

**ALEXANDER COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

**ALEXANDER COUNTY
NORTH CAROLINA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Alexander County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows 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 and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer 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 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 Alexander County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules 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, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013 on our consideration of Alexander 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 Alexander County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 28, 2013

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Management's Discussion and Analysis

As management of Alexander County, we offer readers of Alexander County's financial statements this narrative overview and analysis of the financial activities of Alexander County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

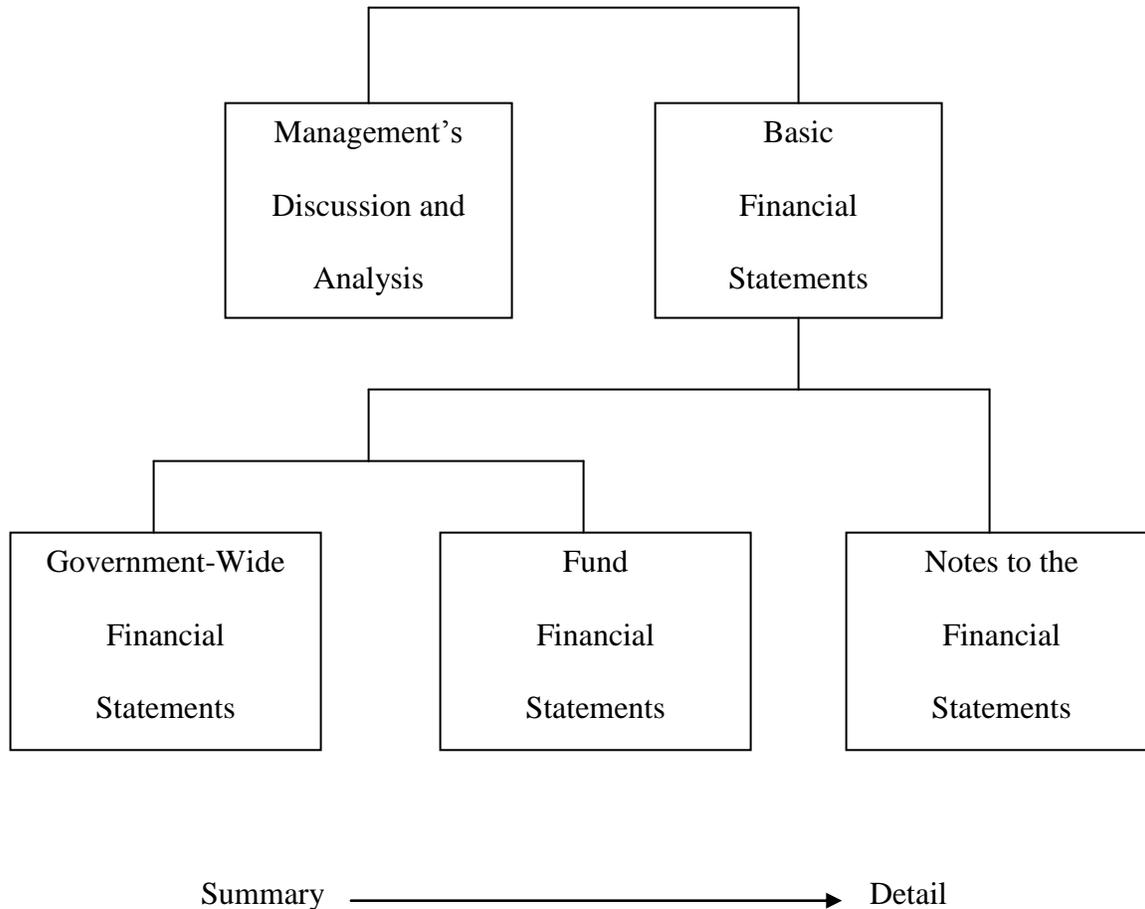
- The assets of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,720,920 (*net position*).
- The government's total net position increased by \$1,121,284, primarily due to increased net position of governmental activities.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$15,712,750, after a net decrease in fund balance of \$2,142,082. Approximately 42.1 percent of this total amount, or \$6,614,747, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,431,126, or 10.3 percent, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$897,127 (4.3 percent) during the current fiscal year. The key factor in this decrease is the timely payments of debt service as they come due during the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and 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 two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education, and general government administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Alexander County.

The government-wide financial statements are on Exhibits A and B 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. Alexander 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 Alexander County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Alexander County has four fiduciary funds, which are agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit J of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Alexander County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Schedules 1 and 2 after the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets exceeded liabilities and deferred inflows of resources by \$24,720,920 as of June 30, 2013. The County's net position increased by \$1,121,284 for the fiscal year ended June 30, 2013. One of the largest portions \$21,972,283 (88.88%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Alexander County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alexander 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. An additional portion of Alexander County's net position \$5,107,499 (20.66%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$2,358,862 (9.54% deficit).

Alexander County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 18,011,551	\$ 20,359,701	\$ 2,224,368	\$ 1,981,605	\$ 20,235,919	\$ 22,341,306
Capital assets	19,577,525	15,721,195	15,040,894	15,691,681	34,618,419	31,412,876
Total assets	<u>37,589,076</u>	<u>36,080,896</u>	<u>17,265,262</u>	<u>17,673,286</u>	<u>54,854,338</u>	<u>53,754,182</u>
Liabilities:						
Long-term liabilities outstanding	22,263,831	21,876,123	6,550,858	6,704,348	28,814,689	28,580,471
Other liabilities	1,093,316	1,355,953	103,106	92,418	1,196,422	1,448,371
Total liabilities	<u>23,357,147</u>	<u>23,232,076</u>	<u>6,653,964</u>	<u>6,796,766</u>	<u>30,011,111</u>	<u>30,028,842</u>
Deferred Inflows of Resources	<u>122,307</u>	<u>125,704</u>	-	-	<u>122,307</u>	<u>125,704</u>
Net Position:						
Net investment in capital assets	10,795,386	9,253,772	11,176,897	11,474,405	21,972,283	20,728,177
Restricted	5,107,499	4,917,486	-	-	5,107,499	4,917,486
Unrestricted	<u>(1,793,263)</u>	<u>(1,448,142)</u>	<u>(565,599)</u>	<u>(597,885)</u>	<u>(2,358,862)</u>	<u>(2,046,027)</u>
Total net position	<u>\$ 14,109,622</u>	<u>\$ 12,723,116</u>	<u>\$ 10,611,298</u>	<u>\$ 10,876,520</u>	<u>\$ 24,720,920</u>	<u>\$ 23,599,636</u>

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Increased property tax revenue
- Increased sales tax revenue and Medicaid hold harmless revenue
- Continued low cost of debt due to low interest rates

Alexander County Changes in Net Position
Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,631,885	\$ 4,685,168	\$ 3,539,684	\$ 3,591,095	\$ 8,171,569	\$ 8,276,263
Operating grants and contributions	4,849,944	4,861,273	-	-	4,849,944	4,861,273
Capital grants and contributions	631,110	809,442	165,355	586,239	796,465	1,395,681
General revenues:						
Property taxes	16,781,699	16,642,485	-	-	16,781,699	16,642,485
Other taxes	6,391,407	6,270,994	-	-	6,391,407	6,270,994
Grants and contributions not restricted to specific programs	-	5,244	84,171	77,447	84,171	82,691
Other	23,071	30,682	909	1,061	23,980	31,743
Total revenues	<u>33,309,116</u>	<u>33,305,288</u>	<u>3,790,119</u>	<u>4,255,842</u>	<u>37,099,235</u>	<u>37,561,130</u>
Expenses:						
General government	5,204,955	4,839,074	-	-	5,204,955	4,839,074
Public safety	8,352,048	8,171,963	-	-	8,352,048	8,171,963
Environmental protection	338,958	297,999	-	-	338,958	297,999
Economic and physical development	588,362	404,284	-	-	588,362	404,284
Human services	9,810,848	9,657,901	-	-	9,810,848	9,657,901
Cultural and recreation	961,578	835,944	-	-	961,578	835,944
Education	5,894,254	5,630,936	-	-	5,894,254	5,630,936
Interest and fees	594,889	657,105	-	-	594,889	657,105
Water and sewer	-	-	2,553,104	2,208,882	2,553,104	2,208,882
Solid waste	-	-	1,678,956	1,652,732	1,678,956	1,652,732
Total expenses	<u>31,745,891</u>	<u>30,495,206</u>	<u>4,232,060</u>	<u>3,861,614</u>	<u>35,977,951</u>	<u>34,356,819</u>
Increase (decrease) in net position before transfers	1,563,225	2,810,082	(441,941)	394,228	1,121,284	3,204,310
Transfers	<u>(176,719)</u>	<u>(150,000)</u>	<u>176,719</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,386,506	2,660,082	(265,222)	544,228	1,121,284	3,204,310
Net Position:						
Beginning of year July 1	<u>12,723,116</u>	<u>10,063,034</u>	<u>10,876,520</u>	<u>10,332,292</u>	<u>23,599,636</u>	<u>20,395,326</u>
End of year June 30	<u>\$14,109,622</u>	<u>\$12,723,116</u>	<u>\$10,611,298</u>	<u>\$10,876,520</u>	<u>\$24,720,920</u>	<u>\$23,599,636</u>

Governmental Activities. Governmental activities increased the County's net position by \$1,386,506, thereby accounting for 124% of the total growth in the net position of Alexander County. Key elements of this increase are as follows:

- Increase in property tax revenue
- Increase in sales tax revenues and Medicaid hold harmless revenue
- Lower debt service expense due to the scheduled retirement of debt in fiscal year 2012-2013
- State Lottery revenue for school construction project

Business-Type Activities. Business-type activities decreased Alexander County's net position by \$265,222 accounting for (24%) of the total growth in the government's net position. Key elements of this decrease are as follows:

- Increase in water and sewer expenses
- Decrease in Federal and State grant revenue for water capital projects
- Decrease in Solid Waste Fund revenues

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Alexander County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Alexander 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 Alexander County. At the end of the current fiscal year, Alexander County's fund balance available in the General Fund was \$7,988,344, while total fund balance reached \$10,649,195. The County currently has an available fund balance of 24.04 percent of total General Fund expenditures and transfers out, while total fund balance represents 32.05 percent of that same amount.

At June 30, 2013, the governmental funds of Alexander County reported a combined fund balance of \$15,712,750, a 12.0 percent decrease over last year. The primary reason for this decrease is the decrease in fund balance in the County Capital Project Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased estimated revenues by approximately \$542,000 which is 1.8 percent more than originally budgeted. The County received additional federal and State funding during the year for public health and social services programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the original budget was adopted. In addition, revenues from local option sales taxes and Medicaid hold harmless payments were more than the amount estimated in the original budget. These items accounted for the primary difference between the originally adopted budget and the final budget.

Proprietary Funds. Alexander 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 major proprietary funds at the end of the fiscal year were as follows: County Water and Sewer Fund – \$850,044; Bethlehem Water Fund – \$954,781; Solid Waste Fund – (\$408,704) deficit; and Landfill Closure Fund – (\$2,031,439) deficit. The total growth in net position for these four major funds was (\$248,543) deficit. Other factors concerning the finances of these funds have already been addressed in the discussion of Alexander County’s business-type activities.

Capital Asset and Debt Administration

Capital Assets. Alexander County’s capital assets for its governmental and business-type activities as of June 30, 2013, total \$34,618,419 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Addition of completed capital projects: a new park and the new law enforcement/detention center
- Purchase of vehicles and equipment for Public Safety programs
- Purchase of land and buildings for community college and general government
- Addition of a completed water capital project
- Purchase of new scales for the landfill
- Sale of surplus law enforcement vehicles

Alexander County’s Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 4,395,109	\$ 2,849,301	\$ 231,973	\$ 231,973	\$ 4,627,082	\$ 3,081,274
Construction in progress	95	7,124,861	-	99,952	95	7,224,813
Buildings	17,327,576	7,472,070	651,404	645,204	17,978,980	8,117,274
Other improvements	1,218,421	1,218,421	-	-	1,218,421	1,218,421
Equipment and machinery	4,162,064	3,941,433	785,603	735,714	4,947,667	4,677,147
Vehicles	2,624,311	2,348,479	370,840	370,840	2,995,151	2,719,319
Infrastructure	-	-	21,257,368	21,124,225	21,257,368	21,124,225
Furniture and fixtures	7,724	7,724	2,670	2,670	10,394	10,394
	<u>29,735,300</u>	<u>24,962,289</u>	<u>23,299,858</u>	<u>23,210,578</u>	<u>53,035,158</u>	<u>48,172,867</u>
Less: Accumulated depreciation	<u>(10,157,775)</u>	<u>(9,241,094)</u>	<u>(8,258,964)</u>	<u>(7,518,897)</u>	<u>(18,416,739)</u>	<u>(16,759,991)</u>
Total	<u>\$19,577,525</u>	<u>\$15,721,195</u>	<u>\$15,040,894</u>	<u>\$15,691,681</u>	<u>\$34,618,419</u>	<u>\$31,412,876</u>

Additional information on the County’s capital assets can be found in note 3.A. of the basic financial statements.

Long-Term Debt. As of June 30, 2013, Alexander County had total debt outstanding of \$19,997,420 all of which is debt backed by the full faith and credit of the County.

**Alexander County’s Outstanding Debt
Notes Payable and General Obligation Bonds**

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Notes payable	\$16,133,423	\$16,677,271	\$ 3,000,538	\$ 3,200,573	\$19,133,961	\$19,877,844
General obligation bonds	-	-	863,459	1,016,703	863,459	1,016,703
Total	<u>\$16,133,423</u>	<u>\$16,677,271</u>	<u>\$ 3,863,997</u>	<u>\$ 4,217,276</u>	<u>\$19,997,420</u>	<u>\$20,894,547</u>

Alexander County’s total debt decreased by \$897,127 (4.3 percent) during the past fiscal year, primarily due to timely debt service payments.

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 Alexander County is \$189,120,000.

Additional information regarding Alexander County’s long-term debt can be found in note 3.B. of this audited financial report.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The County was experiencing an unemployment rate of 9.6 percent at June 30, 2013. This was higher than the state average of 9.3 percent.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. General Fund revenues, excluding transfers, are projected to increase \$579,000 (1.9 percent) from 2013 amounts. This is due to an expected increase in grant funds and the County’s plan to generate revenue by housing prisoners from other counties in the new detention center that opened in fiscal year 2013.

General Fund expenditures, excluding transfers, are projected to increase \$2,833,000 (8.9 percent) from 2013 amounts. The main factors for this include increased County funding to the local school system and increased personnel and facility operations cost for the new law enforcement and detention center, which is much larger than the previous facility.

Lottery funds are expected to be used to complete the project to add classrooms at one elementary school.

Business-Type Activities. Budgeted expenditures in the Solid Waste Fund are expected to increase by 8 percent from 2013 due to the purchase of equipment for the landfill. Water rates will increase 5 percent to cover increased operating costs passed on from the County's water supplier.

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 (including information related to Bethlehem Water District, a blended component unit), should be directed to the Finance Director, Alexander County, 621 Liledoun Road, Taylorsville, North Carolina 28681. You can also call (828) 632-4591, visit our website www.alexandercountync.gov, or send an email to jherman@alexandercountync.gov for more information.

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and investments	\$ 12,097,116	\$ 2,149,675	\$ 14,246,791
Taxes receivable, net	1,035,585	-	1,035,585
Accounts receivable, net	1,084,656	350,305	1,434,961
Due from other governments	1,395,820	-	1,395,820
Internal balances	275,612	(275,612)	-
Cash and investments, restricted	2,122,762	-	2,122,762
Capital assets:			
Land and other non-depreciable assets	4,395,204	231,973	4,627,177
Depreciable assets, net	15,182,321	14,808,921	29,991,242
Capital assets, net	<u>19,577,525</u>	<u>15,040,894</u>	<u>34,618,419</u>
Total assets	<u>37,589,076</u>	<u>17,265,262</u>	<u>54,854,338</u>
Liabilities:			
Accounts payable and accrued liabilities	767,595	80,664	848,259
Miscellaneous liabilities	325,721	22,442	348,163
Current portion of compensated absences	392,000	3,700	395,700
Current portion of long-term debt	2,203,927	377,640	2,581,567
Non-current liabilities:			
Accrued landfill post-closure care costs	-	2,483,890	2,483,890
Non-current compensated absences	515,515	22,114	537,629
Non-current other post-employment benefits	4,869,101	177,157	5,046,258
Non-current portion of long-term debt	14,283,288	3,486,357	17,769,645
Total liabilities	<u>23,357,147</u>	<u>6,653,964</u>	<u>30,011,111</u>
Deferred Inflows of Resources:			
Prepaid taxes	<u>122,307</u>	<u>-</u>	<u>122,307</u>
Net Position:			
Net investment in capital assets	10,795,386	11,176,897	21,972,283
Restricted for:			
Stabilization for State statute	2,777,457	-	2,777,457
Register of Deeds	24,308	-	24,308
Public safety	764,239	-	764,239
General government	18,475	-	18,475
Human services	83,334	-	83,334
Economic & physical development	7,686	-	7,686
Education	1,432,000	-	1,432,000
Unrestricted (deficit)	<u>(1,793,263)</u>	<u>(565,599)</u>	<u>(2,358,862)</u>
Total net position	<u>\$ 14,109,622</u>	<u>\$ 10,611,298</u>	<u>\$ 24,720,920</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,204,955	\$ 412,670	\$ 46,567	\$ -
Public safety	8,352,048	1,666,877	89,050	-
Environmental protection	338,958	56,523	-	-
Economic and physical development	588,362	21,456	177,792	-
Human services	9,810,848	2,395,592	4,445,944	-
Cultural and recreation	961,578	78,767	90,591	-
Education	5,894,254	-	-	631,110
Interest and fees	594,889	-	-	-
Total governmental activities	<u>31,745,891</u>	<u>4,631,885</u>	<u>4,849,944</u>	<u>631,110</u>
Business-Type Activities:				
Water and sewer	2,553,104	2,474,881	-	159,259
Solid waste	1,678,956	1,064,803	-	6,096
Total business-type activities	<u>4,232,060</u>	<u>3,539,684</u>	<u>-</u>	<u>165,355</u>
Total primary government	<u>\$ 35,977,951</u>	<u>\$ 8,171,569</u>	<u>\$ 4,849,944</u>	<u>\$ 796,465</u>

General Revenues:

Ad valorem taxes
 Local option sales taxes
 Other taxes and licenses
 Unrestricted intergovernmental revenues
 Investment earnings, unrestricted

Total general revenues, excluding transfers
 Transfers

Total general revenues and transfers

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

The accompanying notes are an integral part of the financial statements.

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (4,745,718)	\$ -	\$ (4,745,718)
(6,596,121)	-	(6,596,121)
(282,435)	-	(282,435)
(389,114)	-	(389,114)
(2,969,312)	-	(2,969,312)
(792,220)	-	(792,220)
(5,263,144)	-	(5,263,144)
(594,889)	-	(594,889)
<u>(21,632,952)</u>	<u>-</u>	<u>(21,632,952)</u>
-	81,036	81,036
-	(608,057)	(608,057)
<u>-</u>	<u>(527,021)</u>	<u>(527,021)</u>
<u>(21,632,952)</u>	<u>(527,021)</u>	<u>(22,159,973)</u>
16,781,699	-	16,781,699
6,008,133	-	6,008,133
383,274	-	383,274
-	84,171	84,171
<u>23,071</u>	<u>909</u>	<u>23,980</u>
23,196,177	85,080	23,281,257
(176,719)	176,719	-
<u>23,019,458</u>	<u>261,799</u>	<u>23,281,257</u>
1,386,506	(265,222)	1,121,284
<u>12,723,116</u>	<u>10,876,520</u>	<u>23,599,636</u>
<u>\$ 14,109,622</u>	<u>\$ 10,611,298</u>	<u>\$ 24,720,920</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	
Assets:				
Cash and investments	\$ 9,021,825	\$ 2,060,451	\$ 1,014,840	\$ 12,097,116
Taxes receivable, net	965,212	-	70,373	1,035,585
Accounts receivable, net	988,766	-	95,890	1,084,656
Due from other governments	1,395,820	-	-	1,395,820
Due from other funds	323,859	20,716	-	344,575
Restricted assets:				
Cash and investments	138,919	-	1,983,843	2,122,762
Total assets	<u>\$ 12,834,401</u>	<u>\$ 2,081,167</u>	<u>\$ 3,164,946</u>	<u>\$ 18,080,514</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 703,657	\$ -	\$ 63,938	\$ 767,595
Due to other funds	20,716	-	48,247	68,963
Miscellaneous liabilities	325,721	-	-	325,721
Total liabilities	<u>1,050,094</u>	<u>-</u>	<u>112,185</u>	<u>1,162,279</u>
Deferred Inflows of Resources:				
Taxes receivable	965,212	-	70,373	1,035,585
Health department receivables	47,593	-	-	47,593
Prepaid taxes	122,307	-	-	122,307
Total deferred inflows of resources	<u>1,135,112</u>	<u>-</u>	<u>70,373</u>	<u>1,205,485</u>
Fund Balances:				
Restricted:				
Stabilization for State statute	2,660,851	20,716	95,890	2,777,457
Restricted, all other	1,195,227	400,000	2,242,070	3,837,297
Committed	-	1,660,451	712,887	2,373,338
Assigned	3,361,991	-	-	3,361,991
Unassigned	3,431,126	-	(68,459)	3,362,667
Total fund balances	<u>10,649,195</u>	<u>2,081,167</u>	<u>2,982,388</u>	<u>15,712,750</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,834,401</u>	<u>\$ 2,081,167</u>	<u>\$ 3,164,946</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,577,525
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(22,263,831)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net assets in the Statement of Net Position.	<u>1,083,178</u>
Net position of governmental activities	<u>\$ 14,109,622</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	
Revenues:				
Ad valorem taxes	\$ 15,751,356	\$ -	\$ 963,135	\$ 16,714,491
Local option sales taxes	6,008,133	-	-	6,008,133
Other taxes and licenses	219,003	-	164,271	383,274
Restricted intergovernmental revenues	4,662,066	631,110	187,878	5,481,054
Permits and fees	356,390	-	-	356,390
Sales and services	4,124,171	-	-	4,124,171
Interest earned on investments	17,387	804	4,880	23,071
Miscellaneous	158,566	-	-	158,566
Total revenues	<u>31,297,072</u>	<u>631,914</u>	<u>1,320,164</u>	<u>33,249,150</u>
Expenditures:				
General government	5,624,458	-	64,130	5,688,588
Public safety	6,943,810	-	3,565,430	10,509,240
Environmental protection	313,876	-	-	313,876
Economic and physical development	336,790	-	177,792	514,582
Human services	9,365,440	-	-	9,365,440
Cultural and recreation	885,772	-	1,282	887,054
Education	6,165,886	631,110	-	6,796,996
Debt service:				
Principal repayments	1,654,440	-	-	1,654,440
Interest	594,889	-	-	594,889
Total expenditures	<u>31,885,361</u>	<u>631,110</u>	<u>3,808,634</u>	<u>36,325,105</u>
Revenues over (under) expenditures	<u>(588,289)</u>	<u>804</u>	<u>(2,488,470)</u>	<u>(3,075,955)</u>
Other Financing Sources (Uses):				
Transfers in	191,330	412,218	753,064	1,356,612
Transfers out	(1,342,001)	-	(191,330)	(1,533,331)
Long-term debt issued	1,110,592	-	-	1,110,592
Total other financing sources (uses)	<u>(40,079)</u>	<u>412,218</u>	<u>561,734</u>	<u>933,873</u>
Net change in fund balances	(628,368)	413,022	(1,926,736)	(2,142,082)
Fund Balances:				
Beginning of year - July 1	<u>11,277,563</u>	<u>1,668,145</u>	<u>4,909,124</u>	<u>17,854,832</u>
End of year - June 30	<u>\$ 10,649,195</u>	<u>\$ 2,081,167</u>	<u>\$ 2,982,388</u>	<u>\$ 15,712,750</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ (2,142,082)
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	67,208
Health Department fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(7,242)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(68,754)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	4,865,453
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,009,123)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,654,440
Net pension obligation and other post-employment benefit 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.	(862,802)
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	<u>(1,110,592)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,386,506</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund			Variance with Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 15,574,400	\$ 15,655,157	\$ 15,751,356	\$ 96,199
Local option sales taxes	5,649,000	5,984,000	6,008,133	24,133
Other taxes and licenses	213,700	222,035	219,003	(3,032)
Unrestricted intergovernmental revenues	4,000	-	-	-
Restricted intergovernmental revenues	4,338,658	4,796,506	4,662,066	(134,440)
Permits and fees	295,800	295,800	356,390	60,590
Sales and services	4,859,457	4,415,462	4,124,171	(291,291)
Investment earnings	18,000	18,000	17,387	(613)
Miscellaneous	46,306	153,940	158,566	4,626
Total revenues	<u>30,999,321</u>	<u>31,540,900</u>	<u>31,297,072</u>	<u>(243,828)</u>
Expenditures:				
General government	5,244,355	6,282,806	5,624,458	658,348
Public safety	7,184,117	7,632,544	6,943,810	688,734
Environmental protection	428,011	364,100	313,876	50,224
Economic and physical development	361,512	374,212	336,790	37,422
Human services	9,348,676	9,943,153	9,365,440	577,713
Cultural and recreational	896,080	958,322	885,772	72,550
Education	5,219,475	6,169,475	6,165,886	3,589
Debt service:				
Principal retirement	1,659,000	1,659,000	1,654,440	4,560
Interest and fees	605,000	605,000	594,889	10,111
Contingency	300,000	38,050	-	38,050
Total expenditures	<u>31,246,226</u>	<u>34,026,662</u>	<u>31,885,361</u>	<u>2,141,301</u>
Revenues over (under) expenditures	<u>(246,905)</u>	<u>(2,485,762)</u>	<u>(588,289)</u>	<u>1,897,473</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	1,110,592	1,110,592	-
Transfers in	-	191,330	191,330	-
Transfers out	(1,985,000)	(1,375,392)	(1,342,001)	33,391
Appropriated fund balance	2,231,905	2,559,232	-	(2,559,232)
Total other financing sources (uses)	<u>246,905</u>	<u>2,485,762</u>	<u>(40,079)</u>	<u>(2,525,841)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(628,368)</u>	<u>\$ (628,368)</u>
Fund Balance:				
Beginning of year - July 1			<u>11,277,563</u>	
End of year - June 30			<u>\$ 10,649,195</u>	

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Enterprise		
	County Water and Sewer	Bethlehem Water	Solid Waste
Assets:			
Current assets:			
Cash and investments	\$ 754,019	\$ 860,891	\$ 519
Accounts receivable, net	144,578	102,192	103,535
Due from other funds	-	-	-
Total current assets	<u>898,597</u>	<u>963,083</u>	<u>104,054</u>
Non-current assets:			
Land and other non-depreciable assets	-	-	231,973
Depreciable assets, net of depreciation	11,673,146	1,718,128	558,761
Total non-current assets	<u>11,673,146</u>	<u>1,718,128</u>	<u>790,734</u>
Total assets	<u>12,571,743</u>	<u>2,681,211</u>	<u>894,788</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	23,234	-	40,602
Due to other funds	-	4,752	275,612
Miscellaneous liabilities	11,208	3,550	7,684
Accrued landfill post-closure care costs	-	-	-
Current portion of long-term debt	200,036	177,604	-
Current portion of compensated absences	300	-	3,400
Total current liabilities	<u>234,778</u>	<u>185,906</u>	<u>327,298</u>
Non-current liabilities:			
Non-current compensated absences	113	-	22,001
Non-current other post-employment benefits	13,698	-	163,459
Non-current portion of long-term debt	2,800,502	685,855	-
Total non-current liabilities	<u>2,814,313</u>	<u>685,855</u>	<u>185,460</u>
Total liabilities	<u>3,049,091</u>	<u>871,761</u>	<u>512,758</u>
Net Position:			
Net investment in capital assets	8,672,608	854,669	790,734
Unrestricted	850,044	954,781	(408,704)
Total net position	<u>\$ 9,522,652</u>	<u>\$ 1,809,450</u>	<u>\$ 382,030</u>

The accompanying notes are an integral part of the financial statements.

Exhibit G

Funds		
<u>Landfill Closure</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 469,279	\$ 64,967	\$ 2,149,675
-	-	350,305
-	4,752	4,752
<u>469,279</u>	<u>69,719</u>	<u>2,504,732</u>
-	-	231,973
-	858,886	14,808,921
-	858,886	15,040,894
<u>469,279</u>	<u>928,605</u>	<u>17,545,626</u>
16,828	-	80,664
-	-	280,364
-	-	22,442
2,483,890	-	2,483,890
-	-	377,640
-	-	3,700
<u>2,500,718</u>	<u>-</u>	<u>3,248,700</u>
-	-	22,114
-	-	177,157
-	-	3,486,357
-	-	3,685,628
<u>2,500,718</u>	<u>-</u>	<u>6,934,328</u>
-	858,886	11,176,897
<u>(2,031,439)</u>	<u>69,719</u>	<u>(565,599)</u>
<u>\$ (2,031,439)</u>	<u>\$ 928,605</u>	<u>\$ 10,611,298</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise		
	County Water and Sewer	Bethlehem Water	Solid Waste
Operating Revenues:			
Water and sewer sales	\$ 1,107,044	\$ 1,158,227	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	190,720
Landfill	-	-	1,064,803
Total operating revenues	<u>1,107,044</u>	<u>1,158,227</u>	<u>1,255,523</u>
Operating Expenses:			
Administration	-	42,724	-
Convenience centers	-	-	168,695
Water and sewer operations	817,429	900,311	-
Landfill operations	-	-	1,198,744
Depreciation and amortization	552,733	103,129	58,055
Total operating expenses	<u>1,370,162</u>	<u>1,046,164</u>	<u>1,425,494</u>
Operating income (loss)	<u>(263,118)</u>	<u>112,063</u>	<u>(169,971)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	43	770	-
Intergovernmental revenues	12,000	-	72,171
Grant revenue	-	-	6,096
Interest and fees paid	(66,512)	(34,697)	-
Total non-operating revenues (expenses)	<u>(54,469)</u>	<u>(33,927)</u>	<u>78,267</u>
Income (loss) before contributions and transfers	(317,587)	78,136	(91,704)
Capital contributions	-	159,259	-
Income (loss) before transfers	(317,587)	237,395	(91,704)
Transfers In (Out):			
Transfers in (out)	-	-	(7,339)
Change in net position	(317,587)	237,395	(99,043)
Net Position:			
Beginning of year - July 1	<u>9,840,239</u>	<u>1,572,055</u>	<u>481,073</u>
End of year - June 30	<u>\$ 9,522,652</u>	<u>\$ 1,809,450</u>	<u>\$ 382,030</u>

The accompanying notes are an integral part of the financial statements.

Exhibit H

Funds

<u>Landfill Closure</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 2,265,271
-	18,890	18,890
-	-	190,720
-	-	1,064,803
-	18,890	3,539,684
-	-	42,724
-	-	168,695
-	-	1,717,740
253,462	-	1,452,206
-	35,569	749,486
253,462	35,569	4,130,851
(253,462)	(16,679)	(591,167)
96	-	909
-	-	84,171
-	-	6,096
-	-	(101,209)
96	-	(10,033)
(253,366)	(16,679)	(601,200)
-	-	159,259
(253,366)	(16,679)	(441,941)
184,058	-	176,719
(69,308)	(16,679)	(265,222)
(1,962,131)	945,284	10,876,520
\$ (2,031,439)	\$ 928,605	\$ 10,611,298

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Enterprise</u>		
	<u>County Water and Sewer</u>	<u>Bethlehem Water</u>	<u>Solid Waste</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,112,082	\$ 1,163,183	\$ 1,268,474
Cash paid for goods and services	(746,358)	(943,128)	(1,097,868)
Cash paid to employees for services	(58,437)	-	(241,708)
Net cash provided (used) by operating activities	<u>307,287</u>	<u>220,055</u>	<u>(71,102)</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	12,000	-	78,267
Change in due to/from other funds	-	(7,426)	(18,141)
Interfund transfer in (out)	-	-	(7,339)
Net cash provided (used) by non-capital financing activities	<u>12,000</u>	<u>(7,426)</u>	<u>52,787</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(33,191)	(56,089)
Principal paid on bonds and notes payable	(200,035)	(153,244)	-
Payment to refunded bond escrow agent	-	(863,459)	-
Issuance of long-term debt	-	863,459	-
Interest and fees paid on bonds	(67,143)	(41,238)	-
Capital contributions	-	159,259	-
Net cash provided (used) by capital and related financing activities	<u>(267,178)</u>	<u>(68,414)</u>	<u>(56,089)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>43</u>	<u>770</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	52,152	144,985	(74,404)
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>701,867</u>	<u>715,906</u>	<u>74,923</u>
End of year - June 30	<u>\$ 754,019</u>	<u>\$ 860,891</u>	<u>\$ 519</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (263,118)	\$ 112,063	\$ (169,971)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	552,733	103,129	58,055
(Increase) decrease in accounts receivable	5,038	4,956	12,951
Increase (decrease) in accounts payable	9,813	(93)	952
Increase (decrease) in accrued salaries	-	-	(2,587)
Increase (decrease) in other post-employment benefits	3,037	-	27,715
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	(216)	-	1,783
Net cash provided (used) by operating activities	<u>\$ 307,287</u>	<u>\$ 220,055</u>	<u>\$ (71,102)</u>

The accompanying notes are an integral part of the financial statements.

Exhibit I

Funds

<u>Landfill Closure</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ -	\$ 18,890	\$ 3,562,629
(76,217)	-	(2,863,571)
-	-	(300,145)
<u>(76,217)</u>	<u>18,890</u>	<u>398,913</u>
-	-	90,267
-	(52)	(25,619)
184,058	-	176,719
<u>184,058</u>	<u>(52)</u>	<u>241,367</u>
-	-	(89,280)
-	-	(353,279)
-	-	(863,459)
-	-	863,459
-	-	(108,381)
-	-	159,259
<u>-</u>	<u>-</u>	<u>(391,681)</u>
96	-	909
107,937	18,838	249,508
<u>361,342</u>	<u>46,129</u>	<u>1,900,167</u>
<u>\$ 469,279</u>	<u>\$ 64,967</u>	<u>\$ 2,149,675</u>
\$ (253,462)	\$ (16,679)	\$ (591,167)
-	35,569	749,486
-	-	22,945
9,775	-	20,447
-	-	(2,587)
-	-	30,752
167,470	-	167,470
-	-	1,567
<u>\$ (76,217)</u>	<u>\$ 18,890</u>	<u>\$ 398,913</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 17,613
Liabilities:	
Accounts payable	\$ 15,720
Intergovernmental payable - State of North Carolina	<u>1,893</u>
Total liabilities	<u>\$ 17,613</u>

The accompanying notes are an integral part of the financial statements.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies

The accounting policies of Alexander County (the "County") and its blended component units conform to generally accepted accounting principles as they apply to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-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. The blended component units, although they are legally separate entities, are in substance, part of the County's operations.

Component Units

Blended Component Unit

The Bethlehem Water District exists to provide and maintain a water system for the County residents within its district. Under State law (G.S. 162A-89), the County's Board of Commissioners also serve as the governing board for the District. Therefore, the District is reported as an enterprise fund in the County's financial statements.

The Bethlehem Water District issues 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). 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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 and investment earnings, result from non-exchange transactions or ancillary activities.

The County has the following fund categories (further divided by fund type):

Governmental Funds – are used to account for the County's general governmental activities. Governmental funds include the following fund types:

General Fund

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: Fire Districts Fund, Revaluation Fund, Multi-Year Operating Grants Fund, and Emergency Telephone System Fund.

Capital Project Funds

Capital project funds are used to account for the acquisition and or construction of major governmental capital assets. The County has two capital project funds, the County Capital Project Fund and the Capital Improvements Fund.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Proprietary Funds

Enterprise Funds

The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The County reported the following enterprise funds: Bethlehem Sewer Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund. The County has one Enterprise Fund Capital Project. The Bethlehem Water Capital Project Fund (comprised of the Hoyle Keller Loop Revitalization Project), which is consolidated with the Bethlehem Water District for reporting purposes.

Fiduciary Funds – account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

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 four agency funds: Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; Sheriff's Civil Executions Fund, which accounts for monies collected by the Sheriff's Office for civil judgments; the 3% Interest Payable to State Fund, which accounts for the three percent interest collected on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Deed of Trust Fees Fund, which accounts for the additional fees for recorded deeds of trust or mortgages collected by the County and remitted to the State Treasurer.

Major Funds. The General Fund, Capital Improvements Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund are major funds for the year ended June 30, 2013.

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Capital Improvements Fund – The Capital Improvements Fund is used to account for school system capital improvements, including those funded by lottery revenues.

County Water and Sewer Fund – The County Water and Sewer Fund is used to account for the water and sewer operations for all areas of the County except the Bethlehem Water District.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Bethlehem Water District Fund – The Bethlehem Water District Fund is used to account for the water system operations of the geographic area of the County designated as the Bethlehem Water District.

Solid Waste Fund – The Solid Waste Fund is used to account for the operations of the County's landfill, solid waste transfer station, and garbage disposal and recycling convenience centers.

Landfill Closure Fund – The Landfill Closure Fund is used to account for the closure and post-closure care costs of the County's landfill facility.

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, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 60 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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 County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on 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 by general revenues.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding Multi-Year Operating Grants Fund), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Multi-Year Operating Grants Fund, which is a special revenue fund, and the County Capital Projects Fund. Project ordinances are adopted for the Water Capital Projects Fund and Bethlehem Water Capital Project Fund, which are enterprise fund capital projects. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000 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. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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 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).

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings, and investment contracts are reported at amortized cost.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Restricted assets in the General Fund consists of cash restricted for public safety purposes \$29,424, cash restricted for DSS adoption enhancement \$83,334, cash restricted for cooperative extension of \$7,686, and cash restricted for PEG Channel of \$18,475. The unexpended debt proceeds in the County Capital Project Fund are classified as restricted assets within the fund because their use is completely restricted to the purpose for which the debt was originally issued. Money in the Revaluation Fund is also classified as restricted because its use is restricted per North Carolina General Statute 153A-150.

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, 2012.

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.

Prepaid Items

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated assets are listed at the market value at the date of donation. The County has elected not to capitalize those interest costs which are incurred during the construction period of capital assets.

Minimum capitalization costs are as follows: land, \$5,000; other improvements, \$5,000; equipment and vehicles, \$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 Alexander County Board of Education properties which 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 once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Alexander County Board of Education.

Capital assets in the enterprise funds of the County are recorded at original cost at the time of acquisition. Capital assets donated to the Enterprise Fund operations are recorded at the estimated fair market value at the date of donation.

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Other improvements	10 - 40 years
Equipment and vehicles	3 - 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 does not have any item that meets this criterion. In addition to liabilities, the Statement of Net 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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

then. The County has three items that meet the criterion for this category – prepaid taxes, taxes receivable, and health department receivables.

Long-Term Obligations

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

Included within the governmental activities long-term obligations are several notes payable issued for the benefit of the Alexander County Board of Education. The debt service of the Alexander County Board of Education notes payable is covered by a reduction in the local option sales tax or the general allocation due to the Board from the County.

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

The County's long-term debt for the water districts and landfill is carried within the Enterprise Fund. The debt service requirements for the water districts' debt are being met by water revenues, but the taxing power of the County is pledged to make these payments if water revenues should ever be insufficient.

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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 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:

Non-Spendable 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 in tact.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization for State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

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

Restricted for General Government – portion of fund balance restricted by revenue source for general government purposes.

Restricted for Education – portion of fund balance restricted by revenue source for school debt service and school capital outlay.

Restricted for Human Services – portion of fund balance restricted by revenue source for DSS Adoption Enhancement funds- State.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as Sheriff, fire protection, EMS and E-911.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic and physical development purposes.

Restricted fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
Restricted, all other:			
Register of Deeds	\$ 24,308	\$ -	\$ -
General Government	18,475	-	-
Education	1,032,000	400,000	-
Human Services	83,334	-	-
Economic and Physical Development	7,686	-	-
Public Safety	-	-	734,815
Public Safety - Courthouse project	-	-	1,507,255
Public Safety - Federal Shared Asset Program	697	-	-
Public Safety - State Unauthorized Substance	28,727	-	-
Total	<u>\$ 1,195,227</u>	<u>\$ 400,000</u>	<u>\$ 2,242,070</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Alexander County's governing body (highest level of decision making authority, Board of Commissioners). The Board of Commissioners can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Any changes or removal of specific purpose restrictions requires majority action by the Board.

Committed for Tax Revaluation – portion of fund balance budgeted by the Board to be used for tax revaluation.

Committed for Future Capital Projects – portion of fund balance budgeted by the Board to be used for future capital projects.

Committed fund balance at June 30, 2013 is as follows:

Purpose	Capital Improvements Fund	Other Governmental Funds
Tax revaluation	\$ -	\$ 476,084
Future capital projects	<u>1,660,451</u>	<u>236,803</u>
Total	<u>\$ 1,660,451</u>	<u>\$ 712,887</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Alexander County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to modify appropriations up to \$10,000 between departments within a fund.

Assigned fund balance at June 30, 2013 is as follows:

Purpose	General Fund	Other Governmental Funds
Subsequent year's expenditures	<u>\$ 3,361,991</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes.

Alexander 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: debt 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 or when required by grant or other contractual agreements.

The County has not officially adopted a minimum fund balance policy.

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	\$ 10,649,195
Less:	
Stabilization for State statute	<u>(2,660,851)</u>
Fund balance available for appropriation	<u>\$ 7,988,344</u>

F. Revenues, Expenditures, and Expenses

Compensated Absences

The vacation policy of the County provides for the accumulation of up to two hundred forty (240) hours earned vacation leave with such leave being fully vested when earned. In the County's governmental proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

2. Stewardship, Compliance, and Accountability

Deficit Fund Balance or Net Position of Individual Funds

The Landfill Closure Fund had deficit net position of \$2,031,439 at June 30, 2013. The deficit will be offset by future revenues or transfers.

3. Detail Notes On All Funds

A. Assets

Deposits

All of the County'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 agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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 relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institutions used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$3,771,341 and a bank balance of \$3,975,467. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,225,467 by collateral held under the Pooling Method. Cash on hand was \$3,870 at June 30, 2013.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Investments

At June 30, 2013, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-5 Years</u>
N.C. Capital Management Trust - Term Portfolio	\$ 2,004,787	\$ -	\$ 2,004,787	\$ -
N.C. Capital Management Trust - Cash Portfolio	10,607,168	N/A	N/A	N/A
Total investments	<u>\$ 12,611,955</u>	<u>\$ -</u>	<u>\$ 2,004,787</u>	<u>\$ -</u>

The County has no policy regarding credit risk. The County's investments in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2013.

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>
2009	\$ 1,254,917	\$ 401,573	\$ 1,656,490
2010	1,285,408	308,498	1,593,906
2011	1,317,899	210,864	1,528,763
2012	1,357,258	108,581	1,465,839
Total	<u>\$ 5,215,482</u>	<u>\$ 1,029,516</u>	<u>\$ 6,244,998</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2013, were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,214,408	\$ 1,355,152	\$ 1,395,820	\$ 3,965,380
Other governmental	95,890	82,433	-	178,323
Total receivables	<u>1,310,298</u>	<u>1,437,585</u>	<u>1,395,820</u>	<u>4,143,703</u>
Allowance for doubtful accounts	<u>(225,642)</u>	<u>(402,000)</u>	<u>-</u>	<u>(627,642)</u>
Total governmental activities	<u>\$ 1,084,656</u>	<u>\$ 1,035,585</u>	<u>\$ 1,395,820</u>	<u>\$ 3,516,061</u>
Business-Type Activities:				
Solid Waste Fund	\$ 104,931	\$ -	\$ -	\$ 104,931
Water and Sewer Fund	<u>261,850</u>	<u>-</u>	<u>-</u>	<u>261,850</u>
Total receivables	366,781	-	-	366,781
Allowance for doubtful accounts	<u>(16,476)</u>	<u>-</u>	<u>-</u>	<u>(16,476)</u>
Total business-type activities	<u>\$ 350,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,305</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 878,207
Sales tax refund	<u>517,613</u>
Total	<u>\$ 1,395,820</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Capital Assets

A summary of changes in the County's governmental capital assets are as follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 2,849,301	\$ 651,281	\$ -	\$ 894,527	\$ 4,395,109
Construction in progress	7,124,861	-	-	(7,124,766)	95
Depreciable Assets:					
Buildings	7,472,070	3,625,267	-	6,230,239	17,327,576
Other improvements	1,218,421	-	-	-	1,218,421
Equipment and machinery	3,941,433	220,631	-	-	4,162,064
Vehicles	2,348,479	368,274	(92,442)	-	2,624,311
Furniture and fixtures	7,724	-	-	-	7,724
Total assets	<u>24,962,289</u>	<u>4,865,453</u>	<u>(92,442)</u>	<u>-</u>	<u>29,735,300</u>
Less Accumulated Depreciation:					
Buildings	(3,744,460)	(320,190)	-	-	(4,064,650)
Other improvements	(536,123)	(97,218)	-	-	(633,341)
Equipment and machinery	(2,996,096)	(395,900)	-	-	(3,391,996)
Vehicles	(1,956,691)	(195,815)	92,442	-	(2,060,064)
Furniture and fixtures	(7,724)	-	-	-	(7,724)
Total accumulated depreciation	<u>(9,241,094)</u>	<u>(1,009,123)</u>	<u>92,442</u>	<u>-</u>	<u>(10,157,775)</u>
Capital assets, net	<u>\$ 15,721,195</u>	<u>\$ 3,856,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,577,525</u>

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

Governmental Activities:	
General government	\$ 278,742
Public safety	433,134
Environmental protection	11,589
Human services	122,816
Cultural and recreational	51,343
Economic and physical development	64,241
Education	47,258
Total	<u>\$ 1,009,123</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2013 are as follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Business-Type Activities:					
County Water & Sewer Fund:					
Depreciable Assets:					
Infrastructure	\$ 15,846,219	\$ -	\$ -	\$ -	\$ 15,846,219
Vehicles	30,851	-	-	-	30,851
Furniture and fixtures	1,603	-	-	-	1,603
Total assets	<u>15,878,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,878,673</u>
Less Accumulated Depreciation:					
Infrastructure	(3,620,340)	(552,733)	-	-	(4,173,073)
Vehicles	(30,851)	-	-	-	(30,851)
Furniture and fixtures	(1,603)	-	-	-	(1,603)
Total accumulated depreciation	<u>(3,652,794)</u>	<u>\$ (552,733)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,205,527)</u>
County W&S capital assets, net	<u>12,225,879</u>				<u>11,673,146</u>
Bethlehem Water Fund:					
Non-Depreciable Assets:					
Construction in progress	99,952	\$ -	\$ -	\$ (99,952)	-
Depreciable Assets:					
Infrastructure	3,637,798	33,191	-	99,952	3,770,941
Total assets	<u>3,737,750</u>	<u>33,191</u>	<u>-</u>	<u>-</u>	<u>3,770,941</u>
Less Accumulated Depreciation:					
Infrastructure	(1,959,103)	\$ (93,710)	\$ -	\$ -	(2,052,813)
Bethlehem Water capital assets, net	<u>1,778,647</u>				<u>1,718,128</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Business-Type Activities (cont):					
Solid Waste Fund:					
Non-Depreciable Assets:					
Land	231,973	\$ -	\$ -	\$ -	231,973
Depreciable Assets:					
Buildings	645,204	6,200	-	-	651,404
Infrastructure	217,411	-	-	-	217,411
Vehicles	339,989	-	-	-	339,989
Equipment and machinery	735,714	49,889	-	-	785,603
Furniture and fixtures	1,067	-	-	-	1,067
Total assets	<u>2,171,358</u>	<u>56,089</u>	<u>-</u>	<u>-</u>	<u>2,227,447</u>
Less Accumulated Depreciation:					
Buildings	(238,388)	(16,264)	-	-	(254,652)
Infrastructure	(216,438)	(34)	-	-	(216,472)
Vehicles	(244,171)	(26,198)	-	-	(270,369)
Equipment and machinery	(678,594)	(15,559)	-	-	(694,153)
Furniture and fixtures	(1,067)	-	-	-	(1,067)
Total accumulated depreciation	<u>(1,378,658)</u>	<u>\$ (58,055)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,436,713)</u>
Solid Waste capital assets, net	<u>792,700</u>				<u>790,734</u>
 Bethlehem Sewer Fund:					
Depreciable Assets:					
Infrastructure	1,422,797	\$ -	\$ -	\$ -	1,422,797
Less Accumulated Depreciation:					
Infrastructure	(528,342)	\$ (35,569)	\$ -	\$ -	(563,911)
Bethlehem Sewer capital assets, net	<u>894,455</u>				<u>858,886</u>
 Total business-type activities					
capital assets, net	<u>\$ 15,691,681</u>				<u>\$ 15,040,894</u>

The County contracts with the City of Hickory to provide billing and collection services, as well as maintenance on the water lines for the County Water and Sewer Fund and Bethlehem Water District. Total service fees paid for the year ending June 30, 2013 were \$486,019 for the County Water and Sewer Fund and \$774,211 for Bethlehem Water District.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2013 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 19,577,525	\$ 15,040,894
Long-term debt	(16,133,423)	(3,863,997)
Long-term debt for assets not owned by the County	5,844,029	-
Unspent debt proceeds	1,507,255	-
Net investment in capital assets	<u>\$ 10,795,386</u>	<u>\$ 11,176,897</u>

B. Liabilities

Payables

Payables at the government-wide level (Exhibit A) at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 526,118	\$ 503,260	\$ -	\$ 1,029,378
Other governmental	63,938	-	-	63,938
Total governmental activities	<u>\$ 590,056</u>	<u>\$ 503,260</u>	<u>\$ -</u>	<u>\$ 1,093,316</u>
Business-Type Activities:				
Solid Waste Fund	\$ 41,924	\$ 6,362	\$ -	\$ 48,286
Landfill Closure Fund	16,828	-	-	16,828
Water and Sewer Fund	23,234	706	14,052	37,992
Total business-type activities	<u>\$ 81,986</u>	<u>\$ 7,068</u>	<u>\$ 14,052</u>	<u>\$ 103,106</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS 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, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is 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 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$672,016, \$662,225, and \$562,845, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .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. The Plan does not issue a separate stand-alone financial report.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>42</u>
Total	<u><u>43</u></u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2011, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both item (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 36,833	25.10%	\$ 295,043
6/30/2012	33,632	0.00%	328,675
6/30/2013	33,639	25.33%	353,792

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$350,358. The covered payroll (annual payroll of active employees covered by the plan) was \$1,229,248, and the ratio of the UAAL to the covered payroll was 28.50 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 37,659
Interest on net pension obligation	16,434
Adjustment to annual required contribution	<u>(20,454)</u>
Annual pension cost	33,639
Less: Contributions made	<u>8,522</u>
Increase in net pension obligation	25,117
Net pension obligation, beginning of year	<u>328,675</u>
Net pension obligation, end of year	<u>\$ 353,792</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$79,999, which consisted of \$56,846 from the County and \$23,153 from the law enforcement officers.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$2,448.

Other Post-Employment Benefits

Plan Description. The County (by local policy) provides post-employment medical insurance benefits to retirees of the County through a single employer defined benefit plan, provided they retire through the North Carolina Local Governmental Employees' Retirement System (LGERS) and meet the following requirements.

For employees hired prior to July 1, 2008: At the date of retirement, the participant occupies a full-time or part-time with benefits budgeted position (50% or greater) and has completed: 1) a minimum of fifteen (15) consecutive years of employment with the County for reduced retiree health benefits or 2) twenty (20) consecutive years of employment with the County for retiree health benefits.

For employees hired on or after July 1, 2008 and before July 1, 2009: At the date of retirement, the participant occupies a full-time position and has completed a minimum of thirty (30) consecutive years of employment with the County for retiree health benefits.

The post-employment medical insurance benefits are not available to employees hired on or after July 1, 2009.

Medical insurance coverage will only be extended to qualified retirees until they become eligible for Medicare. For participants in the non-reduced retiree health benefits plan: When the qualified retiree becomes eligible for Medicare, the County will provide retiree health benefits by supplemental medical insurance only. For participants in the reduced retiree health benefits plan: When the qualified retiree becomes eligible for Medicare, participation in the County's group health plan will cease. The County Commissioners may amend the benefit provisions. A separate report was not issued for the Plan.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Membership of the Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	24	5
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	153	21
Total	177	26

Funding Policy. The County employees that retire with 15 years up to 20 years of service and were hired before July 1, 2008, may participate in the County’s group medical insurance plan and pay for the full cost themselves. Dependent coverage is not available. Those members that retire with 20 or more years of service and were hired before July 1, 2008 will receive individual medical insurance coverage at no cost to the retiree, except those retirees paying a pro-rated share for their medical insurance at retirement will continue to pay their pro-rated share. Dependent coverage is not available. The County employees that retire with 30 or more years of service and were hired on or after July 1, 2008 and before July 1, 2009, will receive medical insurance coverage at no cost to the retiree. Dependent coverage is not available. The County has chosen to fund the medical insurance benefits on a pay-as-you-go basis.

The current ARC rate is 14.35% of annual covered payroll. For the current year, the County contributed \$140,192 or 2.09%, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. The County’s required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 1.53% and 2.59% of covered payroll, respectively. There were no contributions made by employees. The County’s obligation to contribute to the Plan is established and may be amended by the Board of County Commissioners.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are budgeted on an annual basis to be 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Annual required contribution	\$ 1,041,088	\$ 32,740	\$ 1,073,828
Interest on net OPEB obligation	162,018	5,095	167,113
Adjustments to annual required contribution	(225,229)	(7,083)	(232,312)
Annual OPEB cost (expense)	977,877	30,752	1,008,629
Contributions made	(140,192)	-	(140,192)
Increase (decrease) in net OPEB obligation	837,685	30,752	868,437
Net OPEB obligation, beginning of year	4,031,416	146,405	4,177,821
Net OPEB obligation, end of year	<u>\$ 4,869,101</u>	<u>\$ 177,157</u>	<u>\$ 5,046,258</u>

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

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2011	\$ 1,154,646	10.90%	\$ 3,185,599
2012	1,137,773	12.79%	4,177,821
2013	1,008,629	13.90%	5,046,258

Funding Status and Funding Progress. As of December 31, 2012, 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 \$9,315,846. The covered payroll (annual payroll of active employees covered by the Plan) was \$6,721,626, and the ratio of the UAAL to the covered payroll was 138.6 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, 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 dollar amount on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

As of June 30, 2013, management has decided not to set aside funds for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

Other Employment Benefits

The County has 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 Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan 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 has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

The County provides life insurance in the amount of \$12,500 to all full-time and eligible part-time employees. Internal Revenue Service (IRS) regulations dictate that the cost of group-term life insurance provided to an employee by his employer for coverage that exceeds \$50,000 is taxable to the employee as a fringe benefit.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Closure and Post-Closure Care Costs - Landfill Facility

Federal and State laws and regulations require the County to place a final cover on its current operating cell at the landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County also has a closed cell at the landfill facility for which the entire amount of the closure and post-closure costs has been recognized as the cell capacity was used. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,483,890 reported as landfill closure and post-closure care liability at June 30, 2013 represents a cumulative amount reported to date based on the use of 79% of the total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$660,264 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2013. The County closed the material solid waste operating cell at the landfill facility in fiscal year 1998 and expects to close the construction and demolition operating cell in 2033. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under federal and State laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has elected to establish a Landfill Closure Fund, a proprietary fund type, to accumulate resources for the payment of closure and post-closure care costs. A transfer of \$184,058 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2013. The Landfill Closure Fund has \$469,279 in cash at June 30, 2013.

The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Deferred Outflows and Inflows of Resources

The County does not have deferred outflows of resources.

The balance in deferred inflows of resources (unavailable revenue) on the fund statements and unearned revenues on the government-wide statements at June 30, 2013 is composed of the following elements:

	Unavailable Revenues		Unearned Revenues	
	General Fund	Fire District Fund	General Fund	Fire District Fund
Taxes receivable (net)	\$ 965,212	\$ 70,373	\$ -	\$ -
Health Department receivables (net)	47,593	-	-	-
Prepaid taxes	-	-	122,307	-
Total	\$ 1,012,805	\$ 70,373	\$ 122,307	\$ -

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 obtains workers' compensation and employer liability insurance through Key Risk Insurance Company with workers' compensation coverage up to the statutory limits and employer liability coverage subject to a limit of \$1,000,000. The County obtains property coverage through Millennium Insurance Group equal to replacement cost values of owned property subject to a limit of \$23 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost), and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through Blue Cross and Blue Shield of North Carolina and United Healthcare, respectively. The County uses a third-party administrator to manage the group medical and dental insurance plans.

The County participates in the National Flood Insurance Program (NFIP) with Flood Insurance Rate Maps that designate two County-owned properties as having a one-percent annual chance of a 100-year flood in any given year. The County has not secured flood insurance through the NFIP, but carries flood insurance with a \$1,000,000 limit and a \$50,000 deductible through the County's property insurance carrier.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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.

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 Director, Tax Administrator/Collector, and County Manager are individually bonded for \$100,000 each. The Sheriff and Register of Deeds are bonded for \$25,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000. This blanket bond also covers the County positions named above.

Contingent Liabilities

At June 30, 2013, 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 financial position.

Long-Term Obligations

General Obligation Indebtedness

The general obligation bonds financed by the governmental funds are accounted for in the governmental funds. The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water systems, and which are being retired by its resources, are reported as long-term debt in the Enterprise Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

General obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

Business-Type Activities:

Proprietary Funds:

Blended Component Unit:

\$863,459 April 2013 Water Refunding Bonds due semi-annually on October 1 and April 1 in installments of \$96,050, which includes interest at 1.91%, through April 2018

\$ 863,459

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Business-Type Activities:

Proprietary Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 177,604	\$ 14,497	\$ 192,101
2015	179,856	12,245	192,101
2016	183,307	8,794	192,101
2017	186,825	5,276	192,101
2018	135,867	1,690	137,557
Total general obligation bonds	<u>\$ 863,459</u>	<u>\$ 42,502</u>	<u>\$ 905,961</u>

Advance Refunding

The County issued \$863,459 Series 2013 General Obligation Refunding Bonds with a closing date on April 26, 2013 to defease certain general obligation bonds by placing the proceeds of new bonds in an escrow to provide for future debt service payments on the old bonds. The County placed \$863,459 of new bonds for future principal payments. Accordingly, the escrowed account assets and liability for the defeased bonds are not included in the County's financial statements.

The par amount of the bonds was \$863,459. The true interest cost of the refunding is approximately 1.91%. The net present value of the savings realized by the County is approximately \$38,783.

The Series 2013 General Obligation Bonds fully extinguished the following debt:

\$863,459 Series 2003 General Obligation Bonds

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Notes Payable

Notes payable at June 30, 2013, is comprised of the following individual agreements:

Governmental Funds:

\$476,667 February 2005 agreement to purchase real property and a building for the Alexander County branch of Catawba Valley Community College, due in 30 semi-annual payments of \$21,667 plus interest at 4.15%, through December 2015, secured by real property	\$ 108,333
\$5,800,000 March 2001 agreement to construct a new building for Ellendale Elementary School, due in 40 semi-annual payments of \$230,467 including interest at 4.97%, through March 2021, secured by a deed of trust. In March 2013, the loan terms were modified by the financial institution. The new terms state that interest will accrue at a rate of 2.59%. Principal and interest payments of \$209,656 are payable semi-annually, through March 2021.	3,012,261
\$6,256,217 June 2004 agreement to construct a new Department of Social Services Building and Alexander Central High School Auditorium, due in 13 semi-annual payments of \$254,537, followed by 17 semi-annual payments of \$173,333 plus interest at 3.399%, through June 2019, secured by real property	2,080,571
\$3,850,000 October 2002 agreement to construct classrooms, make renovations at various Alexander County schools, due in 30 semi-annual payments of \$128,333 plus interest at 4.05%, through September 2017, secured by a deed of trust. In March 2013, the loan terms were modified by the financial institution. The new terms state that interest will accrue at a rate of 1.73%. Principal payments will remain the same at \$128,333 plus interest semi-annually, through September 2017.	1,155,000
\$10,000,000 January 2011 agreement to construct a new law enforcement and detention center and to make renovations to the existing County courthouse, due in 30 semi-annual payments of \$333,333 plus interest at 3.19%, through January 2026, secured by a deed of trust	8,666,666
\$1,110,592 October 2012 promissory note to purchase real property and buildings for the Alexander County branch of Catawba Valley Community College and for general government, due in 2 annual payments of \$580,408 including interest at 3.0%, through October 2014, secured by a deed of trust.	<u>1,110,592</u>
Total governmental funds	<u>16,133,423</u>
Proprietary Funds:	
\$3,600,645 June 2009 Drinking Water State Revolving Fund agreement to construct water system due on May 1 in installments of \$200,036 with interest payable on May 1 and November 1 at 2.10%, through May 2028 unsecured	<u>3,000,538</u>
Total proprietary funds	<u>3,000,538</u>
Total all funds	<u>\$ 19,133,961</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Annual debt service requirements to maturity for the County's notes payable are as follows:

Governmental Activities:

Governmental Funds:

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,203,927	\$ 471,915	\$ 2,675,842
2015	2,229,294	407,096	2,636,390
2016	1,653,312	341,666	1,994,978
2017	1,641,073	294,020	1,935,093
2018	1,522,413	246,693	1,769,106
2019-2023	4,883,407	675,507	5,558,914
2024-2026	1,999,997	111,652	2,111,649
Total governmental funds	<u>16,133,423</u>	<u>2,548,549</u>	<u>18,681,972</u>

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	Principal	Interest	Total
2014	\$ 200,036	\$ 63,011	\$ 263,047
2015	200,036	58,811	258,847
2016	200,036	54,610	254,646
2017	200,036	50,409	250,445
2018	200,036	46,208	246,244
2019-2023	1,000,180	168,030	1,168,210
2024-2028	1,000,178	63,011	1,063,189
Total proprietary funds	<u>3,000,538</u>	<u>504,090</u>	<u>3,504,628</u>
Total notes payable	<u>\$ 19,133,961</u>	<u>\$ 3,052,639</u>	<u>\$ 22,186,600</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

A summary of changes in long-term obligations follows:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable	\$ 16,677,271	\$ 1,110,592	\$ 1,654,440	\$ 16,133,423	\$ 2,203,927
Compensated absences	838,761	461,103	392,349	907,515	392,000
OPEB liability	4,031,416	977,877	140,192	4,869,101	-
Net pension obligation	328,675	33,639	8,522	353,792	-
Total	<u>\$ 21,876,123</u>	<u>\$ 2,583,211</u>	<u>\$ 2,195,503</u>	<u>\$ 22,263,831</u>	<u>\$ 2,595,927</u>
Business-Type Activities:					
County Water & Sewer Fund:					
Notes payable	\$ 3,200,573	\$ -	\$ 200,035	\$ 3,000,538	\$ 200,036
OPEB liability	10,661	3,037	-	13,698	-
Compensated absences	629	2,146	2,362	413	300
Total	<u>3,211,863</u>	<u>5,183</u>	<u>202,397</u>	<u>3,014,649</u>	<u>200,336</u>
Bethlehem Water Fund:					
General obligation bonds	<u>1,016,703</u>	<u>863,459</u>	<u>1,016,703</u>	<u>863,459</u>	<u>177,604</u>
Solid Waste Fund:					
OPEB liability	135,744	27,715	-	163,459	-
Compensated absences	23,618	5,182	3,399	25,401	3,400
Total	<u>159,362</u>	<u>32,897</u>	<u>3,399</u>	<u>188,860</u>	<u>3,400</u>
Landfill Closure Fund:					
Accrued landfill post-closure costs	<u>2,316,420</u>	<u>253,462</u>	<u>85,992</u>	<u>2,483,890</u>	<u>-</u>
Total business-type activities	<u>\$ 6,704,348</u>	<u>\$ 1,155,001</u>	<u>\$ 1,308,491</u>	<u>\$ 6,550,858</u>	<u>\$ 381,340</u>

At June 30, 2013, the County had a legal debt margin of approximately \$189,120,000.

Compensated absences, pension obligations, and OPEB for governmental activities have typically been liquidated in the General Fund.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

C. Interfund Balances and Activity

	Transfers		Purpose
	From	To	
Transfers From/To Other Funds:			
General Fund	\$ -	\$ 191,330	
Special Revenue (Multi-Year Operating Grants) Fund	38,867	-	Close out Phase I of Rocky Face Park project
Capital Project (County Capital Projects) Fund	45,000	-	Resources for mobile data terminals/ printers for sheriff vehicles
Capital Project (County Capital Projects) Fund	86,463	-	Resources for portion of local match required for Phase II of Rocky Face Park
Capital Project (County Capital Projects) Fund	21,000	-	Resources for new trail construction at Rocky Face Park
General Fund	1,342,001	-	
Capital Project (School Capital Improvements) Fund	-	412,218	School sales tax hold harmless funds; resources for school construction
Special Revenue (Multi-Year Operating Grants) Fund	-	25,273	Local funds to supplement public safety grant
Enterprise (Solid Waste) Fund	-	1,719	Resources for salary adjustments
Enterprise (Landfill Closure) Fund	-	175,000	Resources for monitoring of closed landfill
Capital Project (County Capital Projects) Fund	-	727,791	Local funds to finish construction of new law enforcement and detention center
Enterprise (Solid Waste) Fund	9,058	-	
Enterprise (Landfill Closure) Fund	-	9,058	Finance closure & post-closure costs
Total transfers	<u>\$ 1,542,389</u>	<u>\$ 1,542,389</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2013:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
School Cap Improve Fund	General Fund	\$ 20,716	Sales tax hold harmless amount due to schools for July & Aug sales tax distributions
Bethlehem Sewer Fund	Bethlehem Water Fund	4,752	Sewer surcharge for quarter ended 6/30/13 - include in pymt from City of Hickory to Bethlehem Water Fund
General Fund	Multi-Year Grants Fund	48,247	Cash overdraft
General Fund	Solid Waste Fund	<u>275,612</u>	Cash overdraft
Total		<u>\$ 349,327</u>	

4. Summary Disclosure of Significant Contingencies

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 monies 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.

5. Jointly Governed Organizations

The County, in conjunction with three other counties and twenty-three municipalities, established the Western Piedmont Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$31,810 and administrative and other fees of \$49,293 to the Council during the fiscal year ended June 30, 2013.

Smoky Mountain Center is the MH/DD/SAS area program for the following 15 counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, McDowell, Swain, Watauga, and Wilkes. The County Commissioners are responsible for appointing two of the thirty members of the Board of Directors of Smoky Mountain Center for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Smoky Mountain Center Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County, in conjunction with three other counties (Burke, Caldwell and Catawba) and three municipalities (Hickory, Conover, and Newton), established the Western Piedmont Regional Transit Authority (RTA) which began operations as of July 1, 2008. Each participating government appoints one member and one alternate to the RTA's governing board. The County paid \$4,080 as a special appropriation to the RTA during the fiscal year ended June 30, 2013.

6. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which 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>Federal</u>	<u>State</u>
Medicaid	\$ 24,949,222	\$ 13,889,508
Temporary Assistance to Needy Families	161,270	-
Foster Care	126,347	32,624
Low Income Energy Assistance	91,100	-
State/County Domiciliary Care	-	269,017
IV-E Adoption Subsidy	220,988	58,970
CWS Adoption Subsidy	-	43,852
F/C At Risk Maximization	-	1,261
State Foster Home	-	31,527
Total	<u>\$ 25,548,927</u>	<u>\$ 14,326,759</u>

7. Change in Accounting Principles

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

ALEXANDER COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2007	\$ -	\$ 202,790	\$ 202,790	0.00%	\$ 865,258	23.44%
12/31/2008	-	203,072	203,072	0.00%	990,531	20.50%
12/31/2009	-	297,737	297,737	0.00%	932,629	31.92%
12/31/2010	-	258,707	258,707	0.00%	1,114,313	23.22%
12/31/2011	-	266,813	266,813	0.00%	1,077,088	24.77%
12/31/2012	-	350,358	350,358	0.00%	1,229,248	28.50%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 37,779	24.47%
2012	36,481	0.00%
2013	37,659	22.63%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
Cost of living adjustments	None

*Includes inflation at 3.00%

ALEXANDER COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit			Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Unfunded AAL (UAAL) (b - a)					
12/31/2008	\$ -	\$ 9,133,405	\$ 9,133,405	0.00%	\$ 9,230,942	98.9%	
12/31/2010	-	9,544,595	9,544,595	0.00%	8,320,604	114.7%	
12/31/2012	-	9,315,846	9,315,846	0.00%	6,721,626	138.6%	

Schedule of Employer Contributions

Year Ended June 30	Annual	
	Required Contribution	Percentage Contributed
2011	\$ 1,187,488	10.60%
2012	1,187,488	12.26%
2013	1,073,828	13.06%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate:	
Pre-Medicare trend rate	8.50% - 5.0%
Post-Medicare trend rate	6.25% - 5.0%
Year of Ultimate trend rate	2018

*Includes inflation at 3.00%

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 15,511,157	\$ 15,601,559	\$ 90,402	\$ 15,454,798
Penalties and interest	144,000	149,797	5,797	142,271
Total	15,655,157	15,751,356	96,199	15,597,069
Local Option Sales Taxes:				
Article 39 one percent	1,798,000	1,743,082	(54,918)	1,666,580
Article 40 one-half of one percent	2,013,000	2,046,641	33,641	1,995,923
Article 42 one-half of one percent	1,030,000	977,782	(52,218)	933,201
Article 44 one-half of one percent	-	709	709	(441)
Article 46 one-fourth of one percent	343,000	385,956	42,956	367,456
Medicaid Hold Harmless	800,000	853,963	53,963	882,224
Total	5,984,000	6,008,133	24,133	5,844,943
Other Taxes and Licenses:				
ABC \$.05 per bottle	2,700	3,414	714	3,194
Franchise fees	32,335	32,650	315	29,617
Video programming distribution	187,000	182,939	(4,061)	181,785
Total	222,035	219,003	(3,032)	214,596
Unrestricted Intergovernmental Revenues:				
ABC net revenues	-	-	-	5,244
Total	-	-	-	5,244
Restricted Intergovernmental Revenues:				
Federal and State grants	4,749,506	4,616,116	(133,390)	4,747,524
Controlled substance tax	2,000	5,349	3,349	21,504
Court facility fees	45,000	40,601	(4,399)	42,482
Total	4,796,506	4,662,066	(134,440)	4,811,510
Permits and Fees:				
Register of Deeds	170,000	192,986	22,986	183,167
Building inspections	110,500	117,790	7,290	129,127
Gun and concealed weapon permits	10,500	38,499	27,999	18,475
Other fees	4,800	7,115	2,315	7,151
Total	295,800	356,390	60,590	337,920
Sales and Services:				
Rents, concessions, and fees	227,276	183,184	(44,092)	161,934
Detention Center fees	7,250	28,973	21,723	19,604
Ambulance fees	1,359,618	1,364,176	4,558	1,543,533
Recreation Department	59,335	55,950	(3,385)	54,085
Health Department	2,334,793	2,020,296	(314,497)	2,029,803
Information Technology	500	210	(290)	489

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Social services	312,700	338,733	26,033	289,636
Senior Center	8,000	14,381	6,381	14,357
License Plate Agency	77,000	86,897	9,897	85,899
Library	7,000	10,634	3,634	11,650
State payments - soil & water technical assistance	21,990	20,737	(1,253)	17,840
Total	4,415,462	4,124,171	(291,291)	4,228,830
Investment Earnings	18,000	17,387	(613)	15,691
Miscellaneous:				
Insurance claim reimbursement	-	-	-	17,075
Donations	35,626	44,402	8,776	29,729
Grant	26,000	21,328	(4,672)	16,500
Sale of fixed assets	6,000	7,044	1,044	10,110
Other	86,314	85,792	(522)	42,064
Total	153,940	158,566	4,626	115,478
Total revenues	31,540,900	31,297,072	(243,828)	31,171,281
Expenditures:				
General Government:				
Governing body	961,213	688,662	272,551	425,579
Administration	286,035	268,092	17,943	274,925
Planning	82,165	60,280	21,885	59,723
Elections	268,648	253,126	15,522	219,715
Finance	424,873	411,552	13,321	408,004
Tax office	490,267	455,964	34,303	478,742
Information Technology	860,597	848,376	12,221	679,239
Register of Deeds	261,198	226,286	34,912	254,244
License Plate Agency	130,398	125,907	4,491	124,448
Public buildings	1,496,355	1,443,802	52,553	663,315
Garage	553,234	456,308	96,926	471,544
Human resources	355,030	304,672	50,358	357,912
Court facilities	112,793	81,431	31,362	81,204
Total	6,282,806	5,624,458	658,348	4,498,594
Public Safety:				
Sheriff's office	2,292,957	2,141,237	151,720	2,183,346
DARE program	-	-	-	11,054
Detention center	1,896,781	1,469,446	427,335	1,132,277
Pre-trial release program	65,922	59,342	6,580	57,221
TECS program	78,109	71,722	6,387	78,398
Fire protection	255,887	236,640	19,247	292,731
Emergency communications	530,559	498,246	32,313	482,160
Forestry	49,605	44,962	4,643	48,550
Inspections	184,357	180,531	3,826	138,244
Emergency medical	2,260,367	2,223,784	36,583	2,174,649
Medical examiner	18,000	17,900	100	16,500
Total	7,632,544	6,943,810	688,734	6,615,130

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Environmental Protection:				
Soil and water	107,700	106,642	1,058	90,169
Animal control	256,400	207,234	49,166	187,704
Total	364,100	313,876	50,224	277,873
Economic and Physical Development:				
Economic development	175,639	151,450	24,189	104,693
Agricultural extension	198,573	185,340	13,233	190,408
Total	374,212	336,790	37,422	295,101
Human Services:				
Health Department:				
Environmental health	317,073	327,726	(10,653)	337,671
General health	148,804	134,714	14,090	121,406
Maternal health	301,287	219,719	81,568	221,753
Home health	1,004,533	910,435	94,098	829,011
WIC program	173,885	159,103	14,782	173,878
Dental health	381,379	385,967	(4,588)	369,686
Family planning	210,445	190,202	20,243	211,500
Communicable disease	112,947	100,899	12,048	139,613
Health promotion	78,189	50,841	27,348	76,687
Child health	341,065	282,005	59,060	314,398
Adult health	51,177	21,575	29,602	60,707
Bioterrorism grant	57,264	50,030	7,234	55,623
Total	3,178,048	2,833,216	344,832	2,911,933
Veterans Service	65,287	61,410	3,877	65,051
Juvenile Crime Prevention	111,999	94,397	17,602	102,394
Social Services Department:				
Administration	3,145,855	3,107,409	38,446	3,102,582
In-home services	192,709	198,559	(5,850)	163,806
Public assistance	133,718	111,750	21,968	84,027
Emergency assistance account	12,931	7,649	5,282	-
Medical assistance	99,000	105,603	(6,603)	58,141
General assistance	1,806,916	1,743,598	63,318	1,870,662
Foster care	370,036	397,607	(27,571)	256,338
Adoption enhancement fund	113,416	42,477	70,939	-
Work First	35,781	35,559	222	68,619
Aging-nutrition	109,735	108,180	1,555	111,718
Total	6,020,097	5,858,391	161,706	5,715,893
Special appropriations	406,918	382,326	24,592	314,525
Senior Center	160,804	135,700	25,104	123,484
Total	9,943,153	9,365,440	577,713	9,233,280

ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Cultural and Recreational:				
Recreation	337,527	331,742	5,785	321,560
Rocky Face Park	168,973	123,918	45,055	13,348
Library	384,508	365,166	19,342	360,204
Bethlehem Library	67,314	64,946	2,368	58,990
Total	<u>958,322</u>	<u>885,772</u>	<u>72,550</u>	<u>754,102</u>
Education:				
Alexander County Board of Education:				
Current expenses	5,000,000	5,000,000	-	5,000,000
Auditorium reimbursement	150,000	150,000	-	150,000
CVCC - Alexander County:				
Current expenses	69,475	65,886	3,589	65,900
Capital outlay	<u>950,000</u>	<u>950,000</u>	<u>-</u>	<u>-</u>
Total	<u>6,169,475</u>	<u>6,165,886</u>	<u>3,589</u>	<u>5,215,900</u>
Debt Service:				
Principal retirement	1,659,000	1,654,440	4,560	1,681,180
Interest and fees	<u>605,000</u>	<u>594,889</u>	<u>10,111</u>	<u>657,105</u>
Total	<u>2,264,000</u>	<u>2,249,329</u>	<u>14,671</u>	<u>2,338,285</u>
Contingency	<u>38,050</u>	<u>-</u>	<u>38,050</u>	<u>-</u>
Total expenditures	<u>34,026,662</u>	<u>31,885,361</u>	<u>2,141,301</u>	<u>29,228,265</u>
Revenues over (under) expenditures	<u>(2,485,762)</u>	<u>(588,289)</u>	<u>1,897,473</u>	<u>1,943,016</u>
Other Financing Sources (Uses):				
Long-term debt issued	1,110,592	1,110,592	-	-
Transfers in:				
Special revenue funds	38,867	38,867	-	2,103
Capital project funds	152,463	152,463	-	21,110
Transfers out:				
Special revenue funds	(25,273)	(25,273)	-	-
Capital project funds	(1,173,400)	(1,140,009)	33,391	(278,363)
Enterprise funds	(176,719)	(176,719)	-	(150,000)
Appropriated fund balance	<u>2,559,232</u>	<u>-</u>	<u>(2,559,232)</u>	<u>-</u>
Total	<u>2,485,762</u>	<u>(40,079)</u>	<u>(2,525,841)</u>	<u>(405,150)</u>
Net change in fund balance	<u>\$ -</u>	<u>(628,368)</u>	<u>\$ (628,368)</u>	<u>1,537,866</u>
Fund Balance:				
Beginning of year, July 1		<u>11,277,563</u>		<u>9,739,697</u>
End of year, June 30		<u>\$ 10,649,195</u>		<u>\$ 11,277,563</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND
 CAPITAL IMPROVEMENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
State lottery revenue	\$ 780,244	\$ 631,110	\$ (149,134)	\$ 348,756
Investment earnings	500	804	304	822
Total revenues	<u>780,744</u>	<u>631,914</u>	<u>(148,830)</u>	<u>349,578</u>
Expenditures:				
Education	1,090,853	631,110	459,743	398,756
Contingency	<u>135,500</u>	-	<u>135,500</u>	-
Total expenditures	<u>1,226,353</u>	<u>631,110</u>	<u>595,243</u>	<u>398,756</u>
Revenues over (under) expenditures	(445,609)	804	446,413	(49,178)
Other Financing Sources (Uses):				
Transfers in	<u>445,609</u>	<u>412,218</u>	<u>(33,391)</u>	<u>303,908</u>
Net change in fund balance	<u>\$ -</u>	413,022	<u>\$ 413,022</u>	254,730
Fund Balance:				
Beginning of year - July 1		<u>1,668,145</u>		<u>1,413,415</u>
End of year - June 30		<u>\$ 2,081,167</u>		<u>\$ 1,668,145</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Multi-Year Operating Grants Fund	Emergency Telephone System Fund
Assets:				
Cash and investments	\$ 58,569	\$ -	\$ -	\$ 719,468
Taxes receivable, net	70,373	-	-	-
Accounts receivable	-	-	68,580	27,310
Cash and investments, restricted	-	476,588	-	-
Total assets	<u>\$ 128,942</u>	<u>\$ 476,588</u>	<u>\$ 68,580</u>	<u>\$ 746,778</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 18,914	\$ 504	\$ 20,212	\$ 24,308
Due to other funds	-	-	48,247	-
Total liabilities	<u>18,914</u>	<u>504</u>	<u>68,459</u>	<u>24,308</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>70,373</u>	-	-	-
Fund Balances:				
Restricted:				
Stabilization for State statute	-	-	68,580	27,310
Restricted, all other	39,655	-	-	695,160
Committed	-	476,084	-	-
Unassigned	-	-	(68,459)	-
Total fund balances	<u>39,655</u>	<u>476,084</u>	<u>121</u>	<u>722,470</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 128,942</u>	<u>\$ 476,588</u>	<u>\$ 68,580</u>	<u>\$ 746,778</u>

Schedule 5

Total Nonmajor Special Revenue Funds	Capital Project Fund	Total Nonmajor Governmental Funds
Funds	County Capital Project Fund	Funds
\$ 778,037	\$ 236,803	\$ 1,014,840
70,373	-	70,373
95,890	-	95,890
<u>476,588</u>	<u>1,507,255</u>	<u>1,983,843</u>
<u>\$ 1,420,888</u>	<u>\$ 1,744,058</u>	<u>\$ 3,164,946</u>
\$ 63,938	\$ -	\$ 63,938
<u>48,247</u>	<u>-</u>	<u>48,247</u>
<u>112,185</u>	<u>-</u>	<u>112,185</u>
<u>70,373</u>	<u>-</u>	<u>70,373</u>
95,890	-	95,890
734,815	1,507,255	2,242,070
476,084	236,803	712,887
<u>(68,459)</u>	<u>-</u>	<u>(68,459)</u>
<u>1,238,330</u>	<u>1,744,058</u>	<u>2,982,388</u>
<u>\$ 1,420,888</u>	<u>\$ 1,744,058</u>	<u>\$ 3,164,946</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Multi-Year Operating Grants Fund	Emergency Telephone System Fund
Revenues:				
Ad valorem taxes	\$ 918,135	\$ 45,000	\$ -	\$ -
Other taxes and licenses	-	-	-	164,271
Intergovernmental revenues	-	-	187,878	-
Investment earnings	-	94	-	702
Total revenues	<u>918,135</u>	<u>45,094</u>	<u>187,878</u>	<u>164,973</u>
Expenditures:				
Public safety	917,206	-	35,238	128,719
General government	-	64,130	-	-
Cultural and recreation	-	-	1,282	-
Economic and physical development	-	-	177,792	-
Total expenditures	<u>917,206</u>	<u>64,130</u>	<u>214,312</u>	<u>128,719</u>
Revenues over (under) expenditures	<u>929</u>	<u>(19,036)</u>	<u>(26,434)</u>	<u>36,254</u>
Other Financing Sources (Uses):				
Transfers in	-	-	25,273	-
Transfers out	-	-	(38,867)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(13,594)</u>	<u>-</u>
Net change in fund balances	929	(19,036)	(40,028)	36,254
Fund Balances:				
Beginning of year - July 1	<u>38,726</u>	<u>495,120</u>	<u>40,149</u>	<u>686,216</u>
End of year - June 30	<u>\$ 39,655</u>	<u>\$ 476,084</u>	<u>\$ 121</u>	<u>\$ 722,470</u>

Schedule 6

Total Nonmajor Special Revenue Funds	Capital Project Fund	Total Nonmajor Governmental Funds
County Capital Project Fund		
\$ 963,135	\$ -	\$ 963,135
164,271	-	164,271
187,878	-	187,878
796	4,084	4,880
<u>1,316,080</u>	<u>4,084</u>	<u>1,320,164</u>
1,081,163	2,484,267	3,565,430
64,130	-	64,130
1,282	-	1,282
177,792	-	177,792
<u>1,324,367</u>	<u>2,484,267</u>	<u>3,808,634</u>
<u>(8,287)</u>	<u>(2,480,183)</u>	<u>(2,488,470)</u>
25,273	727,791	753,064
<u>(38,867)</u>	<u>(152,463)</u>	<u>(191,330)</u>
<u>(13,594)</u>	<u>575,328</u>	<u>561,734</u>
(21,881)	(1,904,855)	(1,926,736)
<u>1,260,211</u>	<u>3,648,913</u>	<u>4,909,124</u>
<u>\$ 1,238,330</u>	<u>\$ 1,744,058</u>	<u>\$ 2,982,388</u>

ALEXANDER COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 967,049	\$ 918,135	\$ (48,914)	\$ 901,567
Expenditures:				
Public safety:				
Bethlehem Fire District	221,300	212,508	8,792	210,224
Wittenburg Fire District	158,230	151,443	6,787	152,817
Hiddenite Fire District	126,845	119,573	7,272	120,645
East Alexander Fire District	96,250	91,396	4,854	91,061
Ellendale Fire District	101,945	95,579	6,366	93,360
Sugarloaf Fire District	91,225	86,706	4,519	86,782
Central Alexander Fire District	114,890	105,247	9,643	104,778
Vashti Fire District	56,364	54,754	1,610	47,080
Total expenditures	967,049	917,206	49,843	906,747
Net change in fund balance	\$ -	929	\$ 929	(5,180)
Fund Balance:				
Beginning of year - July 1		38,726		43,906
End of year - June 30		\$ 39,655		\$ 38,726

ALEXANDER COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 45,000	\$ 45,000	\$ -	\$ 45,000
Investment earnings	225	94	(131)	116
Total revenues	<u>45,225</u>	<u>45,094</u>	<u>(131)</u>	<u>45,116</u>
Expenditures:				
General government	<u>159,734</u>	<u>64,130</u>	<u>95,604</u>	<u>29,544</u>
Revenues over (under) expenditures	(114,509)	(19,036)	95,473	15,572
Other Financing Sources (Uses):				
Appropriated fund balance	<u>114,509</u>	<u>-</u>	<u>(114,509)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(19,036)</u>	<u>\$ (19,036)</u>	15,572
Fund Balance:				
Beginning of year - July 1		<u>495,120</u>		<u>479,548</u>
End of year - June 30		<u>\$ 476,084</u>		<u>\$ 495,120</u>

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND
BUDGETARY BASIS (NON-GAAP)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual		Total to Date
		Prior Years	Current Year	
Project Budget:				
Rocky Face Park Project:				
Revenues:				
NC PARTF Grant	\$ 477,776	\$ 477,776	\$ -	\$ 477,776
Felburn Foundation Grant	22,755	22,755	-	22,755
Local contribution - County Capital Projects Fund	97,755	97,755	-	97,755
Local contribution - General Fund	45,000	45,000	-	45,000
Total revenues	<u>643,286</u>	<u>643,286</u>	<u>-</u>	<u>643,286</u>
Expenditures:				
Planning	10,000	10,000	-	10,000
Park development	530,321	529,040	1,281	530,321
Project design & engineering	64,098	64,097	1	64,098
Transfer to General Fund	38,867	-	38,867	38,867
Total expenditures	<u>643,286</u>	<u>603,137</u>	<u>40,149</u>	<u>643,286</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 40,149</u>	<u>\$ (40,149)</u>	<u>\$ -</u>
Project Budget:				
Recovery Act JAG Program:				
Revenues:				
ARRA - Justice Assistance Grant	\$ 39,294	\$ 29,208	\$ 10,086	\$ 39,294
Local contribution - General Fund	25,273	-	25,273	25,273
Total revenues	<u>64,567</u>	<u>29,208</u>	<u>35,359</u>	<u>64,567</u>
Expenditures:				
Capital outlay	64,567	29,208	35,238	64,446
Total expenditures	<u>64,567</u>	<u>29,208</u>	<u>35,238</u>	<u>64,446</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 121</u>

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND
BUDGETARY BASIS (NON-GAAP)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual		Total to Date
		Prior Years	Current Year	
Project Budget:				
Terry Moore Ford Building Renovation Project:				
Revenues:				
NC Rural Center Grant	\$ 48,000	\$ -	\$ 27,386	\$ 27,386
Local contribution - General Fund	1,440	-	-	-
Total revenues	<u>49,440</u>	<u>-</u>	<u>27,386</u>	<u>27,386</u>
Expenditures:				
Building renovation	48,000	-	27,386	27,386
Grant administration	1,440	-	-	-
Total expenditures	<u>49,440</u>	<u>-</u>	<u>27,386</u>	<u>27,386</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Project Budget:				
CDBG 2011 Scattered Site Housing Project:				
Revenues:				
CDBG Grant - Scattered Site Housing Rehabilitation (C-1)	\$ 360,000	\$ -	\$ 123,072	\$ 123,072
CDBG Grant - Emergency Repair Program (L-1)	40,000	-	27,334	27,334
Total revenues	<u>400,000</u>	<u>-</u>	<u>150,406</u>	<u>150,406</u>
Expenditures:				
Scattered Site Housing Rehabilitation (C-1):				
Rehabilitation	240,000	-	31,480	31,480
Reconstruction	75,000	-	74,904	74,904
Clearance	5,000	-	1,200	1,200
Administration	33,000	-	15,488	15,488
Planning	7,000	-	-	-
Emergency Repair Program (L-1):				
Rehabilitation	40,000	-	27,334	27,334
Total expenditures	<u>400,000</u>	<u>-</u>	<u>150,406</u>	<u>150,406</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total for Multi-Year Operating Grants Fund:				
Revenues	\$ 987,825	\$ 529,739	\$ 187,878	\$ 717,617
Economic and physical development expenditures	449,440	-	177,792	177,792
Cultural and recreation expenditures	643,286	603,137	1,282	604,419
Public safety expenditures	64,567	29,208	35,238	64,446
Other financing sources (uses)	<u>169,468</u>	<u>142,755</u>	<u>(13,594)</u>	<u>129,161</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 40,149</u>	<u>\$ (40,028)</u>	<u>\$ 121</u>

ALEXANDER COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 163,861	\$ 164,271	\$ 410	\$ 211,455
Investment earnings	-	702	702	339
Total revenues	<u>163,861</u>	<u>164,973</u>	<u>1,112</u>	<u>211,794</u>
Expenditures:				
Telephone	65,000	43,429	21,571	53,743
Furniture	2,000	-	2,000	1,527
Software & software maintenance	34,950	35,852	(902)	18,368
Hardware & hardware maintenance	53,000	46,532	6,468	23,801
Training	6,000	1,517	4,483	1,732
ECaTS expense-911	2,000	1,389	611	-
S.L. 2010-158 expenditures (50%)	-	-	-	350,862
Contingency	911	-	911	-
Total expenditures	<u>163,861</u>	<u>128,719</u>	<u>35,142</u>	<u>450,033</u>
Revenues over (under) expenditures	-	36,254	36,254	(238,239)
Other Financing Sources (Uses):				
Transfers out	-	-	-	(2,103)
Net change in fund balance	<u>\$ -</u>	<u>36,254</u>	<u>\$ 36,254</u>	<u>(240,342)</u>
Fund Balance:				
Beginning of year - July 1		<u>686,216</u>		<u>926,558</u>
End of year - June 30		<u>\$ 722,470</u>		<u>\$ 686,216</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUND
COUNTY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ 25,080	\$ 21,755	\$ 4,084	\$ 25,839
Total revenues	<u>25,080</u>	<u>21,755</u>	<u>4,084</u>	<u>25,839</u>
Expenditures:				
Capital outlay:				
JC Park basketball court	9,003	9,003	-	9,003
Bethlehem tennis courts	77,521	77,520	-	77,520
Jail/courthouse administration	31,805	31,805	-	31,805
Jail construction	8,424,242	5,939,974	2,484,267	8,424,241
Courthouse renovations	1,500,000	95	-	95
Dusty Ridge Park paving	97,758	97,758	-	97,758
Technology/computers	79,000	75,251	-	75,251
Contingency	239,643	-	-	-
Total expenditures	<u>10,458,972</u>	<u>6,231,406</u>	<u>2,484,267</u>	<u>8,715,673</u>
Revenues over (under) expenditures	<u>(10,433,892)</u>	<u>(6,209,651)</u>	<u>(2,480,183)</u>	<u>(8,689,834)</u>
Other Financing Sources (Uses):				
Long-term debt issued	10,000,000	10,000,000	-	10,000,000
Transfers in:				
General Fund	1,517,291	789,500	727,791	1,517,291
Capital Improvements Fund	10,299	10,298	-	10,298
Transfers out:				
Special revenue funds	(97,755)	(97,755)	-	(97,755)
General Fund	(970,397)	(817,934)	(152,463)	(970,397)
Capital Improvements Fund	(25,546)	(25,545)	-	(25,545)
Total other financing sources (uses)	<u>10,433,892</u>	<u>9,858,564</u>	<u>575,328</u>	<u>10,433,892</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,648,913</u>	<u>(1,904,855)</u>	<u>\$ 1,744,058</u>
Fund Balance:				
Beginning of year - July 1			<u>3,648,913</u>	
End of year - June 30			<u>\$ 1,744,058</u>	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
COUNTY WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water revenues	\$ 1,117,000	\$ 1,107,044	\$ (9,956)	\$ 1,048,508
Non-operating revenues:				
Intergovernmental revenues	87,000	12,000	(75,000)	-
Investment earnings	40	43	3	53
Total revenues	<u>1,204,040</u>	<u>1,119,087</u>	<u>(84,953)</u>	<u>1,048,561</u>
Expenditures:				
Water and distribution	870,688	814,608	56,080	665,025
Capital outlay	62,000	-	62,000	315,514
Contingency	2,052	-	2,052	-
Budgetary appropriations:				
Debt principal	201,000	200,035	965	200,036
Interest and fees paid	68,300	66,512	1,788	70,713
Total expenditures	<u>1,204,040</u>	<u>1,081,155</u>	<u>122,885</u>	<u>1,251,288</u>
Revenues over (under) expenditures	<u>-</u>	<u>37,932</u>	<u>37,932</u>	<u>(202,727)</u>
Other Financing Sources (Uses):				
Transfer to Water Capital Projects Fund	-	-	-	(124,705)
Transfer from Water Capital Projects Fund	-	-	-	38,067
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,638)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 37,932</u>	<u>\$ 37,932</u>	<u>\$ (289,365)</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
COUNTY WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		2012
	Budget	Actual	Actual
		Variance Over/Under	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 37,932	
Reconciling items:			
Debt principal		200,035	
Depreciation		(552,733)	
Change in compensated absences		216	
Change in other post-employment benefits		(3,037)	
Change in net position		\$ (317,587)	

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND
 BETHLEHEM WATER DISTRICT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,177,400	\$ 1,158,227	\$ (19,173)	\$ 1,124,421
Total operating revenues	<u>1,177,400</u>	<u>1,158,227</u>	<u>(19,173)</u>	<u>1,124,421</u>
Non-operating revenues:				
Investment earnings	850	770	(80)	952
Total revenues	<u>1,178,250</u>	<u>1,158,997</u>	<u>(19,253)</u>	<u>1,125,373</u>
Expenditures:				
Administration	103,150	42,724	60,426	15,130
Water and distribution	796,100	774,211	21,889	744,397
Budgetary appropriations:				
Capital outlay	50,000	-	50,000	-
Debt principal	153,400	153,244	156	147,336
Interest and fees paid	42,281	34,697	7,584	43,302
Contingency	33,319	-	33,319	-
Total expenditures	<u>1,178,250</u>	<u>1,004,876</u>	<u>173,374</u>	<u>950,165</u>
Revenues over (under) expenditures	<u>-</u>	<u>154,121</u>	<u>154,121</u>	<u>175,208</u>
Other Financing Sources (Uses):				
Refunding bonds issued	863,459	863,459	-	-
Payment to refunded bond escrow agent	(863,459)	(863,459)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 154,121</u>	<u>\$ 154,121</u>	<u>\$ 175,208</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues over (under) expenditures		\$ 154,121		
Reconciling items:				
Debt principal		153,244		
Capital contributions - capital project grant		159,259		
Capital project expenses not capitalized		(126,100)		
Long-term debt issued		(863,459)		
Payment to refunded bond escrow agent		863,459		
Depreciation and amortization		(103,129)		
Change in net position		<u>\$ 237,395</u>		

ALEXANDER COUNTY, NORTH CAROLINA

**BETHLEHEM WATER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Hoyle Keller Loop Revitalization Project:				
Revenues:				
CDBG Grant	\$ 295,777	\$ 136,518	\$ 159,259	\$ 295,777
Total revenues	<u>295,777</u>	<u>136,518</u>	<u>159,259</u>	<u>295,777</u>
Expenditures:				
Rehabilitation	155,179	29,079	126,100	155,179
Clearance activities	3,955	3,955	-	3,955
Administration	60,000	36,990	23,010	60,000
Planning	3,500	3,500	-	3,500
Water improvements	73,143	62,962	10,181	73,143
Total expenditures	<u>295,777</u>	<u>136,486</u>	<u>159,291</u>	<u>295,777</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ (32)</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill	\$ 1,210,000	\$ 1,064,803	\$ (145,197)	\$ 1,195,758
Convenience center	196,040	190,720	(5,320)	198,850
Non-operating revenues:				
Intergovernmental revenues	72,500	72,171	(329)	77,447
Grant revenue	7,000	6,096	(904)	-
Miscellaneous revenue	1,500	-	(1,500)	4,757
Total revenues	<u>1,487,040</u>	<u>1,333,790</u>	<u>(153,250)</u>	<u>1,476,812</u>
Expenditures:				
Convenience centers	190,100	168,695	21,405	174,549
Landfill operations	1,222,052	1,169,246	52,806	1,174,021
Capital outlay	82,000	56,089	25,911	6,500
Total expenditures	<u>1,494,152</u>	<u>1,394,030</u>	<u>100,122</u>	<u>1,355,070</u>
Revenues over (under) expenditures	(7,112)	(60,240)	(53,128)	121,742
Other Financing Sources (Uses):				
Transfers - General Fund	1,719	1,719	-	-
Transfers - Landfill Closure Fund	(9,058)	(9,058)	-	(70,759)
Fund Balance Appropriated	14,451	-	(14,451)	-
Total other financing sources (uses)	<u>7,112</u>	<u>(7,339)</u>	<u>(14,451)</u>	<u>(70,759)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (67,579)</u>	<u>\$ (67,579)</u>	<u>\$ 50,983</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ (67,579)
Reconciling items:	
Capital outlay capitalized	56,089
Change in compensated absences	(1,783)
Change in other post-employment benefits	(27,715)
Depreciation	<u>(58,055)</u>
Change in net position	<u>\$ (99,043)</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

LANDFILL CLOSURE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-operating revenues:				
Investment earnings	\$ 60	\$ 96	\$ 36	\$ 56
Other Financing Sources (Uses):				
Transfer in - Solid Waste Fund	9,058	9,058	-	70,759
Transfer in - General Fund	175,000	175,000	-	150,000
Contingencies	(184,118)	-	184,118	-
Total other financing sources (uses)	(60)	184,058	184,118	220,759
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 184,154	\$ 184,154	\$ 220,815
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 184,154		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		(253,462)		
Change in net position		\$ (69,308)		

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Bethlehem Sewer</u>
Assets:	
Current assets:	
Cash and investments	\$ 64,967
Due from other funds	4,752
Total current assets	<u>69,719</u>
Non-current assets:	
Depreciable assets, net	<u>858,886</u>
Total assets	<u>928,605</u>
Net Position:	
Net investment in capital assets	858,886
Unrestricted	<u>69,719</u>
Total net position	<u>\$ 928,605</u>

ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Bethlehem Sewer</u>
Operating Revenues:	
Sewer capital reserve fees	\$ <u>18,890</u>
Operating Expenses:	
Depreciation and amortization	<u>35,569</u>
Change in net position	(16,679)
Net Position:	
Beginning of year - July 1	<u>945,284</u>
End of year - June 30	<u>\$ 928,605</u>

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Bethlehem Sewer</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 18,890
Cash Flows from Non-Capital Financing Activities:	
Change in due to/from other funds	(52)
Net increase (decrease) in cash and cash equivalents	18,838
Cash and Cash Equivalents - Beginning of Year, July 1	<u>46,129</u>
Cash and Cash Equivalents - End of Year, June 30	<u>\$ 64,967</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (16,679)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	<u>35,569</u>
Net cash provided (used) by operating activities	<u>\$ 18,890</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUND

BETHLEHEM SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating revenues:				
Sewer capital reserve fee	\$ 18,000	\$ 18,890	\$ 890	\$ 18,801
Expenditures:				
Operations	18,000	-	18,000	-
Revenues over (under) expenditures	\$ -	\$ 18,890	\$ 18,890	\$ 18,801
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues over (under) expenditures		\$ 18,890		
Reconciling items:				
Depreciation		(35,569)		
Change in net position		\$ (16,679)		

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

	<u>Social Services Fund</u>	<u>Sheriff's Civil Executions Fund</u>	<u>3% Interest Payable to State</u>	<u>Deed of Trust Fees Fund</u>	<u>Totals June 30, 2013</u>
Assets:					
Cash and investments	\$ 15,384	\$ 986	\$ 839	\$ 404	\$ 17,613
Liabilities:					
Accounts payable	\$ 14,734	\$ 986	\$ -	\$ -	\$ 15,720
Intergovernmental payable - State of NC	650	-	839	404	1,893
Total liabilities	<u>\$ 15,384</u>	<u>\$ 986</u>	<u>\$ 839</u>	<u>\$ 404</u>	<u>\$ 17,613</u>

ALEXANDER COUNTY, NORTH CAROLINA

**AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Social Services:				
Assets:				
Cash and investments:				
Client services	\$ 24,483	\$ 92,858	\$ 101,957	\$ 15,384
Cash and investments:				
Emergency assistance	115,337	24,975	140,312	-
Total assets	<u>\$ 139,820</u>	<u>\$ 117,833</u>	<u>\$ 242,269</u>	<u>\$ 15,384</u>
Liabilities:				
Accounts payable	\$ 139,820	\$ 117,183	\$ 242,269	\$ 14,734
Intergovernmental payable:				
State of North Carolina	-	650	-	650
Total liabilities	<u>\$ 139,820</u>	<u>\$ 117,833</u>	<u>\$ 242,269</u>	<u>\$ 15,384</u>
Sheriff's Civil Executions Fund:				
Assets:				
Cash and investments	<u>\$ 2,220</u>	<u>\$ 37,858</u>	<u>\$ 39,092</u>	<u>\$ 986</u>
Liabilities:				
Accounts payable	<u>\$ 2,220</u>	<u>\$ 37,858</u>	<u>\$ 39,092</u>	<u>\$ 986</u>
3% Interest Payable to State:				
Assets:				
Cash and investments	<u>\$ 1,093</u>	<u>\$ 13,493</u>	<u>\$ 13,747</u>	<u>\$ 839</u>
Liabilities:				
Intergovernmental payable:				
State of North Carolina	<u>\$ 1,093</u>	<u>\$ 13,493</u>	<u>\$ 13,747</u>	<u>\$ 839</u>
Deed of Trust Fees:				
Assets:				
Cash and investments	<u>\$ 212</u>	<u>\$ 5,757</u>	<u>\$ 5,565</u>	<u>\$ 404</u>
Liabilities:				
Intergovernmental payable:				
State of North Carolina	<u>\$ 212</u>	<u>\$ 5,757</u>	<u>\$ 5,565</u>	<u>\$ 404</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	<u>\$ 143,345</u>	<u>\$ 174,941</u>	<u>\$ 300,673</u>	<u>\$ 17,613</u>
Liabilities:				
Accounts payable	\$ 142,040	\$ 155,041	\$ 281,361	\$ 15,720
Intergovernmental payable:				
State of North Carolina	1,305	19,900	19,312	1,893
Total liabilities	<u>\$ 143,345</u>	<u>\$ 174,941</u>	<u>\$ 300,673</u>	<u>\$ 17,613</u>

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012	\$ -	\$ 15,736,329	\$ 15,035,271	\$ 701,058
2011	687,731	-	411,335	276,396
2010	267,998	-	114,669	153,329
2009	135,478	-	49,938	85,540
2008	67,253	-	17,716	49,537
2007	44,481	-	13,218	31,263
2006	18,970	-	3,152	15,818
2005	14,107	-	751	13,356
2004	15,234	-	297	14,937
2003	14,286	-	368	13,918
2002	18,371	-	18,371	-
Total	<u>\$ 1,283,909</u>	<u>\$ 15,736,329</u>	<u>\$ 15,665,086</u>	<u>1,355,152</u>

Less: Allowance for uncollectible ad valorem taxes receivable:

General Fund (389,940)**Ad Valorem Taxes Receivable, Net:**General Fund \$ 965,212**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund \$ 15,751,356

Ad valorem taxes - Revaluation Fund 45,000Total ad valorem taxes 15,796,356

Reconciling items:

Interest and penalties collected (149,797)

Tax refunds 163

Miscellaneous adjustments (7)

Amounts written off for tax year 2002 per Statute of Limitations 18,371Total collections and credits \$ 15,665,086

ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$2,621,987,527	0.605	\$ 15,772,090	\$ 14,194,827	\$ 1,577,263
Late list penalties	-		12,535	12,535	-
Total original levy	<u>2,621,987,527</u>		<u>15,784,625</u>	<u>14,207,362</u>	<u>1,577,263</u>
Discoveries	<u>9,052,397</u>		<u>54,767</u>	<u>54,767</u>	<u>-</u>
Abatements and Discounts	<u>(17,035,207)</u>		<u>(103,063)</u>	<u>(103,063)</u>	<u>-</u>
Total property valuation	<u>\$2,614,004,717</u>				
Net Levy			15,736,329	14,159,066	1,577,263
Uncollected taxes at June 30, 2013			<u>701,058</u>	<u>499,587</u>	<u>201,471</u>
Current Year's Taxes Collected			<u>\$ 15,035,271</u>	<u>\$ 13,659,479</u>	<u>\$ 1,375,792</u>
Current Levy Collection Percentage			<u>95.54%</u>	<u>96.47%</u>	<u>87.23%</u>

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**ALEXANDER COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2013

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

**ALEXANDER COUNTY, NORTH CAROLINA
COMPLIANCE LETTERS
FOR THE YEAR ENDED JUNE 30, 2013**

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

To the Board of Commissioners
Alexander County, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2013, not presented here, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements, and have issued our report thereon dated October 28, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexander 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 Alexander 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexander County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 28, 2013

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required By OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Alexander County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Alexander County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Alexander County's major federal programs for the year ended June 30, 2013. Alexander County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alexander 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Alexander 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 Alexander County's compliance.

Opinion on Each Major Federal Program

In our opinion, Alexander 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, 2013.

Report on Internal Control Over Compliance

Management of Alexander 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 Alexander 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 OMB Circular A-133, 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, non-compliance 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 non-compliance 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated October 28, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single

Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In in our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 28, 2013

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; and Report On the Schedule Of Expenditures of Federal And State Awards Required By OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Alexander County, North Carolina

Report on Compliance for Each Major State Program

We have audited Alexander 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 Alexander County's major State programs for the year ended June 30, 2013. Alexander County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alexander 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; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Alexander 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 Alexander County's compliance.

Opinion on Each Major State Program

In our opinion, Alexander 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, 2013.

Report on Internal Control Over Compliance

Management of Alexander 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 Alexander 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 OMB Circular A-133, 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, non-compliance 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 non-compliance 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated October 28, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's

basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 28, 2013

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? _____ Yes X No

• Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified? _____ Yes X No

• Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X 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 Section 510(a) of Circular A-133? _____ Yes X No

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results (continued)

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778, 93.777, 93.775, 93.720

Dollar threshold used to distinguish between Type A and Type B Programs:	\$890,244
--	-----------

Auditee qualified as low-risk auditee?	_____ Yes	<u> X </u> No
--	-----------	-----------------

State Awards

Internal control over major State programs:

• Material weakness(es) identified?	_____ Yes	<u> X </u> No
-------------------------------------	-----------	-----------------

• Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	<u> X </u> None reported
---	-----------	----------------------------

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

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	_____ Yes	<u> X </u> No
---	-----------	-----------------

Identification of major state programs:

<u>Program Name</u>
Medicaid Cluster

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

2. Financial Statement Findings

None reported

3. Federal Award Findings and Questioned Costs

None reported

4. State Award Findings and Questioned Costs

None reported

ALEXANDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

2012-01
Status: Corrected

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
Federal Awards:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Supplemental Nutrition Assistance Program Cluster</u>			
State Administrative Matching Grants for			
the Supplemental Nutrition Assistance Program	10.561	\$ 227,323	\$ -
Total Supplemental Nutrition Assistance Program Cluster		227,323	-
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Administration:			
Special Supplemental Nutrition Program for			
Women, Infants, & Children	10.557	163,037	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for			
Women, Infants, & Children	10.557	546,956	-
Passed-through Western Piedmont Council of Governments:			
Division of Aging:			
NSIP Supplement	10.570	14,241	-
Total U.S. Dept. of Agriculture		951,557	-
<u>U.S. Department of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed-through the N.C. Department of Commerce:			
Division of Community Assistance:			
<u>CDBG - State-Administered CDBG Cluster:</u>			
Community Development Block Grant:			
Hoyle Keller Loop Revitalization Project	14.228	159,260	-
2011 Scattered Site Housing Project	14.228	150,406	-
Total U.S. Department of Housing and Urban Development		309,666	-
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
<u>JAG Program Cluster:</u>			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	10,086	-
Total U.S. Dept. of Justice		10,086	-
<u>U.S. Dept. of Transportation</u>			
<u>National Highway Traffic Safety Administration</u>			
Passed-through the N.C. Department of Transportation:			
<u>Highway Safety Cluster:</u>			
State and Community Highway Safety			
Governor's Highway Safety Program - PT-2012-03-04-10	20.609	7,765	-

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<u>Pipeline and Hazardous Materials Safety Administration</u>			
Passed-through N.C. Department of Public Safety: Hazardous Materials Emergency Preparedness-HMEP-2011-100	20.703	5,454	-
Total U.S. Dept. of Transportation		13,219	-
<u>U.S. General Services Administration</u>			
Passed-through the N.C. Department of Administration: State Board of Elections Help America Vote Act-Election Coding	39.011	5,966	-
Total U.S. General Services Administration		5,966	-
<u>U.S. Department of Homeland Security</u>			
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management Homeland Security Grant Program Passed through Cleveland County, NC Trailer Mounted Generator (MMG55)	97.067	22,037	-
Homeland Security Grant Program 2009-SS-T9-0046-1071	97.067	27,903	-
Emergency Management Performance Grant EMPG-2012-37003	97.042	35,502	-
Total U.S. Department of Homeland Security		85,442	-
<u>U.S. Dept. of Health & Human Services</u>			
<u>Office of Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services: Office of Population Affairs Family Planning Services	93.217	24,458	-
<u>Administration on Aging</u>			
<u>Division of Aging and Adult Services</u>			
Passed-through Western Piedmont Council of Governments: <u>Aging Cluster:</u> Special Programs for the Aging - Title III B Grants for Supportive Services and Senior Centers	93.044	71,422	-
Special Programs for the Aging - Title III C Nutrition Services	93.045	88,564	-
In Home Level 1	93.045	87,632	-
Total Aging Cluster		247,618	-
Social Service Block Grant (SSBG) - In Home Services	93.667	137,515	18,785

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster (Note 2)</u>			
Title IV-E Foster Care - Administration	93.658	165,105	17,866
Foster Care - Direct Benefit Payments	93.658	144,621	39,479
Foster Care	93.658	46,079	-
State County Special Assistance	93.658	3,578	-
Title IV-E Adoption Training	93.659	4,189	-
Adoption Assistance - Direct Benefit Payments	93.659	222,297	59,267
Total Foster Care and Adoption (Note 2)		<u>585,869</u>	<u>116,612</u>
<u>Temporary Assistance for Needy Families Cluster</u>			
Temporary Assistance for Needy Families (TANF) /			
Work First	93.558	254,533	-
TANF / Work First - Direct Benefit Payments	93.558	<u>165,745</u>	<u>-</u>
Total TANF Cluster		420,278	-
N.C. Child Support Enforcement Section	93.563	258,269	5
Low-Income Home Energy Assistance Block Grant:			
Crisis Intervention Program	93.568	325,128	-
Child Welfare Services - State Grants			
- Permanency Planning - Families for Kids	93.645	14,247	2,070
Social Service Block Grant	93.667	-	500
Independent Living Grant-Links	93.674	5,540	1,385
Independent Living Grant-Links - Direct Benefit Payments	93.674	1,851	-
Division of Child Development:			
Subsidized Child Care (Note 2)			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund-Administration	93.596	80,000	-
Division of Child Development:			
Child Care and Development Fund -- Discretionary	93.575	241,376	-
Child Care and Development Fund -- Mandatory	93.596	113,591	-
Child Care and Development Fund -- Match	93.596	<u>265,290</u>	<u>128,248</u>
Total Child Care Development Fund Cluster		700,257	128,248
TANF	93.558	150,029	-
Social Services Block Grant	93.667	4,794	-
Foster Care Title IV-E	93.658	5,715	2,503
Smart Start		-	22,009
State Appropriations		-	111,154
TANF-MOE		-	<u>95,741</u>
Total Subsidized Child Care (Note 2)		860,795	359,655
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Temporary Assistance for Needy Families (TANF)	93.558	2,147	-

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
Passed-through the N.C. Dept. of Health and Human Services: Division of Mental Health, Developmental Disabilities and Substance Abuse Services: <u>Administration for Children and Families</u> Promoting Safe and Stable Families-Family Preservation	93.556	3,662	-
<u>Administration for Community Living</u> Passed-through the N.C. Dept. of Insurance: Division of SHIIP 2013 Senior Medicare Patrol (SMP)	93.048	1,000	-
<u>Centers for Medicare and Medicaid Services</u> Passed-through the N.C. Dept. of Health and Human Services: <u>Medicaid Cluster:</u> Division of Medical Assistance: Direct Benefit Payments: Medical Assistance Program	93.778	24,949,222	13,889,508
Division of Social Services: Administration: Medical Assistance Program	93.778	314,072	10,878
Total Medicaid Cluster		25,263,294	13,900,386
State Children's Insurance Program - N.C. Health Choice	93.767	18,224	1,495
Passed-through the N.C. Dept. of Insurance: Division of SHIIP:	93.779	6,305	-
<u>Centers for Disease Control and Prevention</u> Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Public Health Emergency Preparedness	93.069	44,270	-
Immunization Grants	93.268	9,758	-
Prevention & Investigations and Technical Assistance	93.283	494	-
Statewide Health Promotion Program	93.991	9,641	-
Passed through Cabarrus Health Alliance Community Transformation Grant-PPHF 2012	93.737	11,873	-
<u>Health Resources and Service Administration</u> Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Maternal and Child Health Services Block Grant	93.994	46,634	34,979
Total U.S. Dept. of Health and Human Services		28,298,870	14,435,872
Total Federal Awards		29,674,806	14,435,872

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
State Awards:			
<u>N.C. Dept. of Administration</u>			
Veterans Service		-	1,452
Total N.C. Dept. of Administration		-	1,452
<u>N.C. Dept. of Commerce</u>			
Passed through North Carolina Rural Economic Development Center, Inc.			
Terry Moore Ford Building Renovation Project-Grant-2011-232-60501-107		-	27,386
Total N.C. Dept. of Commerce		-	27,386
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	90,591
Total N.C. Dept. of Cultural Resources		-	90,591
<u>N.C. Department of Environment and Natural Resources</u>			
Division of Environmental Assistance and Outreach			
Solid Waste Management Trust Fund			
2012 Community Waste Reduction and Recycling Grant-Contract #4746		-	6,096
Total N.C. Dept of Environment and Natural Resources		-	6,096
<u>N.C. Dept. of Health and Human Services</u>			
Division of Aging and Adult Services			
Passed through Western Piedmont Council of Governments			
Senior Center General Purpose Funds		-	3,917
Division of Social Services			
DCD Smart Start		-	16,000
AFDC Incent/Prog Integrity		-	95
CWS Adopt Subsidy and Vendor		-	43,575
F/C At Risk Maximization		-	1,691
SC/SA Domiciliary Care Payments		-	264,728
SFHF Maximization		-	26,222
State Foster Home		-	33,309
Total Division of Social Services		-	385,620
Division of Public Health			
General Communicable Disease Control		-	10,112
Environmental Health		-	4,000
Food and Lodging		-	3,308
General Aid-to-County		-	85,246
Healthy Communities		-	2,839
Risk Reduction/Health Promotion		-	6,206
School Nurse Funding Initiative		-	150,000
Tuberculosis		-	2,411
TB Medical Service		-	540
Women's Health Service Fund		-	7,828
Total Division of Public Health		-	272,490
Total N. C. Department of Health and Human Services		-	662,027

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<u>N.C. Dept. of Insurance</u>			
Office of State Fire Marshal			
North Carolina Governor's Highway Safety Program			
2012 Permanent Checking Station Grant		-	700
Total N.C. Dept. of Public Insurance		-	700
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Capital Fund-NC Education Lottery (Note 3)		-	631,110
Total N.C. Dept. of Public Instruction		-	631,110
<u>N.C. Dept. of Public Safety</u>			
Juvenile Crime Prevention Programs		-	109,999
Total N.C. Dept. of Public Safety		-	109,999
Total State Awards		-	1,529,361
Total Federal and State Awards		<u>\$ 29,674,806</u>	<u>\$ 15,965,233</u>

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

- Basis of Presentation
The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of Alexander County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included on this schedule.
- The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption.
- Subrecipients
Of the Federal and State expenditures presented in the schedule, Alexander County provided Federal and State awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Public School Building Capital Fund-NC Education Lottery		<u>\$ -</u>	<u>\$ 631,110</u>