

**ALEXANDER COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

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

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

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



**ALEXANDER COUNTY  
NORTH CAROLINA**

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# MARTIN ♦ STARNES

## & ASSOCIATES, CPAs, P.A.

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### **Independent Auditor’s Report**

To the Board of Commissioners  
Alexander County  
Taylorsville, 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, 2017, 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, 2017, 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, the Other Post-Employment Benefits' Schedule of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, 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, economical, 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 November 3, 2017, 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 solely 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 the effectiveness of Alexander County's 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, North Carolina  
November 3, 2017

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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, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

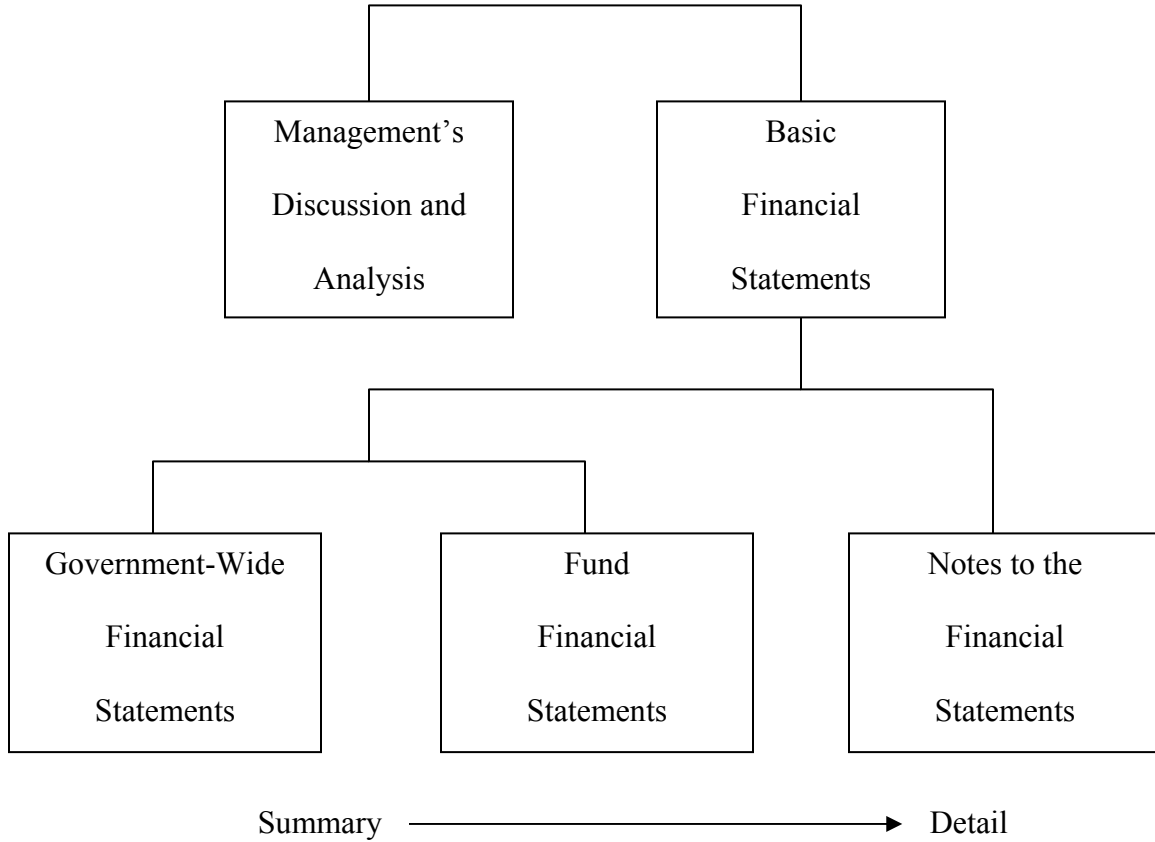
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$35,758,649 (*net position*).
- The government's total net position increased by \$6,250,614, primarily due to maintaining the property tax rate, receipt of Medicaid hold harmless funds in excess of budget estimate, receipt of additional funds from the State's new sales tax distribution plan, and activity for several projects financed with Federal and State grant funds.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$20,290,730 after a net increase in fund balance of \$2,439,369. Approximately 37.94% of this total amount, or \$7,697,719, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,205,052, or 28.24%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$2,162,344 (14%) 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 is 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 to the Financial Statements**. The notes 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 governmental 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 through 7 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 and deferred outflows exceeded liabilities and deferred inflows of resources by \$35,758,649 as of June 30, 2017. The County's net position increased by \$6,250,614 for the fiscal year ended June 30, 2017. The increase was primarily due to a property tax increase and an increase in construction in progress for several projects using Federal and State grant and loan funds. One of the largest portions, \$25,868,474 (72.34%), 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, \$7,433,818 (20.79%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is an asset of \$2,456,357 (6.87%).

## Alexander County's Net Position

**Figure 2**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>						
Current and other assets	\$ 22,814,528	\$ 20,617,883	\$ 4,416,304	\$ 3,579,131	\$ 27,230,832	\$ 24,197,014
Capital assets	<u>21,172,800</u>	<u>20,521,330</u>	<u>15,816,925</u>	<u>16,491,611</u>	<u>36,989,725</u>	<u>37,012,941</u>
Total assets	<u>43,987,328</u>	<u>41,139,213</u>	<u>20,233,229</u>	<u>20,070,742</u>	<u>64,220,557</u>	<u>61,209,955</u>
Deferred outflows of resources	<u>3,512,234</u>	<u>854,987</u>	<u>97,695</u>	<u>35,330</u>	<u>3,609,929</u>	<u>890,317</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	22,560,599	19,649,692	7,949,025	10,353,426	30,509,624	30,003,118
Other liabilities	<u>1,235,331</u>	<u>1,745,644</u>	<u>79,728</u>	<u>124,664</u>	<u>1,315,059</u>	<u>1,870,308</u>
Total liabilities	<u>23,795,930</u>	<u>21,395,336</u>	<u>8,028,753</u>	<u>10,478,090</u>	<u>31,824,683</u>	<u>31,873,426</u>
Deferred inflows of resources	<u>234,706</u>	<u>468,195</u>	<u>12,448</u>	<u>18,036</u>	<u>247,154</u>	<u>486,231</u>
<b>Net Position:</b>						
Net investment in capital assets	15,346,269	14,166,678	10,522,205	10,675,614	25,868,474	24,842,292
Restricted	7,433,818	8,131,740	-	-	7,433,818	8,131,740
Unrestricted	<u>688,839</u>	<u>(2,167,749)</u>	<u>1,767,518</u>	<u>(1,065,668)</u>	<u>2,456,357</u>	<u>(3,233,417)</u>
Total net position	<u>\$ 23,468,926</u>	<u>\$ 20,130,669</u>	<u>\$ 12,289,723</u>	<u>\$ 9,609,946</u>	<u>\$ 35,758,649</u>	<u>\$ 29,740,615</u>

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

- Property tax increase of 12.5 cents for the 2015-2016 year
- Increased sales tax revenue and Medicaid hold harmless revenue
- Increased charges for services revenue
- Continued low cost of debt due to low interest rates

## Alexander County's Changes in Net Position

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,810,376	\$ 4,841,592	\$ 4,484,959	\$ 4,473,548	\$ 9,295,335	\$ 9,315,140
Operating grants and contributions	5,189,439	5,596,306	-	-	5,189,439	5,596,306
Capital grants and contributions	737,166	1,790,794	6,093	12,230	743,259	1,803,024
General revenues:						
Property taxes	21,709,584	21,333,350	-	-	21,709,584	21,333,350
Other taxes	8,879,329	7,188,262	-	-	8,879,329	7,188,262
Grants and contributions not restricted to specific programs	-	-	98,414	95,209	98,414	95,209
Other	96,031	672,339	1,435	913	97,466	673,252
Total revenues	<u>41,421,925</u>	<u>41,422,643</u>	<u>4,590,901</u>	<u>4,581,900</u>	<u>46,012,826</u>	<u>46,004,543</u>
<b>Expenses:</b>						
General government	6,378,238	5,353,736	-	-	6,378,238	5,353,736
Public safety	11,244,734	10,531,053	-	-	11,244,734	10,531,053
Environmental protection	467,447	418,792	-	-	467,447	418,792
Economic and physical development	802,983	946,104	-	-	802,983	946,104
Human services	10,235,297	10,448,664	-	-	10,235,297	10,448,664
Cultural and recreation	1,007,697	955,677	-	-	1,007,697	955,677
Education	7,035,696	6,941,082	-	-	7,035,696	6,941,082
Interest and fees	280,647	328,339	-	-	280,647	328,339
Water and sewer	-	-	2,633,662	2,445,179	2,633,662	2,445,179
Solid waste	-	-	(324,189)	2,971,462	(324,189)	2,971,462
Total expenses	<u>37,452,739</u>	<u>35,923,447</u>	<u>2,309,473</u>	<u>5,416,641</u>	<u>39,762,212</u>	<u>41,340,088</u>
Change in net position before transfers	3,969,186	5,499,196	2,281,428	(834,741)	6,250,614	4,664,455
Transfers	(398,349)	(35,000)	398,349	35,000	-	-
Change in net position	<u>3,570,837</u>	<u>5,464,196</u>	<u>2,679,777</u>	<u>(799,741)</u>	<u>6,250,614</u>	<u>4,664,455</u>
<b>Net Position:</b>						
Beginning of year - July 1	20,130,669	14,666,473	9,609,946	10,409,687	29,740,615	25,076,160
Restatement	(232,580)	-	-	-	(232,580)	-
Beginning of year - July 1, restated	<u>19,898,089</u>	<u>14,666,473</u>	<u>9,609,946</u>	<u>10,409,687</u>	<u>29,508,035</u>	<u>25,076,160</u>
End of year - June 30	<u>\$ 23,468,926</u>	<u>\$ 20,130,669</u>	<u>\$ 12,289,723</u>	<u>\$ 9,609,946</u>	<u>\$ 35,758,649</u>	<u>\$ 29,740,615</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$3,570,837 thereby accounting for 57.13% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Maintained the property tax rate in 2016-2017 after an increase of 12.5 cents in 2015-2016
- Increase in sales tax revenue from the State's new sales tax distribution plan
- Increase in Medicaid hold harmless revenue over the amount budgeted

**Business-Type Activities.** Business-type activities increased Alexander County's net position by \$2,679,777, accounting for 42.87% of the total increase in the government's net position. Key elements of this increase are as follows:

- Decrease in landfill closure and post-closure expense
- New sales tax for economic development used as local match for industrial park sewer pump station capital project

### **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 \$12,959,097, while total fund balance reached \$16,425,556. The County currently has an available fund balance of 35.86% of total General Fund expenditures and transfers out, while total fund balance represents 45.45% of that same amount.

At June 30, 2017, the governmental funds of Alexander County reported a combined fund balance of \$20,290,730, a 13.66% increase over last year. The primary reason for this increase is the increase in fund balance in the General 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 \$160,134 which is 0.43 percent more than originally budgeted. The County appropriated fund balance for the following types of activity: A) Capital-building purchase for County offices; van purchase for Senior Center; demolition of old storage facility, B) Grants-local matching funds for grant projects approved during the year, and C) Maintain Services-use of appropriated fund balance to maintain service levels. The County also received additional Federal and State funding during the year for social services, public health, and public safety 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 budget was adopted. In addition, Medicaid hold harmless revenues 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 – \$1,847,104; Bethlehem Water Fund – \$1,817,229; Solid Waste Fund – (\$617,254) deficit; and Landfill Closure Fund – (\$1,414,823) deficit. The total increase in net position for these four major funds was \$2,700,833. 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, 2017, total \$36,989,725 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Construction in progress for two governmental capital projects
- Completion of a building renovation capital project to create a furniture academy
- Purchase of a building to renovate for County offices
- Purchase of vehicles and equipment for public safety and human services programs
- Purchase of technology equipment for general government
- Retirement of surplus public safety vehicles
- Demolition of a general government building previously used for storage
- Economic development property transferred to industry per prior agreements
- Water line extensions, water tank, and water booster pump station added to the County’s water distribution system
- Construction in progress for two sewer projects and water lines

### Alexander County’s Capital Assets

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,388,204	\$ 4,415,715	\$ 231,973	\$ 231,973	\$ 4,620,177	\$ 4,647,688
Construction in progress	666,065	2,366,709	245,259	3,273,135	911,324	5,639,844
Buildings	20,008,000	17,643,392	651,404	651,404	20,659,404	18,294,796
Other improvements	419,075	1,218,421	-	-	419,075	1,218,421
Equipment and machinery	4,287,251	3,923,752	607,152	607,152	4,894,403	4,530,904
Vehicles	3,330,129	3,146,256	316,417	330,383	3,646,546	3,476,639
Infrastructure	395,402	-	24,819,183	21,558,543	25,214,585	21,558,543
Furniture and fixtures	7,724	7,724	1,603	1,603	9,327	9,327
	<u>33,501,850</u>	<u>32,721,969</u>	<u>26,872,991</u>	<u>26,654,193</u>	<u>60,374,841</u>	<u>59,376,162</u>
Less: accumulated depreciation	<u>(12,329,050)</u>	<u>(12,200,639)</u>	<u>(11,056,066)</u>	<u>(10,162,582)</u>	<u>(23,385,116)</u>	<u>(22,363,221)</u>
Total	<u>\$ 21,172,800</u>	<u>\$ 20,521,330</u>	<u>\$ 15,816,925</u>	<u>\$ 16,491,611</u>	<u>\$ 36,989,725</u>	<u>\$ 37,012,941</u>

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

**Long-Term Debt.** As of June 30, 2017, Alexander County had total debt outstanding of \$13,700,756, 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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Notes payable	\$ 8,406,036	\$ 10,047,103	\$ 5,158,853	\$ 5,493,305	\$ 13,564,889	\$ 15,540,408
General obligation bonds	-	-	135,867	322,692	135,867	322,692
<b>Total</b>	<b>\$ 8,406,036</b>	<b>\$ 10,047,103</b>	<b>\$ 5,294,720</b>	<b>\$ 5,815,997</b>	<b>\$ 13,700,756</b>	<b>\$ 15,863,100</b>

Alexander County’s total debt decreased by \$2,162,344 (13.63%) 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% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Alexander County is approximately \$193,055,611.

Additional information regarding Alexander County’s long-term debt can be found in Note 3B 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 3.5% at June 30, 2017. This was lower than the State average of 4.2%.

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

**Governmental Activities.** General Fund revenues, excluding transfers, are projected to increase \$541,000 (1.4%) from 2017 amounts. This is due to an expected increase in sales tax revenues and grant funds.

General Fund expenditures, excluding transfers, are projected to increase \$3,559,000 (10.3%) from 2017 amounts. The main factors for this include capital outlay expenditures planned for general government and public safety operations, filling vacant employee positions and adding new positions, increases in retiree health insurance participation and health insurance costs for current employees, and increases in human services programs.

Capital projects continuing in fiscal year 2018 include the Rocky Face Park Phase II Project, funded by State grant money and local matching funds. The County also plans to renovate a building that was purchased in fiscal year 2017 in order to house several County government departments.

**Business-Type Activities.** Budgeted expenditures in the Solid Waste Fund are expected to remain at the same level as 2017. Water rates will increase 1.7% to cover increased operating costs passed on from the County's water supplier.

Capital projects continuing in fiscal year 2018 include the Shurtape Job Retention Wastewater Project, which will use economic development grants and local matching funds. The Industrial Park Pump Station Project, funded with a Federal grant and a local match, will continue as well. The County will also move forward with plans for a water system extension project and a sewer system extension project. Both of these new projects will be financed with a combination of zero-interest and low-interest loans through the State Reserve Project Loan program of the NC Department of Environmental Quality.

### **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 the 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](http://www.alexandercountync.gov), or send an email to [jherman@alexandercountync.gov](mailto:jherman@alexandercountync.gov) for more information.



## ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Cash and investments	\$ 17,201,886	\$ 4,366,256	\$ 21,568,142
Taxes receivable, net	1,161,313	-	1,161,313
Accounts receivable, net	659,298	447,918	1,107,216
Due from other governments	2,172,352	-	2,172,352
Internal balances	397,870	(397,870)	-
Prepaid items	25,229	-	25,229
Cash and investments, restricted	1,143,348	-	1,143,348
Net pension asset	53,232	-	53,232
Capital assets:			
Land and other non-depreciable assets	5,054,269	477,232	5,531,501
Depreciable assets, net	16,118,531	15,339,693	31,458,224
Capital assets, net	<u>21,172,800</u>	<u>15,816,925</u>	<u>36,989,725</u>
Total assets	<u>43,987,328</u>	<u>20,233,229</u>	<u>64,220,557</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	2,689,367	64,273	2,753,640
Contributions to pension plans in current fiscal year	822,867	33,422	856,289
Total deferred outflows of resources	<u>3,512,234</u>	<u>97,695</u>	<u>3,609,929</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	684,554	61,323	745,877
Miscellaneous liabilities	550,777	18,405	569,182
Accrued interest	92,557	8,350	100,907
Current portion of compensated absences	451,000	8,700	459,700
Current portion of long-term debt	1,522,413	500,262	2,022,675
Total current liabilities	<u>3,301,301</u>	<u>597,040</u>	<u>3,898,341</u>
Non-current liabilities:			
Net pension liability - LGERS	4,022,575	109,612	4,132,187
Total pension liability - LEOSSA	736,944	-	736,944
Accrued landfill post-closure care costs	-	2,162,100	2,162,100
Non-current compensated absences	515,190	35,721	550,911
Non-current other post-employment benefits	8,336,297	329,822	8,666,119
Non-current portion of long-term debt	6,883,623	4,794,458	11,678,081
Total non-current liabilities	<u>20,494,629</u>	<u>7,431,713</u>	<u>27,926,342</u>
Total liabilities	<u>23,795,930</u>	<u>8,028,753</u>	<u>31,824,683</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	199,948	12,448	212,396
Prepaid taxes	34,758	-	34,758
Total deferred inflows of resources	<u>234,706</u>	<u>12,448</u>	<u>247,154</u>
<b>Net Position:</b>			
Net investment in capital assets	15,346,269	10,522,205	25,868,474
Restricted for:			
Stabilization for State statute	3,539,464	-	3,539,464
Register of Deeds	417	-	417
Register of Deeds' pension plan	69,486	-	69,486
Public safety	501,166	-	501,166
General government	63,168	-	63,168
Human services	550,856	-	550,856
Economic and physical development	8,486	-	8,486
Education	2,700,775	-	2,700,775
Unrestricted	688,839	1,767,518	2,456,357
Total net position	<u>\$ 23,468,926</u>	<u>\$ 12,289,723</u>	<u>\$ 35,758,649</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, 2017

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 6,378,238	\$ 557,017	\$ 36,800	\$ -
Public safety	11,244,734	2,250,297	91,909	-
Environmental protection	467,447	83,507	-	-
Economic and physical development	802,983	16,446	667	336,764
Human services	10,235,297	1,850,761	4,963,171	-
Cultural and recreation	1,007,697	52,348	96,892	87,493
Education	7,035,696	-	-	312,909
Interest and fees	280,647	-	-	-
Total governmental activities	<u>37,452,739</u>	<u>4,810,376</u>	<u>5,189,439</u>	<u>737,166</u>
<b>Business-Type Activities:</b>				
Water and sewer	2,633,662	3,252,398	-	-
Solid waste	(324,189)	1,232,561	-	6,093
Total business-type activities	<u>2,309,473</u>	<u>4,484,959</u>	<u>-</u>	<u>6,093</u>
Total primary government	<u>\$ 39,762,212</u>	<u>\$ 9,295,335</u>	<u>\$ 5,189,439</u>	<u>\$ 743,259</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, 2017

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (5,784,421)	\$ -	\$ (5,784,421)
Public safety	(8,902,528)	-	(8,902,528)
Environmental protection	(383,940)	-	(383,940)
Economic and physical development	(449,106)	-	(449,106)
Human services	(3,421,365)	-	(3,421,365)
Cultural and recreation	(770,964)	-	(770,964)
Education	(6,722,787)	-	(6,722,787)
Interest and fees	(280,647)	-	(280,647)
Total governmental activities	<u>(26,715,758)</u>	<u>-</u>	<u>(26,715,758)</u>
<b>Business-Type Activities:</b>			
Water and sewer	-	618,736	618,736
Solid waste	-	1,562,843	1,562,843
Total business-type activities	<u>-</u>	<u>2,181,579</u>	<u>2,181,579</u>
Total primary government	<u>(26,715,758)</u>	<u>2,181,579</u>	<u>(24,534,179)</u>
<b>General Revenues:</b>			
Ad valorem taxes	21,709,584	-	21,709,584
Local option sales taxes	8,492,137	-	8,492,137
Other taxes and licenses	387,192	-	387,192
Unrestricted intergovernmental revenues	-	98,414	98,414
Investment earnings, unrestricted	96,031	1,435	97,466
Total general revenues, excluding transfers	<u>30,684,944</u>	<u>99,849</u>	<u>30,784,793</u>
Transfers	(398,349)	398,349	-
Total general revenues and transfers	<u>30,286,595</u>	<u>498,198</u>	<u>30,784,793</u>
Change in net position	<u>3,570,837</u>	<u>2,679,777</u>	<u>6,250,614</u>
<b>Net Position:</b>			
Beginning of year - July 1	20,130,669	9,609,946	29,740,615
Restatement	(232,580)	-	(232,580)
Beginning of year - July 1, restated	<u>19,898,089</u>	<u>9,609,946</u>	<u>29,508,035</u>
End of year - June 30	<u>\$ 23,468,926</u>	<u>\$ 12,289,723</u>	<u>\$ 35,758,649</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	
<b>Assets:</b>				
Cash and investments	\$ 13,530,781	\$ 3,042,331	\$ 628,774	\$ 17,201,886
Taxes receivable, net	1,096,299	-	65,014	1,161,313
Accounts receivable, net	659,298	-	-	659,298
Due from other governments	2,127,500	-	44,852	2,172,352
Due from other funds	702,074	44,904	-	746,978
Prepaid items	16,751	-	8,478	25,229
Restricted assets:				
Cash and investments	654,964	-	488,384	1,143,348
Total assets	<u>\$ 18,787,667</u>	<u>\$ 3,087,235</u>	<u>\$ 1,235,502</u>	<u>\$ 23,110,404</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 596,209	\$ -	\$ 88,345	\$ 684,554
Due to other funds	44,904	-	304,204	349,108
Miscellaneous liabilities	550,777	-	-	550,777
Total liabilities	<u>1,191,890</u>	<u>-</u>	<u>392,549</u>	<u>1,584,439</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	1,096,299	-	65,014	1,161,313
Health Department receivables	39,164	-	-	39,164
Prepaid taxes	34,758	-	-	34,758
Total deferred inflows of resources	<u>1,170,221</u>	<u>-</u>	<u>65,014</u>	<u>1,235,235</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepaid items	16,751	-	8,478	25,229
Restricted:				
Stabilization for State statute	3,449,708	44,904	44,852	3,539,464
Restricted, all other	1,505,381	1,850,775	776,870	4,133,026
Committed	-	1,191,556	251,943	1,443,499
Assigned	1,248,664	-	-	1,248,664
Unassigned	10,205,052	-	(304,204)	9,900,848
Total fund balances	<u>16,425,556</u>	<u>3,087,235</u>	<u>777,939</u>	<u>20,290,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,787,667</u>	<u>\$ 3,087,235</u>	<u>\$ 1,235,502</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.	21,172,800
Net pension asset (ROD)	53,232
Net pension liability (LGRS)	(4,022,575)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	812,476
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	10,391
Total pension liability (LEOSSA)	(736,944)
Pension related deferrals	2,489,419
Long-term liabilities, accrued interest, other postemployment benefits, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(17,801,080)
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 position in the Statement of Net Position.	<u>1,200,477</u>
Net position of governmental activities	<u>\$ 23,468,926</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, 2017

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 20,236,128	\$ -	\$ 1,224,756	\$ 21,460,884
Local option sales taxes	8,492,137	-	-	8,492,137
Other taxes and licenses	235,475	-	151,717	387,192
Restricted intergovernmental revenues	5,189,439	-	728,421	5,917,860
Permits and fees	509,499	-	-	509,499
Sales and services	3,843,451	-	-	3,843,451
Interest earned on investments	79,399	14,149	2,483	96,031
Miscellaneous	428,776	-	8,745	437,521
Total revenues	<u>39,014,304</u>	<u>14,149</u>	<u>2,116,122</u>	<u>41,144,575</u>
<b>Expenditures:</b>				
General government	5,679,347	-	128,715	5,808,062
Public safety	9,320,969	-	1,368,753	10,689,722
Environmental protection	465,572	-	-	465,572
Economic and physical development	373,151	-	342,955	716,106
Human services	9,744,261	-	-	9,744,261
Cultural and recreation	924,769	-	419,903	1,344,672
Education	6,244,311	722,556	636,509	7,603,376
Debt service:				
Principal repayments	1,641,067	-	-	1,641,067
Interest	294,019	-	-	294,019
Total expenditures	<u>34,687,466</u>	<u>722,556</u>	<u>2,896,835</u>	<u>38,306,857</u>
Revenues over (under) expenditures	<u>4,326,838</u>	<u>(708,407)</u>	<u>(780,713)</u>	<u>2,837,718</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	214,871	936,248	116,288	1,267,407
Transfers (out)	(1,450,885)	-	(214,871)	(1,665,756)
Total other financing sources (uses)	<u>(1,236,014)</u>	<u>936,248</u>	<u>(98,583)</u>	<u>(398,349)</u>
Net change in fund balances	3,090,824	227,841	(879,296)	2,439,369
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>13,334,732</u>	<u>2,859,394</u>	<u>1,657,235</u>	<u>17,851,361</u>
End of year - June 30	<u>\$ 16,425,556</u>	<u>\$ 3,087,235</u>	<u>\$ 777,939</u>	<u>\$ 20,290,730</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, 2017**

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)	\$ 2,439,369
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	248,700
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.	28,650
Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.	
Compensated absences	(21,870)
Pension expense - LGERS	(1,112,963)
Pension expense - ROD	(2,393)
Pension expense - LEOSSA	(64,322)
Other post-employment benefits	(1,073,110)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	13,372
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.	2,496,100
Cost of capital outlay disposed of in the current year, not recognized on the modified accrual basis	(352,301)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,492,329)
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.	1,641,067
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	812,476
Benefit payments and pension administrative costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	<u>10,391</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 3,570,837</u></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, 2017**

	<b>General Fund</b>			<b>Variance with Final Budget Over/Under</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 20,018,600	\$ 20,018,600	\$ 20,236,128	\$ 217,528
Local option sales taxes	7,533,000	7,560,057	8,492,137	932,080
Other taxes and licenses	168,150	168,150	235,475	67,325
Restricted intergovernmental revenues	5,109,789	5,184,709	5,189,439	4,730
Permits and fees	393,750	393,750	509,499	115,749
Sales and services	4,107,451	4,156,051	3,843,451	(312,600)
Investment earnings	26,000	26,000	79,399	53,399
Miscellaneous	78,117	87,674	428,776	341,102
Total revenues	<u>37,434,857</u>	<u>37,594,991</u>	<u>39,014,304</u>	<u>1,419,313</u>
<b>Expenditures:</b>				
General government	5,684,571	6,240,062	5,679,347	560,715
Public safety	9,790,157	9,867,831	9,320,969	546,862
Environmental protection	507,190	511,090	465,572	45,518
Economic and physical development	381,541	400,507	373,151	27,356
Human services	10,442,569	10,872,378	9,744,261	1,128,117
Cultural and recreation	981,739	1,011,642	924,769	86,873
Education	6,240,600	6,247,100	6,244,311	2,789
Debt service:				
Principal retirement	1,645,000	1,645,000	1,641,067	3,933
Interest and fees	300,000	300,000	294,019	5,981
Contingency	1,165,803	943,287	-	943,287
Total expenditures	<u>37,139,170</u>	<u>38,038,897</u>	<u>34,687,466</u>	<u>3,351,431</u>
Revenues over (under) expenditures	<u>295,687</u>	<u>(443,906)</u>	<u>4,326,838</u>	<u>4,770,744</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	208,000	215,522	214,871	(651)
Transfers out	(1,145,000)	(1,504,637)	(1,450,885)	53,752
Appropriated fund balance	641,313	1,733,021	-	(1,733,021)
Total other financing sources (uses)	<u>(295,687)</u>	<u>443,906</u>	<u>(1,236,014)</u>	<u>(1,679,920)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,090,824</u>	<u>\$ 3,090,824</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>13,334,732</u>	
End of year - June 30			<u>\$ 16,425,556</u>	

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 1,821,608	\$ 1,658,787	\$ 528
Accounts receivable, net	164,337	159,091	119,231
Total current assets	<u>1,985,945</u>	<u>1,817,878</u>	<u>119,759</u>
Non-current assets:			
Land and other non-depreciable assets	120,098	125,161	231,973
Depreciable assets, net of depreciation	<u>10,371,459</u>	<u>3,790,758</u>	<u>460,870</u>
Total non-current assets	<u>10,491,557</u>	<u>3,915,919</u>	<u>692,843</u>
Total assets	<u>12,477,502</u>	<u>5,733,797</u>	<u>812,602</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	16,908	-	47,365
Contributions to pension plan in current fiscal year	<u>8,392</u>	<u>-</u>	<u>25,030</u>
Total deferred outflows of resources	<u>25,300</u>	<u>-</u>	<u>72,395</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,494	-	50,776
Due to other funds	51,796	-	346,074
Miscellaneous liabilities	4,763	-	13,642
Accrued interest	7,701	649	-
Current portion of long-term debt	364,395	135,867	-
Current portion of compensated absences	<u>700</u>	<u>-</u>	<u>8,000</u>
Total current liabilities	<u>431,849</u>	<u>136,516</u>	<u>418,492</u>
Non-current liabilities:			
Net pension liability	28,455	-	81,157
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	13,106	-	22,615
Non-current other post-employment benefits	52,092	-	277,730
Non-current portion of long-term debt	<u>4,794,458</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>4,888,111</u>	<u>-</u>	<u>381,502</u>
Total liabilities	<u>5,319,960</u>	<u>136,516</u>	<u>799,994</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	<u>3,034</u>	<u>-</u>	<u>9,414</u>
<b>Net Position:</b>			
Net investment in capital assets	5,332,704	3,780,052	692,843
Unrestricted	<u>1,847,104</u>	<u>1,817,229</u>	<u>(617,254)</u>
Total net position	<u>\$ 7,179,808</u>	<u>\$ 5,597,281</u>	<u>\$ 75,589</u>

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



ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	<u>Enterprise Funds</u>		
	<u>Landfill Closure Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 755,330	\$ 130,003	\$ 4,366,256
Accounts receivable, net	-	5,259	447,918
Total current assets	<u>755,330</u>	<u>135,262</u>	<u>4,814,174</u>
Non-current assets:			
Land and other non-depreciable assets	-	-	477,232
Depreciable assets, net of depreciation	-	716,606	15,339,693
Total non-current assets	<u>-</u>	<u>716,606</u>	<u>15,816,925</u>
Total assets	<u>755,330</u>	<u>851,868</u>	<u>20,631,099</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	-	-	64,273
Contributions to pension plan in current fiscal year	-	-	33,422
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>97,695</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	8,053	-	61,323
Due to other funds	-	-	397,870
Miscellaneous liabilities	-	-	18,405
Accrued interest	-	-	8,350
Current portion of long-term debt	-	-	500,262
Current portion of compensated absences	-	-	8,700
Total current liabilities	<u>8,053</u>	<u>-</u>	<u>994,910</u>
Non-current liabilities:			
Net pension liability	-	-	109,612
Non-current accrued landfill post-closure care costs	2,162,100	-	2,162,100
Non-current compensated absences	-	-	35,721
Non-current other post-employment benefits	-	-	329,822
Non-current portion of long-term debt	-	-	4,794,458
Total non-current liabilities	<u>2,162,100</u>	<u>-</u>	<u>7,431,713</u>
Total liabilities	<u>2,170,153</u>	<u>-</u>	<u>8,426,623</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	-	-	12,448
<b>Net Position:</b>			
Net investment in capital assets	-	716,606	10,522,205
Unrestricted	<u>(1,414,823)</u>	<u>135,262</u>	<u>1,767,518</u>
Total net position	<u>\$ (1,414,823)</u>	<u>\$ 851,868</u>	<u>\$ 12,289,723</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, 2017**

	<b>Enterprise Funds</b>		
	<b>County Water and Sewer Fund</b>	<b>Bethlehem Water District Fund</b>	<b>Solid Waste Fund</b>
<b>Operating Revenues:</b>			
Water and sewer sales	\$ 1,351,244	\$ 1,608,533	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	258,446
Landfill	-	-	1,232,561
Total operating revenues	<u>1,351,244</u>	<u>1,608,533</u>	<u>1,491,007</u>
<b>Operating Expenses:</b>			
Convenience centers	-	-	179,852
Water and sewer operations	792,267	914,140	-
Landfill operations	-	-	1,392,133
Depreciation and amortization	599,909	231,184	40,787
Total operating expenses	<u>1,392,176</u>	<u>1,145,324</u>	<u>1,612,772</u>
Operating income (loss)	<u>(40,932)</u>	<u>463,209</u>	<u>(121,765)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	399	974	-
Intergovernmental revenues	-	-	98,414
Grant revenue	-	-	6,093
Interest and fees paid	(49,709)	(4,383)	-
Miscellaneous revenues	-	-	13,161
Total non-operating revenues (expenses)	<u>(49,310)</u>	<u>(3,409)</u>	<u>117,668</u>
Income (loss) before transfers	<u>(90,242)</u>	<u>459,800</u>	<u>(4,097)</u>
<b>Transfers:</b>			
Transfer from other funds	420,808	2,596,219	-
Transfer to other funds	(2,596,219)	(122,459)	-
Total transfers	<u>(2,175,411)</u>	<u>2,473,760</u>	<u>-</u>
Change in net position	<u>(2,265,653)</u>	<u>2,933,560</u>	<u>(4,097)</u>
<b>Net Position:</b>			
Beginning of year - July 1	<u>9,445,461</u>	<u>2,663,721</u>	<u>79,686</u>
End of year - June 30	<u>\$ 7,179,808</u>	<u>\$ 5,597,281</u>	<u>\$ 75,589</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, 2017**

	<b>Enterprise Funds</b>		
	<b>Landfill Closure Fund</b>	<b>Nonmajor Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Water and sewer sales	\$ -	\$ -	\$ 2,959,777
Sewer capital reserve fees	-	21,014	21,014
Convenience centers	-	-	258,446
Landfill	-	-	1,232,561
Total operating revenues	-	21,014	4,471,798
<b>Operating Expenses:</b>			
Convenience centers	-	-	179,852
Water and sewer operations	-	6,500	1,712,907
Landfill operations	(1,936,961)	-	(544,828)
Depreciation and amortization	-	35,570	907,450
Total operating expenses	(1,936,961)	42,070	2,255,381
Operating income (loss)	1,936,961	(21,056)	2,216,417
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	62	-	1,435
Intergovernmental revenues	-	-	98,414
Grant revenue	-	-	6,093
Interest and fees paid	-	-	(54,092)
Miscellaneous revenues	-	-	13,161
Total non-operating revenues (expenses)	62	-	65,011
Income (loss) before transfers	1,937,023	(21,056)	2,281,428
<b>Transfers In (Out):</b>			
Transfer from other funds	100,000	-	3,117,027
Transfer to other funds	-	-	(2,718,678)
Total transfers in (out)	100,000	-	398,349
Change in net position	2,037,023	(21,056)	2,679,777
<b>Net Position:</b>			
Beginning of year - July 1	(3,451,846)	872,924	9,609,946
End of year - June 30	\$ (1,414,823)	\$ 851,868	\$ 12,289,723

*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, 2017

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 1,359,215	\$ 1,566,898	\$ 1,476,196
Cash paid for goods and services	(654,880)	(914,140)	(1,259,954)
Cash paid to employees for services	(149,186)	-	(288,215)
Net cash provided (used) by operating activities	<u>555,149</u>	<u>652,758</u>	<u>(71,973)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	-	-	117,668
Change in due to/from other funds	51,796	(5,202)	(45,691)
Interfund transfer in (out)	350,024	(51,675)	-
Net cash provided (used) by non-capital financing activities	<u>401,820</u>	<u>(56,877)</u>	<u>71,977</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(107,603)	(125,161)	-
Principal paid on bonds and notes payable	(363,315)	(186,825)	-
Issuance of long-term debt	28,863	-	-
Interest and fees paid on bonds	(50,410)	(5,275)	-
Net cash provided (used) by capital and related financing activities	<u>(492,465)</u>	<u>(317,261)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	399	974	-
Net increase (decrease) in cash and cash equivalents	464,903	279,594	4
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>1,356,705</u>	<u>1,379,193</u>	<u>524</u>
End of year - June 30	<u>\$ 1,821,608</u>	<u>\$ 1,658,787</u>	<u>\$ 528</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (40,932)	\$ 463,209	\$ (121,765)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	599,909	231,184	40,787
(Increase) decrease in accounts receivable	7,971	(41,635)	(14,812)
(Increase) decrease in prepaids	1,000	-	-
(Increase) decrease deferred outflows - pension	(16,467)	-	(45,897)
Increase (decrease) in net pension liability	19,780	-	55,131
Increase (decrease) deferred inflows - pension	(1,475)	-	(4,113)
Increase (decrease) in accounts payable	(31,807)	-	(23,182)
Increase (decrease) in accrued salaries	484	-	1,516
Increase (decrease) in other post-employment benefits	13,348	-	37,380
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	3,338	-	2,982
Net cash provided (used) by operating activities	<u>\$ 555,149</u>	<u>\$ 652,758</u>	<u>\$ (71,973)</u>
<b>Non-Cash Transactions:</b>			
Transfer of non-cash assets to other funds	<u>\$ 2,525,435</u>	<u>\$ (2,525,435)</u>	<u>\$ -</u>

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, 2017

	<u>Enterprise Funds</u>		
	<u>Landfill Closure Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ -	\$ 15,755	\$ 4,418,064
Cash paid for goods and services	(68,476)	(6,500)	(2,903,950)
Cash paid to employees for services	-	-	(437,401)
Net cash provided (used) by operating activities	<u>(68,476)</u>	<u>9,255</u>	<u>1,076,713</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	-	-	117,668
Change in due to/from other funds	-	5,202	6,105
Interfund transfer in (out)	100,000	-	398,349
Net cash provided (used) by non-capital financing activities	<u>100,000</u>	<u>5,202</u>	<u>522,122</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	-	(232,764)
Principal paid on bonds and notes payable	-	-	(550,140)
Issuance of long-term debt	-	-	28,863
Interest and fees paid on bonds	-	-	(55,685)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(809,726)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	62	-	1,435
Net increase (decrease) in cash and cash equivalents	31,586	14,457	790,544
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	723,744	115,546	3,575,712
End of year - June 30	<u>\$ 755,330</u>	<u>\$ 130,003</u>	<u>\$ 4,366,256</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 1,936,961	\$ (21,056)	\$ 2,216,417
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	35,570	907,450
(Increase) decrease in accounts receivable	-	(5,259)	(53,735)
(Increase) decrease in other assets	-	-	1,000
(Increase) decrease deferred outflows - pension	-	-	(62,364)
Increase (decrease) in net pension liability	-	-	74,911
Increase (decrease) deferred inflows - pension	-	-	(5,588)
Increase (decrease) in accounts payable	8,053	-	(46,936)
Increase (decrease) in accrued salaries	-	-	2,000
Increase (decrease) in other post-employment benefits	-	-	50,728
Increase (decrease) in landfill post-closure liability	(2,013,490)	-	(2,013,490)
Increase (decrease) in accrued vacation pay	-	-	6,320
Net cash provided (used) by operating activities	<u>\$ (68,476)</u>	<u>\$ 9,255</u>	<u>\$ 1,076,713</u>
<b>Non-Cash Transactions:</b>			
Transfer of non-cash assets from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 31,105
<b>Liabilities:</b>	
Accounts payable	\$ 30,693
Intergovernmental payable - State of North Carolina	<u>412</u>
Total liabilities	<u>\$ 31,105</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, 2017

### 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.

#### 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 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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

*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.** 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, Alexander County Broadband Study, MG+BW Natural Gas Expansion Project 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 the following capital project funds: Capital Improvements Fund, County Capital Project Fund, Applied Technologies Building Renovation Project Fund, Applied Technologies Building Equipment Project Fund, Craftmaster Phase II Fund, and Rocky Face Park Expansion Project Fund.

### **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



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Fund. The County has three enterprise fund – Capital Project Funds. The Bethlehem-Ellendale Water System Improvements Project, Shurtape Job Retention Wastewater Project, and the Alexander County Industrial Park Pump Station Replacement Project are consolidated with the County Water and Sewer Fund for reporting purposes.

**Fiduciary Funds.** 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 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; and the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Alexander County Board of Education.

**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, 2017.

*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.

*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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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's 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.

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. The billed taxes are applicable to the fiscal year in which are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding the MG+BW Natural Gas Expansion Project Fund and the Alexander County Broadband Study), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for all capital project funds, enterprise capital project funds and those special revenue funds noted above. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental 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 departmental areas within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$10,000 must be approved by the governing board. 7 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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### **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).

The County's investments are reported at fair value. The NC Capital Management Trust Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

#### **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 consist of cash restricted for the purposes outlined below by external third parties or by law. Money in the Revaluation Fund is also classified as restricted because its use is restricted per North Carolina General Statute 153A-150. 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.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 32,454	
Human services	Adoption services	50,856	
Human services	Health department expansion	500,000	
Economic and physical development	Cooperative extension services	8,486	
General government	PEG Channel	63,168	
Total General Fund			\$ 654,964
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 180,226	
County Capital Project Fund	Unspent debt proceeds	308,158	
Total other governmental funds			<u>488,384</u>
Total governmental activities			<u>\$ 1,143,348</u>

**Ad Valorem Taxes Receivable**

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

**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, 2017

### Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical value. 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 are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Infrastructure	25 years
Furniture and fixtures	3-10 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 has two items that meet this criteria - contributions made to the pension plans in the current fiscal year and pension deferrals. In addition to liabilities, the Statement of Net Position can also

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, taxes receivable, health department receivables, and pension related deferrals.

### **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 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, laws or regulations of other governments, or imposed by law through State statute.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### **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 intact.

*Prepaid Items* – portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

**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 General Government – Courthouse Project* – portion of fund balance restricted by revenue source for courthouse project.

*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 Health department expansion and 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 Public Safety – Federal Shared Asset Program* – portion of fund balance restricted by revenue source for Federal Shared Asset program.

*Restricted for Public Safety – State Unauthorized Substance* – portion of fund balance restricted by revenue source for State unauthorized substance.

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



**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Restricted fund balance at June 30, 2017, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
<b>Restricted, All Other:</b>			
Register of Deeds	\$ 417	\$ -	\$ -
General government	63,168	-	-
General government - Courthouse project	-	-	308,158
Education	850,000	1,850,775	-
Human services	550,856	-	-
Economic and physical development	8,486	-	-
Public safety	-	-	468,712
Public safety - Federal Shared Asset Program	14,987	-	-
Public safety - State unauthorized substance	17,467	-	-
Total	<u>\$ 1,505,381</u>	<u>\$ 1,850,775</u>	<u>\$ 776,870</u>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to unspent debt proceeds of \$308,158, and restricted for Register of Deeds pension plan of \$69,486 for a net difference of \$238,672.

**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. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or reverse the limitation.

*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.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Committed fund balance at June 30, 2017, is as follows:

<b>Purpose</b>	<b>Capital Improvements Fund</b>	<b>Other Governmental Funds</b>
Tax revaluation	\$ -	\$ 177,747
Future capital projects	1,191,556	74,196
<b>Total</b>	<b>\$ 1,191,556</b>	<b>\$ 251,943</b>

**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 authorized the Manager to modify appropriations up to \$10,000 between departments within a fund.

<b>Purpose</b>	<b>General Fund</b>
Subsequent year's expenditures	\$ 1,248,664

**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. Only the General fund may report a positive unassigned fund balance.

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.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 16,425,556
Less:	
Prepays	(16,751)
Stabilization for State statute	<u>(3,449,708)</u>
Fund balance available for appropriation	<u>\$ 12,959,097</u>

**Defined Benefit Pension Plans**

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

**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 and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a FIFO method of using accumulated compensation time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

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, 2017

### 2. Stewardship, Compliance, and Accountability

#### Significant Violations of Finance-Related Legal and Contractual Provisions

##### Non-Compliance with North Carolina General Statutes

In accordance with G.S. [159-13(b)(3)], a contingency appropriation shall not exceed five (5) % of the total of all other appropriations in the same fund. In the current year, there were violations of the N.C. General Statute with regards to the contingency appropriation exceeding the aforementioned percentage in the County Water and Sewer Fund, Landfill Closure Fund, and Bethlehem Sewer Fund.

**Corrective Action/Management's Response:** The County is in agreement with the finding related to contingency and will make the necessary modifications in the fiscal year 2018 budget to be in compliance with N.C. General Statutes.

### 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County 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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, the County's deposits had a carrying amount of \$5,479,522 and a bank balance of \$5,910,072. Of the bank balance, \$750,000 was covered by federal depository insurance and \$5,160,072 by collateral held under the Pooling Method. Cash on hand was \$4,320 at June 30, 2017.

### Investments

At June 30, 2017, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
N.C. Capital Management Trust - Term Portfolio*	Fair Value - Level 1	\$ 3,033,704	\$ 3,033,704	N/A
N.C. Capital Management Trust - Government Portfolio	Amortized Cost	14,225,049	N/A	N/A
Total investments		<u>\$ 17,258,753</u>	<u>\$ 3,033,704</u>	<u>\$ -</u>

\* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of Fair Value Hierarchy:* *Level 1:* debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. *Level 2:* debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted process.

*Interest Rate Risk.* The County has not adopted a formal investment policy addressing interest rate risk.

*Credit Risk.* The County has no formal policy regarding credit risk. The County's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2017. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Property Tax – Use-Value Assessment on Certain Lands**

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,535,512	\$ 399,233	\$ 1,934,745
2015	1,976,756	336,049	2,312,805
2016	2,016,350	161,308	2,177,658
2017	2,029,217	-	2,029,217
Total	<u>\$ 7,557,835</u>	<u>\$ 896,590</u>	<u>\$ 8,454,425</u>

**Receivables**

Receivables at the government-wide level (Exhibit A) at June 30, 2017, were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 730,710	\$ 1,390,209	\$ 2,127,500	\$ 4,248,419
Other governmental	-	74,104	44,852	118,956
Total receivables	730,710	1,464,313	2,172,352	4,367,375
Allowance for doubtful accounts	(71,412)	(303,000)	-	(374,412)
Total governmental activities	<u>\$ 659,298</u>	<u>\$ 1,161,313</u>	<u>\$ 2,172,352</u>	<u>\$ 3,992,963</u>
<b>Business-Type Activities:</b>				
County Water and Sewer	\$ 164,337	\$ -	\$ -	\$ 164,337
Bethlehem Water	159,091	-	-	159,091
Solid Waste	123,281	-	-	123,281
Nomajor funds	5,259	-	-	5,259
Total receivables	451,968	-	-	451,968
Allowance for doubtful accounts	(4,050)	-	-	(4,050)
Total business-type activities	<u>\$ 447,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,918</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Due from other governments consisted of the following:

Local option sales tax	\$	1,213,971
Sales tax refund		216,876
Motor vehicle taxes		204,676
Grants receivable		109,878
Other		426,951
<b>Total</b>	<b>\$</b>	<b><u>2,172,352</u></b>

### Capital Assets

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

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 4,415,715	\$ -	\$ (27,511)	\$ -	\$ 4,388,204
Construction in progress	<u>2,366,709</u>	<u>1,084,365</u>	<u>-</u>	<u>(2,785,009)</u>	<u>666,065</u>
Total non-depreciable assets	<u>6,782,424</u>	<u>1,084,365</u>	<u>(27,511)</u>	<u>(2,785,009)</u>	<u>5,054,269</u>
<b>Depreciable Assets:</b>					
Buildings	17,643,392	350,001	(375,000)	2,389,607	20,008,000
Other improvements	1,218,421	27,260	(826,606)	-	419,075
Infrastructure	-	-	-	395,402	395,402
Equipment and machinery	3,923,752	545,028	(181,529)	-	4,287,251
Vehicles	3,146,256	489,446	(297,573)	(8,000)	3,330,129
Furniture and fixtures	<u>7,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,724</u>
Total depreciable assets	<u>25,939,545</u>	<u>1,411,735</u>	<u>(1,680,708)</u>	<u>2,777,009</u>	<u>28,447,581</u>
Total assets	<u>32,721,969</u>	<u>2,496,100</u>	<u>(1,708,219)</u>	<u>(8,000)</u>	<u>33,501,850</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(5,507,021)	(677,940)	271,250	-	(5,913,711)
Other improvements	(891,310)	(38,071)	605,566	-	(323,815)
Infrastructure	-	(79,080)	-	-	(79,080)
Equipment and machinery	(3,213,004)	(333,967)	181,529	-	(3,365,442)
Vehicles	(2,581,580)	(363,271)	297,573	8,000	(2,639,278)
Furniture and fixtures	<u>(7,724)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,724)</u>
Total accumulated depreciation	<u>(12,200,639)</u>	<u>(1,492,329)</u>	<u>1,355,918</u>	<u>8,000</u>	<u>(12,329,050)</u>
Capital assets, net	<u>\$ 20,521,330</u>	<u>\$ 1,003,771</u>	<u>\$ (352,301)</u>	<u>-</u>	<u>\$ 21,172,800</u>

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

<b>Governmental Activities:</b>	
General government	\$ 506,849
Public safety	661,364
Environmental protection	22,164
Human services	105,083
Cultural and recreation	29,172
Economic and physical development	98,869
Education	68,828
Total	<u>\$ 1,492,329</u>



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2017 are as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Business-Type Activities:</b>					
<b>County Water and Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Construction in progress	\$ 3,273,135	\$ 89,183	\$ -	\$ (3,242,220)	\$ 120,098
<b>Depreciable Assets:</b>					
Infrastructure	16,079,427	18,420	-	716,785	16,814,632
Equipment and machinery	8,500	-	-	-	8,500
Furniture and fixtures	1,603	-	-	-	1,603
Total depreciable assets	<u>16,089,530</u>	<u>18,420</u>	<u>-</u>	<u>716,785</u>	<u>16,824,735</u>
Total assets	<u>19,362,665</u>	<u>107,603</u>	<u>-</u>	<u>(2,525,435)</u>	<u>16,944,833</u>
<b>Less Accumulated Depreciation:</b>					
Infrastructure	(5,843,264)	(599,909)	-	-	(6,443,173)
Equipment and machinery	(8,500)	-	-	-	(8,500)
Furniture and fixtures	(1,603)	-	-	-	(1,603)
Total accumulated depreciation	<u>(5,853,367)</u>	<u>\$ (599,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,453,276)</u>
County water and sewer capital assets, net	<u>13,509,298</u>				<u>10,491,557</u>
<b>Bethlehem Water District Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Construction in progress	-	\$ 125,161	\$ -	\$ -	125,161
<b>Depreciable Assets:</b>					
Infrastructure	<u>3,838,908</u>	<u>-</u>	<u>-</u>	<u>2,525,435</u>	<u>6,364,343</u>
<b>Less Accumulated Depreciation:</b>					
Infrastructure	<u>(2,342,401)</u>	<u>\$ (231,184)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,573,585)</u>
Bethlehem Water capital assets, net	<u>1,496,507</u>				<u>3,915,919</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
<b>Business-Type Activities (cont):</b>					
<b>Solid Waste Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	231,973	\$ -	\$ -	\$ -	231,973
<b>Depreciable Assets:</b>					
Buildings	651,404	-	-	-	651,404
Infrastructure	217,411	-	-	-	217,411
Vehicles	330,383	-	(21,966)	8,000	316,417
Equipment and machinery	598,652	-	-	-	598,652
Total depreciable assets	1,797,850	-	(21,966)	8,000	1,783,884
Total assets	2,029,823	-	(21,966)	8,000	2,015,857
<b>Less Accumulated Depreciation:</b>					
Buildings	(304,524)	(16,626)	-	-	(321,150)
Infrastructure	(216,574)	(34)	-	-	(216,608)
Vehicles	(329,841)	(542)	21,966	(8,000)	(316,417)
Equipment and machinery	(445,254)	(23,585)	-	-	(468,839)
Total accumulated depreciation	(1,296,193)	\$ (40,787)	\$ 21,966	\$ (8,000)	(1,323,014)
Solid Waste capital assets, net	733,630				692,843
<b>Bethlehem Sewer Fund:</b>					
<b>Depreciable Assets:</b>					
Infrastructure	1,422,797	\$ -	\$ -	\$ -	1,422,797
<b>Less Accumulated Depreciation:</b>					
Infrastructure	(670,621)	\$ (35,570)	\$ -	\$ -	(706,191)
Bethlehem Sewer capital assets, net	752,176				716,606
Total business-type activities capital assets, net	\$ 16,491,611				\$ 15,816,925

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, 2017, were \$625,409 for the County Water and Sewer Fund and \$910,140 for the Bethlehem Water District.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2017, is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 21,172,800	\$ 15,816,925
Long-term debt	(8,406,036)	(5,294,720)
Long-term debt for assets not owned by the County	2,271,347	-
Unspent debt proceeds	308,158	-
Net investment in capital assets	\$ 15,346,269	\$ 10,522,205

**B. Liabilities**

**Payables**

Payables at the government-wide level (Exhibit A) at June 30, 2017 were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 596,209	\$ 550,777	\$ 1,146,986
Other governmental	86,029	2,316	88,345
Total governmental activities	\$ 682,238	\$ 553,093	\$ 1,235,331
<b>Business-Type Activities:</b>			
County Water and Sewer	\$ 2,494	\$ 4,763	\$ 7,257
Solid Waste	50,776	13,642	64,418
Landfill Closure	8,053	-	8,053
Total business-type activities	\$ 61,323	\$ 18,405	\$ 79,728

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Pension Plan and Other Post-Employment Obligations

#### Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$843,491 for the year ended June 30, 2017.

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

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

At June 30, 2017, the County reported a liability of \$4,132,187 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was .1947%, which was an increase of .0014% from its proportion measured as of June 30, 2015.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

For the year ended June 30, 2017, the County recognized pension expense of \$1,153,337 at June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 77,638	\$ 144,797
Changes of assumptions	283,017	-
Net difference between projected and actual earnings on pension plan investments	2,284,580	-
Changes in proportion and differences between County contributions and proportionate share of contributions	93,457	50,205
County contributions subsequent to the measurement date	843,491	-
Total	<u>\$ 3,582,183</u>	<u>\$ 195,002</u>

\$843,491 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2018	\$ 407,741
2019	407,721
2020	1,079,027
2021	649,201
2022	-
Thereafter	-
Total	<u>\$ 2,543,690</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	\$ 9,807,606	\$ 4,132,187	\$ (608,346)

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



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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. A separate report was not issued for the Plan.

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

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

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	47
Total	<u>48</u>

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Actuarial Assumptions

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

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

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

**Deaths After Retirement (Healthy):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

**Deaths Before Retirement:** RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

**Deaths After Retirement (Beneficiary):** RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

**Deaths After Retirement (Disabled):** RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$13,919 as benefits came due.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

At June 30, 2017, the County reported a total pension liability of \$736,944. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$64,322.

	<b>Deferred Outflows of <u>Resources</u></b>	<b>Deferred Inflows of <u>Resources</u></b>
Changes of assumptions	\$ -	\$ 16,293
County benefit payments and plan administrative expense made subsequent to the measurement date	10,391	-
Total	\$ 10,391	\$ 16,293

\$10,391 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2018	\$ 2,829
2019	2,829
2020	2,829
2021	2,829
2022	2,829
Thereafter	2,148
Total	\$ 16,293

\$10,391 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

	<b>1% Decrease (2.86%)</b>	<b>Discount Rate (3.86%)</b>	<b>1% Increase (4.86%)</b>
Total pension liability	<u>\$ 805,114</u>	<u>\$ 736,944</u>	<u>\$ 674,912</u>

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

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	<b>2017</b>
Beginning balance	\$ 703,068
Service cost	42,066
Interest on the total pension liability	24,851
Changes of assumptions or other inputs	(19,122)
Benefit payments	<u>(13,919)</u>
Ending balance of the total pension liability	<u>\$ 736,944</u>

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (the “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 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$107,443, which consisted of \$74,086 from the County and \$33,357 from the law enforcement officers. No amounts were forfeited.

### **Register of Deeds’ Supplemental Pension Fund**

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

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

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,407 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$53,232 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was .28472%, which was a decrease of .00002% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$298. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 57	\$ 689
Changes in assumptions	14,182	-
Net difference between projected and actual earnings on pension plan investments	91	-
Changes in proportion and differences between County contributions and proportionate share of contributions	618	412
County contributions subsequent to the measurement date	2,407	-
Total	\$ 17,355	\$ 1,101

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

\$2,407 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2018	\$ 5,807
2019	6,151
2020	2,487
2021	(598)
2022	-
Thereafter	-
Total	<u>\$ 13,847</u>

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

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

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

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

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

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

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%.

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

**Discount Rate.** The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.** The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.75%)</b>	<b>(3.75%)</b>	<b>(4.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (42,922)</u>	<u>\$ (53,232)</u>	<u>\$ (61,892)</u>

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



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 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 (LERS) 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.

Membership of the Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	37	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>115</u>	<u>19</u>
Total	<u><u>152</u></u>	<u><u>19</u></u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

**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, 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 has chosen to fund the medical insurance benefits on a pay-as-you-go basis.

The current ARC rate is 28.61% of annual covered payroll. For the current year, the County contributed \$302,042, or 5.60%, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. Under a County resolution, the County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 5.22% and 7.83% 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 30 years.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 1,488,669	\$ 54,916	\$ 1,543,585
Interest on net OPEB obligation	290,957	10,733	301,690
Adjustments to annual required contribution	(404,474)	(14,921)	(419,395)
Annual OPEB cost (expense)	1,375,152	50,728	1,425,880
Contributions made	(302,042)	-	(302,042)
Increase (decrease) in net OPEB obligation	1,073,110	50,728	1,123,838
Net OPEB obligation, beginning of year	7,263,187	279,094	7,542,281
Net OPEB obligation, end of year	<u>\$ 8,336,297</u>	<u>\$ 329,822</u>	<u>\$ 8,666,119</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 June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 872,103	19.76%	\$ 6,628,673
2016	1,128,780	19.06%	7,542,281
2017	1,425,880	21.18%	8,666,119

**Funding Status and Funding Progress.** As of June 30, 2016, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$16,367,690. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,395,422, and the ratio of the UAAL to the covered payroll was 303.36%.

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, 2017

**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 June 30, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is 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 7.75% to 5.00% annually for pre-Medicare and 5.75% to 5.00% annually for post-Medicare. Both rates included a 3.00% 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 June 30, 2016, was 30 years.

As of June 30, 2017, 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 (the "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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. 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, 2017

### **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 30 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 \$2,162,100 reported as landfill closure and post-closure care liability at June 30, 2017, represents a cumulative amount reported to date based on the use of 46% 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 \$2,538,115 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 2017. 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 \$100,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2017. The Landfill Closure Fund has \$755,330 in cash at June 30, 2017.

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, 2017**

**Deferred Outflows and Inflows of Resources**

Deferred inflows and outflows of resources at year-end are comprised of the following:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience (LGERS & ROD)	\$ 77,695	\$ -
Differences between expected and actual experience (LEOSSA)	-	145,486
Changes of assumptions (LGERS & ROD)	297,199	-
Changes of assumptions (LEOSSA)	-	16,293
Net difference between projected and actual earnings on pension plan investments (LGERS & ROD)	2,284,671	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	10,391	-
Changes in proportion and differences between County contributions and proportionate share of contributions (LGERS & ROD)	94,075	-
Changes in proportion and differences between County contributions and proportionate share of contributions (LEOSSA)	-	50,617
County contributions subsequent to the measurement date (LGERS & ROD)	845,898	-
Taxes receivable, net (General Fund and Special Revenue Fund)	-	1,161,313
Health Department receivables, net (General Fund)	-	39,164
Prepaid taxes (General Fund)	-	34,758
<b>Total</b>	<b>\$ 3,609,929</b>	<b>\$ 1,447,631</b>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Summary Disclosure of Significant Commitments

The County has active construction projects as of June 30, 2017. The project is the Rocky Face Park Expansion Project. At June 30, 2017, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Rocky Face Park Expansion Project	<u>\$ 389,239</u>	<u>\$ 157,061</u>

### 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 \$37 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$1 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.

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, the Tax Administrator/Collector, and the 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.

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Contingent Liabilities**

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

**Business-Type Activities:**

**Proprietary Funds:**

**Bethlehem Water Fund:**

\$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

\$ 135,867

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	<u>\$ 135,867</u>	<u>\$ 1,690</u>	<u>\$ 192,101</u>



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Notes Payable

Notes payable at June 30, 2017, are comprised of the following individual agreements:

#### Governmental Funds:

\$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.	\$ 1,583,796
\$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	693,907
\$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.	128,333
\$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	<u>6,000,000</u>
Total governmental funds	<u>8,406,036</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	2,200,394
\$3,287,176 February 2015 Drinking Water State Revolving Fund agreement to construct a water system improvement project payments beginning May 2016 in annual installments of \$165,439, with 0% interest payable through May 2035, unsecured	<u>2,958,459</u>
Total proprietary funds	<u>5,158,853</u>
Total all funds	<u>\$ 13,564,889</u>

**ALEXANDER COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Governmental Activities:**

**Governmental Funds:**

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 1,522,413	\$ 246,693	\$ 1,769,106
2019	1,404,579	202,445	1,607,024
2020	1,067,522	162,006	1,229,528
2021	1,078,189	130,078	1,208,267
2022	666,667	101,017	767,684
2023-2026	2,666,666	191,400	2,858,066
Total governmental funds	<u>8,406,036</u>	<u>1,033,639</u>	<u>9,439,675</u>

**Business-Type Activities:**

**Proprietary Funds:**

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 364,395	\$ 46,208	\$ 410,603
2019	364,395	42,008	406,403
2020	364,395	37,807	402,202
2021	364,395	33,606	398,001
2022	364,395	29,405	393,800
2023-2027	1,821,973	84,016	1,905,989
2028-2032	1,021,830	4,201	1,026,031
2033-2035	493,075	-	493,075
Total proprietary funds	<u>5,158,853</u>	<u>277,251</u>	<u>5,436,104</u>
Total notes payable	<u>\$ 13,564,889</u>	<u>\$ 1,310,890</u>	<u>\$ 14,875,779</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

A summary of changes in long-term obligations follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Notes payable	\$ 10,047,103	\$ -	\$ 1,641,067	\$ 8,406,036	\$ 1,522,413
Compensated absences	944,320	472,922	451,052	966,190	451,000
OPEB liability	7,263,187	1,375,152	302,042	8,336,297	-
Total pension liability (LEOSSA)	456,335	280,609	-	736,944	-
Net pension obligation (LGERS)	<u>832,818</u>	<u>3,189,757</u>	<u>-</u>	<u>4,022,575</u>	<u>-</u>
Total	<u>\$ 19,543,763</u>	<u>\$ 5,318,440</u>	<u>\$ 2,394,161</u>	<u>\$ 22,468,042</u>	<u>\$ 1,973,413</u>
<b>Business-Type Activities:</b>					
<b>County Water and Sewer Fund:</b>					
Notes payable	\$ 5,493,305	\$ 28,863	\$ 363,315	\$ 5,158,853	\$ 364,395
OPEB liability	38,744	13,348	-	52,092	-
Compensated absences	10,468	4,125	787	13,806	700
Net pension obligation (LGERS)	<u>8,675</u>	<u>19,780</u>	<u>-</u>	<u>28,455</u>	<u>-</u>
Total County Water and Sewer Fund	<u>5,551,192</u>	<u>66,116</u>	<u>364,102</u>	<u>5,253,206</u>	<u>365,095</u>
<b>Bethlehem Water Fund:</b>					
General obligation bonds	<u>322,692</u>	<u>-</u>	<u>186,825</u>	<u>135,867</u>	<u>135,867</u>
<b>Solid Waste Fund:</b>					
OPEB liability	240,350	37,380	-	277,730	-
Compensated absences	27,633	11,030	8,048	30,615	8,000
Net pension obligation (LGERS)	<u>26,026</u>	<u>55,131</u>	<u>-</u>	<u>81,157</u>	<u>-</u>
Total Solid Waste Fund	<u>294,009</u>	<u>103,541</u>	<u>8,048</u>	<u>389,502</u>	<u>8,000</u>
<b>Landfill Closure Fund:</b>					
Accrued landfill post-closure costs	<u>4,175,590</u>	<u>-</u>	<u>2,013,490</u>	<u>2,162,100</u>	<u>-</u>
Total business-type activities	<u>\$ 10,343,483</u>	<u>\$ 169,657</u>	<u>\$ 2,572,465</u>	<u>\$ 7,940,675</u>	<u>\$ 508,962</u>

At June 30, 2017, the County had a legal debt margin of \$193,055,611.

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, 2017**

**C. Interfund Balances and Activity**

	<b>Transfers</b>		<b>Purpose</b>
	<b>From</b>	<b>To</b>	
<b>Transfers From/to Other Funds:</b>			
General Fund	\$ 1,350,885	\$ -	
Major Capital Project (Capital Improvements) Fund	-	936,248	School sales tax hold harmless funds; Resources for school construction
Special Revenue (Emergency Telephone System) Fund	-	300	Repayment for FY 2016 ineligible use of 911 funds
Special Revenue (Alexander County Broadband Study) Fund	-	10,000	Local match for economic development grant project
Capital Project (Craftmaster Furniture Building Renovation Grant Project Fund Phase II) Fund	-	15,000	Local match for economic development grant project
Enterprise (County Water and Sewer Capital Project Fund Alexander County Industrial Park Pump Station Replacement Project) Fund	-	298,349	Local match for economic development grant project
Capital Project (Rocky Face Park Expansion Project) Fund	-	90,988	Local funds for parks and recreation grant project
General Fund	-	7,521	Return unused local funds to General Fund-closed grant project
Special Revenue (MG+BW Natural Gas Expansion Project) Fund	7,521	-	
General Fund	-	207,350	Use unspent loan proceeds to pay current year debt service interest
Capital Project (County Capital Project) Fund	207,350	-	
Bethlehem Water District Fund	-	2,525,435	Capital Asset Transfer
County Water and Sewer Fund	2,525,435	-	
Enterprise (Bethlehem Water) Fund	-	70,784	Return unused local funds to
Enterprise (County Water and Sewer Capital Project Fund Bethlehem, Ellendale Water System Improvement Project) Fund	70,784	-	Bethlehem Water Fund-closed grant project
Enterprise (County Water and Sewer) Fund	-	122,459	Resources for debt service on a project
Enterprise (Bethlehem Water) Fund	122,459	-	that benefits both water funds
Enterprise (Landfill Closure) Fund	-	100,000	Resources for landfill closure and
General Fund	100,000	-	post-closure
Total transfers	<u>\$ 4,384,434</u>	<u>\$ 4,384,434</u>	

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2017:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvements Fund	General Fund	\$ 44,904	Sales tax hold harmless amount due to schools
General Fund	Applied Technologies Building Equipment Project Fund	3,752	Cash overdraft
General Fund	County Water and Sewer	51,796	Time lag for when reimbursable expenditures are received
General Fund	Applied Technologies Building Renovation Project Fund	300,452	Cash overdraft
General Fund	Solid Waste Fund	34,566	Interfund capital loan
General Fund	Solid Waste Fund	<u>311,508</u>	Cash overpayment
Total		<u>\$ 746,978</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 (the "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 \$36,329 and administrative and other fees of \$8,217 to the Council during the fiscal year ended June 30, 2017.

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 30 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, 2017

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 \$11,517 as a special appropriation to the RTA during the fiscal year ended June 30, 2017.

### 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 that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
WIC Special Supplemental Nutrition Program for Women, Infant, & Children	\$ 395,860	\$ -
Medical Assistance Program	30,229,130	15,787,112
Children's Health Insurance Program	997,252	5,220
Temporary Assistance to Needy Families	170,024	-
Foster Care - Title IV-E	92,701	26,045
SC/SA Domiciliary Care	-	207,548
Adoption Assistance	321,034	80,182
Chafee Foster Care Independence Program	169	-
CWS Adoption Subsidy	-	99,402
SFHF Maximization	-	43,174
SAA/SAD HB 1030 - direct benefits	-	13,685
F/C at Risk Maximization	-	1,210
State Foster Home	-	59,652
Total	<u>\$ 32,206,170</u>	<u>\$ 16,323,230</u>

### 7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for governmental activities decreased \$232,580.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 8. Subsequent Events

Damage in certain areas of the State of North Carolina resulting from tornados on October 23, 2017 were of sufficient severity and magnitude to warrant a declaration of a State of Emergency. While there has been damage to buildings and other assets as of the date of this report, it is unknown the entire extent of that damage.

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## ALEXANDER COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)			
12/31/2012	\$ -	\$ 9,315,846	\$ 9,315,846	0.00%	\$ 6,721,626	138.60%
12/31/2014	-	12,184,545	12,184,545	0.00%	6,455,114	188.80%
6/30/2016	-	16,367,690	16,367,690	0.00%	5,395,422	303.36%

## Schedule of Employer Contributions

Year Ended June 30	Annual	
	Required Contribution	Percentage Contributed
2015	\$ 964,628	17.86%
2016	1,232,226	17.46%
2017	1,543,585	19.57%

## 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	6/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, closed
Remaining amortization period	30 years
Amortization factor	17.9837
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	
Medical cost trend rate:	4%
Pre-Medicare trend rate	7.75% - 5.00%
Post-Medicare trend rate	5.75% - 5.00%
Year of ultimate trend rate	2023

\*Includes inflation at 3.00%

## ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS\*Local Governmental Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alexander County's proportion of the net pension liability (asset) (%)	0.19470%	0.19330%	0.19219%	0.17920%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ 4,132,187	\$ 867,519	\$ (1,133,437)	\$ 2,160,048
Alexander County's covered-employee payroll	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503	\$ 9,947,711
Alexander County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.93%	7.75%	-10.49%	21.71%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

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

## ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARSLocal Governmental Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 843,491	\$ 771,344	\$ 800,901	\$ 767,041
Contributions in relation to the contractually required contribution	<u>843,491</u>	<u>771,344</u>	<u>800,901</u>	<u>767,041</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered-employee payroll	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503
Contributions as a percentage of covered-employee payroll	7.48%	6.89%	7.15%	7.10%

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

## ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS\*Register of Deeds' Supplemental Pension Fund

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Alexander County's proportion of the net pension liability (asset) (%)	0.28472%		0.28474%		0.29199%		0.26106%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ (53,232)	\$ (65,986)	\$ (66,171)	\$ (55,762)			
Alexander County's covered-employee payroll	\$ 53,687	\$ 53,635	\$ 53,583	\$ 53,532			
Alexander County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-99.15%	-123.03%	-123.49%	-104.17%			
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%			

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

\*\* This will be the same percentage for all participant employers in the ROD plan.

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

## ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARSRegister of Deeds' Supplemental Pension Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,407	\$ 2,326	\$ 2,278	\$ 2,384
Contributions in relation to the contractually required contribution	<u>2,407</u>	<u>2,326</u>	<u>2,278</u>	<u>2,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered-employee payroll	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583
Contributions as a percentage of covered-employee payroll	4.48%	4.33%	4.25%	4.45%

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

**ALEXANDER COUNTY, NORTH CAROLINA****SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
FOR THE YEAR ENDED JUNE 30, 2017****Law Enforcement Officers' Special Separation Allowance**

	<u>2017</u>
Beginning balance	\$ 703,068
Service cost	42,066
Interest on the total pension liability	24,851
Changes of assumptions or other inputs	(19,122)
Benefit payments	<u>(13,919)</u>
Ending balance of the total pension liability	<u>\$ 736,944</u>

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

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

## ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Law Enforcement Officers' Special Separation Allowance**

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	<b>2017</b>
Total pension liability	\$ 736,944
Covered payroll	1,652,773
Total pension liability as a percentage of covered payroll	44.59%

## Notes to the schedules:

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

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 19,846,600	\$ 20,080,409	\$ 233,809	\$ 20,052,779
Penalties and interest	172,000	155,719	(16,281)	178,313
Total	20,018,600	20,236,128	217,528	20,231,092
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	2,023,000	2,015,745	(7,255)	1,922,123
Article 40 one-half of one percent	2,706,000	2,522,789	(183,211)	2,434,935
Article 42 one-half of one percent	1,146,000	1,134,429	(11,571)	1,083,488
Article 44 one-half of one percent	-	323	323	656
Article 46 one-fourth of one percent	408,000	464,988	56,988	426,731
Article 44*525	1,000,000	1,352,019	352,019	-
Medicaid Hold Harmless	277,057	1,001,844	724,787	1,023,610
Total	7,560,057	8,492,137	932,080	6,891,543
<b>Other Taxes and Licenses:</b>				
ABC \$.05 per bottle	3,150	3,949	799	3,320
Alcoholic Beverage Tax Distribution	-	63,964	63,964	-
Video programming distribution	165,000	167,562	2,562	167,728
Total	168,150	235,475	67,325	171,048
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	5,153,709	5,142,719	(10,990)	5,009,273
Controlled substance tax	1,000	9,920	8,920	5,352
Court facility fees	30,000	36,800	6,800	34,582
Total	5,184,709	5,189,439	4,730	5,049,207
<b>Permits and Fees:</b>				
Register of Deeds	180,000	232,381	52,381	212,645
Building inspections	190,000	228,293	38,293	237,207
Gun and concealed weapon permits	14,500	36,100	21,600	40,491
Other fees	9,250	12,725	3,475	11,394
Total	393,750	509,499	115,749	501,737
<b>Sales and Services:</b>				
Rents, concessions, and fees	183,790	206,262	22,472	195,068
Detention Center fees	421,500	400,171	(21,329)	563,616
Ambulance fees	1,465,000	1,445,226	(19,774)	1,372,485
Recreation Department	70,900	38,638	(32,262)	43,771
Health Department	1,374,886	1,279,568	(95,318)	1,362,279
Information technology	13,000	6,107	(6,893)	6,859
Social services	478,500	272,488	(206,012)	501,223
Senior Center	14,400	24,894	10,494	13,080
License Plate Agency	104,000	138,655	34,655	131,495
Library	8,000	8,994	994	9,487
State payments - soil and water technical assistance	22,075	22,448	373	21,489
Total	4,156,051	3,843,451	(312,600)	4,220,852



ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Investment Earnings</b>	26,000	79,399	53,399	37,663
<b>Miscellaneous:</b>				
Insurance claim reimbursement	-	91,761	91,761	20,916
Donations	17,139	18,517	1,378	34,570
Grant	19,500	16,000	(3,500)	33,180
Sale of fixed assets	2,000	28,288	26,288	15,232
Compensatory education	22,000	-	(22,000)	-
Other	27,035	274,210	247,175	666,253
Total	87,674	428,776	341,102	770,151
Total revenues	37,594,991	39,014,304	1,419,313	37,873,293
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body	457,878	309,030	148,848	412,839
Administration	296,136	288,422	7,714	282,488
Planning	-	-	-	45,979
Elections	239,298	214,557	24,741	321,135
Finance	573,168	550,135	23,033	540,886
Tax office	561,051	492,227	68,824	488,749
Information technology	1,063,002	1,032,968	30,034	1,075,274
Register of Deeds	263,915	246,339	17,576	275,610
License Plate Agency	140,579	136,592	3,987	134,632
Public buildings	1,368,499	1,330,931	37,568	883,351
Garage	350,629	341,920	8,709	317,832
Human resources	822,552	642,227	180,325	532,702
Court facilities	103,355	93,999	9,356	95,361
Total	6,240,062	5,679,347	560,715	5,406,838
<b>Public Safety:</b>				
Sheriff's office	2,750,747	2,653,972	96,775	2,614,904
Detention center	2,374,955	2,221,074	153,881	2,260,135
Pre-trial release program	106,471	92,249	14,222	64,128
TECS program	91,098	83,963	7,135	79,574
Fire protection	292,617	269,649	22,968	257,045
Emergency communications	753,307	683,709	69,598	701,720
Forestry	59,345	56,013	3,332	54,470
Planning and Inspections	473,700	446,644	27,056	315,497
Emergency medical	2,910,591	2,780,496	130,095	2,625,788
Medical examiner	55,000	33,200	21,800	24,950
Total	9,867,831	9,320,969	546,862	8,998,211
<b>Environmental Protection:</b>				
Soil and water	122,041	113,655	8,386	108,443
Animal control	389,049	351,917	37,132	310,265
Total	511,090	465,572	45,518	418,708

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		Actual
<b>Economic and Physical Development:</b>				
Economic development	195,562	194,958	604	185,704
Agricultural extension	204,945	178,193	26,752	154,954
Total	400,507	373,151	27,356	340,658
<b>Human Services:</b>				
<b>Health Department:</b>				
Environmental health	344,249	378,596	(34,347)	369,808
General health	324,278	227,344	96,934	128,911
Maternal health	233,182	137,749	95,433	161,481
Home health	-	-	-	424,713
WIC program	142,244	143,355	(1,111)	161,519
Dental health	472,877	558,061	(85,184)	497,711
Family planning	247,910	237,547	10,363	244,598
Communicable disease	172,888	113,845	59,043	122,180
Health promotion	83,221	25,781	57,440	28,428
Child health	279,159	203,843	75,316	206,888
Adult health	106,353	55,786	50,567	31,746
Bioterrorism Grant	55,419	33,562	21,857	61,018
Care coordination for children	101,554	76,621	24,933	52,642
Pregnancy care management	91,119	57,609	33,510	82,585
Total	2,654,453	2,249,699	404,754	2,574,228
<b>Veterans Service</b>	69,872	67,853	2,019	66,989
<b>Juvenile Crime Prevention</b>	111,373	111,373	-	154,754
<b>Social Services Department:</b>				
Administration	4,407,989	3,908,565	499,424	3,931,991
In-home services	191,279	174,992	16,287	192,274
Public assistance	140,756	138,971	1,785	120,771
Emergency assistance account	7,012	5,104	1,908	3,524
Medical assistance	241,500	166,257	75,243	203,605
General assistance	1,803,600	1,726,104	77,496	1,689,849
Foster care	424,783	431,536	(6,753)	338,356
Adoption Enhancement Fund	43,811	7,570	36,241	30,832
Work First	32,755	31,602	1,153	29,807
Aging nutrition	112,866	109,326	3,540	102,535
Total	7,406,351	6,700,027	706,324	6,643,544
Special appropriations	446,889	445,407	1,482	521,860
Senior Center	183,440	169,902	13,538	148,385
Total human services	10,872,378	9,744,261	1,128,117	10,109,760

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Cultural and Recreation:</b>				
Recreation	313,484	287,824	25,660	299,663
Rocky Face Park	192,259	143,928	48,331	143,584
Library	412,835	403,760	9,075	396,951
Bethlehem Library	93,064	89,257	3,807	72,427
Total	<u>1,011,642</u>	<u>924,769</u>	<u>86,873</u>	<u>912,625</u>
<b>Education:</b>				
<b>Alexander County Board of Education:</b>				
Current expenses	6,031,900	6,031,900	-	5,631,900
Auditorium reimbursement	150,000	150,000	-	150,000
Total	<u>6,181,900</u>	<u>6,181,900</u>	<u>-</u>	<u>5,781,900</u>
<b>CVCC - Alexander County:</b>				
Current expenses	43,200	40,411	2,789	26,138
Compensatory education	22,000	22,000	-	22,000
Total education	<u>6,247,100</u>	<u>6,244,311</u>	<u>2,789</u>	<u>5,830,038</u>
<b>Debt Service:</b>				
Principal retirement	1,645,000	1,641,067	3,933	1,653,307
Interest and fees	300,000	294,019	5,981	341,650
Total	<u>1,945,000</u>	<u>1,935,086</u>	<u>9,914</u>	<u>1,994,957</u>
<b>Contingency</b>	<u>943,287</u>	<u>-</u>	<u>943,287</u>	<u>-</u>
Total expenditures	<u>38,038,897</u>	<u>34,687,466</u>	<u>3,351,431</u>	<u>34,011,795</u>
Revenues over (under) expenditures	<u>(443,906)</u>	<u>4,326,838</u>	<u>4,770,744</u>	<u>3,861,498</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
Special revenue funds	7,522	7,521	(1)	-
Capital project funds	208,000	207,350	(650)	956,408
Transfers out:				
Special revenue funds	(10,300)	(10,300)	-	(138,088)
Capital project funds	(1,095,988)	(1,042,236)	53,752	(1,043,077)
Enterprise funds	(398,349)	(398,349)	-	(35,000)
Appropriated fund balance	1,733,021	-	(1,733,021)	-
Total	<u>443,906</u>	<u>(1,236,014)</u>	<u>(1,679,920)</u>	<u>(259,757)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,090,824</u>	<u>\$ 3,090,824</u>	<u>3,601,741</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>13,334,732</u>		<u>9,732,991</u>
End of year - June 30		<u>\$ 16,425,556</u>		<u>\$ 13,334,732</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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
State lottery revenue	\$ 2,077,221	\$ -	\$ (2,077,221)	\$ -
Investment earnings	4,000	14,149	10,149	7,993
Total revenues	<u>2,081,221</u>	<u>14,149</u>	<u>(2,067,072)</u>	<u>7,993</u>
<b>Expenditures:</b>				
Education	3,993,747	722,556	3,271,191	1,053,458
Contingency	120,000	-	120,000	-
Total expenditures	<u>4,113,747</u>	<u>722,556</u>	<u>3,391,191</u>	<u>1,053,458</u>
Revenues over (under) expenditures	<u>(2,032,526)</u>	<u>(708,407)</u>	<u>1,324,119</u>	<u>(1,045,465)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	990,000	936,248	(53,752)	816,706
Appropriated fund balance	<u>1,042,526</u>	-	<u>(1,042,526)</u>	-
Total other financing sources (uses)	<u>2,032,526</u>	<u>936,248</u>	<u>(1,096,278)</u>	<u>816,706</u>
Net change in fund balance	<u>\$ -</u>	<u>227,841</u>	<u>\$ 227,841</u>	<u>(228,759)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>2,859,394</u>		<u>3,088,153</u>
End of year - June 30		<u>\$ 3,087,235</u>		<u>\$ 2,859,394</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2017**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 564,578	\$ 64,196	\$ 628,774
Taxes receivable, net	65,014	-	65,014
Prepays	8,478	-	8,478
Due from other governments	23,670	21,182	44,852
Cash and investments, restricted	<u>180,226</u>	<u>308,158</u>	<u>488,384</u>
Total assets	<u>\$ 841,966</u>	<u>\$ 393,536</u>	<u>\$ 1,235,502</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 88,345	\$ -	\$ 88,345
Due to other funds	<u>-</u>	<u>304,204</u>	<u>304,204</u>
Total liabilities	<u>88,345</u>	<u>304,204</u>	<u>392,549</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	<u>65,014</u>	<u>-</u>	<u>65,014</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	8,478	-	8,478
Restricted:			
Stabilization for State statute	23,670	21,182	44,852
Restricted, all other	468,712	308,158	776,870
Committed	187,747	64,196	251,943
Unassigned	<u>-</u>	<u>(304,204)</u>	<u>(304,204)</u>
Total fund balances	<u>688,607</u>	<u>89,332</u>	<u>777,939</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 841,966</u>	<u>\$ 393,536</u>	<u>\$ 1,235,502</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,224,756	\$ -	\$ 1,224,756
Other taxes and licenses	151,717	-	151,717
Intergovernmental revenues	36,764	691,657	728,421
Miscellaneous revenues	-	8,745	8,745
Investment earnings	926	1,557	2,483
Total revenues	<u>1,414,163</u>	<u>701,959</u>	<u>2,116,122</u>
<b>Expenditures:</b>			
Public safety	1,368,753	-	1,368,753
General government	128,715	-	128,715
Education	-	636,509	636,509
Cultural and recreation	-	419,903	419,903
Economic and physical development	27,955	315,000	342,955
Total expenditures	<u>1,525,423</u>	<u>1,371,412</u>	<u>2,896,835</u>
Revenues over (under) expenditures	<u>(111,260)</u>	<u>(669,453)</u>	<u>(780,713)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	10,300	105,988	116,288
Transfers out	<u>(7,521)</u>	<u>(207,350)</u>	<u>(214,871)</u>
Total other financing sources (uses)	<u>2,779</u>	<u>(101,362)</u>	<u>(98,583)</u>
Net change in fund balances	(108,481)	(770,815)	(879,296)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>797,088</u>	<u>860,147</u>	<u>1,657,235</u>
End of year - June 30	<u>\$ 688,607</u>	<u>\$ 89,332</u>	<u>\$ 777,939</u>

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ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	<u>Special Revenue Funds</u>		
	<u>Fire Districts Fund</u>	<u>Revaluation Fund</u>	<u>MG+BW Natural Gas Expansion Project Fund</u>
<b>Assets:</b>			
Cash and investments	\$ 37,524	\$ -	\$ -
Taxes receivable, net	65,014	-	-
Prepays	-	-	-
Due from other governments	11,027	-	-
Cash and investments, restricted	-	180,226	-
Total assets	<u>\$ 113,565</u>	<u>\$ 180,226</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	<u>\$ -</u>	<u>\$ 2,479</u>	<u>\$ -</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	<u>65,014</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	-	-	-
Restricted:			
Stabilization for State statute	11,027	-	-
Restricted, all other	37,524	-	-
Committed	-	177,747	-
Total fund balances	<u>48,551</u>	<u>177,747</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,565</u>	<u>\$ 180,226</u>	<u>-</u>



ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	<b>Special Revenue Funds</b>		
	<b>Emergency Telephone System Fund</b>	<b>Alexander County Broadband Study</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets:</b>			
Cash and investments	\$ 517,054	\$ 10,000	\$ 564,578
Taxes receivable, net	-	-	65,014
Prepays	8,478	-	8,478
Due from other governments	12,643	-	23,670
Cash and investments, restricted	-	-	180,226
<b>Total assets</b>	<b>\$ 538,175</b>	<b>\$ 10,000</b>	<b>\$ 841,966</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 85,866	\$ -	\$ 88,345
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	-	-	65,014
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	8,478	-	8,478
Restricted:			
Stabilization for State statute	12,643	-	23,670
Restricted, all other	431,188	-	468,712
Committed	-	10,000	187,747
<b>Total fund balances</b>	<b>452,309</b>	<b>10,000</b>	<b>688,607</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 538,175</b>	<b>\$ 10,000</b>	<b>\$ 841,966</b>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Special Revenue Funds</u>		
	<u>Fire Districts Fund</u>	<u>Revaluation Fund</u>	<u>MG+BW Natural Gas Expansion Project Fund</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,037,756	\$ 187,000	\$ -
Other taxes and licenses	-	-	-
Intergovernmental revenues	-	-	36,764
Investment earnings	-	552	-
Total revenues	<u>1,037,756</u>	<u>187,552</u>	<u>36,764</u>
<b>Expenditures:</b>			
Public safety	1,022,055	-	-
General government	-	128,715	-
Economic and physical development	-	-	27,955
Total expenditures	<u>1,022,055</u>	<u>128,715</u>	<u>27,955</u>
Revenues over (under) expenditures	<u>15,701</u>	<u>58,837</u>	<u>8,809</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers (out)	-	-	(7,521)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,521)</u>
Net change in fund balances	15,701	58,837	1,288
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>32,850</u>	<u>118,910</u>	<u>(1,288)</u>
End of year - June 30	<u>\$ 48,551</u>	<u>\$ 177,747</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		
	Emergency Telephone System Fund	Alexander County Broadband Study	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 1,224,756
Other taxes and licenses	151,717	-	151,717
Intergovernmental revenues	-	-	36,764
Investment earnings	374	-	926
Total revenues	<u>152,091</u>	<u>-</u>	<u>1,414,163</u>
<b>Expenditures:</b>			
Public safety	346,698	-	1,368,753
General government	-	-	128,715
Economic and physical development	-	-	27,955
Total expenditures	<u>346,698</u>	<u>-</u>	<u>1,525,423</u>
Revenues over (under) expenditures	<u>(194,607)</u>	<u>-</u>	<u>(111,260)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	300	10,000	10,300
Transfers (out)	-	-	(7,521)
Total other financing sources (uses)	<u>300</u>	<u>10,000</u>	<u>2,779</u>
Net change in fund balances	(194,307)	10,000	(108,481)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>646,616</u>	<u>-</u>	<u>797,088</u>
End of year - June 30	<u>\$ 452,309</u>	<u>\$ 10,000</u>	<u>\$ 688,607</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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,022,055	\$ 1,037,756	\$ 15,701	\$ 1,036,448
<b>Expenditures:</b>				
Public safety:				
Bethlehem Fire District	234,820	234,820	-	238,903
Wittenburg Fire District	163,770	163,770	-	168,192
Hiddenite Fire District	132,600	132,600	-	135,487
East Alexander Fire District	110,000	110,000	-	113,839
Ellendale Fire District	109,450	109,450	-	112,039
Sugarloaf Fire District	98,775	98,775	-	101,748
Central Alexander Fire District	111,510	111,510	-	114,979
Vashti Fire District	61,130	61,130	-	63,907
Total expenditures	1,022,055	1,022,055	-	1,049,094
Net change in fund balance	\$ -	15,701	\$ 15,701	(12,646)
<b>Fund Balance:</b>				
Beginning of year - July 1		32,850		45,496
End of year - June 30		\$ 48,551		\$ 32,850

## ALEXANDER COUNTY, NORTH CAROLINA

## REVALUATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 187,000	\$ 187,000	\$ -	\$ 110,000
Investment earnings	-	552	552	285
Total revenues	187,000	187,552	552	110,285
<b>Expenditures:</b>				
General government	187,000	128,715	58,285	122,980
Net change in fund balance	\$ -	58,837	\$ 58,837	(12,695)
<b>Fund Balance:</b>				
Beginning of year - July 1		118,910		131,605
End of year - June 30		\$ 177,747		\$ 118,910

## ALEXANDER COUNTY, NORTH CAROLINA

**MG+BW NATURAL GAS EXPANSION PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
NC Department of Commerce	\$ 352,000	\$ 278,159	\$ 36,764	\$ 314,923
Industry contribution	10,000	-	-	-
Total revenues	<u>362,000</u>	<u>278,159</u>	<u>36,764</u>	<u>314,923</u>
<b>Expenditures:</b>				
Economic and physical development:				
Gas line construction	375,478	304,143	27,241	331,384
Engineering/ design	60,000	56,659	714	57,373
Administration expense	2,800	2,553	-	2,553
Capital outlay	4,200	4,092	-	4,092
Total expenditures	<u>442,478</u>	<u>367,447</u>	<u>27,955</u>	<u>395,402</u>
Revenues over (under) expenditures	<u>(80,478)</u>	<u>(89,288)</u>	<u>8,809</u>	<u>(80,479)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	88,000	88,000	-	88,000
Transfers out:				
General Fund	<u>(7,522)</u>	<u>-</u>	<u>(7,521)</u>	<u>(7,521)</u>
Total other financing sources (uses)	<u>80,478</u>	<u>88,000</u>	<u>(7,521)</u>	<u>80,479</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,288)</u>	<u>\$ 1,288</u>	<u>-</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, 2017**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses	\$ 151,717	\$ 151,717	\$ -	\$ 125,671
Investment earnings	-	374	374	136
Total revenues	<u>151,717</u>	<u>152,091</u>	<u>374</u>	<u>125,807</u>
<b>Expenditures:</b>				
Implemental functions	13,100	5,877	7,223	6,617
Telephone	45,000	37,482	7,518	41,800
Furniture	1,800	1,718	82	3,850
Software and software maintenance	75,373	58,576	16,797	26,549
Hardware and hardware maintenance	246,453	240,987	5,466	112,698
Training	1,000	978	22	350
ECaTS expense - 911	1,500	1,080	420	1,064
Total expenditures	<u>384,226</u>	<u>346,698</u>	<u>37,528</u>	<u>192,928</u>
Revenues over (under) expenditures	<u>(232,509)</u>	<u>(194,607)</u>	<u>37,902</u>	<u>(67,121)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	300	300	-	88
Appropriated fund balance	232,209	-	(232,209)	-
Total other financing sources (uses)	<u>232,509</u>	<u>300</u>	<u>(232,209)</u>	<u>88</u>
Net change in fund balance	<u>\$ -</u>	<u>(194,307)</u>	<u>\$ (194,307)</u>	<u>(67,033)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>646,616</u>		<u>713,649</u>
End of year - June 30		<u>\$ 452,309</u>		<u>\$ 646,616</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**ALEXANDER COUNTY BROADBAND STUDY**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Budget</b>	<b>Actual</b>		<b>Total to Date</b>
		<b>Prior Years</b>	<b>Current Year</b>	
<b>Revenues:</b>				
Appalachian Regional Commission	\$ 10,000	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Consultant fees	20,000	-	-	-
Revenues over (under) expenditures	(10,000)	-	-	-
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	10,000	-	10,000	10,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>



## ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	Capital Project Funds					Total Nonmajor Capital Project Funds
	County Capital Project Fund	Applied Technologies Building Renovation Project Fund	Applied Technologies Building Equipment Project Fund	Rocky Face Park Expansion Project Fund	Craftmaster Furniture Building Renovation Grant Project Fund Phase II	
<b>Assets:</b>						
Cash and investments	\$ 7,717	\$ -	\$ -	\$ 56,479	\$ -	\$ 64,196
Due from other governments	-	21,182	-	-	-	21,182
Cash and investments, restricted	308,158	-	-	-	-	308,158
Total assets	<u>\$ 315,875</u>	<u>\$ 21,182</u>	<u>\$ -</u>	<u>\$ 56,479</u>	<u>\$ -</u>	<u>\$ 393,536</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Due to other funds	\$ -	\$ 300,452	\$ 3,752	\$ -	\$ -	\$ 304,204
<b>Fund Balances:</b>						
Restricted:						
Stabilization for State statute	-	21,182	-	-	-	21,182
Restricted, all other	308,158	-	-	-	-	308,158
Committed	7,717	-	-	56,479	-	64,196
Unassigned	-	(300,452)	(3,752)	-	-	(304,204)
Total fund balances	<u>315,875</u>	<u>(279,270)</u>	<u>(3,752)</u>	<u>56,479</u>	<u>-</u>	<u>89,332</u>
Total liabilities and fund balances	<u>\$ 315,875</u>	<u>\$ 21,182</u>	<u>\$ -</u>	<u>\$ 56,479</u>	<u>\$ -</u>	<u>\$ 393,536</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Capital Project Funds</b>					
	<b>County Capital Project Fund</b>	<b>Applied Technologies Building Renovation Project Fund</b>	<b>Applied Technologies Building Equipment Project Fund</b>	<b>Rocky Face Park Expansion Project Fund</b>	<b>Craftmaster Furniture Building Renovation Grant Project Phase II</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>						
Intergovernmental revenues	\$ -	\$ 214,164	\$ 90,000	\$ 87,493	\$ 300,000	\$ 691,657
Miscellaneous revenues	-	8,745	-	-	-	8,745
Investment earnings	1,557	-	-	-	-	1,557
Total revenues	<u>1,557</u>	<u>222,909</u>	<u>90,000</u>	<u>87,493</u>	<u>300,000</u>	<u>701,959</u>
<b>Expenditures:</b>						
Education	-	537,459	99,050	-	-	636,509
Cultural and recreation	-	-	-	419,903	-	419,903
Economic and physical development	-	-	-	-	315,000	315,000
Total expenditures	<u>-</u>	<u>537,459</u>	<u>99,050</u>	<u>419,903</u>	<u>315,000</u>	<u>1,371,412</u>
Revenues over (under) expenditures	<u>1,557</u>	<u>(314,550)</u>	<u>(9,050)</u>	<u>(332,410)</u>	<u>(15,000)</u>	<u>(669,453)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	90,988	15,000	105,988
Transfers out	<u>(207,350)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,350)</u>
Total other financing sources (uses)	<u>(207,350)</u>	<u>-</u>	<u>-</u>	<u>90,988</u>	<u>15,000</u>	<u>(101,362)</u>
Net change in fund balances	(205,793)	(314,550)	(9,050)	(241,422)	-	(770,815)
<b>Fund Balances:</b>						
Beginning of year - July 1	<u>521,668</u>	<u>35,280</u>	<u>5,298</u>	<u>297,901</u>	<u>-</u>	<u>860,147</u>
End of year - June 30	<u>\$ 315,875</u>	<u>\$ (279,270)</u>	<u>\$ (3,752)</u>	<u>\$ 56,479</u>	<u>\$ -</u>	<u>\$ 89,332</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**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, 2017**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Investment earnings	\$ 25,080	\$ 32,995	\$ 1,557	\$ 34,552
<b>Expenditures:</b>				
Capital outlay:				
Jail/courthouse administration	31,805	31,805	-	31,805
Jail construction	8,424,242	8,424,241	-	8,424,241
Courthouse renovations	148,592	44,105	-	44,105
Total expenditures	<u>8,604,639</u>	<u>8,500,151</u>	<u>-</u>	<u>8,500,151</u>
Revenues over (under) expenditures	<u>(8,579,559)</u>	<u>(8,467,156)</u>	<u>1,557</u>	<u>(8,465,599)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	10,000,000	10,000,000	-	10,000,000
Transfers in:				
General Fund	727,791	742,056	-	742,056
Transfers (out):				
General Fund	<u>(2,148,232)</u>	<u>(1,753,232)</u>	<u>(207,350)</u>	<u>(1,960,582)</u>
Total other financing sources (uses)	<u>8,579,559</u>	<u>8,988,824</u>	<u>(207,350)</u>	<u>8,781,474</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 521,668</u>	<u>(205,793)</u>	<u>\$ 315,875</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>521,668</u>	
End of year - June 30			<u>\$ 315,875</u>	

## ALEXANDER COUNTY, NORTH CAROLINA

**APPLIED TECHNOLOGIES BUILDING RENOVATION PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
US Department of Commerce	\$ 1,500,000	\$ 965,309	\$ -	\$ 965,309
Golden Leaf Grant	423,600	380,864	42,736	423,600
Golden Leaf Grant - Vent	171,428	-	171,428	171,428
CVCC Foundation Grant	2,996	-	-	-
Duke Energy Grant	150,000	141,255	8,745	150,000
Total revenues	<u>2,248,024</u>	<u>1,487,428</u>	<u>222,909</u>	<u>1,710,337</u>
<b>Expenditures:</b>				
Education:				
Admin and legal expenses	25,000	24,894	-	24,894
Architect and engineer fees	184,365	129,435	8,063	137,498
Testing/inspection/site	22,065	10,053	-	10,053
Construction expense - Golden Leaf	423,600	396,245	27,355	423,600
Construction expense - Duke Energy	150,000	141,255	8,745	150,000
Construction expense - Building upfit - EDA	1,500,000	1,150,266	321,868	1,472,134
Construction expense - Building upfit - Local	101,421	-	-	-
Construction expense - Golden Leaf - Vent	171,428	-	171,428	171,428
Contingencies	70,145	-	-	-
Total expenditures	<u>2,648,024</u>	<u>1,852,148</u>	<u>537,459</u>	<u>2,389,607</u>
Revenues over (under) expenditures	(400,000)	(364,720)	(314,550)	(679,270)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 35,280</u>	<u>\$ (314,550)</u>	<u>\$ (279,270)</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**APPLIED TECHNOLOGIES BUILDING EQUIPMENT PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
Appalachian Regional Commission	\$ 100,000	\$ -	\$ 90,000	\$ 90,000
<b>Expenditures:</b>				
Education:				
Equipment	200,000	94,702	99,050	193,752
Revenues over (under) expenditures	(100,000)	(94,702)	(9,050)	(103,752)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	100,000	100,000	-	100,000
Net change in fund balance	\$ -	\$ 5,298	\$ (9,050)	\$ (3,752)

## ALEXANDER COUNTY, NORTH CAROLINA

**ROCKY FACE PARK EXPANSION PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
NC Parks and Recreation Trust Fund	\$ 225,106	\$ 25,205	\$ 87,493	\$ 112,698
<b>Expenditures:</b>				
Cultural and recreation:				
Park construction / renovation costs	567,800	-	404,332	404,332
Design / engineering	73,400	52,410	15,571	67,981
Total expenditures	<u>641,200</u>	<u>52,410</u>	<u>419,903</u>	<u>472,313</u>
Revenues over (under) expenditures	(416,094)	(27,205)	(332,410)	(359,615)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	416,094	325,106	90,988	416,094
Net change in fund balance	<u>\$ -</u>	<u>\$ 297,901</u>	<u>\$ (241,422)</u>	<u>\$ 56,479</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**CRAFTMASTER FURNITURE BUILDING RENOVATION GRANT PROJ PHASE II  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
NC Department of Commerce	\$ 300,000	\$ -	\$ 300,000	\$ 300,000
<b>Expenditures:</b>				
Building renovation	300,000	-	300,000	300,000
Grant administration	15,000	-	15,000	15,000
Total expenditures	315,000	-	315,000	315,000
Revenues over (under) expenditures	(15,000)	-	(15,000)	(15,000)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	15,000	-	15,000	15,000
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

## 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, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016**

	2017		Variance Over/Under	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Water revenues	\$ 1,367,000	\$ 1,351,244	\$ (15,756)	\$ 1,294,330
Non-operating revenues:				
Investment earnings	140	399	259	206
Other non-operating revenues	-	-	-	23,899
Total revenues	<u>1,367,140</u>	<u>1,351,643</u>	<u>(15,497)</u>	<u>1,318,435</u>
<b>Expenditures:</b>				
Water and distribution	853,263	780,419	72,844	746,838
Capital outlay	18,420	18,420	-	24,711
Contingency	198,957	-	198,957	-
Budgetary appropriations:				
Debt principal	368,000	363,315	4,685	365,474
Interest and fees paid	53,000	50,410	2,590	54,610
Total expenditures	<u>1,491,640</u>	<u>1,212,564</u>	<u>279,076</u>	<u>1,191,633</u>
Revenues over (under) expenditures	(124,500)	139,079	263,579	126,802
<b>Other Financing Sources (Uses):</b>				
Transfer from Bethlehem Water	<u>124,500</u>	<u>122,459</u>	<u>(2,041)</u>	<u>124,079</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 261,538</u>	<u>\$ 261,538</u>	<u>\$ 250,881</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 261,538		
Reconciling items:				
Capital project transfer to Bethlehem Water District		(70,784)		
Capital project transfer from General Fund		298,349		
Capital asset transfer to Bethlehem Water Fund		(2,525,435)		
Increase deferred outflows - pension		16,467		
Increase in net pension liability		(19,780)		
Decrease deferred inflows - pension		1,475		
Capital outlay		18,420		
Debt principal		363,315		
Depreciation		(599,909)		
Change in accrued interest		701		
Change in compensated absences		3,338		
Change in other post-employment benefits		<u>(13,348)</u>		
Change in net position		<u>\$ (2,265,653)</u>		



## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 BETHLEHEM, ELLENDALE WATER SYSTEM IMPROVEMENTS PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Bethlehem, Ellendale Water System Improvements Project:</b>				
<b>Expenditures:</b>				
Water improvements	\$ 2,990,445	\$ 2,979,045	\$ -	\$ 2,979,045
Professional services	198,000	197,000	-	197,000
Administration	66,176	66,175	-	66,175
Contingency	9,195	-	-	-
Total expenditures	<u>3,263,816</u>	<u>3,242,220</u>	<u>-</u>	<u>3,242,220</u>
Revenues over (under) expenditures	<u>(3,263,816)</u>	<u>(3,242,220)</u>	<u>-</u>	<u>(3,242,220)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	3,308,771	3,258,313	28,863	3,287,176
Transfer from Bethlehem Water District	137,419	137,418	-	137,418
Transfer to Bethlehem Water District	<u>(182,374)</u>	<u>(111,590)</u>	<u>(70,784)</u>	<u>(182,374)</u>
Total other financing sources (uses)	<u>3,263,816</u>	<u>3,284,141</u>	<u>(41,921)</u>	<u>3,242,220</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 41,921</u>	<u>\$ (41,921)</u>	<u>\$ -</u>

## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 SHURTAPE JOB RETENTION WASTEWATER PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Shurtape Job Retention Wastewater Project:</b>				
<b>Revenues:</b>				
Appalachian Regional Commission	\$ 278,640	\$ -	\$ -	\$ -
Golden Leaf Foundation	930,560	-	-	-
Total revenues	<u>1,209,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Wastewater (ARC)	278,640	10,000	50,000	60,000
Wastewater (GLF)	930,560	-	-	-
Administration (County)	35,000	20,915	8,183	29,098
Total expenditures	<u>1,244,200</u>	<u>30,915</u>	<u>58,183</u>	<u>89,098</u>
Revenues over (under) expenditures	(35,000)	(30,915)	(58,183)	(89,098)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,085</u>	<u>\$ (58,183)</u>	<u>\$ (54,098)</u>

## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 ALEXANDER COUNTY INDUSTRIAL PARK PUMP STATION REPLACEMENT PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Industrial Park Pump Station Replacement Project:</b>				
<b>Revenues:</b>				
Appalachian Regional Commission	\$ 298,348	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Construction	469,697	-	-	-
Engineering & inspection fees	55,000	-	31,000	31,000
Contingencies	40,500	-	-	-
Environmental review preparation	5,000	-	-	-
Grant administration	26,500	-	-	-
Total expenditures	<u>596,697</u>	<u>-</u>	<u>31,000</u>	<u>31,000</u>
Revenues over (under) expenditures	(298,349)	-	(31,000)	(31,000)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	<u>298,349</u>	<u>-</u>	<u>298,349</u>	<u>298,349</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,349</u>	<u>\$ 267,349</u>

## 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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 1,767,000	\$ 1,608,533	\$ (158,467)	\$ 1,680,974
Non-operating revenues:				
Investment earnings	580	974	394	684
Total revenues	<u>1,767,580</u>	<u>1,609,507</u>	<u>(158,073)</u>	<u>1,681,658</u>
<b>Expenditures:</b>				
Administration				
Water and distribution	1,389,339	914,140	475,199	958,479
Capital outlay	125,161	125,161	-	-
Debt principal	188,000	186,825	1,175	183,307
Interest and fees paid	7,000	5,275	1,725	8,793
Contingency	4,363	-	4,363	-
Total expenditures	<u>1,713,863</u>	<u>1,231,401</u>	<u>482,462</u>	<u>1,150,579</u>
Revenues over (under) expenditures	<u>53,717</u>	<u>378,106</u>	<u>324,389</u>	<u>531,079</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to County Water and Sewer Fund	(124,500)	(122,459)	2,041	(124,079)
Transfer from Bethlehem - Ellendale Capital Project	70,783	70,784	1	-
Transfer to Bethlehem - Ellendale Capital Project	-	-	-	(41,243)
Total other financing sources (uses)	<u>(53,717)</u>	<u>(51,675)</u>	<u>2,042</u>	<u>(165,322)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 326,431</u>	<u>\$ 326,431</u>	<u>\$ 365,757</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 326,431		
Reconciling items:				
Debt principal		186,825		
Capital outlay		125,161		
Capital asset transfer from County Water and Sewer Fund		2,525,435		
Change in accrued interest		892		
Depreciation and amortization		<u>(231,184)</u>		
Change in net position		<u>\$ 2,933,560</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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Landfill	\$ 1,250,000	\$ 1,232,561	\$ (17,439)	\$ 1,203,302
Convenience center	260,500	258,446	(2,054)	248,722
Non-operating revenues:				
Intergovernmental revenues	97,500	98,414	914	95,209
Grant revenue	-	6,093	6,093	12,230
Miscellaneous revenue	-	13,162	13,162	1,688
Total revenues	<u>1,608,000</u>	<u>1,608,676</u>	<u>676</u>	<u>1,561,151</u>
<b>Expenditures:</b>				
Convenience centers	190,937	179,852	11,085	170,054
Landfill operations	<u>1,417,063</u>	<u>1,346,651</u>	<u>70,412</u>	<u>1,317,218</u>
Total expenditures	<u>1,608,000</u>	<u>1,526,503</u>	<u>81,497</u>	<u>1,487,272</u>
Revenues over (under) expenditures	-	82,173	82,173	73,879
<b>Other Financing Sources (Uses):</b>				
Transfers to Landfill Closure Fund	-	-	-	<u>(60,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 82,173</u>	<u>\$ 82,173</u>	<u>\$ 13,879</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 82,173		
Reconciling items:				
Increase deferred outflows - pension		45,897		
Increase in net pension liability		(55,131)		
Decrease deferred inflows - pension		4,113		
Change in compensated absences		(2,982)		
Change in other post-employment benefits		(37,380)		
Depreciation		<u>(40,787)</u>		
Change in net position		<u>\$ (4,097)</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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Non-operating revenues:				
Investment earnings	\$ 25	\$ 62	\$ 37	\$ 23
<b>Expenditures:</b>				
Monitoring	78,000	76,529	1,471	27,418
Contingencies	22,025	-	22,025	-
Total expenditures	100,025	76,529	23,496	27,418
Revenues over (under) expenditures	(100,000)	(76,467)	23,533	(27,395)
<b>Other Financing Sources (Uses):</b>				
Transfer in - Solid Waste Fund	-	-	-	60,000
Transfer in - General Fund	100,000	100,000	-	-
Total other financing sources (uses)	100,000	100,000	-	60,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 23,533	\$ 23,533	\$ 32,605
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 23,533		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		2,013,490		
Change in net position		\$ 2,037,023		

## ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES**  
**NONMAJOR ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<u>Bethlehem Sewer</u>
<b>Assets:</b>	
Current assets:	
Cash and investments	\$ 130,003
Accounts receivable, net	<u>5,259</u>
Total current assets	<u>135,262</u>
Non-current assets:	
Depreciable assets, net	<u>716,606</u>
Total assets	<u>851,868</u>
<b>Net Position:</b>	
Net investment in capital assets	716,606
Unrestricted	<u>135,262</u>
Total net position	<u>\$ 851,868</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES  
 NONMAJOR ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGE IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Bethlehem Sewer</b>
	<u>                    </u>
<b>Operating Revenues:</b>	
Sewer capital reserve fees	\$ 21,014
	<u>                    </u>
<b>Operating Expenses:</b>	
Water and sewer operations	6,500
Depreciation and amortization	35,570
Total operating expenses	<u>42,070</u>
Change in net position	(21,056)
<b>Net Position:</b>	
Beginning of year - July 1	<u>872,924</u>
End of year - June 30	<u>\$ 851,868</u>



## ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES**  
**NONMAJOR ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Bethlehem Sewer</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 15,755
Cash paid for goods and services	<u>(6,500)</u>
Net cash provided (used) by operating activities	<u>9,255</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Change in due to/from other funds	<u>5,202</u>
Net increase (decrease) in cash and cash equivalents	14,457
<b>Cash and Cash Equivalents - Beginning of Year - July 1</b>	<u>115,546</u>
<b>Cash and Cash Equivalents - End of Year - June 30</b>	<u>\$ 130,003</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (21,056)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,570
(Increase) decrease in accounts receivable	<u>(5,259)</u>
Net cash provided (used) by operating activities	<u>\$ 9,255</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, 2017

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Sewer capital reserve fee	\$ 20,000	\$ 21,014	\$ 1,014	\$ 20,633
<b>Expenditures:</b>				
Operations	16,000	6,500	9,500	-
Contingency	4,000	-	4,000	-
Total expenditures	<u>20,000</u>	<u>6,500</u>	<u>13,500</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 14,514</u>	<u>\$ 14,514</u>	<u>\$ 20,633</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues over (under) expenditures		\$ 14,514		
Reconciling items:				
Depreciation		<u>(35,570)</u>		
Change in net position		<u>\$ (21,056)</u>		

## ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2017

	<u>Social Services Fund</u>	<u>Sheriff's Civil Executions Fund</u>	<u>Deed of Trust Fees Fund</u>	<u>Fines and Forfeitures</u>	<u>Totals June 30, 2017</u>
<b>Assets:</b>					
Cash and investments	\$ 20,347	\$ 3,161	\$ 412	\$ 7,185	\$ 31,105
<b>Liabilities:</b>					
Accounts payable	\$ 20,347	\$ 3,161	\$ -	\$ 7,185	\$ 30,693
Intergovernmental payable - State of North Carolina	-	-	412	-	412
Total liabilities	<u>\$ 20,347</u>	<u>\$ 3,161</u>	<u>\$ 412</u>	<u>\$ 7,185</u>	<u>\$ 31,105</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## AGENCY FUNDS

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and investments:				
Client services	\$ 13,593	\$ 105,699	\$ 98,945	\$ 20,347
<b>Liabilities:</b>				
Accounts payable	\$ 13,593	\$ 105,699	\$ 98,945	\$ 20,347
<b>Sheriff's Civil Executions Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ 2,416	\$ 22,442	\$ 21,697	\$ 3,161
<b>Liabilities:</b>				
Accounts payable	\$ 2,416	\$ 22,442	\$ 21,697	\$ 3,161
<b>Deed of Trust Fees:</b>				
<b>Assets:</b>				
Cash and investments	\$ 417	\$ 4,313	\$ 4,318	\$ 412
<b>Liabilities:</b>				
Intergovernmental payable:				
State of North Carolina	\$ 417	\$ 4,313	\$ 4,318	\$ 412
<b>Fines and Forfeitures:</b>				
<b>Assets:</b>				
Cash and investments	\$ 5,812	\$ 118,450	\$ 117,077	\$ 7,185
<b>Liabilities:</b>				
Accounts payable	\$ 5,812	\$ 118,450	\$ 117,077	\$ 7,185
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ 22,238	\$ 250,904	\$ 242,037	\$ 31,105
<b>Liabilities:</b>				
Accounts payable	\$ 21,821	\$ 246,591	\$ 237,719	\$ 30,693
Intergovernmental payable:				
State of North Carolina	417	4,313	4,318	412
Total liabilities	\$ 22,238	\$ 250,904	\$ 242,037	\$ 31,105

## ALEXANDER COUNTY, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**JUNE 30, 2017**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2017	\$ -	\$ 20,435,567	\$ 19,796,013	\$ 639,554
2016	600,943	-	297,133	303,810
2015	230,366	-	96,212	134,154
2014	130,237	-	41,085	89,152
2013	97,601	-	27,328	70,273
2012	66,183	-	19,336	46,847
2011	43,711	-	11,987	31,724
2010	32,015	-	5,457	26,558
2009	29,616	-	3,020	26,596
2008	23,121	-	1,580	21,541
2007	12,849	-	12,849	-
Total	<u>\$ 1,266,642</u>	<u>\$ 20,435,567</u>	<u>\$ 20,312,000</u>	1,390,209

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund	<u>293,910</u>
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Ad valorem taxes receivable, net:

General Fund	<u>\$ 1,096,299</u>
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**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund	\$ 20,236,128
Ad valorem taxes - Revaluation Fund	187,000
Penalties collected on ad valorem taxes - Agency Fund	<u>18,214</u>
Total ad valorem taxes	<u>20,441,342</u>

Reconciling items:

Interest and penalties collected	(155,719)
Tax refunds	15,615
Miscellaneous adjustments	(2,087)
Amounts written off for tax year 2007 per Statute of Limitations	<u>12,849</u>

Total collections and credits	<u>\$ 20,312,000</u>
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## ALEXANDER COUNTY, NORTH CAROLINA

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

	County-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
<b>Original Levy:</b>					
County-wide:					
Property tax	\$2,593,413,073	\$ 0.790	\$ 20,487,963	\$ 18,187,935	\$ 2,300,028
Late list penalties	-		18,376	18,376	-
Total original levy	<u>2,593,413,073</u>		<u>20,506,339</u>	<u>18,206,311</u>	<u>2,300,028</u>
<b>Discoveries</b>	<u>15,936,076</u>		<u>125,895</u>	<u>125,895</u>	<u>-</u>
<b>Abatements and Discounts</b>	<u>(24,894,557)</u>		<u>(196,667)</u>	<u>(196,667)</u>	<u>-</u>
Total property valuation	<u>\$2,584,454,592</u>				
<b>Net Levy</b>			20,435,567	18,135,539	2,300,028
Uncollected taxes at June 30, 2017			<u>639,554</u>	<u>639,554</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 19,796,013</u>	<u>\$ 17,495,985</u>	<u>\$ 2,300,028</u>
<b>Current Levy Collection Percentage</b>			96.87%	96.47%	100.00%

**ALEXANDER COUNTY  
NORTH CAROLINA**

**COMPLIANCE LETTERS**

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

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2017

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# MARTIN STARNES

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## & 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  
Taylorsville, North Carolina

We have audited, in accordance with the 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, 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, 2017, not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 3, 2017.

#### **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 opinion 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 Alexander 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 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 and; therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs, as item 2017-001 that we consider to be a material weakness.

## **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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2017-001.

### **Alexander County's Response to Finding**

Alexander County's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Alexander County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 County'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  
November 3, 2017

# 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; Report On The Schedule Of Expenditures Of Federal And State Awards Required by the Uniform Guidance; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

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

We have audited Alexander County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Alexander County's major federal programs for the year ended June 30, 2017. Alexander County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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, 2017.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, as item 2017-002 that we consider to be a material weakness.

Alexander County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Alexander County's response was not subjected to the auditing procedures applied in the audit of compliance and; accordingly, we express no opinion on the response.

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

**Report On Schedule of Expenditures of Federal and State Awards Required By The Uniform Guidance 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, 2017, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated November 3, 2017, 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 the Uniform Guidance 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  
November 3, 2017

# 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; Report On The Schedule Of Expenditures Of Federal And State Awards Required By The Uniform Guidance; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

#### **Report On Compliance for Each Major State Program**

We have audited Alexander County, North Carolina's 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, 2017. Alexander County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that 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, 2017.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings, Responses, and Questioned Costs, as item 2017-002 that we consider to be a material weakness.

Alexander County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. Alexander County's response was not subjected to the auditing procedures applied in the audit of compliance and; accordingly, we express no opinion on the response.

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

**Report On Schedule of Expenditures of Federal and State Awards Required By The Uniform Guidance 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, 2017, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated November 3, 2017, 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 the Uniform Guidance 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  
November 3, 2017



**ALEXANDER COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1. Summary of Auditor's Results**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                      X   Yes              No
- Significant deficiency(ies) identified?                      Yes         X   None reported

Non-compliance material to financial statements noted?

  X   Yes              No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                      X   Yes              No
- Significant deficiency(ies) identified?                      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 2 CFR 200.516(a)?

  X   Yes              No

Identification of major federal programs:

**Program Name**  
Medicaid Cluster

**CFDA#**  
93.778, 93.777, 93.775

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,088,204

Auditee qualified as low-risk auditee?

       Yes         X   No



# ALEXANDER COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

### 2. Financial Statement Findings

#### Finding 2017-001

##### Material Weakness/Material Non-Compliance

**Criteria:** Management should have a control system in place to reduce the likelihood that violations of North Carolina General Statutes occur and go undetected. Per NC General Statute [159-13(b)(3)], a contingency appropriation shall not exceed five (5) % of the total of all other appropriations in the same fund.

**Condition:** In the current year, there was a violation of the NC General Statute [159-13(b)(3)] with regards to the contingency appropriation exceeding the aforementioned percentage in three business type funds.

**Effect:** The County was in violation of North Carolina General Statutes.

**Cause:** Contingencies for the business-type funds are over the allowance, thus resulting in an over-budget of contingencies.

**Recommendation:** Implement stringent budgetary monitoring controls to prevent exceeding contingency appropriations over the allowed amount.

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the Corrective Action Plan following this schedule.

# ALEXANDER COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

### 3. Federal Award Findings and Questioned Costs

#### US Department of Health and Human Services

Passed-through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2017

#### Finding 2017-002

##### Material Weakness

**Criteria:** In accordance with 2 CFR 200.303, management should have an adequate system of internal control procedures in place to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Any errors discovered during the review process should be corrected.

**Condition:** The County Department of Social Services did not have adequate controls in place to ensure that proper eligibility determinations were being made and documented. The County performed second-party reviews over the program, but one of the sampled reviews contained errors that were not followed up on.

**Context:** The County did not make corrections as a result of errors discovered during the second-party reviews performed over the program.

**Effect:** Casefiles could be missing the required eligibility determination documentation which would allow benefits to be provided to individuals who are not eligible.

**Cause:** Weakness in implementation of controls over second-party review procedures performed by management.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

**Views of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the corrective action plan following this schedule.

### 4. State Award Findings and Questioned Costs

See Finding 2017-002 above.



***Alexander County Finance Office***

November 3, 2017

**Corrective Action Plan for Finding 2017-001**

Name of contact person: Jennifer Herman, Finance Director

Corrective Action: The Finance Director will review the contingency appropriations in each fund throughout the budget year to monitor compliance with NC General Statutes regarding the limitation on amounts budgeted for contingency. Budget amendment requests will be submitted to the Board of County Commissioners as necessary to comply with NC General Statute 159-13(b)(3).

Proposed Completion Date: The Board of County Commissioners plans to amend the 2017-2018 budget regarding contingency appropriations at the November 6, 2017 meeting.

***621 Liledown Road Taylorsville, NC 28681  
Phone (828) 632-4591 Fax (828) 632-1361***



# *Alexander County Department of Social Services*

Patricia Baker  
Director

604 7<sup>th</sup> Street SW  
Taylorsville NC 28681  
Telephone 828-632-1080  
Fax 828-632-1092

Members of Board  
Ms. Barbara Hayes, Chair  
Rev. Durant Barr, Vice Chair  
Mr. Larry Yoder  
Ms. Iris Bryant  
Dr. Jeff Peal

## **Corrective Action Plan (Division of Social Services)**

### **Finding: 2017-002**

Name of contact person: Patricia Baker, Social Services Director

Corrective Action: Management concurs with the findings; second-party reviews were conducted, but not documented. Second-party logs are now kept in a central location. A second-party review policy has been established to ensure that errors are corrected in a timely manner and documented.

Proposed Correction Date: Immediately

**ALEXANDER COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Finding: 2015-003**

Subsidized Childcare Cluster

**Status:** The County implemented a second-party review process in 2016 but, in our review process in the current year, we were unable to determine that they corrected errors documented during the second-party review process, as well as complete the required number of files set forth in the County's policy for second-party reviews.

**Response:** Management concurs with the auditor findings. Due to staff transitions and vacancies, inconsistent record keeping resulted. Management has implemented a system to ensure that second-party monitoring is documented in a central location and number per month are tracked to ensure second-party reviews are up to date.

## ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
<b>Federal Awards:</b>					
<u>U.S. Dept. of Agriculture</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	175NC406S2514	\$ 217,360	\$ -	\$ -
Total SNAP Cluster			217,360	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	13A25403GG02	137,335	-	-
Direct Benefit Payments:					
WIC Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	DMA 2017	395,860	-	-
Total U.S. Department of Agriculture			750,555	-	-
<u>U.S. Dept. of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance					
Alexander County Applied Technologies Building Renovation					
Project-Catawba Valley Community College	11.307	04-79-06921	321,868	-	-
Total Economic Development Cluster			321,868	-	-
<u>U.S. Dept. of Justice</u>					
Passed-through Agency N.C. Department of Public Safety					
Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program					
2016-Alexander County Sheriff's Office-PROJ011597	16.738	2015-DJ-BX-1076	24,255	-	-
Criminal Investigations Enhancement					
Total U.S. Dept. of Justice			24,255	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through Agency N.C. Department of Public Safety					
Interagency Hazardous Materials Public Sector Training and Planning Grants					
	20.703	HM-HMP-0469-15-01-00-1502	11,150	-	-
Federal Transit Administration (FTA)					
Passed-through the N.C. Department of Transportation:					
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT-14	121,066	15,133	-
Total U.S. Dept. of Transportation			132,216	15,133	-
<u>Appalachian Regional Commission</u>					
Passed-through the N.C. Department of Commerce:					
Appalachian Regional Development:					
Wastewater Treatment System Upgrade	23.001	NC-18328-2015	50,000	-	-
Appalachian Area Development:					
Alexander County Applied Technologies Building Equipment	23.002	NC-17981-14	90,000	-	-
Total Appalachian Regional Commission			140,000	-	-
<u>Environmental Protection Agency</u>					
Passed-through the N.C. Department Environmental Quality					
Division of Water Resources					
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	H-LRX-F-10-1650	28,863	-	-
Total Drinking Water State Revolving Fund Cluster			28,863	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through Agency N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant	97.042	EMPG-2016-37003	38,584	-	-
Homeland Security Grant Program					
Total U. S. Department of Homeland Security	97.067	EMW-2015-SS-00062-S01-1504-23	7,000	-	-
			45,584	-	-
<u>U.S. Dept. of Health &amp; Human Services</u>					
Administration for Community Living					
Passed-through Western Piedmont Council of Governments:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III, Part B					
Grants for Supportive Services and Senior Centers	93.044	566000272-2017	70,258	-	-
Special Programs for the Aging - Title III, Part C					
Nutrition Services	93.045	566000272-2017	93,569	-	-
Nutrition Services Incentive Program	93.053	566000272-2017	76,647	-	-
Total Aging Cluster			240,474	-	-
Administration for Community Living					
Passed-through the N.C. Dept. of Insurance:					
Division of SHIIP					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations:					
State Health Insurance Assistance Program	93.324	90sa0090-01-00	3,430	-	-
Medicare Enrollment Assistance Program	93.071	14AA1NCMSHI	1,747	-	-



## ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
Centers for Disease Control and Prevention Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	12642680EX(M8)02	34,193	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1460272CNF02	21	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1175B837DH02	1,500	-	-
Immunization Cooperative Agreements	93.268	1331631DEJ02	4,848	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	1331672C(DE)VP02	6,864	-	-
Preventative Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	12615503PF02	25,815	-	-
<u>HIV Cluster (Note 4)</u> HIV Prevention Activities-Health Department Based Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.940	1311981EHV02	3,000	-	-
	93.977	1311462C(D)NB02	988	-	-
Total HIV Cluster			3,988	-	-
Administration of Children and Families Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services <u>Special Children Adoption Fund Cluster (Note 4)</u> Promoting Safe and Stable Families	93.556	1701NCFPSS	27,226	-	-
Temporary Assistance for Needy Families	93.558	13A15151T202	3,469	-	-
Total Special Children Adoption Fund Cluster			30,695	-	-
Health Resources and Service Administration Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health Maternal and Child Health Services Block Grant to the States	93.994	13A15735(5740)AP02	34,359	25,773	-
Office of Population Affairs Passed-through the N.C. Dept. of Health and Human Services: Office of Population Affairs Family Planning Services	93.217	13A1592A(B)FP02	21,053	-	-
Division of Social Services <u>Temporary Assistance for Needy Families Cluster</u> Temporary Assistance for Needy Families	93.558	1701NCTANF	210,683	-	-
TANF - Direct Benefit Payments	93.558	1701NCTANF	170,024	-	-
Total TANF Cluster			380,707	-	-
<u>Foster Care and Adoption Cluster (Note 4)</u> Foster Care - Title IV-E	93.658	1701NCFOST	143,956	18,187	-
Adoption Assistance	93.659	1701NCADPT	90	-	-
Foster Care - Title IV-E	93.658	1701NCFOST	37,787	-	-
Foster Care - Title IV-E - Direct Benefit Payments	93.658	1701NCFOST	92,701	26,045	-
Adoption Assistance - Direct Benefit Payments	93.659	1701NCADPT	321,034	80,182	-
Total Foster Care and Adoption Cluster (Note 4)			595,568	124,414	-
Child Support Enforcement	93.563	1704NC4005	207,805	-	-
Low-Income Home Energy Assistance: Administration	93.568	G17B1NCLIEA	153,712	-	-
Crisis Intervention Program	93.568	G17B1NCLIEA	127,572	-	-
Total Low-Income Home Energy Assistance			281,284	-	-
Stephanie Tubbs Jones Child Welfare Services Program: - Permanency Planning - Families for Kids	93.645	G1701NCCWSS	10,082	-	-
Total Stephanie Tubbs Jones Child Welfare Services Program:			10,082	-	-
Social Services Block Grant - Other Service and Training	93.667	G1701NCSOSR	118,163	8,391	-
Chafee Foster Care Independence Program	93.674	1701NCI420	8,368	2,092	-
Chafee Foster Care Independence Program- Direct Benefit Pymts	93.674	1701NCI420	169	-	-
Division of Aging and Adult Services: Division of Social Services: Social Services Block Grant - State In Home Service Fund	93.667	G1701NCSOSR	10,454	-	-
Social Services Block Grant - State Adult Day Care	93.667	G1701NCSOSR	-	5,961	-
Administration for Children and Families Passed-through the N.C. Dept. of Health and Human Services: Subsidized Child Care (Note 4) <u>Child Care Development Fund Cluster:</u>					
Division of Social Services: Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	DMA 2017	82,484	-	-
Division of Child Development: Child Care and Development Block Grant	93.575	536147, 536151	233,940	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Mandatory	93.596	536145	87,082	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Match	93.596	536148, 536149	239,713	103,403	-
Total Child Care Development Fund Cluster			643,219	103,403	-
Temporary Assistance for Needy Families	93.558	536150	72,430	-	-
Foster Care Title IV-E	93.658	536153, 536154	8,686	4,331	-
Smart Start	XXX	536142	-	242	-
State Appropriations	XXX	536142	-	179,625	-
TANF-MOE	XXX	536142, 536146	-	153,436	-
Total Subsidized Child Care Cluster			724,335	441,037	-

## ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Medicaid Cluster					
Direct Benefit Payments:					
Medical Assistance Program	93.778	DMA 2017	30,229,130	15,787,112	-
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	XIX-MAP17	824,314	3,061	-
Total Medicaid Cluster			31,053,444	15,790,173	-
Direct Benefit Payments:					
Children's Health Insurance Program	93.767	DMA 2017	997,252	5,220	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program	93.767	CHIP17	33,519	53	-
Total State Children's Insurance Program - N.C. Health Choice			1,030,771	5,273	-
Total U.S. Dept. of Health and Human Services			34,830,137	16,403,114	-
Total Federal awards			36,273,478	16,418,247	-
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service		040617-2241	-	2,130	-
<u>N.C. Dept. of Natural and Cultural Resources</u>					
Division of State Library					
State Aid to Public Libraries		566000272-2017	-	96,220	-
NC Parks and Recreation Trust Fund (PARTF) Project					
Rocky Face Park Phase 2		2013-0739	-	87,493	-
Total N.C. Dept. of Natural and Cultural Resources			-	183,713	-
<u>N.C. Dept. of Commerce</u>					
Rural Infrastructure - Craftmaster Building Renovation Project Phase 2		2017-057-3201-2587	-	300,000	300,000
Industrial Development Fund - Mitchell Gold + Bob Williams Natural Gas Grant		U-450	-	36,764	-
Total N.C. Dept. of Commerce			-	336,764	300,000
<u>N.C. Department of Environmental Quality</u>					
Division of Waste Management					
White Goods Management Program		536961	-	6,093	-
Total N.C. Dept. of Environmental Quality			-	6,093	-
<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		ZGA370-11	-	3,626	-
Division of Social Services					
DCD Smart Start			-	16,000	-
St Child Welfare/CPS/CS LD			-	150,526	-
AFDC Incent/Prog Integrity			-	15	-
CWS Adopt Subsidy and Vendor - direct benefits			-	99,402	-
SAA/SAD HB 1030 - direct benefits			-	13,685	-
F/C At Risk Maximization - direct benefits			-	1,210	-
SC/SA Domiciliary Care Pymt - direct benefits			-	207,548	-
SFHF Maximization - direct benefits			-	43,174	-
State Foster Home - direct benefits			-	59,652	-
Total Division of Social Service			-	591,212	-
Division of Public Health					
Other Receipts / State Supported Expenditures					
General Aid to Counties		116141100002	-	85,246	-
General Communicable Disease Control		117545100002	-	10,112	-
Child Health		127157450002	-	283	-
Women's Health Service Fund		13A16017FR02	-	7,867	-
Food and Lodging Fees		11534752SZ02	-	6,477	-
School Nurse Funding Initiative		13325358AV02	-	150,000	-
HMHC-Family Planning		13A157350002	-	5,712	-
Maternal Health (HMHC)		13A157400002	-	5,151	-
HIV/STD State		13114536BN02	-	100	-
HIV/STD SSBG Aid		13114536RR02	-	400	-
Sexually Transmitted Diseases		13114601BN(RR)02	-	255	-
Tuberculosis		146045510002	-	2,411	-
Tuberculosis Medical Service		146045540002	-	540	-
Aid-to-County		1161411100	-	37,091	-
Electronic Health Record		211741130002	-	20,000	-
Total Division of Public Health			-	331,645	-
Total N.C. Department of Health and Human Services			-	926,483	-
<u>Agency N.C. Dept of Public Safety</u>					
North Carolina Tier II		T2-2016-37003	-	1,000	-
Juvenile Crime Prevention Programs		536301	-	95,828	-
Total Agency N.C. Dept of Public Safety			-	96,828	-
<u>Golden Leaf Foundation</u>					
Passed-through Catawba Valley Community College					
Alexander Applied Technologies Building		2013-209	-	198,783	-
Total State awards			-	1,750,794	300,000
Total Federal and State awards			\$ 36,273,478	\$ 18,169,041	\$ 300,000

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed-Through to Subrecipients
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**Notes to the Schedule of Expenditures of Federal and State Financial Awards:**

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Alexander County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Alexander County, it is not intended to, and does not, present the financial position, changes in net position or cash flows of Alexander County.

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

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Alexander County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Loans Outstanding**

Alexander County had the following loan balances outstanding at June 30, 2017 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2017 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Drinking Water State Revolving Fund Cluster	66.468	H-LRX-F-10-1650	\$ 2,958,459

**Note 4: Cluster of Programs**

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