,700

e. Installment Purchases

Installment purchase contracts are comprised of the following at June 30, 2017:

General Fund

A \$10,000,000 installment purchase contract from PNC Bank for construction of a public safety building and a new library. The note is payable in forty semi-annual payments of \$250,000 principal and interest at 3.87% beginning January 11, 2006. \$ 4,250,000

A \$3,000,000 installment purchase contract from PNC Bank for construction of a public safety building and a new library. The note is payable in forty semi-annual payments of \$75,000 principal and interest at 4.17% beginning July 11, 2006. 1,350,000

A \$2,447,000 installment purchase contract from PNC Bank for roof replacement and final payment for the construction of a new jail. The note is payable in twenty semi-annual payments of \$122,350 principal and interest at 2.58%, beginning June 15, 2012. 1,101,150

A \$7,000,000 installment purchase contract from PNC Bank for construction of a new jail. The note is payable in forty semi-annual payments of \$175,000 principal and interest at 4.32%, beginning May 21, 2007.	3,325,000
A \$12,000,000 installment purchase contract from United States Department of Agriculture Rural Development for construction of a new jail. The note is payable in forty annual payments of \$583,920 principal and interest at 3.75% beginning December 28, 2011.	11,117,276
A \$6,300,000 installment purchase contract from SunTrust Leasing Corp for a two-story addition to Building A on the Elizabeth City campus of College of the Albemarle (68%) and to renovation the former library building and courthouse (32%). The note is payable in forty semi-annual payments of \$157,500 principal and interest at 4.32%, beginning October 25, 2007.	3,150,000
A \$190,000 installment purchase contract from BB&T for patrol vehicles and equipment for the Sheriff's department and a passenger van for College of the Albemarle. The note is payable in ten equal semi-annual payments of \$20,071 including interest at 2.02% beginning May 14, 2015.	97,386
A \$355,000 installment purchase contract from BB&T for a fire Truck and an ambulance. The note is payable in ten equal semi-annual payments of \$37,011 including interest at 1.53% beginning November 27, 2015.	216,238
A \$400,000 installment purchase contract from SunTrust Equipment Finance & Leasing Corp for vehicles and equipment. The note is payable in ten equal semi-annual payments of \$41,944 including interest at 1.745% beginning May 1, 2014.	123,669
A \$500,000 installment purchase contract from BB & T for a fire truck, patrol cars and computer equipment and software. The note is payable in seven annual payments of \$76,840 Including interest at 1.86% beginning September 28, 2013.	222,206
A \$870,000 installment purchase contract from BB & T for replacing a portion of the high school's roof, to update the fire alarm system at an elementary school, (74.37%) and to replace the HVAC piping system at a County building (25.63%). The note is payable in twenty semi-annual payments of \$43,500 principal and interest at 2.29% beginning December 17, 2014.	609,000
A \$805,000 installment purchase contract with TowneBank for the purchase of a fire truck, patrol cars, two ambulances and a fleet vehicle. The note is payable in ten semi-annual payments of \$84,824 including interest at 1.90% beginning July 2017.	805,000

A \$2,490,000 installment purchase contract with TowneBank for various school capital projects which include HVAC replacement, new chiller, and two roof replacements. The note is payable in twenty semi-annual payments of \$124,500 principal and interest at 2.32%, beginning November 2017. 2,490,000

A \$226,922 installment purchase contract with PNC Bank for the purchase of patrol cars and computer equipment. The note is payable in fourteen semi-annual payments of \$35,051 including interest at 2.12% beginning May 2012. 51,482

Total General Fund \$ 28,908,407

Enterprise Funds

A \$155,078 installment purchase contract with PNC Bank for the purchase of transfer trailers and a truck. The note is payable in fourteen semi-annual payments of \$23,958 including interest at 2.12% beginning May 2012. \$ 35,188

Total Enterprise Funds 35,188

Total Installment Purchases \$ 28,943,595

Debt service requirements to maturity are as follows:

Governmental Activities:

Year ending June 30	Principal	Interest	Total
2018	\$ 2,515,899	\$ 979,707	\$ 3,495,606
2019	2,471,078	901,476	3,372,554
2020	2,404,917	824,635	3,229,552
2021	2,246,268	748,613	2,994,881
2022	2,134,105	674,880	2,808,985
2023 – 2027	8,001,055	2,405,064	10,406,119
2028 – 2032	1,300,738	1,618,862	2,919,600
2033 – 2037	1,563,617	1,355,983	2,919,600
2038 – 2042	1,879,623	1,039,977	2,919,600
2043 – 2047	2,259,495	660,105	2,919,600
2048 – 2051	2,131,612	203,484	2,335,096
Total	<u>\$ 28,908,407</u>	<u>\$ 11,412,786</u>	<u>\$ 39,752,724</u>

Business-type Activities:

Year ending June 30	Principal	Interest	Total
2018	\$ 23,335	\$ 623	\$ 23,958
2019	11,853	125	11,978
Total	<u>\$ 35,188</u>	<u>\$ 748</u>	<u>\$ 35,936</u>

f. Qualified School Construction Bonds

Qualified School Construction Bonds (QSCBs) are a United States debt instrument created by Section 1521 of the American Recovery and Reinvestment Act of 2009 and are covered under Section 54F of the Internal Revenue Service code. Elizabeth City-Pasquotank School System along with Pasquotank County; applied for and received approval for Qualified School Construction Bonds

in the amount of \$2,000,000 to finance the replacement of the heating, ventilation and air-conditioning systems or equipment at several schools and the resurfacing of the tennis courts and track at the high school. Principal and interest payments at 4.91% are due annually beginning on December 15, 2012 and ending on December 15, 2026. QSCBs allow Counties to borrow at zero percent interest. The County must first make the interest payment and then request a refund of the interest paid. The balance at June 30, 2017 is \$1,333,333.

Debt service requirements to maturity are presented in the following table:

Year ending June 30	Principal	Interest	Total
2018	\$ 133,333	\$ 65,467	\$ 198,800
2019	133,333	58,920	192,253
2020	133,333	52,373	185,706
2021	133,333	45,827	179,160
2022	133,333	39,280	172,613
2023 - 2027	<u>666,668</u>	<u>98,200</u>	<u>764,868</u>
	<u>\$ 1,333,333</u>	<u>\$ 360,067</u>	<u>\$ 1,693,400</u>

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$24,106,136 relates to assets the County holds title to. Debt in the amount of \$19,186,351 relates to assets in which the County does not hold title to. Unamortized bond refunding differences and unamortized premium on COPS are both related to assets in which the County does not hold title to.

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
<b>Governmental Activities:</b>					
Installment purchase	\$ 27,714,088	\$ 3,295,000	\$ 2,100,681	\$ 28,908,407	\$ 2,515,899
Advance refunding	9,240,366		867,261	8,373,105	863,523
Certificates of Participation	5,715,000		1,320,000	4,395,000	1,390,000
Unamortized premium on COPS	341,078		58,436	282,642	58,435
Qualified Zone Academy Bonds	1,002,959		1,002,959	-	
Qualified School Construction Bonds	1,466,667		133,334	1,333,333	133,333
Compensated absences	885,199	545,068	510,081	920,186	510,081
Post employment benefits	4,327,785	988,438	87,639	5,228,584	
Net pension liability (LGERS)	709,394	3,600,347	709,394	3,600,347	
Total pension liability (LEOSSA)	918,724	60,064	18,727	960,061	
Total governmental activities	<u>\$ 52,321,260</u>	<u>\$ 8,488,917</u>	<u>\$ 6,808,512</u>	<u>\$ 54,001,665</u>	<u>\$ 5,471,271</u>
<b>Business-type activities</b>					
Installment purchases	\$ 58,036		\$ 22,848	\$ 35,188	\$ 23,335
Revenue bonds	12,630,563		873,943	11,756,620	788,474
Post employment benefits	1,270,292	109,827	21,000	1,359,119	
Net pension liability (LGERS)	81,473	397,494	81,473	397,494	
Compensated absences	118,470	55,206	59,801	113,875	52,370
Total business-type activities	<u>\$ 14,158,834</u>	<u>\$ 562,527</u>	<u>\$ 1,059,065</u>	<u>\$ 13,662,296</u>	<u>\$ 864,179</u>

The LGERS plan had a net pension liability as of June 30, 2017.

For the governmental activities, claims and judgments and compensated absences are generally liquidated in the General Fund. The net pension obligation and the post employment benefits for the governmental activities are liquidated in the General Fund.

**C. Interfund Balances and Activity**

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

From the Landfill Fund to the Capital Reserve fund  
to accumulate resources for the future needs of  
the Landfill Fund \$100,000

**D. Net Investment in Capital Assets**

	Governmental	Business-type
Capital Assets	\$ 41,715,078	\$ 26,285,418
less: long-term debt	(23,410,238)	(11,791,808)
Net investment in capital assets	\$ 18,304,840	\$ 14,493,610

**E. Fund Balance**

Pasquotank County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

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

Total Fund balance-General Fund	\$ 14,012,459
Less:	
Prepaid items	14,076
Stabilization by State Statute	4,398,950
Appropriated Fund Balance in 2017-18 Budget	606,526
School Capital Project	413,256
Tax Revaluation	134,241
Remaining Fund Balance	8,445,410

The outstanding encumbrances are amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Non-Major Funds
	\$90,579	\$ -0-

**Note 4 - Jointly Governed Organizations**

- Albemarle Commission
- Albemarle District Jail Commission
- Albemarle Mental Health Center
- Inter-County Public Transport Authority
- Albemarle Regional Health Services

Services of the above agencies are shared with other Counties in the surrounding area. Each County's contribution to these agencies is based on a per capita assessment based on the most recent census figures available, and each County appoints one or more members to the Boards of these agencies. Pasquotank County does not have significant influence over the above agencies, and they in turn are not



dependent upon the County to a degree sufficient to justify the inclusion of the agencies as a part of the County reporting entity.

#### **Note 5 - Joint Ventures**

##### Elizabeth City-Pasquotank County Regional Airport

The Elizabeth City-Pasquotank County Regional Airport was created in March of 1987 by the City and the County to operate the municipal airport. The City Council and the Board of commissioners each appoint two members of the Airport's governing board; appointment of a fifth member, the chairperson, is alternated between the City and County. All appointments are for two years. The Airport is not yet self-sustaining. The County has an ongoing financial responsibility because it and the City are legally obligated under H.B. 769 Chapter 198 for any operating deficits on a 50/50 basis. The participating governments do not have any equity interest in the Airport, so no equity interest has been reflected in the financial statements at June 30, 2017. Financial statements for the Airport may be obtained at the Airport's office at 1028 Consolidated Road, Elizabeth City, North Carolina, 27909.

##### Pasquotank County ABC Board

The Pasquotank County ABC Board is a corporate body with powers outlined by G. S. 18B-701. The Pasquotank County Commissioners and the Elizabeth City Council each appoint two members to the ABC Board; the fifth member is appointed jointly by the City and the County. The ABC Board may borrow money in accordance with G.S. 18B-702(b) and the County and City are not responsible for any deficits incurred by the ABC Board. A special act, H.B. 545 Chapter 370 of the North Carolina Legislature, General Assembly of 1947, gives the Pasquotank County ABC Board the authority to divide its profits equally between Pasquotank County and Elizabeth City. There are no ongoing financial interest or responsibilities. Financial statements may be obtained at the ABC Board at 225 South Hughes Boulevard, Elizabeth City, North Carolina, 27909.

##### Elizabeth City-Pasquotank County Economic Development Commission

The Elizabeth City-Pasquotank County Economic Development Commission is an independent entity formed in 1976 for the purpose of coordinating City and County efforts to attract new industry to the area. The City and County contributed equal amounts to the Commission to purchase and improve 41.4 acres of land for an industrial park, located within the city limits. Proceeds from sales of this property are returned to the City and County on a 50/50 basis. The City and County make annual contributions to the Commission for operating expenses. The County has an ongoing financial responsibility for the joint venture because the Elizabeth City-Pasquotank County Economic Development Commission's continued existence depends on the participating governments' continued financing. The participating governments do not have any equity interest in the Elizabeth City-Pasquotank County Economic Development Commission, so no equity interest has been reflected in the financial statements at June 30, 2017.

In November 1985, the City and County purchased 52.01 acres of land for a second industrial park located outside the corporate city limits. Total cost of this site was \$261,375. Purchase and improvement costs and proceeds from sales are shared equally by the City and County. Pasquotank County contributed \$100,172 and \$100,172 during the years ended June 30, 2017 and 2016, respectively, towards the operating expenses of the Albemarle Economic Development Commission. Financial statements for the Albemarle Economic Development Commission may be obtained at the Commission's office at 405 East Main Street, Elizabeth City, North Carolina, 27909.

#### **Note 6 - Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes**

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option

sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2017, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for debt related to public school capital projects.

**Note 7 - 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 this additional aid to County recipients which do not appear in the financial statements because they are not revenues and expenditures of the County.

	<u>CFDA</u>	<u>Federal</u>	<u>State</u>
Temporary assistance for needy families	93.558	\$ 213,236	\$ -
Energy Assistance	93.568	374,817	
Medicaid	93.778	33,541,904	18,053,648
Foster Care	93.658	10,373	23,695
Adoption Assistance	93.659	201,019	136,800
WIC	10.557	1,029,632	-
N.C. Health Choice	93.767	691,013	3,590
Special Assistance for Adults			213,209
Special Assistance for the Disabled			249,745

**Note 8 - Summary Disclosure of Significant Commitments and Contingencies**

Federal and State Assisted Programs

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

**Note 10 – Lease Agreement**

Effective March 1, 2014, the Albemarle Hospital Authority entered into a long-term lease agreement, as well as associated ancillary agreements (collectively, the “Lease Agreement”), with Sentara Healthcare (“Sentara”) and a wholly owned subsidiary of Sentara, Sentara Albemarle Regional Medical Center (“SARMC”). Pursuant to the Lease Agreement, as of March 1, 2014, the Authority transferred all operating rights, obligations and benefits associated with the Authority’s facilities, clinics and operations, as well as certain assets and liabilities associated with the Authority, to SARMC, all subject to the terms of the related transactional documents. Consequently, as of March 1, 2014, the Authority is no longer the operator of the health system known as “Albemarle Health”.

**Note 11 – Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers’ Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$408,620. The County also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Healthcare Benefits Plan. The implementation of this statement had no effect on net position.

**Note 12 – Special Item**

The County recognized \$855,939 in accumulated investment earnings from the trustee, U.S. Bank, as part of the financing agreement concerning the Qualified Zone Academy Bonds. These funds were used to pay the remaining balance on the outstanding debt on July 11, 2016.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-1

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
For the Year Ended June 30, 2017

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	<u>2017</u>
Beginning balance	\$ 918,724
Service Cost	51,533
Interest on the total pension liability	32,464
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(23,933)
Benefit payments	(18,727)
Other changes	-
Ending balance of the total pension liability	<u>\$ 960,061</u>

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

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-2

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
For the Year Ended June 30, 2017

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	<u>2017</u>
Total pension liability	\$ 960,061
Covered payroll	1,886,349
Total pension liability as a percentage of covered payroll	50.90%

Notes to the schedules:

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

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-3

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]
12/31/2007	\$ 0	\$ 7,397,425	\$ 7,397,425	0.00%	\$ 9,167,251	80.70%
12/31/2009	0	7,630,882	7,630,882	0.00%	9,858,419	77.40%
12/31/2011	0	8,689,160	8,689,160	0.00%	10,097,942	86.00%
12/31/2012	0	9,512,182	9,512,182	0.00%	10,004,533	95.08%
12/31/2013	0	8,171,434	8,171,434	0.00%	10,282,185	79.50%
12/31/2014	0	8,904,297	8,904,297	0.00%	11,005,201	80.91%
12/31/2015	0	11,591,621	11,591,621	0.00%	11,528,348	100.50%
12/31/2015	0	12,581,247	12,581,247	0.00%	12,478,909	100.50%

Pasquotank County has elected to fund the Postemployment Health Care Plan on a pay as you go basis. The County has fifteen people currently participating under this plan.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-4

OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 751,946	3.13%
2010	733,958	6.29%
2012	823,022	8.15%
2013	823,022	8.24%
2014	759,735	10.14%
2015	813,271	10.74%
2016	1,088,258	8.97%
2017	1,088,258	9.98%



**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-5

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**Local Government Employees' retirement system  
Last Four Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.188%	0.176%	0.176%	0.180%
County's proportionate share of the net pension liability (asset)	\$ 3,997,841	\$ 790,867	\$ (1,035,948)	\$ 2,180,540
County's covered-employee payroll	\$ 12,060,605	\$ 10,815,619	\$ 10,347,999	\$ 9,876,047
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.15%	7.31%	(10.01%)	22.79%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

This schedule is intended to show data for ten years. Additional years' information will be displayed as it becomes available.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-6

**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**

Local Government Employees' retirement system

Last Four Fiscal Years

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 930,865	\$ 825,529	\$ 767,841	\$ 735,202
Contributions in relation to the Contractually required contribution	930,865	825,529	767,841	735,202
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 12,478,909	\$ 12,060,605	\$ 10,815,619	\$ 10,347,999
Contributions as a percentage of covered-employee payroll	7.46%	6.38%	7.10%	7.10%

This schedule is intended to show data for ten years. Additional years' information will be displayed as it becomes available.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-7

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**Register of Deeds' Supplemental Pension Fund  
Last Four Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.424%	0.412%	0.423%	0.422%
County's proportionate share of the net pension liability (asset)	\$ (79,228)	\$ (95,458)	\$ (95,907)	\$ (90,047)
County's covered-employee payroll	\$ 62,788	\$ 55,319	\$ 54,264	\$ 53,729
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(126.18%	(172.56%)	(176.74%)	(167.59%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

This schedule is intended to show data for ten years. Additional years' information will be displayed as it becomes available.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule A-8

**SCHEDULE OF THE COUNTY'S CONTRIBUTIONS**

Register of Deeds' Supplemental Pension Fund

Last Four Fiscal Years

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,496	\$ 3,462	\$ 3,296	\$ 3,455
Contributions in relation to the Contractually required contribution	<u>3,496</u>	<u>3,462</u>	<u>3,296</u>	<u>3,455</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 65,756	\$ 62,788	\$ 55,319	\$ 54,264
Contributions as a percentage of covered-employee payroll	5.32%	5.51%	5.96%	6.37%

This schedule is intended to show data for ten years. Additional years' information will be displayed as it becomes available.

## MAJOR GOVERNMENTAL FUND

**General Fund** - The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 1 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Ad valorem taxes:			
Taxes	\$ 22,449,500	\$ 22,564,652	\$ 115,152
Taxes, prior years	628,702	810,777	182,075
Advertising fees	10,000	6,019	(3,981)
Penalties and interest	164,200	202,760	38,560
Total	<u>23,252,402</u>	<u>23,584,208</u>	<u>331,806</u>
Local option sales taxes:			
Article 39 one percent	3,490,000	3,563,434	73,434
Article 40 one-half of one percent	2,050,000	2,087,417	37,417
Article 42 one-half of one percent	1,960,000	2,020,317	60,317
Article 44 one-half of one percent		500	500
Article 44 one-half of one percent-HB 524		12,701	12,701
Total	<u>7,500,000</u>	<u>7,684,369</u>	<u>184,369</u>
Other taxes and licenses:			
Privilege licenses	2,000	2,830	830
Franchise fees	200,000	177,178	(22,822)
Marriage licenses	5,000	6,975	1,975
DMV license revocation fees	3,500	3,750	250
Documentary stamps	100,000	131,990	31,990
Gross receipts tax	77,855	81,325	3,470
In lieu of taxes-Elizabeth City Housing Authority	20,000	24,264	4,264
Real estate transfer tax	800,000	1,131,482	331,482
Total	<u>1,208,355</u>	<u>1,559,794</u>	<u>351,439</u>
Unrestricted intergovernmental revenue:			
Beer and wine tax	95,000	99,350	4,350
Tax refunds-sales tax		453	453
Tax refunds-gasoline	4,000	3,832	(168)
Total	<u>99,000</u>	<u>103,635</u>	<u>4,635</u>
Restricted intergovernmental revenue:			
State grants	1,738,383	775,094	(963,289)
Federal grants	5,409,886	5,392,030	(17,856)
Jail-Camden/Perquimans	402,389	424,312	21,923
NC Lottery funds	400,000	394,765	(5,235)
Court facility fees	55,000	45,847	(9,153)
Total	<u>8,005,658</u>	<u>7,032,048</u>	<u>(973,610)</u>
Restricted other:			
Grants-other	40,000	40,000	
Sentara Albemarle Hospital	450,000	450,000	
Total	<u>490,000</u>	<u>490,000</u>	<u>-</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 2 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue (continued):			
Permits and fees:			
Gun Permits	17,587	19,655	2,068
Miscellaneous permits and fees		2,095	2,095
Officer and sheriff fees	110,000	95,474	(14,526)
Recording Fees	200,000	191,751	(8,249)
Building permits and inspection fees	63,500	98,975	35,475
Total	<u>391,087</u>	<u>407,950</u>	<u>16,863</u>
Sales and services:			
Ambulance fees	2,868,262	3,130,699	262,437
Jail fees	23,000	23,104	104
Rents	1,532,383	1,565,722	33,339
Law enforcement assistance-ABC Board	1,000		(1,000)
Tax collection fees	110,000	121,764	11,764
Library fees	21,000	22,240	1,240
Health Department	60,000	50,706	(9,294)
Other sales and services	22,000	17,682	(4,318)
Total	<u>4,637,645</u>	<u>4,931,917</u>	<u>294,272</u>
Investment earnings:	95,400	113,081	17,681
Miscellaneous:			
School Security	165,347	165,347	
ABC Board net revenue	194,500	199,150	4,650
Camden County:			
Central communications	541,327	313,057	(228,270)
Emergency medical services	499,550	499,550	
City of Elizabeth City:			
Central communications	866,123	500,891	(365,232)
Animal control	130,270	126,168	(4,102)
Library		2,000	2,000
Food stamp claims collections	15,625	4,886	(10,739)
AFDC/TANF/MA/SA/IV-D reimbursements	7,900	18,015	10,115
Day care reimbursements		1,604	1,604
Sale of fixed assets	22,000	35,547	13,547
Insurance proceeds	509,857	531,291	21,434
Other	280,810	162,115	(118,695)
Total	<u>3,233,309</u>	<u>2,559,621</u>	<u>(673,688)</u>
Total revenues	<u>48,912,856</u>	<u>48,466,623</u>	<u>(446,233)</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 3 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	69,972	65,225	4,747
Operating expenditures	27,600	19,768	7,832
Total	97,572	84,993	12,579
Administration:			
Salaries and employee benefits	205,455	204,988	467
Operating expenditures	9,850	6,961	2,889
Capital Outlay	30,000	29,979	21
Total	245,305	241,928	3,377
Data processing:			
Salaries and employee benefits	106,676	104,825	1,851
Operating expenditures	177,788	166,726	11,062
Capital outlay	50,750	26,582	24,168
Total	335,214	298,133	37,081
Election board:			
Salaries and employee benefits	108,634	104,974	3,660
Operating expenditures	113,600	112,391	1,209
Total	222,234	217,365	4,869
Finance:			
Salaries and employee benefits	168,876	167,303	1,573
Operating expenditures	29,735	29,243	492
Total	198,611	196,546	2,065
Tax administration:			
Salaries and employee benefits	486,239	452,839	33,400
Operating expenditures	152,767	134,376	18,391
Capital Outlay	50,202	49,589	613
Total	689,208	636,804	52,404
Legal:			
Salaries and employee benefits	169,679	171,964	(2,285)
Operating expenditures	17,375	12,860	4,515
Total	187,054	184,824	2,230
Register of Deeds:			
Salaries and employee benefits	225,439	222,816	2,623
Operating expenditures	16,675	15,003	1,672
Automation/Preservation	6,000	5,564	436
Total	248,114	243,383	4,731



**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 4 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
General government (continued):			
Personnel/Payroll:			
Salaries and employee benefits	92,795	92,287	508
Operating expenditures	2,650	2,473	177
Total	95,445	94,760	685
Public buildings:			
Salaries and employee benefits	518,685	510,854	7,831
Operating expenditures	1,151,729	716,180	435,549
Capital outlay	74,300	18,039	56,261
Total	1,744,714	1,245,073	499,641
Court facilities:			
Operating expenditures	55,000	7,486	47,514
Total	55,000	7,486	47,514
Non-Departmental:			
Workers compensation and liability insurance	197,844	192,873	4,971
Operating expenditures	80,038	85,271	(5,233)
Total	277,882	278,144	(262)
Total general government	4,396,353	3,729,439	666,914
Public safety:			
Sheriff:			
Salaries and employee benefits	2,828,063	2,835,912	(7,849)
Operating expenditures	447,659	394,230	53,429
Capital outlay	380,100	334,351	45,749
Total	3,655,822	3,564,493	91,329
Animal control:			
Salaries and employee benefits	108,232	106,244	1,988
Operating expenditures	24,409	17,380	7,029
Capital outlay	10,800	6,612	4,188
SPCA Contract	122,100	122,100	
Total	265,541	252,336	13,205
Jail:			
Professional services	350,700	338,979	11,721
Juvenile services	50,000	41,114	8,886
County's share Tri-County Jail	1,638,268	1,638,268	
Debt service:			
Principal	755,685	755,685	
Interest	610,556	610,555	1
Total	3,405,209	3,384,601	20,608

**PASQUOTANK COUNTY, NORTH CAROLINA**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Public safety (continued):			
School resource officers:			
Salaries and employee benefits	282,695	278,951	3,744
Operating expenditures	22,100	14,538	7,562
Capital Outlay		11,019	(11,019)
Total	<u>304,795</u>	<u>304,508</u>	<u>287</u>
Building inspector:			
Salaries and employee benefits	139,004	141,267	(2,263)
Operating expenditures	24,250	14,631	9,619
Total	<u>163,254</u>	<u>155,898</u>	<u>7,356</u>
National Guard	<u>200</u>	<u>200</u>	
Fire and forest protection:			
Salaries & Employee Benefits	34,649	34,504	145
Operating expenditures	4,100	37,437	(33,337)
Capital outlay	351,794	312,754	39,040
Assistance to Forestry service	48,364	48,364	
Assistance to local fire departments	671,804	616,692	55,112
Intercounty assistance	67,850	67,850	
Total	<u>1,178,561</u>	<u>1,117,601</u>	<u>60,960</u>
Emergency medical services:			
Salaries and employee benefits	3,641,081	3,666,207	(25,126)
Operating expenditures	592,985	551,481	41,504
Capital outlay	443,691	468,281	(24,590)
Debt service:			
Principal	62,620	40,336	22,284
Interest	25,894	1,608	24,286
Total	<u>4,766,271</u>	<u>4,727,913</u>	<u>38,358</u>
Central communications:			
Salaries and employee benefits	970,882	920,363	50,519
Operating expenditures	268,313	234,103	34,210
Capital outlay	1,125,000	334,522	790,478
Total	<u>2,364,195</u>	<u>1,488,988</u>	<u>875,207</u>
Emergency Management:			
Salaries and employee benefits	120,847	117,581	3,266
Operating expenditures	42,819	34,439	8,380
Grants-reimbursement	53,015	56,725	(3,710)
Total	<u>216,681</u>	<u>208,745</u>	<u>7,936</u>
Total public safety	<u>16,320,529</u>	<u>15,205,283</u>	<u>1,115,246</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 6 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Economic and physical development:			
Planning and zoning:			
Board salaries	1,200	650	550
Salaries and employee benefits	143,475	139,074	4,401
Operating expenditures	9,430	5,836	3,594
Total	<u>154,105</u>	<u>145,560</u>	<u>8,545</u>
Geographical Information System:			
Salaries and employee benefits	116,475	116,540	(65)
Operating expenditures	3,500	2,885	615
Total	<u>119,975</u>	<u>119,425</u>	<u>550</u>
Agricultural extension:			
Salaries and employee benefits	198,334	169,043	29,291
Operating expenditures	31,940	20,796	11,144
Grant-SHIIP	5,304	5,343	(39)
Total	<u>235,578</u>	<u>195,182</u>	<u>40,396</u>
Soil and water conservation:			
Salaries and employee benefits	39,185	39,979	(794)
Operating expenditures	35,276	16,740	18,536
Grant-reimbursement	181,202	136,945	44,257
Total	<u>255,663</u>	<u>193,664</u>	<u>61,999</u>
Commerce Park	<u>48,000</u>	<u>3,763</u>	<u>44,237</u>
Albemarle Resource Conservation and Development Council	<u>750</u>	<u>750</u>	
Albemarle Commission	<u>33,617</u>	<u>33,617</u>	
Economic Development Commission	<u>100,172</u>	<u>100,172</u>	
Elizabeth City Downtown	<u>2,500</u>	<u>2,500</u>	
Incentive Grant	<u>100,700</u>	<u>94,001</u>	<u>6,699</u>
City of Elizabeth City-Aircraft Taxes	<u>26,500</u>	<u>21,058</u>	<u>5,442</u>
Total economic and physical development	<u>1,077,560</u>	<u>909,692</u>	<u>167,868</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 7 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Human Services:			
Health:			
Medical Examiner fees	45,000	48,900	(3,900)
Assistance to District Health Department	156,930	156,930	
ARPCD-elderly nutrition assistance	69,613	70,213	(600)
ICPTA match	43,910	43,796	114
Total	<u>315,453</u>	<u>319,839</u>	<u>(4,386)</u>
Mental health:			
Children services-Caswell Center	250		250
Alcoholism - contracted services	85,506	85,506	
Total	<u>85,756</u>	<u>85,506</u>	<u>250</u>
Total health	<u>401,209</u>	<u>405,345</u>	<u>(4,136)</u>
Social services:			
Administration:			
Salaries and employee benefits	4,811,310	4,562,333	248,977
Board salaries	3,500	2,650	850
Operating expenditures	1,027,908	947,630	80,278
Capital outlay	25,995	13,623	12,372
Total	<u>5,868,713</u>	<u>5,526,236</u>	<u>342,477</u>
Special assistance for adults:			
County participation only:			
Aid for the aged	222,354	222,354	
Aid for the permanently and totally disabled	270,502	258,891	11,611
Total	<u>492,856</u>	<u>481,245</u>	<u>11,611</u>
Medicaid program:			
County participation only	<u>25,000</u>	<u>12,803</u>	<u>12,197</u>
Other assistance:			
Aid for the blind	4,595	4,594	1
Day care programs	1,762,834	1,732,584	30,250
Children's services	38,000	3,656	34,344
Adult services	50,298	45,553	4,745
Transportation services	75,000	48,000	27,000
Humanitarian needs	7,500	1,924	5,576
Crisis intervention	193,978	173,617	20,361
TANF emergency assistance	15,000	10,000	5,000
LIEAP program	193,978	173,617	20,361
Other (JOBS)	103,000	19,525	83,475
Foster care	235,500	52,240	183,260
Adoption assistance	72,993	63,443	9,550
Total	<u>2,752,676</u>	<u>2,328,753</u>	<u>423,923</u>
Total social services	<u>9,139,245</u>	<u>8,349,037</u>	<u>790,208</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 8 of 9

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Human services (continued):			
Kid's First	24,000	24,000	
Albemarle Hopeline	10,000	10,000	
Veterans service officer	2,000	1,878	122
Office of Juvenile Justice Programs-Pass Thru	133,974	137,674	(3,700)
Office of Juvenile Justice Programs-County match only	13,297	8,967	4,330
Food Bank of the Albemarle	10,000	10,000	
Skills, Inc.	1,000		1,000
River City Community Development Corporation	2,500		2,500
Home and Community Care Block Grant-County match only	4,990	3,722	1,268
Total human services	9,742,215	8,950,623	791,592
Cultural and recreational:			
City of Elizabeth City:			
Knobbs Creek Recreation Center	896,596	903,018	(6,422)
Senior Citizens Center	95,147	87,261	7,886
Total	991,743	990,279	1,464
Walking Trail-Fun Junktion	81,860	25,080	56,780
Playground Equipment-Match	5,000	5,000	
Library:			
Salaries and employee benefits	503,355	474,722	28,633
Operating expenditures	154,395	147,625	6,770
Total	657,750	622,347	35,403
Total cultural and recreational	1,736,353	1,642,706	93,647

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-1

GENERAL FUND

Page 9 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Education:			
Public Schools, current expense	10,000,000	10,000,000	
Public Schools, capital outlay	3,661,124	2,644,710	1,016,414
Community College, operations appropriation	1,500,000	1,500,000	
Community College, capital appropriation	448,182	415,869	32,313
Total education	<u>15,609,306</u>	<u>14,560,579</u>	<u>1,048,727</u>
Debt service:			
Principal retirement	3,772,274	3,772,274	
Interest and fees	909,340	908,796	544
Trustee services	9,600	9,625	(25)
Total debt service	<u>4,691,214</u>	<u>4,690,695</u>	<u>519</u>
Total expenditures	<u>53,573,530</u>	<u>49,689,017</u>	<u>3,862,229</u>
Revenue over (under) expenditures	<u>(4,660,674)</u>	<u>(1,222,394)</u>	<u>3,438,280</u>
Other financing sources (uses):			
Transfers from (to) other funds:			
Special revenue funds:			
Reappraisal reserve	(40,000)	(40,000)	
Issuance of debt	3,295,000	3,295,000	
Fund balance appropriated	1,405,674		(1,405,674)
Total other financing sources (uses)	<u>4,660,674</u>	<u>3,255,000</u>	<u>(1,405,674)</u>
Excess of revenue and other sources over expenditures and other uses	-	2,032,606	2,032,606
Fund balance, beginning of year		11,199,477	
Fund balance, end of year	<u>\$ -</u>	<u>\$ 13,232,083</u>	<u>\$ -</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-2

CAPITAL RESERVE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Sale of land	\$ -	\$	\$
Investment earnings	1,500	5,384	3,884
Total revenue	<u>1,500</u>	<u>5,384</u>	<u>3,884</u>
Expenditures:			
Reserve Funds	637,500		637,500
Revenues over (under) expenditures	<u>637,500</u>	<u>-</u>	<u>637,500</u>
Other financing sources:			
Transfers in-Landfill Fund	100,000	100,000	
Fund balance appropriated	536,000		(536,000)
Total other financing sources	<u>636,000</u>	<u>100,000</u>	<u>(536,000)</u>
Excess of revenue over expenditures	\$ <u>-</u>	105,384	\$ <u>105,384</u>
Fund balance, beginning of year		<u>540,751</u>	
Fund balance, end of year		\$ <u><u>646,135</u></u>	

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule B-3

REAPPRAISAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2017

---

	2017		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Investment earnings	\$ -	\$ 1,007	\$ 1,007
Expenditures:			
General government:			
Tax listing	40,000		40,000
Total expenditures	40,000	-	40,000
Revenue over (under) expenditures	(40,000)	1,007	41,007
Other financing sources:			
Transfers in:			
General fund	40,000	40,000	
Total other financing sources	40,000	40,000	-
Revenue and other sources over expenditures	\$ -	41,007	\$ 41,007
Fund balance, beginning of year		93,234	
Fund balance, end of year		\$ 134,241	



## NONMAJOR GOVERNMENTAL FUNDS

**SPECIAL REVENUE FUNDS:** Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Emergency Telephone Fund** – This fund accounts for the receipt of the 911 telephone charges and the expenditures for these funds.

**Seized Asset Fund** - This fund accounts for the county's portion of assets seized by law enforcement. These funds are to be used by the Sheriff's Department.

**Library Reserve Fund** – This fund accounts for the donations received by the Library to be used for specific purposes for the Library.

**Drainage Districts Fund** – This fund accounts for the State grant and the matching local funds for the Upper Pasquotank River Stream Restoration.

**Friends of the Library Fund** – This fund accounts for donations earmarked for future need of the library, whether capital or operating.

**Occupancy Tax Fund** – This fund accounts for the collection of the six percent hotel room occupancy tax.

**Pasquotank County, North Carolina**

Schedule C-1

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

	Special Revenue Funds							Total
	Emergency Telephone System Fund	Seized Asset Fund	Library Reserve Fund	Drainage Districts Fund	Friends of the Library	Occupancy Tax Fund		Nonmajor Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 450,675	\$ 76,587	\$ 7,162	\$ 15,287	\$ 4,204	\$ -		\$ 553,915
Assessments receivable				393				393
Other receivables	79,784		12					79,796
Total assets	<u>\$ 530,459</u>	<u>\$ 76,587</u>	<u>\$ 7,174</u>	<u>\$ 15,680</u>	<u>\$ 4,204</u>	<u>\$ -</u>		<u>\$ 634,104</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 7,160	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 7,160
Unearned revenue				393				393
Total liabilities	<u>7,160</u>	<u>-</u>	<u>-</u>	<u>393</u>	<u>-</u>	<u>-</u>		<u>7,553</u>
Fund balances:								
Restricted for:								
Stabilization by State statute	79,784		12					79,796
Emergency telephone system	443,515							443,515
Law enforcement		76,587						76,587
Committed for:								
Drainage				15,287				15,287
Library			7,162		4,204			11,366
Unassigned:								
Total fund balances	<u>523,299</u>	<u>76,587</u>	<u>7,174</u>	<u>15,287</u>	<u>4,204</u>	<u>-</u>		<u>626,551</u>
Total liabilities and fund balances	<u>\$ 530,459</u>	<u>\$ 76,587</u>	<u>\$ 7,174</u>	<u>\$ 15,680</u>	<u>\$ 4,204</u>	<u>\$ -</u>		<u>\$ 634,104</u>

**Pasquotank County, North Carolina**

Schedule C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2017

	Special Revenue Funds							
	Emergency Telephone System Fund	Seized Asset Fund	Library Reserve Fund	Drainage Districts Fund	Friends of the Library	Occupancy Tax Fund	Total Nonmajor Governmental Funds	
<b>REVENUES</b>								
Assessments	\$ -	\$ -	\$ -	\$ 5,179	\$ -	\$ -	\$ 5,179	
Gifts and donations			500		159		659	
State E911 funds	406,153						406,153	
Restricted-other	182,795					671,382	854,177	
Restricted intergovernmental		37,895	-				37,895	
Miscellaneous revenue	2,344		40	42	1,655		4,081	
Investment earnings	3,208	571	51	127	37		3,994	
Total revenues	594,500	38,466	591	5,348	1,851	671,382	1,312,138	
<b>EXPENDITURES</b>								
Public safety	372,855	25,423					398,278	
Physical and economic development						671,382	671,382	
Cultural and recreational			1,919		1,700		3,619	
Total expenditures	372,855	25,423	1,919	-	1,700	671,382	1,073,279	
Excess (deficiency) of revenues over expenditures	221,645	13,043	(1,328)	5,348	151	-	238,859	
Net change in fund balances	221,645	13,043	(1,328)	5,348	151	-	238,859	
Fund balances - beginning	301,654	63,544	8,502	9,939	4,053	-	387,692	
Fund balances - ending	\$ 523,299	\$ 76,587	\$ 7,174	\$ 15,287	\$ 4,204	\$ -	\$ 626,551	

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule C-3

EMERGENCY TELEPHONE SYSTEM FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 --BUDGET AND ACTUAL--  
 FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
State 911 funds	\$ 406,153	\$ 406,153	\$ -
Grant funds	1,010,779	182,795	(827,984)
Miscellaneous revenue		2,344	2,344.00
Investment earnings	1,447	3,208	1,761
Total revenue	<u>1,418,379</u>	<u>594,500</u>	<u>(823,879)</u>
Expenditures:			
State 911 funds:			
Telephone	86,000	81,899	4,101
Maintenance-equipment	90,000	82,898	7,102
Travel and training	9,000	2,037	6,963
Departmental Supplies	5,000	4,671	329
Rent-copier	3,000	2,683	317
Contracted services	115,000	15,872	99,128
Grant-Back-up Center	1,010,779	182,795	827,984
Capital outlay	399,600		399,600
Total State 911 fund expenditures	<u>1,718,379</u>	<u>372,855</u>	<u>1,345,524</u>
Total Expenditures	<u>1,718,379</u>	<u>372,855</u>	<u>1,345,524</u>
Revenue over expenditures	<u>(300,000)</u>	<u>221,645</u>	<u>521,645</u>
Other financing sources (uses):			
Fund balance appropriated	<u>300,000</u>		<u>(300,000)</u>
Total other financing sources (uses):	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
Excess of revenue over (under) expenditures	\$ <u>-</u>	221,645	\$ <u>221,645</u>
Fund balance, beginning of year		301,654	
Fund balance, end of year		\$ <u>523,299</u>	

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule C-4

SEIZED ASSET FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

From Inception and for the year ended June 30, 2017

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
Revenue:				
County share - seized assets	\$ 390,800	\$ 417,343	\$ 37,895	\$ 455,238
Bullet proof vest program	6,575	11,075		11,075
Other revenue	4,825	3,089	-	3,089
Investment earnings	11,650	13,500	571	14,071
Total revenue	<u>413,850</u>	<u>445,007</u>	<u>38,466</u>	<u>483,473</u>
Expenditures				
Law enforcement	<u>422,350</u>	<u>381,463</u>	<u>25,423</u>	<u>406,886</u>
Other financing sources:				
Fund balance appropriated	<u>8,500</u>			
Revenue over expenditures	\$ <u>-</u>	<u>63,544</u>	13,043	<u>76,587</u>
Fund balance, beginning of year			<u>63,544</u>	
Fund balance, end of year			\$ <u>76,587</u>	

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule C-5

LIBRARY RESERVE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Restricted revenue:			
Gifts and donations	\$ 500	\$ 500	\$ -
Miscellaneous revenue	1,000	40	(960.00)
Total	<u>1,500</u>	<u>540</u>	<u>(960)</u>
Investment earnings:	<u>30</u>	<u>51</u>	<u>21</u>
Total Revenue	<u>1,530</u>	<u>591</u>	<u>(939)</u>
Expenditures			
Operating expenses	1,760	1,002	758
Library materials	525	777	(252)
Local grants		140	(140)
Total expenditures	<u>2,285</u>	<u>1,919</u>	<u>366</u>
Other financing sources:			
Fund balance appropriated	<u>755</u>		<u>(755)</u>
Revenue over expenditures	\$ <u>-</u>	(1,328)	\$ <u>(1,328)</u>
Fund balance, beginning of year		<u>8,502</u>	
Fund balance, end of year		\$ <u><u>7,174</u></u>	

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule C-6

DRAINAGE DISTRICTS FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2017

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	2017		
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenue:			
Assessments:			
River	\$ 5,300	\$ 5,179	\$ (121)
Penalties, interest & advertising		42	42
Total assessments revenue	<u>5,300</u>	<u>5,221</u>	<u>(79)</u>
Investment earnings:		127	127
Total revenue	<u>5,300</u>	<u>5,348</u>	<u>48</u>
Expenditures:			
Newland District			
Maintenance	5,300		5,300
Total Newland District	<u>5,300</u>	<u>-</u>	<u>5,300</u>
Total Expenditures	<u>5,300</u>	<u>0</u>	<u>5,300</u>
Revenue over expenditures	\$ <u>-</u>	5,348	\$ <u>5,348</u>
Fund balance, beginning of year		<u>9,939</u>	
Fund balance, end of year		\$ <u>15,287</u>	

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule C-7

FRIENDS OF THE LIBRARY FUND  
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 --BUDGET AND ACTUAL--  
 FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Restricted revenue:			
Gifts and donations	\$ 100	\$ 159	\$ 59
Book Sales	900	999	99
Membership Dues	650	620	(30)
Miscellaneous revenue	100	36	(64)
Total	<u>1,750</u>	<u>1,814</u>	<u>64</u>
Investment earnings:	<u>35</u>	<u>37</u>	<u>2</u>
Total Revenue	<u>1,785</u>	<u>1,851</u>	<u>66</u>
Expenditures			
Library materials	1,000	1,000	
Operating expenses	2,440	700	1,740
Capital outlay	1,983	0	1,983
Total expenditures	<u>5,423</u>	<u>1,700</u>	<u>3,723</u>
Other financing sources:			
Fund balance appropriated	<u>3,638</u>		<u>(6,465)</u>
Revenue under expenditures	\$ <u>-</u>	151	\$ <u>151</u>
Fund balance, beginning of year		<u>4,053</u>	
Fund balance, end of year		\$ <u><u>4,204</u></u>	



**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule C-8

OCCUPANCY TAX FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2017

---

	2017		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Occupancy tax collections	\$ 670,670	\$ 671,382	\$ 712
Total Revenue	<u>670,670</u>	<u>671,382</u>	<u>712</u>
Expenditures:			
Tourism Development Authority	670,670	671,382	(712)
Total Expenditures	<u>670,670</u>	<u>671,382</u>	<u>(712)</u>
Revenue over (under) expenditures	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

## ENTERPRISE FUNDS

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - 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 net income is appropriate for accountability purposes.

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### Major:

**Landfill Fund** - This fund is used to account for the operations of the County's transfer station, recycling and solid waste activities. The Landfill no longer accepts municipal solid waste. Municipal solid waste is brought to the transfer station, where it is then hauled to an outside landfill in another county.

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

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 1 of 3

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Revenue:			
Operating revenue:			
Tipping fees	\$ 2,281,500	\$ 2,508,473	\$ 226,973
Solid waste fees	2,388,000	2,428,251	40,251
Penalties and interest	15,000	37,010	22,010
Other operating revenue	22,447	45,027	22,580
Total operating revenue	<u>4,706,947</u>	<u>5,018,761</u>	<u>311,814</u>
Non-operating revenue:			
NC Department of Revenue:			
Scrap tire tax	50,000	53,194	3,194
White goods tax	12,000	15,623	3,623
Solid waste disposal tax	16,000	18,296	2,296
Electronics management program	3,500	2,951	(549)
Interest earned	6,000	21,462	15,462
Sale of assets	25,000	20,056	(4,944)
Grant-reimbursement	65,000	31,707	(33,293)
Total non-operating revenue	<u>177,500</u>	<u>163,289</u>	<u>(14,211)</u>
Total revenue	<u>4,884,447</u>	<u>5,182,050</u>	<u>297,603</u>
Expenditures:			
Landfill operations:			
Salaries and employee benefits	462,065	396,038	66,027
Engineering and lab fees	27,000	21,013	5,987
Contracted services	1,250,000	1,125,443	124,557
Utilities and telephone	24,000	23,506	494
Supplies and materials	173,800	131,307	42,493
Repairs and maintenance	182,000	146,892	35,108
Other	52,000	41,911	10,089
Indirect Costs:			
Maintenance/Janitorial	9,156	9,156	
Personnel/Payroll	2,980	2,980	
Administration	6,666	6,666	
Finance office	26,248	26,248	
Solid waste disposal tax	65,000	66,231	(1,231)
Tire disposal	80,000	87,827	(7,827)
Electronics management	50,000	34,838	15,162
Total	<u>2,410,915</u>	<u>2,120,056</u>	<u>290,859</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

ENTERPRISE FUND-LANDFILL

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance Positive (Negative)
	Budget	Actual	
Convenience Sites:			
Salaries and employee benefits	458,217	483,517	(25,300)
Utilities and telephone	18,300	18,723	(423)
Repairs and maintenance	77,000	66,080	10,920
Operating expenses	104,308	100,364	3,944
Landfill fees	1,262,000	1,337,477	(75,477)
Indirect Costs:			
Personnel/Payroll	7,866	7,866	
Administration	7,999	7,999	
Finance office	14,635	14,635	
Data processing	5,950	5,950	
Total	<u>1,956,275</u>	<u>2,042,611</u>	<u>(86,336)</u>
Transfer station:			
Salaries and employee benefits	77,550	69,015	8,535
Repairs and maintenance	18,000	26,516	(8,516)
Operating expenses	24,842	23,133	1,709
Indirect Costs:			
Personnel/Payroll	632	632	
Insurance	1,435	1,435	
Administration	1,333	1,333	
Finance office	4,030	4,030	
Total	<u>127,822</u>	<u>126,094</u>	<u>1,728</u>
Other Costs:			
Capital outlay	215,000	274,853	(59,853)
Under threshold	50,000	47,661	2,339
Total	<u>265,000</u>	<u>322,514</u>	<u>(57,514)</u>
Debt Service:			
Principal	22,848	22,848	
Interest and fees	1,587	1,041	546
Total	<u>24,435</u>	<u>23,889</u>	<u>546</u>
Total expenditures	<u>4,784,447</u>	<u>4,635,164</u>	<u>149,283</u>
Revenue over (under) expenditures before other financing sources and (uses)	<u>100,000</u>	<u>546,886</u>	<u>446,886</u>
Other financing sources (uses):			
Transfers out:			
Capital reserve-post closure cost	<u>(100,000)</u>	<u>(100,000)</u>	
Total	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Revenue under expenditures and other financing sources and (uses)	<u>\$ -</u>	<u>\$ 446,886</u>	<u>\$ 446,886</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 3 of 3

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

---

	2017		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenue over expenditures		\$ <u>446,886</u>	
Reconciling items:			
Debt principal		22,848	
Capital outlay		274,853	
Solid waste fee adjustment		25,531	
Other post employment benefits		(42,493)	
Increase in deferred outflows		115,313	
Increase in net pension liability		(132,634)	
Decrease in deferred inflows		12,598	
Depreciation		<u>(171,804)</u>	
Total reconciling items		<u>104,212</u>	
Change in net position		\$ <u><u>551,098</u></u>	

**PASQUOTANK COUNTY, NORTH CAROLINA**

ENTERPRISE FUND-WATER SYSTEM

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

Schedule D-2

Page 1 of 3

	2017		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Operating revenue:			
Water sales	\$ 2,724,328	\$ 3,426,659	\$ 702,331
Water sales-reverse osmosis plant	1,910,000	1,605,084	(304,916)
Hookup fees	45,000	121,200	76,200
Reconnection fees	45,000	56,485	11,485
Penalties	30,000	56,461	26,461
Miscellaneous revenue	42,000	6,842	(35,158)
Sewer revenue	310,000	366,353	56,353
Other operating revenue	3,000	1,850	(1,150)
Total operating revenue	<u>5,109,328</u>	<u>5,640,934</u>	<u>531,606</u>
Non-operating revenue:			
Tower rental	37,500	39,851	2,351
Payment from City of Elizabeth City	122,583	122,582	(1)
Sale of assets		2,986	2,986
Interest earned on investments	35,998	57,865	21,867
Total non-operating revenue	<u>196,081</u>	<u>223,284</u>	<u>27,203</u>
Total revenue	<u>5,305,409</u>	<u>5,864,218</u>	<u>558,809</u>
<b>Expenditures:</b>			
Water plant operations:			
Salaries and employee benefits	866,690	802,505	64,185
Utilities	130,000	86,074	43,926
Chemicals	160,000	90,194	69,806
Purchases for resale	1,150,000	1,175,256	(25,256)
Supplies and materials	12,000	2,883	9,117
Gasoline and oil	50,000	38,431	11,569
Other expenses	51,100	35,031	16,069
Repairs and maintenance	133,000	60,469	72,531
Telephone	12,500	10,775	1,725
Total	<u>2,565,290</u>	<u>2,301,618</u>	<u>263,672</u>
Waste water treatment plant operations:			
Salaries and employee benefits	59,468	51,242	8,226
Utilities	15,000	16,294	(1,294)
Chemicals	2,750	3,142	(392)
Supplies and materials	500	33	467
Repairs and maintenance	128,000	117,443	10,557
Treatment by City	100,000	88,594	11,406
Other expenses	11,600	3,589	8,011
Total	<u>317,318</u>	<u>280,337</u>	<u>36,981</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

ENTERPRISE FUND-WATER SYSTEM

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

Schedule D-2

Page 2 of 3

	2017		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Professional services:			
Engineering and lab fees	62,000	63,247	(1,247)
Legal and audit	5,540	3,652	1,888
Total	<u>67,540</u>	<u>66,899</u>	<u>641</u>
Administrative services:			
Insurance and bonds	20,080	20,528	(448)
Postage	25,000	21,211	3,789
Indirect Costs:			
Personnel/Payroll	7,627	7,627	
Administration	29,596	29,596	
Finance office	39,259	39,259	
Janitorial/maintenance	1,531	1,531	
Data processing	10,414	10,414	
Central communications	873	873	
Other expenses	34,300	31,507	2,793
Total	<u>168,680</u>	<u>162,546</u>	<u>6,134</u>
Reverse osmosis plant operations:			
Salaries and employee benefits	193,675	229,804	(36,129)
Utilities	170,000	187,252	(17,252)
Chemicals	210,000	151,463	58,537
Engineering and lab fees	41,000	17,364	23,636
Legal and audit	2,500		2,500
Administrative services	9,400	6,095	3,305
Insurance	9,544	9,544	
Supplies and materials	2,000	861	1,139
Repairs and maintenance	50,000	41,809	8,191
Gasoline and oil	500	3,807	(3,307)
Telephone	900	836	64
Indirect Costs:			
Personnel/Payroll	2,199	2,199	
Administration	6,666	6,666	
Finance office	13,424	13,424	
Insurance	5,771	5,771	
Other expenses	11,550	7,050	4,500
Total	<u>729,129</u>	<u>683,945</u>	<u>45,184</u>
Debt service:			
Principal	873,944	873,943	1
Interest	374,908	363,253	11,655
Trustee fees	2,600	3,080	(480)
Total	<u>1,251,452</u>	<u>1,240,276</u>	<u>11,176</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

ENTERPRISE FUND-WATER SYSTEM

SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2017

Schedule D-2

Page 3 of 3

	2017		Variance Positive (Negative)
	Budget	Actual	
Capital outlay:			
Capitalized:			
Vehicles and equipment	140,560	22,560	118,000
Under threshold	65,440	34,940	30,500
Total	<u>206,000</u>	<u>57,500</u>	<u>148,500</u>
Total expenditures	<u>5,305,409</u>	<u>4,793,121</u>	<u>512,288</u>
Revenue over (under) expenditures	\$ <u>-</u>	\$ <u>1,071,097</u>	\$ <u>1,071,097</u>

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Revenue over expenditures and other financing sources (uses)	\$ <u>1,071,097</u>
Reconciling items:	
Principal payments	873,943
Other post employment benefits	(46,334)
Increase in deferred outflows	159,440
Increase in net pension liability	(183,387)
Increase in deferred inflows	17,418
Capital outlay	22,560
Depreciation and amortization	<u>(1,257,403)</u>
Total reconciling items	<u>(413,763)</u>
Change in net position	\$ <u><u>657,334</u></u>



## AGENCY FUNDS

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Agency Funds are used to account for assets held by the County as an agent for individuals and/or other governments.

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**Social Services Fund** - This fund accounts for moneys held by the Social Services Department for the benefit of certain individuals in the County.

**City Tax Collection Fund** – This fund accounts for the taxes collected by the County on behalf of the City of Elizabeth City.

**Fines and Forfeitures Funds** – This fund accounts for various legal fines and forfeitures that the County is required to remit to the Elizabeth City-Pasquotank Public School Board of Education.

**Health Department Inspection Fees** – This fund accounts for moneys collected on behalf of the Albemarle Regional Health Services.

**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, which is remitted to the State Treasurer on a monthly basis.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule E-1

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Social Services</b>				
Assets:				
Cash and cash equivalents	\$ 7,599	\$ 26,357	\$ 30,208	\$ 3,748
Liabilities:				
Miscellaneous liabilities	\$ 7,599	\$ 26,357	\$ 30,208	\$ 3,748
<b>City tax collection</b>				
Assets:				
Cash and cash equivalents	\$ 121,403	\$ 9,020,973	\$ 9,060,218	\$ 82,158
Liabilities:				
City property taxes payable	\$ 117,955	\$ 8,945,239	8,984,934	\$ 78,260
City gross receipt tax payable	3,448	75,734	75,284	3,898
Total liabilities	\$ 121,403	\$ 9,020,973	\$ 9,060,218	\$ 82,158
<b>Fines and forfeitures</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 180,039	\$ 180,039	\$ -
Liabilities:				
Fines and forfeitures payable	\$ -	\$ 180,039	\$ 180,039	\$ -
Total liabilities	\$ -	\$ 180,039	\$ 180,039	\$ -
<b>Health department fee collections</b>				
Assets:				
Cash and cash equivalents	\$ 400	\$ 18,654	\$ 18,484	\$ 570
Liabilities:				
Due to Health Department	\$ 400	\$ 18,654	\$ 18,484	\$ 570
<b>Deed of Trust Fee Fund</b>				
Assets:				
Cash and cash equivalents	\$ 2,232	\$ 24,601	\$ 24,570	\$ 2,263
Liabilities:				
Due to State Treasurer	\$ 2,232	\$ 24,601	\$ 24,570	\$ 2,263
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 131,634	\$ 9,270,624	\$ 9,313,519	\$ 88,739
Liabilities:				
Miscellaneous liabilities	\$ 7,599	\$ 26,357	\$ 30,208	\$ 3,748
City property taxes payable	117,955	8,945,239	8,984,934	78,260
City gross receipt tax payable	3,448	75,734	75,284	3,898
Fines and forfeitures payable	-	180,039	180,039	-
Due to Health Department	400	18,654	18,484	570
Due to State Treasurer	2,232	24,601	24,570	2,263
Total liabilities	\$ 131,634	\$ 9,270,624	\$ 9,313,519	\$ 88,739

## **CAPITAL ASSETS**

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This section represents a summary of the general capital assets of Pasquotank County, other than capital assets of the Enterprise Funds.

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**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule F-1

SCHEDULE OF GENERAL CAPITAL ASSETS

BY SOURCE

JUNE 30, 2017

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2017

General Capital Assets:

Land	\$	5,646,249
Construction in progress		36,774
Buildings		55,621,931
Equipment		6,671,815
Vehicles and motorized equipment		7,102,995
Infrastructure		2,611,260
Accumulated depreciation		<u>(35,975,946)</u>
Total general capital assets	\$	<u>41,715,078</u>

Investment in general capital assets by source:

Capital Assets Acquired Prior to July 1, 1997:	\$	21,642,120
Capital Assets Acquired After July 1, 1997:		
General Fund		15,029,607
State Revenue		1,681,694
Federal Revenue		246,364
Installment Purchases		39,054,465
Construction in progress		36,774
Accumulated depreciation		<u>(35,975,946)</u>
Total investment in general capital assets	\$	<u>41,715,078</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule F-2

SCHEDULE OF GENERAL CAPITAL ASSETS  
BY FUNCTION AND ACTIVITY  
JUNE 30, 2017

Function and Activity	Land	Construction in Progress	Buildings	Furniture Fixtures and Office Equipment	Vehicles and Motorized Equipment	Land Improvements and Infrastructure	Total
General government							
Administration	\$	\$	\$	\$	\$ 72,703	\$	\$ 72,703
Finance				8,300			8,300
Taxes				335,611	14,644		350,255
Register of deeds				88,000			88,000
Public buildings	1,098,686		13,952,185	260,186	16,736	13,388	15,341,181
Court Facilities				56,764			56,764
Other-unclassified	1,558,553	36,774	5,106,618	96,146	17,180		6,815,271
Total general government	<u>2,657,239</u>	<u>36,774</u>	<u>19,058,803</u>	<u>845,007</u>	<u>121,263</u>	<u>13,388</u>	<u>22,732,474</u>
Public safety:							
Sheriff				210,734	1,709,623		1,920,357
Jail			23,047,596	459,143			23,506,739
Emergency communications	53,452		12,656	3,566,690			3,632,798
Fire	172,587		440,437	285,922	3,409,836		4,308,782
Emergency management			13,904	25,600	92,973		132,477
Inspections				24,500	34,878		59,378
Emergency medical services	45,150		408,910	940,932	1,330,036		2,725,028
Animal Control			11,965		78,500		90,465
Total public safety	<u>271,189</u>		<u>23,935,468</u>	<u>5,513,521</u>	<u>6,655,846</u>		<u>36,376,024</u>
Environmental protection:	200,507						200,507
Total environmental protection	<u>200,507</u>						<u>200,507</u>
Economic and physical development:							
Economic development	1,897,443		1,446,058	33,679	15,203	989,103	4,381,486
Agricultural extension			739,812		23,993		763,805
Total economic and physical development	<u>1,897,443</u>		<u>2,185,870</u>	<u>33,679</u>	<u>39,196</u>	<u>989,103</u>	<u>5,145,291</u>
Human services:							
Health			199,239				199,239
Social services	82,839		4,379,271	207,192	105,496		4,774,798
Total human services	<u>82,839</u>		<u>4,578,510</u>	<u>207,192</u>	<u>105,496</u>		<u>4,974,037</u>
Cultural and recreational:							
Recreational	521,094		651,507	29,417	115,628	1,608,769	2,926,415
Library	15,938		5,211,773	42,999	12,360		5,283,070
Total cultural and recreational	<u>537,032</u>		<u>5,863,280</u>	<u>72,416</u>	<u>127,988</u>	<u>1,608,769</u>	<u>8,209,485</u>
Education:							
Public schools					24,298		24,298
Community College					28,908		28,908
Total education					<u>53,206</u>		<u>53,206</u>
Accumulated depreciation			(23,669,461)	(6,202,034)	(4,986,344)	(1,118,107)	(35,975,946)
Total general capital assets	<u>\$ 5,646,249</u>	<u>\$ 36,774</u>	<u>\$ 31,952,470</u>	<u>\$ 469,781</u>	<u>\$ 2,116,651</u>	<u>\$ 1,493,153</u>	<u>\$ 41,715,078</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS**  
**BY FUNCTION AND ACTIVITY**  
For the Year Ended June 30, 2017

Schedule F-3

<b>Function and Activity</b>	<b>General Capital Assets</b>			<b>General Capital Assets</b>
	<b>July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2017</b>
General government:				
Administration	\$ 42,724	\$ 29,979	\$	\$ 72,703
Finance	8,300			8,300
Taxes	350,255			350,255
Register of deeds	88,000			88,000
Public buildings	15,341,181			15,341,181
Court facilities	56,764			56,764
Construction in progress	6,206	30,568		36,774
Other - unclassified	6,756,302	22,195		6,778,497
Total general government	<u>22,649,732</u>	<u>82,742</u>	<u>-</u>	<u>22,732,474</u>
Public safety:				
Sheriff	1,826,706	158,550	64,899	1,920,357
Jail	23,506,739			23,506,739
Emergency communications	3,350,236	282,562		3,632,798
Fire	3,983,556	325,226		4,308,782
Emergency management	104,198	28,279		132,477
Inspections	59,378			59,378
Emergency medical services	2,570,795	384,815	230,582	2,725,028
Animal control	90,465			90,465
Total public safety	<u>35,492,073</u>	<u>1,179,432</u>	<u>295,481</u>	<u>36,376,024</u>
Environmental protection	200,507			200,507
Total environmental protection	<u>200,507</u>			<u>200,507</u>
Economic and physical development:				
Economic development	4,381,486			4,381,486
Agricultural extension	763,805			763,805
Total economic and physical development	<u>5,145,291</u>		<u>-</u>	<u>5,145,291</u>
Human services:				
Health	199,239			199,239
Social services	4,764,538	10,260		4,774,798
Total human services	<u>4,963,777</u>	<u>10,260</u>		<u>4,974,037</u>
Cultural and recreational:				
Recreational	2,926,415			2,926,415
Cultural	5,283,070			5,283,070
Total cultural and recreational	<u>8,209,485</u>		<u>0</u>	<u>8,209,485</u>
Education:				
Public schools	145,421		121,123	24,298
Community college	28,908			28,908
Total education	<u>174,329</u>	<u>-</u>	<u>121,123</u>	<u>53,206</u>
Accumulated depreciation	(33,857,409)	(2,514,905)	396,368	(35,975,946)
Total general capital assets	<u>\$ 42,977,785</u>	<u>\$ (1,242,471)</u>	<u>\$ (20,236)</u>	<u>\$ 41,715,078</u>

## **GOVERNMENTAL LONG-TERM DEBT OBLIGATIONS**

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The section shows changes in the governmental long-term debt obligations of the County.

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**PASQUOTANK COUNTY, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule G-1

	Governmental Long-Term Debt			Governmental Long-Term Debt
	July 1, 2016	Additions	Retirements	June 30, 2017
<b>Governmental Long-Term Debt Payable:</b>				
Installment purchases	\$ 27,714,088	\$ 3,295,000	\$ 2,100,681	\$ 28,908,407
Advance refunding	9,240,366		867,261	8,373,105
Certificates of Participation	5,715,000		1,320,000	4,395,000
Unamortized premium on COPS	341,078		58,436	282,642
Qualified Zone Academy Bonds	1,002,959		1,002,959	-
Qualified School Construction Bonds	1,466,667		133,334	1,333,333
Vacation payable	885,199	545,068	510,081	920,186
Net Pension Liability-LGERS	709,394	3,600,347	709,394	3,600,347
Unfunded other post employment benefits	4,327,785	988,438	87,639	5,228,584
Unfunded pension obligation-LEOSSA	918,724	60,064	18,727	960,061
	<u>\$ 52,321,260</u>	<u>\$ 8,488,917</u>	<u>\$ 6,808,512</u>	<u>\$ 54,001,665</u>
<b>By purpose:</b>				
Education	\$ 21,261,113	\$ 2,490,000	\$ 3,608,359	\$ 20,142,754
Fire and Public Safety	16,996,244	774,100	1,024,958	16,745,386
General government	6,881,723	30,000	790,918	6,120,805
Unamortized premium on COPS	341,078		58,436	282,642
Net Pension Liability-LGERS	709,394	3,600,347	709,394	3,600,347
Other post employment benefits	4,327,785	988,438	87,639	5,228,584
Unfunded pension obligation-LEOSSA	918,724	60,964	18,727	960,961
Vacation pay	885,199	545,068	510,081	920,186
	<u>\$ 52,321,260</u>	<u>\$ 8,488,917</u>	<u>\$ 6,808,512</u>	<u>\$ 54,001,665</u>



## OTHER SCHEDULES

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This section includes additional information on property taxes, transfers, cash and investments and ten year historical data.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule H-1

GENERAL FUND  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 June 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$	\$ 23,437,650	\$ 22,651,639	\$ 786,011
2015-2016	870,351		524,099	346,252
2014-2015	371,496		179,466	192,030
2013-2014	286,461		123,840	162,621
2012-2013	131,313		30,369	100,944
2011-2012	80,277		15,529	64,748
2010-2011	48,631		3,930	44,701
2009-2010	42,965		1,454	41,511
2008-2009	34,143		976	33,167
2007-2008	26,202		899	25,303
2006-2007	35,376		35,376	-
	<u>\$ 1,927,215</u>	<u>\$ 23,437,650</u>	<u>\$ 23,567,577</u>	1,797,288
Less: allowance for uncollected ad valorem taxes receivable - General Fund				(215,675)
Ad valorem taxes receivable, net				<u>\$ 1,581,613</u>
Reconciliation with revenues:				
Ad valorem taxes, General Fund				<u>\$ 23,584,208</u>
Taxes written off				34,612
Collections on taxes previously written off				(18)
Discounts, refunds and releases				157,554
Advertising fees collected				(6,019)
Interest collected				(202,760)
Total reconciling items				<u>(16,631)</u>
Total collections and credits				<u>\$ 23,567,577</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Schedule H-2

ANALYSIS OF CURRENT TAX LEVY  
FOR THE YEAR ENDED JUNE 30, 2017

	County-wide		Total Levy		
	Total Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,965,244,868	0.76	\$ 22,536,158	\$ 20,151,508	\$ 2,384,650
Public service companies	87,383,577	0.76	664,115	664,115	
Penalties			5,214	5,214	
Total	<u>3,052,628,445</u>		<u>23,205,487</u>	<u>20,820,837</u>	<u>2,384,650</u>
Discoveries:					
Current year taxes	28,768,656	0.76	218,404	218,404	
Prior year taxes		various	35,806	35,561	245
Penalties			18,803	18,803	
Total	<u>28,768,656</u>		<u>273,013</u>	<u>272,768</u>	<u>245</u>
Releases	<u>(5,277,270)</u>		<u>(40,850)</u>	<u>(40,850)</u>	
Total property valuation	<u>\$ 3,076,119,831</u>				
Net levy			23,437,650	21,052,755	2,384,895
Uncollected taxes at June 30, 2017			786,011	786,011	
Current year's tax collections and credits			<u>\$ 22,651,639</u>	<u>\$ 20,266,744</u>	<u>\$ 2,384,895</u>
Current levy collection percentage			<u>96.65%</u>	<u>96.27%</u>	<u>100.00%</u>

## STATISTICAL SECTION

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This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

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<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain information to help the reader understand how the County's financial performance and well-being have changes over time.	111
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	116
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	120
<b>Demographic and Economic Information</b>  These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	123
<b>Operating Information</b> These schedules contain information about the County's operations and resources to help the reader understand how the County's financial Information relates to the services the County provides and the activities It performs.	125

# PASQUOTANK COUNTY, NORTH CAROLINA

Table 1

## CHANGES IN NET ASSETS LAST TEN FISCAL YEARS (accrual basis of accounting)

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 20,229,335	\$ 21,453,914	\$ 19,578,124	\$ 19,061,023	\$ 18,839,243	\$ 18,432,376	\$ 18,573,062	\$ 18,017,943	\$ 18,137,713	\$ 18,304,840
Restricted	687,644	986,649	1,108,209	5,017,244	6,859,588	4,737,829	5,281,147	5,478,471	5,428,803	5,412,104
Unrestricted	(26,165,610)	(23,964,079)	(22,615,140)	(25,188,019)	(24,632,815)	(23,595,264)	(22,268,820)	(20,323,040)	(17,848,390)	(16,407,855)
	<u>(5,248,631)</u>	<u>(1,523,516)</u>	<u>(1,928,807)</u>	<u>(1,109,752)</u>	<u>1,066,016</u>	<u>(425,059)</u>	<u>1,585,389</u>	<u>3,173,374</u>	<u>5,718,126</u>	<u>7,309,089</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 18,203,658	\$ 20,734,085	\$ 18,503,206	\$ 19,129,395	\$ 20,266,898	\$ 16,087,528	\$ 15,794,769	\$ 15,152,613	\$ 14,727,763	\$ 14,493,610
Unrestricted	4,073,764	2,234,816	5,484,704	6,174,037	6,431,666	6,708,445	7,435,642	8,744,802	10,053,020	11,495,605
	<u>\$ 22,277,422</u>	<u>\$ 22,968,901</u>	<u>\$ 23,987,910</u>	<u>\$ 25,303,432</u>	<u>\$ 26,698,564</u>	<u>\$ 22,795,973</u>	<u>\$ 23,230,411</u>	<u>\$ 23,897,415</u>	<u>\$ 24,780,783</u>	<u>\$ 25,989,215</u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 41,657,231	\$ 42,187,999	\$ 38,081,330	\$ 38,190,418	\$ 39,106,141	\$ 34,519,904	\$ 34,367,831	\$ 33,170,556	\$ 32,865,476	\$ 32,798,450
Restricted	687,644	986,649	1,108,209	5,017,244	6,859,588	4,737,829	5,281,147	5,478,471	5,428,803	5,412,104
Unrestricted	(25,316,084)	(21,729,263)	(17,130,436)	(19,013,982)	(18,201,149)	(16,886,819)	(14,833,178)	(11,578,238)	(7,795,370)	(4,912,250)
	<u>\$ 17,028,791</u>	<u>\$ 21,445,385</u>	<u>\$ 22,059,103</u>	<u>\$ 24,193,680</u>	<u>\$ 27,764,580</u>	<u>\$ 22,370,914</u>	<u>\$ 24,815,800</u>	<u>\$ 27,070,789</u>	<u>\$ 30,498,909</u>	<u>\$ 33,298,304</u>

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 2

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 4,613,745	\$ 4,197,793	\$ 4,710,473	\$ 4,128,307	\$ 4,504,717	\$ 4,371,407	\$ 4,866,691	\$ 4,366,415	\$ 4,497,581	\$ 4,541,625
Public safety	9,541,925	10,445,012	10,257,619	11,394,309	12,115,245	12,153,277	12,767,074	13,043,334	14,267,608	15,013,392
Environmental protection	1,951	3,951		11,212	4,080	19,000	4,800	14,000		
Economic and physical development	1,216,652	1,454,159	1,370,043	1,298,227	1,430,160	1,675,143	1,389,285	1,439,860	1,631,392	1,699,440
Human services	11,267,451	10,259,635	8,912,562	8,984,132	9,408,383	9,028,559	8,661,071	9,003,914	9,562,791	9,443,791
Cultural and recreation	1,818,934	1,364,029	1,367,436	1,544,926	1,865,816	1,661,193	1,670,523	1,770,294	1,782,318	1,828,863
Education	17,086,945	13,151,101	11,259,480	11,138,414	11,333,034	13,416,412	11,426,506	11,974,898	12,543,814	14,566,361
Interest on long-term debt	2,808,750	2,612,402	2,446,438	2,424,192	2,474,996	2,402,853	1,904,302	1,779,981	1,648,469	1,514,601
<b>Total governmental activities expenses</b>	<b>\$ 48,356,353</b>	<b>\$ 43,488,082</b>	<b>\$ 40,324,051</b>	<b>\$ 40,923,719</b>	<b>\$ 43,136,431</b>	<b>\$ 44,727,844</b>	<b>\$ 42,690,252</b>	<b>\$ 43,392,696</b>	<b>\$ 45,933,973</b>	<b>\$ 48,608,073</b>
<b>Business-type activities:</b>										
Landfill	4,802,813	4,548,244	4,383,651	4,141,938	4,396,341	4,381,824	4,336,684	4,321,414	4,423,469	4,556,483
Water and Sewer	2,036,471	2,197,963	2,426,328	2,398,788	2,944,424	5,591,137	5,554,140	5,911,650	5,411,199	5,206,884
<b>Total business-type activities expenses</b>	<b>\$ 6,839,284</b>	<b>\$ 6,746,207</b>	<b>\$ 6,809,979</b>	<b>\$ 6,540,726</b>	<b>\$ 7,340,765</b>	<b>\$ 9,972,961</b>	<b>\$ 9,890,824</b>	<b>\$ 10,233,064</b>	<b>\$ 9,834,668</b>	<b>\$ 9,763,367</b>
<b>Total primary government expenses</b>	<b>\$ 55,195,637</b>	<b>\$ 50,234,289</b>	<b>\$ 47,134,030</b>	<b>\$ 47,464,445</b>	<b>\$ 50,477,196</b>	<b>\$ 54,700,805</b>	<b>\$ 52,581,076</b>	<b>\$ 53,625,760</b>	<b>\$ 55,768,641</b>	<b>\$ 58,371,440</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 1,430,999	\$ 3,321,060	\$ 1,343,557	\$ 1,684,997	\$ 1,951,827	\$ 1,938,918	\$ 1,887,423	\$ 2,029,493	\$ 1,908,641	\$ 2,513,412
Public safety	2,010,355	2,676,824	2,923,251	3,081,410	3,184,866	4,163,785	3,879,152	4,480,914	5,044,494	5,041,107
Environmental protection	6,893	5,385			5,244	5,300	5,200	5,184	5,210	5,185
Economic and physical development	300,999	4,323	4,443	10,461	85,787	85,030	77,615	80,216	81,326	12,717
Human services	5,737	5,372	211,169	96,692	77,100	61,948	83,117	56,238	75,894	50,119
Cultural and recreation	97,034	69,918	186,858	136,144	158,493	123,283	31,871	29,197	25,165	23,935
Operating grants and contributions	10,264,134	9,618,793	8,221,799	8,355,095	9,381,415	7,948,607	7,806,257	8,316,899	8,739,444	8,788,995
Capital grants and contributions	196,762	698,275	35,000	35,000	43,000	25,000	40,000	40,000	40,000	40,000
<b>Total governmental activities program revenues</b>	<b>14,312,913</b>	<b>16,399,950</b>	<b>12,926,077</b>	<b>13,399,799</b>	<b>14,887,732</b>	<b>14,351,871</b>	<b>13,810,635</b>	<b>15,038,141</b>	<b>15,920,174</b>	<b>16,475,470</b>

Business-type activities:

Charges for services:

Landfill	4,417,204	4,364,554	4,238,559	4,281,866	4,665,273	4,779,675	4,722,863	4,728,688	4,899,681	5,044,292
Water and Sewer	3,062,901	2,794,632	2,715,952	3,268,556	3,182,532	4,599,497	5,214,783	5,970,406	5,559,760	5,640,934
Operating grants and contributions	129,955	40,315	99,131	292,944	478,881	266,061	316,820	289,536	263,650	244,353
Capital grants and contributions	198,995	324,000	835,931	90,731	500,000		27,083			
Total business-type activities program revenues	7,809,055	7,523,501	7,889,573	7,934,097	8,826,686	9,645,233	10,281,549	10,988,630	10,723,091	10,929,579
Total primary government revenues	\$ 22,121,968	\$ 23,923,451	\$ 20,815,650	\$ 21,333,896	\$ 23,714,418	\$ 23,997,104	\$ 24,092,184	\$ 26,026,771	\$ 26,643,265	\$ 27,405,049

Net (Expense)/Revenue

Governmental Activities	(34,043,440)	(27,088,132)	(27,397,974)	(27,523,920)	(28,248,699)	(30,375,973)	(28,879,617)	(28,354,555)	(30,013,799)	(32,132,603)
Business-type activities	969,771	777,294	1,079,594	1,393,371	1,485,921	(327,728)	390,725	755,566	888,423	1,166,212
Total primary government net (expense)/revenue	\$ (33,073,669)	\$ (26,310,838)	\$ (26,318,380)	\$ (26,130,549)	\$ (26,762,778)	\$ (30,703,701)	\$ (28,488,892)	\$ (27,598,989)	\$ (29,125,376)	\$ (30,966,391)

General Revenues and Other Changes in Net Position

Governmental Activities:

Property taxes, levied for general purpose	\$ 15,911,626	\$ 18,085,989	\$ 19,370,976	\$ 20,293,760	\$ 20,980,483	\$ 21,143,588	\$ 22,424,968	\$ 22,496,725	\$ 22,983,747	\$ 23,471,045
Local option sales tax	8,868,127	7,296,881	6,069,578	6,299,533	6,616,271	6,745,157	6,552,816	7,143,039	7,576,662	7,684,369
Other taxes and licenses	2,500,286	1,375,483	1,057,786	1,293,048	1,160,421	1,135,736	1,331,191	1,059,329	1,459,084	1,556,043
Investment earnings	920,445	221,888	91,839	54,475	66,529	51,099	53,767	86,969	106,796	123,466
Unrestricted intergovernmental	126,507	124,780	52,812	98,843	100,955	94,163	102,098	110,548	101,525	106,073
Gain (loss) on sale of assets	2,115,217	8,699	(14,851)							
Special item-gain on sale of beach property		6,700,000			1,199,122					
Special item-transfer to Albemarle Hospital		(3,350,000)			(799,123)					
Special item-interest earnings										855,939
Miscellaneous, unrestricted	123,575	131,825	250,631	164,054	720,328	155,687	425,225	238,738	230,737	235,251
Transfers	200,532	217,701	139,262	139,262	139,262	135,781			100,000	100,000
Total Governmental Activities:	\$ 30,766,315	\$ 30,813,246	\$ 27,018,033	\$ 28,342,975	\$ 30,184,248	\$ 29,461,211	\$ 30,890,065	\$ 31,135,348	\$ 32,558,551	\$ 34,132,186

Business-type Activities:

Investment earnings	238,772	94,344	41,177	16,951	5,663	32,486	40,881	53,284	69,126	79,327
Gain of sale of assets	885	2,142	13,800							
Miscellaneous, unrestricted	39,000	35,400	23,700	44,462	42,810	40,710	2,832	17,185	70,443	62,893
Transfers	(200,532)	(217,701)	(139,262)	(139,262)	(139,262)	(135,781)			(100,000)	(100,000)
Special item-transfer of sewer line						(3,751,568)				
Total Business-type Activities:	78,125	(85,815)	(60,585)	(77,849)	(90,789)	(3,814,153)	43,713	70,469	39,569	42,220
Total primary government	\$ (2,229,229)	\$ 4,416,593	\$ 639,068	\$ 2,134,577	\$ 3,330,681	\$ (5,056,643)	\$ 2,444,886	\$ 3,606,828	\$ 3,472,744	\$ 3,208,015

Change in Net Position

Governmental activities	(3,277,125)	3,725,114	(379,941)	819,055	1,935,549	(914,762)	2,010,448	2,780,793	2,544,752	1,999,583
Business-type activities	1,047,896	691,479	1,019,009	1,315,522	1,395,132	(4,141,881)	434,438	826,035	927,992	1,208,432
Total primary government	\$ (2,229,229)	\$ 4,416,593	\$ 639,068	\$ 2,134,577	\$ 3,330,681	\$ (5,056,643)	\$ 2,444,886	\$ 3,606,828	\$ 3,472,744	\$ 3,208,015

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 3

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year				
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
General Fund					
Nonspendable	\$ 440,939	\$ 395,724	\$ 435,836	\$ 339,869	\$ 250,564
Committed	1,099,437	771,718	325,066	210,503	216,661
Restricted	4,837,432	3,982,636	3,683,746	3,877,316	6,108,197
Assigned:					
Subsequent year's expenditures		777,769	32,720	310,763	466,531
Unassigned	1,827,097	4,157,232	4,307,545	4,287,554	4,780,874
Total General Fund	<u>\$ 8,204,905</u>	<u>\$ 10,085,079</u>	<u>\$ 8,784,913</u>	<u>\$ 9,026,005</u>	<u>\$ 11,822,827</u>
All other governmental funds					
Restricted:	\$ 11,732,793	\$ 1,473,689	\$ 41,274	\$ 39,806	\$ 17,422
Committed:					
Assigned:					
Subsequent year's expenditures				270,410	
Unassigned:					
Special Revenue	\$ 738,230	984,778	957,449	378,030	717,383
Total all other governmental funds	<u>\$ 12,471,023</u>	<u>\$ 2,458,467</u>	<u>\$ 998,723</u>	<u>\$ 688,246</u>	<u>\$ 734,805</u>

	Fiscal Year				
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
General Fund					
Nonspendable	\$ 250,977	\$ 369,221	\$ 72,325	\$ 406	\$ 14,076
Committed	144,843	28,929	52,588	93,234	134,241
Restricted	4,240,297	4,970,515	5,150,051	5,096,632	4,812,206
Assigned:					
Subsequent year's expenditures	550,843	633,987	712,643	611,637	606,526
Unassigned	4,847,735	4,852,615	5,628,244	6,031,553	8,445,410
Total General Fund	<u>\$ 10,034,695</u>	<u>\$ 10,855,267</u>	<u>\$ 11,615,851</u>	<u>\$ 11,833,462</u>	<u>\$ 14,012,459</u>
All other governmental funds					
Restricted:	\$ 17,422	\$ 497,532	\$ 370,457	\$ 328,420	\$ 599,898
Committed:		31,665	27,786	19,232	26,653
Assigned:					
Subsequent year's expenditures					
Unassigned:					
Special Revenue	717,383	836			
Total all other governmental funds	<u>\$ 734,805</u>	<u>\$ 530,033</u>	<u>\$ 398,243</u>	<u>\$ 347,652</u>	<u>\$ 626,551</u>



**PASQUOTANK COUNTY, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

Table 4

	Fiscal Year									
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>Revenues</b>										
Ad valorem taxes and assessments	\$ 15,706,503	\$ 17,726,997	\$ 19,292,028	\$ 20,401,765	\$ 20,996,929	\$ 21,135,591	\$ 22,347,619	\$ 22,471,799	\$ 22,870,523	\$ 23,589,387
Other taxes and licenses	11,193,039	8,500,749	7,132,602	7,598,823	7,781,109	7,885,238	7,887,940	8,212,043	9,039,814	9,244,163
Permits and fees	638,362	416,204	376,496	357,957	406,616	437,223	375,341	481,275	582,538	407,950
Charges for services	2,372,743	4,832,682	3,108,301	3,638,588	3,775,887	4,498,508	4,354,985	4,850,640	4,850,395	4,931,917
Intergovernmental	9,009,470	8,798,376	7,319,091	7,449,731	8,439,374	7,083,115	6,979,502	7,405,974	7,713,972	7,762,526
Investment earnings	930,018	226,019	93,430	55,885	67,729	51,731	54,459	87,925	106,796	123,466
Other revenue	2,702,907	2,780,182	2,379,780	2,274,986	3,088,314	2,572,696	2,631,846	2,658,961	3,096,253	3,725,743
<b>Total revenues</b>	<b>\$ 42,553,042</b>	<b>\$ 43,281,209</b>	<b>\$ 39,701,728</b>	<b>\$ 41,777,735</b>	<b>\$ 44,555,958</b>	<b>\$ 43,664,102</b>	<b>\$ 44,631,692</b>	<b>\$ 46,168,617</b>	<b>\$ 48,260,291</b>	<b>\$ 49,785,152</b>
<b>Expenditures</b>										
General government	\$ 4,101,231	\$ 3,545,579	\$ 3,470,968	\$ 3,429,210	\$ 3,610,709	\$ 3,682,197	\$ 3,912,257	\$ 3,732,368	\$ 3,712,881	\$ 3,646,697
Public safety	9,928,706	10,407,285	9,123,523	9,871,630	11,872,231	10,417,299	11,006,759	11,473,284	12,578,568	13,015,945
Environmental protection		2,000		11,212	4,080	19,000	4,800	14,000		
Economic and physical development	1,097,128	1,296,598	1,219,886	1,203,993	1,316,757	1,565,136	1,276,477	1,337,550	1,513,578	1,581,074
Human services	11,073,731	9,906,582	8,624,982	8,820,738	9,062,978	8,694,627	8,515,307	8,859,207	9,210,326	8,940,363
Cultural and recreational	1,603,029	1,279,130	1,405,664	1,381,783	1,695,599	1,502,694	1,511,178	1,627,785	1,631,569	1,646,325
Education	11,702,123	12,593,356	11,222,458	11,101,392	11,296,012	13,379,390	11,407,740	11,974,898	10,750,400	11,915,869
School construction and renovations	4,899,037	968,548							1,787,632	2,644,710
Jail construction	4,615,893	8,237,028	265,398		2,723,982					
Park expansion										
Construction of public safety building and library	565,277									
Capital outlay	1,940,537	2,442,318	2,093,298	1,066,141	484,653	842,611	1,502,314	753,990	651,001	1,272,434
Debt service										
Principal	2,425,112	2,633,797	3,071,793	3,217,550	3,025,455	3,873,912	4,025,805	4,419,887	4,594,235	4,568,295
Interest and fees	2,095,766	2,014,852	2,529,139	2,247,733	1,833,297	2,375,252	2,049,437	1,810,655	1,672,450	1,530,584
<b>Total expenditures</b>	<b>\$ 56,047,570</b>	<b>\$ 55,327,073</b>	<b>\$ 43,027,109</b>	<b>\$ 42,351,382</b>	<b>\$ 46,925,753</b>	<b>\$ 46,352,118</b>	<b>\$ 45,212,074</b>	<b>\$ 46,003,624</b>	<b>\$ 48,102,640</b>	<b>\$ 50,762,296</b>
Excess of revenues over (under) expenditures	\$ (13,494,528)	\$ (12,045,864)	\$ (3,325,381)	\$ (573,647)	\$ (2,369,795)	\$ (2,688,016)	\$ (580,382)	\$ 164,993	\$ 157,651	\$ (977,144)
<b>Other financing sources (uses)</b>										
Proceeds of Certificates of Participation										
Premium on debt issuance										
Proceeds from installment purchase obligations	318,824	381,000		365,000	2,673,915	11,443,309	1,270,000	545,000		3,295,000
Proceeds from QSCB					2,000,000					
Payment to refunded bond escrow agent						(10,883,978)				
Transfers in	4,050,563	7,543,491	983,130	139,262	139,262	135,781			100,000	100,000
Transfers out	(3,850,031)	(7,325,790)	(843,868)							
Transfer (to) from component unit		(3,350,000)			(799,123)					
Sale of capital assets	244,543	6,700,000	25,711		1,199,122					
<b>Total other financing sources (uses)</b>	<b>\$ 763,899</b>	<b>\$ 3,948,701</b>	<b>\$ 164,973</b>	<b>\$ 504,262</b>	<b>\$ 5,213,176</b>	<b>\$ 695,112</b>	<b>\$ 1,270,000</b>	<b>\$ 545,000</b>	<b>\$ 100,000</b>	<b>\$ 3,395,000</b>
<b>Net change in fund balances</b>	<b>\$ (12,730,629)</b>	<b>\$ (8,097,163)</b>	<b>\$ (3,160,408)</b>	<b>\$ (69,385)</b>	<b>\$ 2,843,381</b>	<b>\$ (1,992,904)</b>	<b>\$ 689,618</b>	<b>\$ 709,993</b>	<b>\$ 257,651</b>	<b>\$ 2,417,856</b>
Debt service as a percentage of noncapital expenditures	8.4%	8.8%	13.7%	13.2%	10.5%	13.7%	13.9%	13.8%	13.2%	12.3%

**PASQUOTANK COUNTY, NORTH CAROLINA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year Ended June 30	Real Property	Commercial Property	Industrial Property	Public Service Company Property	Other	Personal Property	Total Assessed Value	Total Direct Tax Rate (1)	Ratio of Assessed Value to Estimated Actual Value (2)
2007	\$ 1,954,705,121	\$ 432,286,630	\$ 52,262,124	\$ 35,435,136	\$ 270,491,239	\$ 234,853,178	\$ 2,980,033,428	0.48	100%
2008	2,076,455,583	455,340,372	55,365,250	42,530,804	241,774,814	282,071,033	3,153,537,856	0.50	86%
2009	2,150,390,075	475,691,487	57,839,760	49,186,598	255,276,665	269,575,360	3,257,959,945	0.55	86%
2010	2,305,725,642	478,622,240	57,839,760	51,951,636	164,765,422	248,575,053	3,307,479,753	0.585	88%
2011	2,326,900,797	554,431,400	57,839,760	52,532,359	186,419,729	150,786,265	3,328,910,310	0.605	97%
2012	2,359,477,398	551,061,450	57,839,760	55,314,789	188,565,800	151,222,537	3,363,481,734	0.62	103%
2013	2,350,367,220	564,459,000	57,839,760	60,344,042	210,101,856	153,440,452	3,396,552,330	0.62	107%
2014	2,245,892,762	564,459,000	57,839,760	59,301,153	227,377,514	356,589,776	3,511,459,965	0.63	120%
2015	1,882,163,656	570,103,590	57,839,760	66,637,723	237,253,773	162,842,820	2,976,841,322	0.76	101%
2016	1,902,723,849	512,226,200	57,839,760	82,438,567	297,841,524	162,716,135	3,015,786,035	0.76	104%
2017	1,931,923,925	512,226,200	57,839,760	87,383,577	312,623,833	174,122,536	3,076,119,831	0.76	96%

Note: Assessed valuations are established by the Board of Commissioners at 100 percent of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed in 2014.

(1) Per \$100 in value

(2) Ratio is applicable to real property only.

116

**PASQUOTANK COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES-DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**(PER \$100.00 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

Table 6

	Year Taxes Are Payable									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County Direct Rates										
General	\$ 0.50	\$ 0.55	\$ 0.585	\$ 0.605	\$ 0.62	\$ 0.62	\$ 0.63	\$ 0.76	\$ 0.76	\$ 0.76
Overlapping Rates:										
City Rates										
Elizabeth City	0.41	0.45	0.465	0.465	0.465	0.495	0.495	0.615	0.64	0.655
Municipal Service District	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.085	0.085	0.085

117

Note: Property was revalued in 2014.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 7

**PRINCIPAL TAXPAYERS**

June 30, 2017

Name	2017		2008	
	Assessed Value	Percent Of Total Assessed Value (1)	Assessed Value	Percent Of Total Assessed Value (2)
Carolina Tel & Tel Co.	\$ 8,571,997	0.28	\$ 16,126,044	0.51
Harrell Enterprises			11,559,110	0.37
Walmart Real Estate Business	15,998,400	0.52	16,550,700	
Lowe's Home Centers Inc	11,823,100	0.38	13,263,855	0.42
J. W. Jones Lumber Co., Inc.			10,917,820	0.35
Adams Landing, LLC			13,844,500	0.44
Dominion North Carolina Power	36,545,419	1.19	10,803,283	0.34
Elizabeth City Health Care	11,323,500	0.37		
CT Port Elizabeth, LLC			10,352,900	0.33
Tanglewood Lake Apartments, LLC	13,906,600	0.45		
Ladicon Corp	9,070,590	0.29		
Tanglewood Parkway, Eliz City, LLC	13,491,700	0.44		
Five C's Inc	14,275,855	0.46	12,297,965	0.39
Albemarle Electric Membership Corp	18,502,511	0.60	11,661,052	0.37

(1) Total assessed value for 16/17: \$ 3,076,119,831

(2) Total assessed value for 07/08 \$ 3,153,537,856

**PASQUOTANK COUNTY, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Table 8

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
2007-2008	\$ 15,872,538	\$ 15,025,010	94.66	\$ 550,365	\$ 15,575,375	98.13	\$ 1,234,626	7.78
2008-2009	18,058,652	16,999,054	94.13	586,989	17,586,043	97.38	1,564,944	8.67
2009-2010	19,392,542	18,264,649	94.18	846,792	19,111,441	98.55	1,637,297	8.44
2010-2011	20,189,010	19,250,002	95.28	944,332	20,194,334	100.03	1,530,668	7.58
2011-2012	20,899,852	19,930,829	94.69	849,264	20,780,093	99.42	1,525,451	7.30
2012-2013	21,118,477	20,131,540	94.76	810,356	20,941,896	99.16	1,552,768	7.35
2013-2014	22,322,461	21,375,071	95.67	730,423	22,105,494	99.12	1,635,949	7.33
2014-2015	22,572,277	21,771,932	96.45	538,475	22,310,407	98.84	1,767,806	7.83
2015-2016	22,983,545	22,041,137	95.90	627,565	22,668,702	98.63	1,927,215	8.39
2016-2017	23,437,650	22,564,652	96.65	810,777	23,375,429	99.73	1,797,288	7.67

Note: This schedule includes data from General Fund countywide property tax levy.

**PASQUOTANK COUNTY, NORTH CAROLINA**

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Participation	Unamortized Premium on COPS	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Advance Refunding	Installment Purchase	Water Revenue Bonds	Installment Purchase			
2007	\$ 28,970,000	\$ 859,417	\$ 2,326,147		\$	\$ 37,433,849	\$ 349,292	\$ 165,074	\$ 70,103,779	4.49%	1,206
2008	27,745,000	802,360	2,179,126			36,349,581		682,660	67,758,727	6.35%	1,732
2009	26,475,000	745,303	2,032,105			35,589,652		540,268	65,382,328	5.90%	1,638
2010	25,155,000	688,245	1,885,085			33,984,880	16,255,744	428,046	78,397,000	5.74%	1,564
2011	23,625,000	631,188	1,738,064			32,809,351	15,728,668	347,519	74,879,790	6.84%	1,857
2012	22,030,000	574,132	1,591,043	2,000,000		33,593,567	15,161,429	409,175	75,359,346	6.36%	1,826
2013	9,945,000	516,386	1,444,022	1,866,667	10,943,309	32,165,010	14,569,130	302,644	71,752,168	6.02%	1,842
2014	8,205,000	457,950	1,297,002	1,733,333	10,943,309	31,429,559	13,950,666	193,157	68,209,976	4.99%	1,773
2015	6,985,000	399,514	1,149,980	1,600,000	10,117,655	29,880,680	13,304,879	80,413	63,518,121	4.48%	1,562
2016	5,715,000	341,078	1,002,959	1,466,666	9,240,366	27,714,087	12,630,563	58,036	58,168,755	N/A	1,464
2017	4,395,000	282,642		1,333,333	8,373,105	28,908,407	11,756,620	35,188	55,084,295	N/A	1,386

(1) Personal Income and Per Capita Income can be found in Table 12.

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed value of taxable property	\$ 3,076,119,831
	x 0.08
	<u>246,089,586</u>
Debt limit - 8 percent of assessed value	
Gross debt:	
Certificates of Participation	4,395,000
Qualified School Construction Bonds	1,333,333
Bank Qualified	8,373,105
Total bonded debt	11,756,620
Installment purchase debt	<u>28,943,595</u>
Gross debt	54,801,653
Less: Enterprise Fund debt	<u>11,791,808</u>
Total amount of debt applicable to debt limit	<u>43,009,845</u>
Legal debt margin	<u>\$ 203,079,741</u>

121

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	252,283,028	260,636,796	264,598,380	266,312,825	269,078,539	271,724,186	280,916,797	238,147,306	241,262,883	246,089,586
Total net debt applicable to limit	<u>66,273,708</u>	<u>63,777,257</u>	<u>61,024,965</u>	<u>58,172,415</u>	<u>59,872,674</u>	<u>56,364,008</u>	<u>53,608,203</u>	<u>50,131,871</u>	<u>45,139,080</u>	<u>43,009,845</u>
Legal debt margin	186,009,320	196,859,539	203,573,415	208,140,410	209,205,865	215,360,178	227,308,594	188,015,435	196,123,803	203,079,741
Total net debt applicable to the limit as a percentage of debt limit	26.27%	24.47%	23.06%	21.84%	22.25%	20.74%	19.08%	21.05%	18.71%	17.48%

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 11

ENTERPRISE FUND-WATER SYSTEM  
REVENUE BOND COVERAGE  
CURRENT YEAR

Fiscal Year Ending June 30	Gross Revenue (1)	Total Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2010	\$ 2,769,430	\$ 1,702,719	\$ 1,066,711	\$ 224,255	\$ 653,372	\$ 877,627	1.22
2011	3,490,402	1,787,680	1,702,722	527,077	752,006	1,279,083	1.40
2012	3,444,454	1,939,626	1,504,828	567,239	673,946	1,241,185	1.21
2013	4,818,289	3,501,106	1,317,183	592,298	648,566	1,240,864	1.06
2014	5,420,966	3,546,098	1,874,868	618,465	622,064	1,240,529	1.51
2015	6,173,502	3,809,589	2,363,913	645,787	594,392	1,240,179	1.90
2016	5,774,353	3,443,799	2,330,554	674,316	564,678	1,238,994	1.88
2017	5,861,232	3,422,534	2,438,698	873,943	363,253	1,237,196	1.97

(1) Gross revenue includes operating revenue, tower rental, sales tax refund, payment from the City and interest revenue.

(2) Expenditures do not include noncash outlays such as depreciation, amortization, and loss on sale of assets or charges for indirect costs, which are budgeted at the discretion of the Board.



**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 12

**DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	Unemployment Rate (%) (5)	Retail Sales (6)	School Enrollment (7)
2008	40,880	\$ 1,134,709,000	\$ 27,381	35.9	6.6	\$ 385,822,798	6,040
2009	41,330	1,125,727,000	27,075	35.1	9.9	366,059,597	6,035
2010	41,844	1,136,518,000	27,915	36.6	9.5	362,760,685	5,919
2011	40,661	1,166,885,000	28,673	36	10.1	366,958,373	5,884
2012	40,605	1,250,654,000	30,811	36.3	10.7	391,643,663	5,792
2013	40,179	1,243,010,000	31,090	39.5	10.8	430,289,252	5,691
2014	39,458	1,365,927,000	34,331	37.5	9.0	381,438,721	5,647
2015	39,655	1,415,928,000	35,550	37.4	7.8	403,989,681	5,744
2016	39,691	N/A	N/A	N/A	6.4	452,153,218	5,739
2017	39,731	N/A	N/A	N/A	5.2	477,153,630	5,606

## Sources:

- (1) The Office of State Budget and Management
- (2) Bureau of Economic Analysis - Regional Economic Information for Pasquotank County
- (3) Bureau of Economic Analysis - Regional Economic Information for Pasquotank County
- (4) U.S. Census Bureau
- (5) North Carolina Department of Commerce-Division of Employment
- (6) North Carolina Department of Revenue, Tax Research Division
- (7) N.C. Public School-ADM Report-Internet

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 13

PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment (1)</u>	<u>Employees</u>	<u>Percentage of Total County Employment (2)</u>
Elizabeth City State University	345	2.01%	N/A	N/A
Pasquotank County Board of Education	878	5.12%	1,021	5.99%
Sentara Albemarle Medical Center	781	4.55%	1,020	5.98%
U S Department of Homeland Security	1,417	8.26%	1,341	7.86%
State of NC Department of Public Safety	250	1.46%	N/A	N/A
College of the Albemarle	334	1.95%	470	2.76%
Albemarle Regional Health Services	256	1.49%	363	2.13%
Pasquotank County	429	2.50%	398	2.33%
Wal-Mart Associates, Inc.	380	2.21%	544	3.19%
City of Elizabeth City	310	1.81%	292	1.71%

Source: Employment Security Commission

(1) Based on a total labor force employed of 17,162

(2) Based on a total labor force employed of 17,059

**PASQUOTANK COUNTY, NORTH CAROLINA**

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS

Table 14

125

Function/Program	Full-Time Equivalent Employees as of December 31									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	49	55.5	52.5	51	48	46	43.5	45	46	44.5
Public Safety	111	107	110	125.5	124.5	131.0	140	145.5	148.0	154.5
Economic and physical development	13.0	14.5	11.5	10.5	12.0	11.5	11.5	11.5	8.5	7
Human Services	89	90.5	88.0	87	87	87	86	87	90	91.5
Cultural and recreational	18	19.5	14.5	14	11.5	14.5	15	12	13	13
Water System	16	16	16	18	19	20	20	22	21	21
Waste Water	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Landfill/Solid Waste	22	25	28	26	27	27	27	27	28	28
<b>Total</b>	<b>320</b>	<b>329.5</b>	<b>322.0</b>	<b>333.5</b>	<b>330.5</b>	<b>338.5</b>	<b>344.5</b>	<b>351.5</b>	<b>356.0</b>	<b>361.0</b>

Source: Information provided by the Human Resources Department flexible period earnings report.

Note: A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 15

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Register of Deeds										
Marriage licenses issued	339	336	254	239	267	205	228	269	281	279
Certified copies requested	6,704	3,764	4,422	4,878	4,996	4,847	5,734	4,513	4,656	4,820
Cultural & Recreational										
Library										
Number of volumes	63,912	70,515	68,162	73,245	82,541	78,626	85,570	81,219	83,780	90,038
Total patrons served	164,309	169,733	176,994	163,898	166,636	133,958	127,523	111,291	107,888	102,023
Public Safety:										
Sheriff's Office										
Number of arrests	1,163	1,097	836	901	820	884	879	780	851	1,261
Number of transports	N/A	246	175	251	230	290	281	304	295	235
Civil papers/Subpoenas served	12,038	11,507	10,517	11,185	10,731	10,863	10,106	9,259	8,174	7,550
Central Communications-911										
Calls received										
Wireline	11,524	10,390	8,939	8,871	8,237	6,663	6,773	6,521	6,832	6,073
Wireless	14,756	16,176	17,955	19,111	20,755	19,442	20,670	22,568	23,338	17,974
Emergency Medical Services										
Emergency responses	6,011	6,039	6,225	6,747	6,853	6,895	6,953	7,690	8,216	8,612
Non-emergency transports	N/A	982	1,170	990	1,142	2,416	3,719	3,688	3,043	3,302
Inspections department										
Building permits issued	1,484	1,023	736	803	661	753	647	645	816	785
Water system										
Number of customers	7,114	7,168	7,158	7,088	7,099	7,125	7,203	7,175	7,252	7,302
Sewer system										
Number of customers	18	18	19	19	19	19	18	18	18	17
Landfill Fund										
Collections in tons:										
Garbage	24,517	21,813	23,933	24,190	32,924	31,773	31,147	32,458	33,962	35,635
Construction & Demolition	13,092	13,268	10,379	7,538	9,816	10,209	10,552	6,752	14,521	12,229
Vegetative refuse	4,056	4,809	4,498	3,425	7,213	5,650	8,787	5,172	5,218	6,832
Recyclables	1,464	1,416	1,352	1,277	1,225	6,346	4,247	961	975	4,146
Electronics	N/A	N/A	N/A	51	88	153	95	114	87	60
White goods/metals	912	670	641	511	290	260	220	298	418	478
Scrap tires	826	847	786	1,021	1,106	1,046	942	841	831	919

N/A Information is not available for these years.

Source: Information provided by from data collected by individual departments and provided to the Finance Department.

**PASQUOTANK COUNTY, NORTH CAROLINA**

Table 16

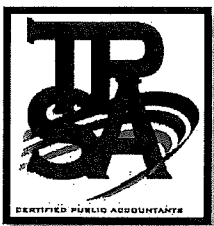
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire Stations*	7	7	7	7	7	7	7	7	7	7
Emergency Medical Services										
Ambulances	6	6	8	8	9	12	12	12	13	13
Non-Emergency Vehicles								1	1	2
Quick response vehicles	6	6	7	7	5	5	5	5	6	6
Parks and Recreation*										
Number of parks	25	25	25	25	25	25	25	25	25	25
Playgrounds	9	10	10	13	13	13	13	13	13	13
Athletic fields	11	13	13	18	18	18	18	18	18	18
Total acres	324	336	336	336	336	336	336	336	336	336
Water System										
Water mains (miles)	278	278	278	278	278	278	278	278	278	278
Fire hydrants	542	536	538	545	543	543	543	545	547	548
Average daily water plant production	1,231,562	1,281,000	1,327,000	1,373,871	1,314,833	1,499,000	1,605,284	1,780,212	1,803,454	1,664,000
Waste Water System										
Average daily waste water treated	120,943	120,329	112,340	125,718	117,138	116,647	132,564	161,809	130,278	53,500

Source: Information provided by from data collected by individual departments and the City of Elizabeth City and provided to the Finance Department.

\* Includes City of Elizabeth City

## COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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**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 Auditors' Report**

To the Board of County Commissioners  
Pasquotank County  
Elizabeth City, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises the Pasquotank County's basic financial statements, and have issued our report thereon dated November 30, 2017. Our report includes a reference to other auditors who audited the financial statements of the Albemarle Hospital Authority, as described in our report on Pasquotank County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Albemarle Hospital Authority were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control was for 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pasquotank County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Thompson, Price, Scott, Adams & Co., PA  
Wilmington, North Carolina  
November 30, 2017





Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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**Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of County Commissioners  
Pasquotank County  
Elizabeth City, North Carolina

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

We have audited Pasquotank 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 the Pasquotank County' major state programs for the year ended June 30, 2017. Pasquotank County' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Pasquotank County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we 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 the Pasquotank County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Pasquotank County's compliance.

### **Opinion on Each Major State Program**

In our opinion, Pasquotank County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Pasquotank 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 our audit of compliance, we considered the Pasquotank 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 our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., PA*

*Wilmington, North Carolina*

*November 30, 2017*



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditors' Report**

To the Board of County Commissioners  
Pasquotank County  
Elizabeth City, North Carolina

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Pasquotank County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we 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 Pasquotank County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pasquotank County's compliance.

*Members*  
*American Institute of CPAs – N.C. Association of CPAs – AICPA Division of Firms*

### **Opinion on Each Major Federal Program**

In our opinion, Pasquotank County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Pasquotank 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 our audit of compliance, we considered Pasquotank 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., PA*

*Wilmington, North Carolina*

*November 30, 2017*

PASQUOTANK COUNTY  
 ELIZABETH CITY, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?  Yes  No

Significant Deficiency(s) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?  Yes  No

Significant Deficiency(s) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program
93.575, 93.596, 93.558, 93.658	Subsidized Child Care Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$ 1,232,170

Auditee qualified as low-risk auditee?  Yes  No

State Awards

Internal control over major State programs:

Material weaknesses identified?  Yes  No

Significant Deficiency(s) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major State programs: Unmodified.

**PASQUOTANK COUNTY  
ELIZABETH CITY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?     Yes     No

Identification of major State programs:

Program Name

The Medical Assistance Program which is a State match on a federal program also meets the criteria for a major state program, but this program has been included in the list of major federal programs above.

**PASQUOTANK COUNTY  
ELIZABETH CITY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Section II. Financial Statement Findings

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None Reported.

**PASQUOTANK COUNTY  
ELIZABETH CITY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Section III. Federal Award Findings and Questioned Costs

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None Reported.

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Section IV. State Award Findings and Questioned Costs

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None Reported.



**PASQUOTANK COUNTY  
ELIZABETH CITY, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Section II. Financial Statement Findings

---

None Reported.

---

Section III. Federal Award Findings and Questioned Costs

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None Reported.

---

Section IV. State Award Findings and Questioned Costs

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None Reported.

**PASQUOTANK COUNTY  
ELIZABETH CITY, NORTH CAROLINA**

Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2017

Status:	2016-001	Corrected.
	2016-002	Corrected.

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

140

Grantor/Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
<b>Federal Grants:</b>						
U.S. Department of Health and Human Services						
Passed through N.C. Dept. of Health and Human Services:						
Division of Social Services:						
<u>Administration for Children and Families</u>						
Temporary Assistance to Needy Families Cluster						
Temporary Assistance to Needy Families (TANF)/Work First	93.558		\$ 473,849	\$		370,985
Direct Benefit Payments						
Temporary Assistance to Needy Families	93.558		213,236	(92)		(29)
Total TANF Cluster			687,085	(92)		370,956
Stephanie Tubbs Jones Child Welfare Services Program:						
Permanency Planning: Families for Kids	93.645		14,661			4,887
Social Services Block Grant-Other Services and Training	93.667		154,710			46,660
Total for Stephanie Tubbs Jones Child Welfare Services Program			169,371			51,547
<u>Foster Care and Adoption Cluster (Note 3)</u>						
Title IV-E Foster Care - Administration	93.658		83,681	18,663		64,994
Foster Care - Direct Benefits Payments	93.658		10,373	23,695		18,099
Family Preservation	93.556		4,169			
Title IV-E Optional Adoption Assistance	93.659		3,375			3,375
Adoption Assistance - Direct Benefits Payments	93.659		201,019	136,800		57,562
Total Foster Care and Adoption Cluster (Note 3)			302,617	179,158		144,030
Low Income Home Energy Assistance						
Direct Benefit Payments						
Energy Assistance Payments	93.568		374,817			
Chafee Foster Care Independence Programs	93.674		2,286	571		
N.C. Child Support Enforcement Section	93.563		406,384			209,349
<u>Division of Child Development and Early Education:</u>						
Subsidized Child Care: (Note 3)						
Child Care Development Fund Cluster						
Division of Social Services:						
Child Care Development Mandatory and Match Fund - Administration	93.596		80,924			
Division of Child Development:						
Child Care and Development Block Grant	93.575		632,809			
Child Care and Development Fund-Mandatory	93.596		313,731			
Child Care and Development Fund-Match	93.596		85,763			
Total Child Care Development Fund Cluster			1,113,227			
Temporary Assistance for Needy Families						
Temporary Assistance for Needy Families-Contingency	93.558		261,649			
Foster Care Title IV-E	93.575		210,118			
Foster Care Title IV-E	93.658		25,860	12,932		
State Appropriations				22,778		
TANF-Maintenance of Effort				166,943		
Total Subsidized Child Care Cluster (Note 3)			1,610,854	202,653		
U.S. Department of Justice						
Federal Bureau of Investigation	16.111	SE-NCE-0208	1,837			363

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

Grantor/Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
<b>Federal Grants Continued:</b>						
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety:						
Division of Governor's Crime Commission						
Emergency Management Program Grant	97.042	EPMG-2016-37139	59,208			73,969
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety:						
Division of Emergency Management						
Homeland Security/Medically Equiped UTV	97.067	EMW-2016-SS-00011-S01-1615	40,000			214
Homeland Security/Civil Unrest Seminar	97.067	EMW-2016-SS-00011-S01-1604	3,306			
Homeland Security/Disaster Assistance Training	97.067	EMW--2015-SS-00062-S01-1504	13,015			
<u>U.S. Department of Homeland Security</u>						
Passed through N.C. Department of Public Safety:						
Division of Emergency Management						
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-04-NC-4285-PW-01260	750	250		
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PA-04-NC-4285-PW-01203	16,770	5,590		
<u>U.S. Department of Health and Human Services</u>						
<u>Centers for Medicare and Medical Services</u>						
Passes-through the N.C. Dept of Health and Human Services						
Division of Medical Assistance:						
Direct Benefit Payments						
Medical Assistance Program	93.778		33,541,904	18,053,648		12,803
State Children's Insurance Program - N.C. Health Choice	93.767		691,013	3,590		
Division of Social Service						
Administration						
Medical Assistance Program	93.778		1,444,468	3,857		522,177
State Children's Insurance Program - N.C. Health Choice	93.767		58,093	51		92
<u>U.S. Department of Agriculture</u>						
<u>Food and Nutrition Service</u>						
Passed through N.C. Dept. of Health and Human Services						
Division of Social Services						
Administration:						
State Administrative Matching Grants for the						
Supplemental Nutrition Assistance Program	10.561		618,915			618,915
Total Nutrition Assistance Program			<u>618,915</u>			<u>618,915</u>
Passed through N.C. Dept. of Health and Human Services						
Division of Public Health						
Direct Benefit Payments:						
Special Supplemental Nutrition Program for						
Women, Infants & Children	10.557		1,029,632			
Total Federal Awards			<u>41,072,325</u>	<u>18,449,276</u>		<u>2,004,415</u>

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

Grantor/Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients	Local Expenditures
<b>State Grants:</b>						
N.C. Department of Health and Human Services						
Division of Social Services:						
Direct Benefit Payments:						
State/County Special Assistance for Adults				213,209		213,209
State/County Special Assistance for the Disabled				249,745		249,745
Administration						
State/County Adult Day Care				16,727		2,389
N.C. Department of Agriculture and Consumer Services						
Division of Soil and Water Conservation-Technical Assistance		G40100287215SWC		12,455		14,391
Division of Soil and Water Conservation-Stream Debris Removal		17-175-4007		136,945		
N.C. Department of Public Safety						
Department of Juvenile Justice and Delinquency Prevention						
Juvenile Crime Prevention Programs				137,674	137,674	8,967
N.C. Department of Public Instruction						
Public School Building Capital Fund-Lottery Proceeds				394,765		
N.C. Department of Environmental Quality						
Electronics Management Program				2,951		31,887
Scrap Tire Grant				31,707		56,119
Totals			\$ 41,072,325	\$ 19,645,454	\$ 134,674	2,581,122

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

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Pasquotank County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Pasquotank County, it is not intended to and does not present the financial position, changes in net position or cash flows of Pasquotank 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pasquotank County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Cluster of Programs**

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