

**ALEXANDER COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

MARTIN  STARNES

& ASSOCIATES, CPAs, P.A.

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

**ALEXANDER COUNTY
NORTH CAROLINA**

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Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2018, 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 did not audit the financial statements of Alexander County Economic Development Corporation. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alexander County Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Alexander County Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 5 to the financial statements, for the fiscal year ended June 30, 2018, Alexander County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Changes in the Total OPEB Liability and Related Ratios, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, 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 21, 2018, 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 21, 2018

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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, 2018. 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

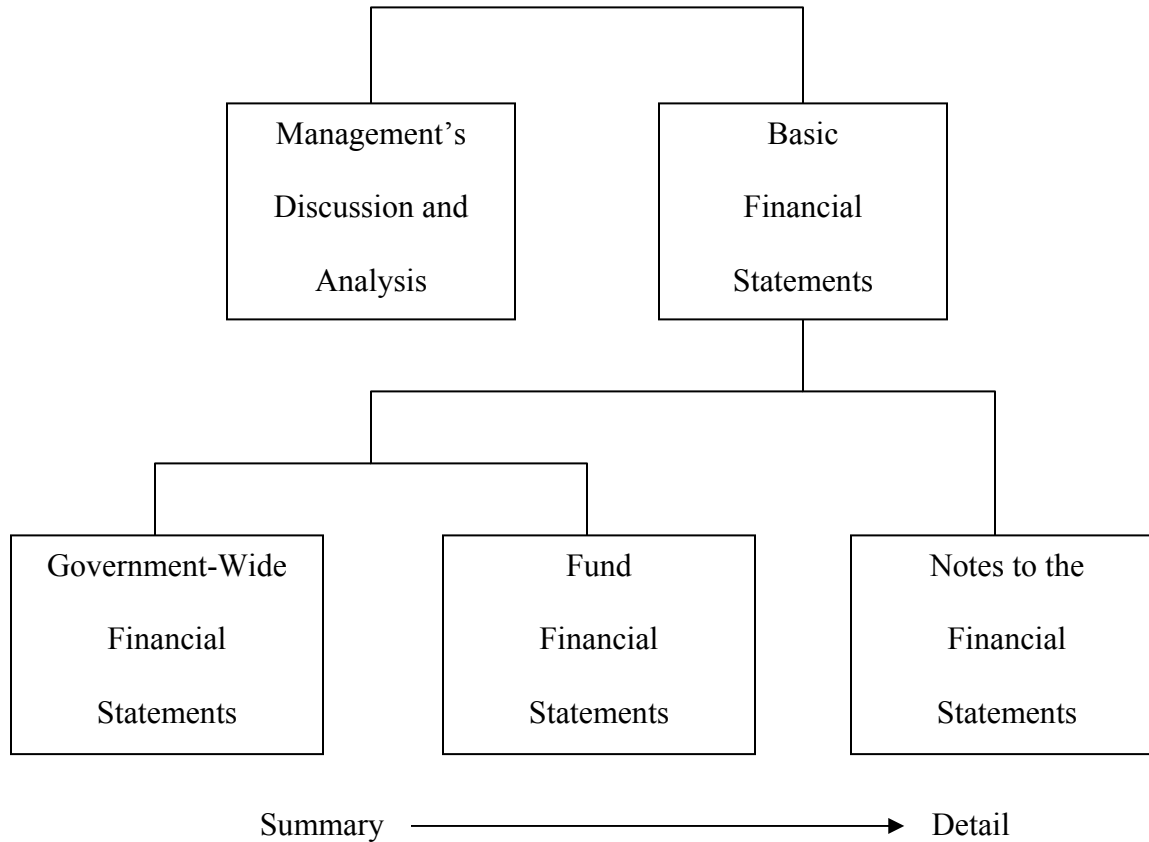
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$27,863,135 (*net position*).
- The government's total net position increased by \$5,417,438, primarily due to maintaining the property tax rate, receipt 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 \$23,104,259 after a net increase in fund balance of \$2,813,529. Approximately 32.33% of this total amount, or \$7,469,947, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,133,974, or 20.78%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$2,022,642 (15%) 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 \$27,863,135 as of June 30, 2018. The County's net position increased by \$5,417,438 for the fiscal year ended June 30, 2018. The increase was primarily due to maintaining the property tax rate and an increase in construction in progress for several projects using federal and state grant and loan funds. One of the largest portions, \$27,356,075 (98.18%), 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, \$7,026,549 (25.22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(6,519,489) (-23.40%) is unrestricted net position.

Alexander County's Net Position

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Current and other assets	\$ 26,088,693	\$ 22,814,528	\$ 6,068,152	\$ 4,413,304	\$ 32,156,845	\$ 27,227,832
Capital assets	<u>20,687,401</u>	<u>21,172,800</u>	<u>16,741,709</u>	<u>15,816,925</u>	<u>37,429,110</u>	<u>36,989,725</u>
Total assets	<u>46,776,094</u>	<u>43,987,328</u>	<u>22,809,861</u>	<u>20,230,229</u>	<u>69,585,955</u>	<u>64,217,557</u>
Deferred outflows of resources	<u>2,499,979</u>	<u>3,512,234</u>	<u>56,149</u>	<u>97,695</u>	<u>2,556,128</u>	<u>3,609,929</u>
Liabilities:						
Long-term liabilities outstanding	32,296,193	22,560,599	7,692,344	7,949,025	39,988,537	30,509,624
Other liabilities	<u>1,619,613</u>	<u>1,235,331</u>	<u>199,332</u>	<u>79,728</u>	<u>1,818,945</u>	<u>1,315,059</u>
Total liabilities	<u>33,915,806</u>	<u>23,795,930</u>	<u>7,891,676</u>	<u>8,028,753</u>	<u>41,807,482</u>	<u>31,824,683</u>
Deferred inflows of resources	<u>2,228,330</u>	<u>234,706</u>	<u>243,136</u>	<u>12,448</u>	<u>2,471,466</u>	<u>247,154</u>
Net Position:						
Net investment in capital assets	15,408,824	15,346,269	11,947,251	10,522,205	27,356,075	25,868,474
Restricted	7,026,549	7,433,818	-	-	7,026,549	7,433,818
Unrestricted	<u>(9,303,436)</u>	<u>688,839</u>	<u>2,783,947</u>	<u>1,767,518</u>	<u>(6,519,489)</u>	<u>2,456,357</u>
Total net position	<u>\$ 13,131,937</u>	<u>\$ 23,468,926</u>	<u>\$ 14,731,198</u>	<u>\$ 12,289,723</u>	<u>\$ 27,863,135</u>	<u>\$ 35,758,649</u>

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

- Maintaining the property tax rate, which was increased by 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	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,710,533	\$ 4,810,376	\$ 4,354,455	\$ 4,484,959	\$ 9,064,988	\$ 9,295,335
Operating grants and contributions	4,159,607	5,189,439	-	-	4,159,607	5,189,439
Capital grants and contributions	647,067	737,166	1,267,849	6,093	1,914,916	743,259
General revenues:						
Property taxes	21,755,961	21,709,584	-	-	21,755,961	21,709,584
Other taxes	9,310,423	8,879,329	-	-	9,310,423	8,879,329
Grants and contributions not restricted to specific programs	-	-	108,538	98,414	108,538	98,414
Other	253,755	96,031	3,164	1,435	256,919	97,466
Total revenues	<u>40,837,346</u>	<u>41,421,925</u>	<u>5,734,006</u>	<u>4,590,901</u>	<u>46,571,352</u>	<u>46,012,826</u>
Expenses:						
General government	6,528,341	6,378,238	-	-	6,528,341	6,378,238
Public safety	11,808,458	11,244,734	-	-	11,808,458	11,244,734
Environmental protection	529,105	467,447	-	-	529,105	467,447
Economic and physical development	583,512	802,983	-	-	583,512	802,983
Human services	9,127,833	10,235,297	-	-	9,127,833	10,235,297
Cultural and recreation	1,046,413	1,007,697	-	-	1,046,413	1,007,697
Education	6,980,095	7,035,696	-	-	6,980,095	7,035,696
Interest and fees	233,853	280,647	-	-	233,853	280,647
Water and sewer	-	-	2,471,786	2,633,662	2,471,786	2,633,662
Solid waste	-	-	1,844,518	(324,189)	1,844,518	(324,189)
Total expenses	<u>36,837,610</u>	<u>37,452,739</u>	<u>4,316,304</u>	<u>2,309,473</u>	<u>41,153,914</u>	<u>39,762,212</u>
Change in net position before transfers	3,999,736	3,969,186	1,417,702	2,281,428	5,417,438	6,250,614
Transfers	<u>(1,274,913)</u>	<u>(398,349)</u>	<u>1,274,913</u>	<u>398,349</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,724,823</u>	<u>3,570,837</u>	<u>2,692,615</u>	<u>2,679,777</u>	<u>5,417,438</u>	<u>6,250,614</u>
Net Position:						
Beginning of year - July 1	23,468,926	20,130,669	12,289,723	9,609,946	35,758,649	29,740,615
Restatement	<u>(13,061,812)</u>	<u>(232,580)</u>	<u>(251,140)</u>	<u>-</u>	<u>(13,312,952)</u>	<u>(232,580)</u>
Beginning of year - July 1, restated	<u>10,407,114</u>	<u>19,898,089</u>	<u>12,038,583</u>	<u>9,609,946</u>	<u>22,445,697</u>	<u>29,508,035</u>
End of year - June 30	<u>\$ 13,131,937</u>	<u>\$ 23,468,926</u>	<u>\$ 14,731,198</u>	<u>\$ 12,289,723</u>	<u>\$ 27,863,135</u>	<u>\$ 35,758,649</u>

Governmental Activities. Governmental activities increased the County's net position by \$2,724,823 thereby accounting for 50.30% 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 2017-2018 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 \$2,692,615, accounting for 49.70% of the total increase in the government's net position. Key elements of this increase are as follows:

- New sales tax for economic development used as local match for water and sewer projects

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 \$12,140,182, while total fund balance reached \$16,304,004. The County currently has an available fund balance of 31.01% of total General Fund expenditures and transfers out, while total fund balance represents 41.65% of that same amount.

At June 30, 2018, the governmental funds of Alexander County reported a combined fund balance of \$23,104,259, a 13.87% 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 \$820,000 which is 2.08 percent more than originally budgeted. The County appropriated fund balance for the following types of activity: A) Capital-building renovation project for County offices, B) Grants-local matching funds for grant projects approved during the year; additional local matching funds for existing grant projects due to higher costs than original estimates, 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 public safety, social services, public health, and other human services programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the 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 – \$1,957,107; Bethlehem Water Fund – \$2,238,608; Solid Waste Fund – (\$817,139) deficit; and Landfill Closure Fund – (\$1,461,280) deficit. The total increase in net position for these four major funds was \$1,996,796. 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, 2018, total \$37,429,110 (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 building renovations to create additional County office space
- Completion of a capital project to add a community building at one of the County parks
- Purchase of a building that was previously leased for Sheriff’s evidence storage
- Purchase of vehicles and equipment for public safety and human services programs
- Purchase of technology equipment for general government
- Retirement of surplus vehicles from public safety and human services programs
- Purchase of landfill equipment
- Retirement of landfill equipment
- Water line extensions added to the County’s water distribution system
- Construction in progress for two sewer projects

**Alexander County’s Capital Assets
Figure 4**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 4,395,204	\$ 4,388,204	\$ 240,573	\$ 231,973	\$ 4,635,777	\$ 4,620,177
Construction in progress	213,721	666,065	1,828,576	245,259	2,042,297	911,324
Buildings	20,761,286	20,008,000	651,404	651,404	21,412,690	20,659,404
Other improvements	419,075	419,075	-	-	419,075	419,075
Equipment and machinery	4,705,426	4,287,251	644,668	607,152	5,350,094	4,894,403
Vehicles	3,747,230	3,330,129	316,417	316,417	4,063,647	3,646,546
Infrastructure	395,402	395,402	24,946,648	24,819,183	25,342,050	25,214,585
Furniture and fixtures	7,724	7,724	1,603	1,603	9,327	9,327
	<u>34,645,068</u>	<u>33,501,850</u>	<u>28,629,889</u>	<u>26,872,991</u>	<u>63,274,957</u>	<u>60,374,841</u>
Less: accumulated depreciation	<u>(13,957,667)</u>	<u>(12,329,050)</u>	<u>(11,888,180)</u>	<u>(11,056,066)</u>	<u>(25,845,847)</u>	<u>(23,385,116)</u>
Total	<u>\$ 20,687,401</u>	<u>\$ 21,172,800</u>	<u>\$ 16,741,709</u>	<u>\$ 15,816,925</u>	<u>\$ 37,429,110</u>	<u>\$ 36,989,725</u>

Additional information on the County’s capital assets can be found in Note 2A of the basic financial statements.

Long-Term Debt. As of June 30, 2018, Alexander County had total debt outstanding of \$11,678,114, 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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes payable	\$ 6,883,656	\$ 8,406,036	\$ 4,794,458	\$ 5,158,853	\$ 11,678,114	\$ 13,564,889
General obligation bonds	-	-	-	135,867	-	135,867
Total	<u>\$ 6,883,656</u>	<u>\$ 8,406,036</u>	<u>\$ 4,794,458</u>	<u>\$ 5,294,720</u>	<u>\$ 11,678,114</u>	<u>\$ 13,700,756</u>

Alexander County’s total debt decreased by \$2,022,642 (14.76%) 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 \$196,598,930.

Additional information regarding Alexander County’s long-term debt can be found in Note 2B 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.

- During the fiscal year 2018 the County’s unemployment rate fluctuated between the second and third lowest rates in the State. The County is experiencing a low unemployment rate of 2.9% compared to the State average of 3.7%.
- While low unemployment rates are a positive economic indicator, the low rate has put strain on local companies seeking to hire new employees. The County also faces an extreme rate of out commuters with approximately 50% of the Alexander County workforce employed outside of the County. The total number of jobs inside the County remained stable at approximately 10,000.
- There is a current shortage of quality vacant buildings, making recruitment of new employers to the County more difficult. However, a major new employer has located in the County’s industrial park investing approximately \$15 million and pledging a minimum of 50 new jobs. The Economic Development Corporation was formulating plans to establish new industrial sites and to expand access to the industrial park sites.
- Commercial and retail growth, in terms of the number and variety of establishments, did not significantly increase, but plans are in place to enhance recruitment of new establishments during fiscal year 2019 and beyond.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities. General Fund revenues, excluding transfers, are projected to decrease \$219,000 (0.6%) from 2018 amounts. This is due to an estimated decrease in the property tax valuation of \$1,495,000 (0.06%). There are also lower revenue estimates for some permits and fees and some categories of sales and services compared to 2018 results.

General Fund expenditures, excluding transfers, are projected to increase \$4,824,000 (14.0%) from 2018 amounts. The main factors for this include filling vacant employee positions and adding new positions, increases in retiree health insurance participation and health insurance costs for current employees, increases in human services programs and adding new human services programs, and an increase in the current expense appropriation to the school system.

Capital projects continuing in fiscal year 2019 include the County Office Complex Project to renovate a building 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 2018. Water rates will increase 2.1% to cover increased operating costs passed on from the County's water supplier.

Capital projects continuing in fiscal year 2019 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 has been approved to proceed with plans for a water system extension project and a sewer system extension project. Both of these 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. Another project beginning in fiscal year 2019 will provide sewer infrastructure to an elementary school in the County. CDBG-I funding and a County local match will be used for this project.

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, or send an email to jherman@alexandercountync.gov for more information.

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Alexander County
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Assets:				
Cash and investments	\$ 19,529,843	\$ 5,701,715	\$ 25,231,558	\$ 537,715
Taxes receivable, net	1,140,492	-	1,140,492	-
Accounts receivable, net	355,718	664,121	1,019,839	-
Note receivable	-	-	-	31,440
Due from other governments	3,152,074	-	3,152,074	-
Internal balances	317,082	(317,082)	-	-
Prepaid items	384,922	19,398	404,320	-
Cash and investments, restricted	1,161,281	-	1,161,281	-
Net pension asset	47,281	-	47,281	-
Capital assets:				
Land and other non-depreciable assets	4,608,925	2,069,149	6,678,074	600,000
Depreciable assets, net	16,078,476	14,672,560	30,751,036	-
Capital assets, net	<u>20,687,401</u>	<u>16,741,709</u>	<u>37,429,110</u>	<u>1,169,155</u>
Total assets	<u>46,776,094</u>	<u>22,809,861</u>	<u>69,585,955</u>	<u>1,169,155</u>
Deferred Outflows of Resources:				
OPEB deferrals	262,302	5	262,307	-
Pension deferrals	<u>2,237,677</u>	<u>56,144</u>	<u>2,293,821</u>	-
Total deferred outflows of resources	<u>2,499,979</u>	<u>56,149</u>	<u>2,556,128</u>	-
Liabilities:				
Accounts payable and accrued liabilities	1,052,597	189,057	1,241,654	1,541
Miscellaneous liabilities	567,016	10,275	577,291	-
Accrued interest	79,677	7,001	86,678	-
Current portion of compensated absences	657,000	8,100	665,100	-
Current portion of long-term debt	<u>1,404,579</u>	<u>364,395</u>	<u>1,768,974</u>	<u>25,000</u>
Total current liabilities	<u>3,760,869</u>	<u>578,828</u>	<u>4,339,697</u>	<u>26,541</u>
Non-current liabilities:				
Net pension liability - LGERS	2,779,779	66,065	2,845,844	-
Total pension liability - LEOSSA	828,599	-	828,599	-
Accrued landfill post-closure care costs	-	2,296,720	2,296,720	-
Non-current compensated absences	484,405	6,801	491,206	-
Total OPEB liability	<u>20,583,077</u>	<u>513,199</u>	<u>21,096,276</u>	-
Non-current portion of long-term debt	<u>5,479,077</u>	<u>4,430,063</u>	<u>9,909,140</u>	<u>50,000</u>
Total non-current liabilities	<u>30,154,937</u>	<u>7,312,848</u>	<u>37,467,785</u>	<u>50,000</u>
Total liabilities	<u>33,915,806</u>	<u>7,891,676</u>	<u>41,807,482</u>	<u>76,541</u>
Deferred Inflows of Resources:				
OPEB deferrals	1,869,019	35,936	1,904,955	-
Pension deferrals	199,422	9,395	208,817	-
Unavailable revenues	-	197,805	197,805	-
Prepaid taxes	<u>159,889</u>	-	<u>159,889</u>	-
Total deferred inflows of resources	<u>2,228,330</u>	<u>243,136</u>	<u>2,471,466</u>	-
Net Position:				
Net investment in capital assets	15,408,824	11,947,251	27,356,075	-
Restricted for:				
Stabilization for state statute	3,849,830	-	3,849,830	-
Register of Deeds	14,911	-	14,911	-
Register of Deeds' pension plan	63,691	-	63,691	-
Public safety	475,524	-	475,524	-
General government	63,148	-	63,148	-
Human services	549,207	-	549,207	-
Economic and physical development	6,238	-	6,238	-
Education	2,004,000	-	2,004,000	-
Permanently restricted	-	-	-	101,976
Unrestricted	<u>(9,303,436)</u>	<u>2,783,947</u>	<u>(6,519,489)</u>	<u>990,638</u>
Total net position	<u>\$ 13,131,937</u>	<u>\$ 14,731,198</u>	<u>\$ 27,863,135</u>	<u>\$ 1,092,614</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, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 6,528,341	\$ 585,063	\$ 33,400	\$ -
Public safety	11,808,458	2,511,847	93,088	-
Environmental protection	529,105	83,927	41,742	-
Economic and physical development	583,512	14,333	333	51,600
Human services	9,127,833	1,445,474	3,890,934	-
Cultural and recreation	1,046,413	69,889	100,110	112,408
Education	6,980,095	-	-	483,059
Interest and fees	233,853	-	-	-
Total governmental activities	<u>36,837,610</u>	<u>4,710,533</u>	<u>4,159,607</u>	<u>647,067</u>
Business-Type Activities:				
Water and sewer	2,471,786	3,056,296	-	1,267,849
Solid waste	1,844,518	1,298,159	-	-
Total business-type activities	<u>4,316,304</u>	<u>4,354,455</u>	<u>-</u>	<u>1,267,849</u>
Total primary government	<u>\$ 41,153,914</u>	<u>\$ 9,064,988</u>	<u>\$ 4,159,607</u>	<u>\$ 1,914,916</u>
Component Unit:				
Alexander County Economic Development Corporation	<u>\$ 87,322</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</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, 2018

	<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Alexander County Economic Development Corporation</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (5,909,878)	\$ -	\$ (5,909,878)	
Public safety	(9,203,523)	-	(9,203,523)	
Environmental protection	(403,436)	-	(403,436)	
Economic and physical development	(517,246)	-	(517,246)	
Human services	(3,791,425)	-	(3,791,425)	
Cultural and recreation	(764,006)	-	(764,006)	
Education	(6,497,036)	-	(6,497,036)	
Interest and fees	(233,853)	-	(233,853)	
Total governmental activities	<u>(27,320,403)</u>	<u>-</u>	<u>(27,320,403)</u>	
Business-Type Activities:				
Water and sewer	-	1,852,359	1,852,359	
Solid waste	-	(546,359)	(546,359)	
Total business-type activities	<u>-</u>	<u>1,306,000</u>	<u>1,306,000</u>	
Total primary government	<u>(27,320,403)</u>	<u>1,306,000</u>	<u>(26,014,403)</u>	
Component Unit:				
Alexander County Economic Development Corporation				<u>112,678</u>
General Revenues:				
Ad valorem taxes	21,755,961	-	21,755,961	-
Local option sales taxes	8,846,433	-	8,846,433	-
Other taxes and licenses	463,990	-	463,990	-
Unrestricted intergovernmental revenues	-	108,538	108,538	-
Miscellaneous	-	-	-	24,231
Investment earnings, unrestricted	253,755	3,164	256,919	3,587
Total general revenues, excluding transfers	<u>31,320,139</u>	<u>111,702</u>	<u>31,431,841</u>	<u>27,818</u>
Transfers	<u>(1,274,913)</u>	<u>1,274,913</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>30,045,226</u>	<u>1,386,615</u>	<u>31,431,841</u>	<u>27,818</u>
Change in net position	<u>2,724,823</u>	<u>2,692,615</u>	<u>5,417,438</u>	<u>140,496</u>
Net Position:				
Beginning of year - July 1	23,468,926	12,289,723	35,758,649	1,050,252
Restatement	<u>(13,061,812)</u>	<u>(251,140)</u>	<u>(13,312,952)</u>	<u>(98,134)</u>
Beginning of year - July 1, restated	<u>10,407,114</u>	<u>12,038,583</u>	<u>22,445,697</u>	<u>952,118</u>
End of year - June 30	<u>\$ 13,131,937</u>	<u>\$ 14,731,198</u>	<u>\$ 27,863,135</u>	<u>\$ 1,092,614</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Major</u>			
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:				
Cash and investments	\$ 12,840,903	\$ 3,912,126	\$ 2,776,814	\$ 19,529,843
Taxes receivable, net	1,075,168	-	65,324	1,140,492
Accounts receivable, net	343,976	-	11,742	355,718
Due from other governments	3,140,786	-	11,288	3,152,074
Due from other funds	317,082	42,115	-	359,197
Prepaid items	379,137	-	5,785	384,922
Restricted assets:				
Cash and investments	<u>676,670</u>	<u>-</u>	<u>484,611</u>	<u>1,161,281</u>
Total assets	<u>\$ 18,773,722</u>	<u>\$ 3,954,241</u>	<u>\$ 3,355,564</u>	<u>\$ 26,083,527</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 608,371	\$ 337,391	\$ 106,835	\$ 1,052,597
Due to other funds	42,115	-	-	42,115
Miscellaneous liabilities	<u>567,016</u>	<u>-</u>	<u>-</u>	<u>567,016</u>
Total liabilities	<u>1,217,502</u>	<u>337,391</u>	<u>106,835</u>	<u>1,661,728</u>
Deferred Inflows of Resources:				
Taxes receivable	1,075,168	-	65,324	1,140,492
Health Department receivables	17,159	-	-	17,159
Prepaid taxes	<u>159,889</u>	<u>-</u>	<u>-</u>	<u>159,889</u>
Total deferred inflows of resources	<u>1,252,216</u>	<u>-</u>	<u>65,324</u>	<u>1,317,540</u>
Fund Balances:				
Non-spendable:				
Prepaid items	379,137	-	5,785	384,922
Restricted:				
Stabilization for state statute	3,784,685	42,115	23,030	3,849,830
Restricted, all other	1,397,581	1,298,000	539,614	3,235,195
Committed	-	2,276,735	2,614,976	4,891,711
Assigned	2,608,627	-	-	2,608,627
Unassigned	<u>8,133,974</u>	<u>-</u>	<u>-</u>	<u>8,133,974</u>
Total fund balances	<u>16,304,004</u>	<u>3,616,850</u>	<u>3,183,405</u>	<u>23,104,259</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,773,722</u>	<u>\$ 3,954,241</u>	<u>\$ 3,355,564</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.				20,687,401
Net pension asset (ROD)				47,281
Net pension liability (LGERS)				(2,779,779)
OPEB liability				(20,583,077)
Total pension liability (LEOSSA)				(828,599)
Deferred inflows of resources related to pensions are not reported in the funds.				
ROD				(152)
LGERS				(184,641)
LEOSSA				(14,629)
Deferred inflows of resources related to OPEB are not reported in the funds.				(1,869,019)
Deferred outflows of resources related to pensions are not reported in the funds.				
ROD				16,562
LGERS				2,159,628
LEOSSA				61,487
Deferred outflows of resources related to OPEB are not reported in the funds.				262,302
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.				(8,104,738)
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>1,157,651</u>
Net position of governmental activities				<u>\$ 13,131,937</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, 2018

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	
Revenues:				
Ad valorem taxes	\$ 20,418,612	\$ -	\$ 1,358,170	\$ 21,776,782
Local option sales taxes	8,846,433	-	-	8,846,433
Other taxes and licenses	323,089	-	140,901	463,990
Restricted intergovernmental revenues	4,159,607	45,063	560,403	4,765,073
Permits and fees	576,852	-	-	576,852
Sales and services	3,931,051	-	-	3,931,051
Interest earned on investments	207,543	42,737	3,475	253,755
Miscellaneous	224,635	-	41,600	266,235
Total revenues	<u>38,687,822</u>	<u>87,800</u>	<u>2,104,549</u>	<u>40,880,171</u>
Expenditures:				
General government	5,819,490	-	364,689	6,184,179
Public safety	10,051,206	-	1,249,451	11,300,657
Environmental protection	485,925	-	-	485,925
Economic and physical development	492,737	-	-	492,737
Human services	8,667,542	-	-	8,667,542
Cultural and recreation	978,300	-	165,973	1,144,273
Education	6,151,101	590,106	6,096	6,747,303
Debt service:				
Principal repayments	1,522,380	-	-	1,522,380
Interest	246,733	-	-	246,733
Total expenditures	<u>34,415,414</u>	<u>590,106</u>	<u>1,786,209</u>	<u>36,791,729</u>
Revenues over (under) expenditures	<u>4,272,408</u>	<u>(502,306)</u>	<u>318,340</u>	<u>4,088,442</u>
Other Financing Sources (Uses):				
Transfers in	337,874	1,031,921	2,425,000	3,794,795
Transfers (out)	(4,731,834)	-	(337,874)	(5,069,708)
Total other financing sources (uses)	<u>(4,393,960)</u>	<u>1,031,921</u>	<u>2,087,126</u>	<u>(1,274,913)</u>
Net change in fund balances	(121,552)	529,615	2,405,466	2,813,529
Fund Balances:				
Beginning of year - July 1	<u>16,425,556</u>	<u>3,087,235</u>	<u>777,939</u>	<u>20,290,730</u>
End of year - June 30	<u>\$ 16,304,004</u>	<u>\$ 3,616,850</u>	<u>\$ 3,183,405</u>	<u>\$ 23,104,259</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, 2018**

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)	\$ 2,813,529
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	(20,821)
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.	(22,005)
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	(175,215)
Pension expense - LGERS	(84,151)
Pension expense - ROD	(5,795)
Pension expense - LEOSSA	(38,895)
Other post-employment benefits	(791,685)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	12,880
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.	1,412,214
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,897,613)
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.	<u>1,522,380</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 2,724,823</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, 2018

	General Fund			Variance with Final Budget Over/Under
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 20,005,000	\$ 20,005,000	\$ 20,418,612	\$ 413,612
Local option sales taxes	8,355,000	8,601,665	8,846,433	244,768
Other taxes and licenses	234,300	234,300	323,089	88,789
Restricted intergovernmental revenues	5,249,992	5,464,409	4,159,607	(1,304,802)
Permits and fees	475,100	477,100	576,852	99,752
Sales and services	3,638,077	3,713,531	3,931,051	217,520
Investment earnings	48,000	86,000	207,543	121,543
Miscellaneous	58,867	150,556	224,635	74,079
Total revenues	<u>38,064,336</u>	<u>38,732,561</u>	<u>38,687,822</u>	<u>(44,739)</u>
Expenditures:				
General government	6,466,984	6,697,852	5,819,490	878,362
Public safety	10,482,217	10,776,714	10,051,206	725,508
Environmental protection	484,381	527,238	485,925	41,313
Economic and physical development	428,024	503,024	492,737	10,287
Human services	10,988,511	11,182,659	8,667,542	2,515,117
Cultural and recreation	1,017,041	1,057,324	978,300	79,024
Education	6,112,600	6,152,600	6,151,101	1,499
Debt service:				
Principal retirement	1,528,000	1,528,000	1,522,380	5,620
Interest and fees	254,000	254,000	246,733	7,267
Contingency	484,242	251,251	-	251,251
Total expenditures	<u>38,246,000</u>	<u>38,930,662</u>	<u>34,415,414</u>	<u>4,515,248</u>
Revenues over (under) expenditures	<u>(181,664)</u>	<u>(198,101)</u>	<u>4,272,408</u>	<u>4,470,509</u>
Other Financing Sources (Uses):				
Transfers in	187,000	338,793	337,874	(919)
Transfers out	(1,254,000)	(4,803,913)	(4,731,834)	72,079
Appropriated fund balance	1,248,664	4,663,221	-	(4,663,221)
Total other financing sources (uses)	<u>181,664</u>	<u>198,101</u>	<u>(4,393,960)</u>	<u>(4,592,061)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(121,552)</u>	<u>\$ (121,552)</u>
Fund Balance:				
Beginning of year - July 1			<u>16,425,556</u>	
End of year - June 30			<u>\$ 16,304,004</u>	

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Assets:			
Current assets:			
Cash and investments	\$ 1,896,094	\$ 2,075,346	\$ 527
Accounts receivable, net	366,867	166,030	125,529
Prepaid items	-	-	19,398
Total current assets	<u>2,262,961</u>	<u>2,241,376</u>	<u>145,454</u>
Non-current assets:			
Land and other non-depreciable assets	1,828,576	-	240,573
Depreciable assets, net of depreciation	<u>9,770,936</u>	<u>3,682,366</u>	<u>538,222</u>
Total non-current assets	<u>11,599,512</u>	<u>3,682,366</u>	<u>778,795</u>
Total assets	<u>13,862,473</u>	<u>5,923,742</u>	<u>924,249</u>
Deferred Outflows of Resources:			
OPEB deferrals	-	-	5
Pension deferrals	-	-	56,144
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>56,149</u>
Liabilities and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	62,546	2,768	90,391
Due to other funds	38,502	-	278,580
Miscellaneous liabilities	-	-	10,275
Accrued interest	7,001	-	-
Current portion of long-term debt	364,395	-	-
Current portion of compensated absences	-	-	8,100
Total current liabilities	<u>472,444</u>	<u>2,768</u>	<u>387,346</u>
Non-current liabilities:			
Net pension liability	-	-	66,065
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	-	-	6,801
Total OPEB liability	-	-	513,199
Non-current portion of long-term debt	<u>4,430,063</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>4,430,063</u>	<u>-</u>	<u>586,065</u>
Total liabilities	<u>4,902,507</u>	<u>2,768</u>	<u>973,411</u>
Deferred Inflows of Resources:			
OPEB deferrals	-	-	35,936
Pension deferrals	-	-	9,395
Unavailable revenues	<u>197,805</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>197,805</u>	<u>-</u>	<u>45,331</u>
Net Position:			
Net investment in capital assets	6,805,054	3,682,366	778,795
Unrestricted	<u>1,957,107</u>	<u>2,238,608</u>	<u>(817,139)</u>
Total net position	<u>\$ 8,762,161</u>	<u>\$ 5,920,974</u>	<u>\$ (38,344)</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Enterprise Funds</u>		
	<u>Landfill Closure Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 858,045	\$ 871,703	\$ 5,701,715
Accounts receivable, net	-	5,695	664,121
Prepaid items	-	-	19,398
Total current assets	<u>858,045</u>	<u>877,398</u>	<u>6,385,234</u>
Non-current assets:			
Land and other non-depreciable assets	-	-	2,069,149
Depreciable assets, net of depreciation	-	681,036	14,672,560
Total non-current assets	<u>-</u>	<u>681,036</u>	<u>16,741,709</u>
Total assets	<u>858,045</u>	<u>1,558,434</u>	<u>23,126,943</u>
Deferred Outflows of Resources:			
OPEB deferrals	-	-	5
Pension deferrals	-	-	56,144
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>56,149</u>
Liabilities and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	22,605	10,747	189,057
Due to other funds	-	-	317,082
Miscellaneous liabilities	-	-	10,275
Accrued interest	-	-	7,001
Current portion of long-term debt	-	-	364,395
Current portion of compensated absences	-	-	8,100
Total current liabilities	<u>22,605</u>	<u>10,747</u>	<u>895,910</u>
Non-current liabilities:			
Net pension liability	-	-	66,065
Non-current accrued landfill post-closure care costs	2,296,720	-	2,296,720
Non-current compensated absences	-	-	6,801
Total OPEB liability	-	-	513,199
Non-current portion of long-term debt	-	-	4,430,063
Total non-current liabilities	<u>2,296,720</u>	<u>-</u>	<u>7,312,848</u>
Total liabilities	<u>2,319,325</u>	<u>10,747</u>	<u>8,208,758</u>
Deferred Inflows of Resources:			
OPEB deferrals	-	-	35,936
Pension deferrals	-	-	9,395
Unavailable revenues	-	-	197,805
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>243,136</u>
Net Position:			
Net investment in capital assets	-	681,036	11,947,251
Unrestricted	<u>(1,461,280)</u>	<u>866,651</u>	<u>2,783,947</u>
Total net position	<u>\$ (1,461,280)</u>	<u>\$ 1,547,687</u>	<u>\$ 14,731,198</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, 2018**

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Operating Revenues:			
Water and sewer sales	\$ 1,388,443	\$ 1,369,717	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	254,497
Landfill	-	-	1,298,159
Total operating revenues	<u>1,388,443</u>	<u>1,369,717</u>	<u>1,552,656</u>
Operating Expenses:			
Convenience centers	-	-	187,390
Water and sewer operations	789,936	687,566	-
Landfill operations	-	-	1,377,687
Depreciation and amortization	600,523	235,857	82,648
Total operating expenses	<u>1,390,459</u>	<u>923,423</u>	<u>1,647,725</u>
Operating income (loss)	<u>(2,016)</u>	<u>446,294</u>	<u>(95,069)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	1,119	1,709	-
Intergovernmental revenues	-	-	108,538
Interest and fees paid	(45,508)	(1,041)	-
Miscellaneous revenues	-	-	21,738
Total non-operating revenues (expenses)	<u>(44,389)</u>	<u>668</u>	<u>130,276</u>
Income (loss) before contributions and transfers	(46,405)	446,962	35,207
Capital contributions	<u>1,267,849</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>1,221,444</u>	<u>446,962</u>	<u>35,207</u>
Transfers:			
Transfer from other funds	360,909	-	102,000
Transfer to other funds	-	(123,269)	-
Total transfers	<u>360,909</u>	<u>(123,269)</u>	<u>102,000</u>
Change in net position	<u>1,582,353</u>	<u>323,693</u>	<u>137,207</u>
Net Position:			
Beginning of year - July 1	7,179,808	5,597,281	75,589
Restatement	<u>-</u>	<u>-</u>	<u>(251,140)</u>
Beginning of year - July 1, restated	<u>7,179,808</u>	<u>5,597,281</u>	<u>(175,551)</u>
End of year - June 30	<u>\$ 8,762,161</u>	<u>\$ 5,920,974</u>	<u>\$ (38,344)</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, 2018**

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Fund	Total
Operating Revenues:			
Water and sewer sales	\$ -	\$ -	\$ 2,758,160
Sewer capital reserve fees	-	21,901	21,901
Convenience centers	-	-	254,497
Landfill	-	-	1,298,159
Total operating revenues	<u>-</u>	<u>21,901</u>	<u>4,332,717</u>
Operating Expenses:			
Convenience centers	-	-	187,390
Water and sewer operations	-	75,785	1,553,287
Landfill operations	196,793	-	1,574,480
Depreciation and amortization	-	35,570	954,598
Total operating expenses	<u>196,793</u>	<u>111,355</u>	<u>4,269,755</u>
Operating income (loss)	<u>(196,793)</u>	<u>(89,454)</u>	<u>62,962</u>
Non-Operating Revenues (Expenses):			
Investment earnings	336	-	3,164
Intergovernmental revenues	-	-	108,538
Interest and fees paid	-	-	(46,549)
Miscellaneous revenues	-	-	21,738
Total non-operating revenues (expenses)	<u>336</u>	<u>-</u>	<u>86,891</u>
Income (loss) before contributions and transfers	<u>(196,457)</u>	<u>(89,454)</u>	<u>149,853</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>1,267,849</u>
Income (loss) before transfers	<u>(196,457)</u>	<u>(89,454)</u>	<u>1,417,702</u>
Transfers In (Out):			
Transfer from other funds	150,000	785,273	1,398,182
Transfer to other funds	-	-	(123,269)
Total transfers in (out)	<u>150,000</u>	<u>785,273</u>	<u>1,274,913</u>
Change in net position	<u>(46,457)</u>	<u>695,819</u>	<u>2,692,615</u>
Net Position:			
Beginning of year - July 1	(1,414,823)	851,868	12,289,723
Restatement	-	-	(251,140)
Beginning of year - July 1, restated	<u>(1,414,823)</u>	<u>851,868</u>	<u>12,038,583</u>
End of year - June 30	<u>\$ (1,461,280)</u>	<u>\$ 1,547,687</u>	<u>\$ 14,731,198</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, 2018

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,383,718	\$ 1,362,778	\$ 1,546,358
Cash paid for goods and services	(729,884)	(684,798)	(1,327,166)
Cash paid to employees for services	(76,850)	-	(215,375)
Net cash provided (used) by operating activities	<u>576,984</u>	<u>677,980</u>	<u>3,817</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	130,276
Change in due to/from other funds	(13,294)	-	(67,494)
Interfund transfer in (out)	360,909	(123,269)	102,000
Net cash provided (used) by non-capital financing activities	<u>347,615</u>	<u>(123,269)</u>	<u>164,782</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,708,478)	(2,304)	(168,600)
Principal paid on bonds and notes payable	(364,395)	(135,867)	-
Interest and fees paid on bonds	(46,208)	(1,690)	-
Capital contributions	1,267,849	-	-
Net cash provided (used) by capital and related financing activities	<u>(851,232)</u>	<u>(139,861)</u>	<u>(168,600)</u>
Cash Flows from Investing Activities:			
Interest on investments	1,119	1,709	-
Net increase (decrease) in cash and cash equivalents	74,486	416,559	(1)
Cash and Cash Equivalents:			
Beginning of year - July 1	1,821,608	1,658,787	528
End of year - June 30	<u>\$ 1,896,094</u>	<u>\$ 2,075,346</u>	<u>\$ 527</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (2,016)	\$ 446,294	\$ (95,069)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	600,523	235,857	82,648
(Increase) decrease in accounts receivable	(4,725)	(6,939)	(6,298)
(Increase) decrease in prepaids	-	-	(19,398)
(Increase) decrease deferred outflows - pension	25,300	-	16,251
Increase (decrease) in net pension liability	(28,455)	-	(15,092)
Increase (decrease) deferred inflows - pension	(3,034)	-	(19)
Increase (decrease) in accounts payable	60,052	2,768	39,615
Increase (decrease) in accrued salaries	(4,763)	-	(3,367)
(Increase) decrease deferred outflows - OPEB	-	-	(5)
Increase (decrease) deferred inflows - OPEB	-	-	35,936
Increase (decrease) in other post-employment benefits	(52,092)	-	(15,671)
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	(13,806)	-	(15,714)
Net cash provided (used) by operating activities	<u>\$ 576,984</u>	<u>\$ 677,980</u>	<u>\$ 3,817</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, 2018

	<u>Enterprise Funds</u>		
	<u>Landfill Closure Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ -	\$ 21,465	\$ 4,314,319
Cash paid for goods and services	(47,621)	(65,038)	(2,854,507)
Cash paid to employees for services	-	-	(292,225)
Net cash provided (used) by operating activities	<u>(47,621)</u>	<u>(43,573)</u>	<u>1,167,587</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	130,276
Change in due to/from other funds	-	-	(80,788)
Interfund transfer in (out)	150,000	785,273	1,274,913
Net cash provided (used) by non-capital financing activities	<u>150,000</u>	<u>785,273</u>	<u>1,324,401</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(1,879,382)
Principal paid on bonds and notes payable	-	-	(500,262)
Interest and fees paid on bonds	-	-	(47,898)
Capital contributions	-	-	1,267,849
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,159,693)</u>
Cash Flows from Investing Activities:			
Interest on investments	336	-	3,164
Net increase (decrease) in cash and cash equivalents	102,715	741,700	1,335,459
Cash and Cash Equivalents:			
Beginning of year - July 1	755,330	130,003	4,366,256
End of year - June 30	<u>\$ 858,045</u>	<u>\$ 871,703</u>	<u>\$ 5,701,715</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (196,793)	\$ (89,454)	\$ 62,962
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	35,570	954,598
(Increase) decrease in accounts receivable	-	(436)	(18,398)
(Increase) decrease in other assets	-	-	(19,398)
(Increase) decrease deferred outflows - pension	-	-	41,551
Increase (decrease) in net pension liability	-	-	(43,547)
Increase (decrease) deferred inflows - pension	-	-	(3,053)
Increase (decrease) in accounts payable	14,552	10,747	127,734
Increase (decrease) in accrued salaries	-	-	(8,130)
(Increase) decrease deferred outflows - OPEB	-	-	(5)
Increase (decrease) deferred inflows - OPEB	-	-	35,936
Increase (decrease) in other post-employment benefits	-	-	(67,763)
Increase (decrease) in landfill post-closure liability	134,620	-	134,620
Increase (decrease) in accrued vacation pay	-	-	(29,520)
Net cash provided (used) by operating activities	<u>\$ (47,621)</u>	<u>\$ (43,573)</u>	<u>\$ 1,167,587</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, 2018**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 31,827
Liabilities:	
Accounts payable	\$ 31,490
Intergovernmental payable - State of North Carolina	<u>337</u>
Total liabilities	<u>\$ 31,827</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, 2018

1. Summary of Significant Accounting Policies

The accounting policies of Alexander County (the “County”), its discretely presented component unit, and its blended component unit 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

Discretely Presented Component Unit

The Alexander County Economic Development Corporation is a nonprofit organization that exists for the purpose of engaging in charitable and educational efforts, and specifically to support economic development in Alexander County. The EDC Board of Directors is responsible for electing members to fill the seven-member board. There are no statutory positions for elected officials. The EDC has a June 30 year-end and is presented on the government-wide statements of this report as a discretely presented component unit.

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) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies 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, Emergency Telephone System Fund, Borealis Compounds Industrial Rail Project, and CDBG Project #16-E-2931 Borealis Compounds Building Reuse Project.

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, Rocky Face Park Expansion Project Fund, and Alexander County Office Complex Renovation Project.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Proprietary Funds

Enterprise Funds. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The County reported the following enterprise funds: Bethlehem Sewer Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund. The County has two enterprise fund – Capital Project Funds. The 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, 2018.

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the County’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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 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 Alexander County Broadband Study, the Borealis Compounds Industrial Rail Project, and the Borealis Compounds Reuse Project), 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Estimates

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

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

Deposits and Investments

All deposits of the County are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The County's investments are reported at fair value. The NC Capital Management Trust Government Portfolio, a SEC-registered (2a-7) government money market fund, 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.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Governmental Activities:			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 58,077	
Human services	Adoption services	49,207	
Human services	Health department expansion	500,000	
Economic and physical development	Cooperative extension services	6,238	
General government	PEG Channel	63,148	
Total General Fund			\$ 676,670
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 362,444	
County Capital Project Fund	Unspent debt proceeds	122,167	
Total other governmental funds			<u>484,611</u>
Total governmental activities			<u>\$ 1,161,281</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, 2017.

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. Prepaid items for the County's governmental funds are treated using the consumption method.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 years
Other improvements	10-40 years
Equipment and vehicles	3-5 years

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 - pension and OPEB related deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid taxes, taxes receivable, health department receivables, unavailable revenues, and pension and OPEB 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, 2018

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, 2018**

Restricted fund balance at June 30, 2018, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:			
Register of Deeds	\$ 14,911	\$ -	\$ -
General government	63,148	-	-
General government - courthouse project	-	-	122,167
Education	706,000	1,298,000	-
Human services	549,207	-	-
Economic and physical development	6,238	-	-
Public safety	-	-	417,447
Public safety - Federal Shared Asset program	13,975	-	-
Public safety - state unauthorized substance	44,102	-	-
Total	<u>\$ 1,397,581</u>	<u>\$ 1,298,000</u>	<u>\$ 539,614</u>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to unspent debt proceeds of \$122,167 and restricted for Register of Deeds pension plan of \$63,691 for a net difference of \$58,476.

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, 2018**

Committed fund balance at June 30, 2018, is as follows:

Purpose	Capital Improvements Fund	Other Governmental Funds
Tax revaluation	\$ -	\$ 358,787
Future capital projects	2,276,735	2,256,189
Total	\$ 2,276,735	\$ 2,614,976

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.

Purpose	General Fund
Subsequent year's expenditures	\$ 2,608,627

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, 2018

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	\$ 16,304,004
Less:	
Prepays	(379,137)
Stabilization for state statute	<u>(3,784,685)</u>
Fund balance available for appropriation	<u>\$ 12,140,182</u>

Defined Benefit Cost-Sharing 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, 2018

2. 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.

At June 30, 2018, the County's deposits had a carrying amount of \$7,978,560 and a bank balance of \$8,172,538. Of the bank balance, \$500,000 was covered by federal depository insurance and \$7,672,538 by collateral held under the Pooling Method. Cash on hand was \$4,020 at June 30, 2018.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Investments

At June 30, 2018, 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	\$ 3,078,578	\$ 3,078,578	N/A
N.C. Capital Management Trust - Government Portfolio	Amortized Cost	15,363,508	N/A	N/A
Total investments		<u>\$ 18,442,086</u>	<u>\$ 3,078,578</u>	<u>\$ -</u>

* Because the North Carolina 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, 2018. 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, 2018**

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>
2015	\$ 1,976,756	\$ 513,957	\$ 2,490,713
2016	2,016,350	342,780	2,359,130
2017	2,029,217	162,337	2,191,554
2018	2,059,566	-	2,059,566
Total	<u>\$ 8,081,889</u>	<u>\$ 1,019,074</u>	<u>\$ 9,100,963</u>

Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2018 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 413,770	\$ 1,369,078	\$ 3,140,786	\$ 4,923,634
Other governmental	<u>11,742</u>	<u>74,414</u>	<u>11,288</u>	<u>97,444</u>
Total receivables	425,512	1,443,492	3,152,074	5,021,078
Allowance for doubtful accounts	<u>(69,794)</u>	<u>(303,000)</u>	<u>-</u>	<u>(372,794)</u>
Total governmental activities	<u>\$ 355,718</u>	<u>\$ 1,140,492</u>	<u>\$ 3,152,074</u>	<u>\$ 4,648,284</u>
Business-Type Activities:				
County Water and Sewer	\$ 366,867	\$ -	\$ -	\$ 366,867
Bethlehem Water	166,030	-	-	166,030
Solid Waste	128,498	-	-	128,498
Nomajor funds	<u>5,695</u>	<u>-</u>	<u>-</u>	<u>5,695</u>
Total receivables	667,090	-	-	667,090
Allowance for doubtful accounts	<u>(2,969)</u>	<u>-</u>	<u>-</u>	<u>(2,969)</u>
Total business-type activities	<u>\$ 664,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,121</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Due from other governments consisted of the following:

Local option sales tax	\$	1,339,023
Sales tax refund		234,369
Motor vehicle taxes		9,196
Other		1,569,486
Total	\$	<u>3,152,074</u>

Capital Assets

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

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2018</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 4,388,204	\$ 7,000	\$ -	\$ -	\$ 4,395,204
Construction in progress	666,065	385,790	-	(838,134)	213,721
Total non-depreciable assets	<u>5,054,269</u>	<u>392,790</u>	<u>-</u>	<u>(838,134)</u>	<u>4,608,925</u>
Depreciable Assets:					
Buildings	20,008,000	115,000	-	638,286	20,761,286
Other improvements	419,075	-	-	-	419,075
Infrastructure	395,402	-	-	-	395,402
Equipment and machinery	4,287,251	251,911	(33,584)	199,848	4,705,426
Vehicles	3,330,129	652,513	(235,412)	-	3,747,230
Furniture and fixtures	7,724	-	-	-	7,724
Total depreciable assets	<u>28,447,581</u>	<u>1,019,424</u>	<u>(268,996)</u>	<u>838,134</u>	<u>30,036,143</u>
Total assets	<u>33,501,850</u>	<u>1,412,214</u>	<u>(268,996)</u>	<u>-</u>	<u>34,645,068</u>
Less Accumulated Depreciation:					
Buildings	(5,913,711)	(808,772)	-	-	(6,722,483)
Other improvements	(323,815)	(27,515)	-	-	(351,330)
Infrastructure	(79,080)	(79,081)	-	-	(158,161)
Equipment and machinery	(3,365,442)	(495,529)	33,584	-	(3,827,387)
Vehicles	(2,639,278)	(486,716)	235,412	-	(2,890,582)
Furniture and fixtures	(7,724)	-	-	-	(7,724)
Total accumulated depreciation	<u>(12,329,050)</u>	<u>(1,897,613)</u>	<u>268,996</u>	<u>-</u>	<u>(13,957,667)</u>
Capital assets, net	<u>\$ 21,172,800</u>	<u>\$ (485,399)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 20,687,401</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Governmental Activities:

General government	\$	521,924
Public safety		854,998
Environmental protection		26,437
Human services		122,988
Cultural and recreation		38,999
Economic and physical development		80,741
Education		<u>251,526</u>
Total	\$	<u><u>1,897,613</u></u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2018 are as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2018</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Non-Depreciable Assets:					
Construction in progress	\$ 120,098	\$ 1,708,478	\$ -	\$ -	\$ 1,828,576
Total non-depreciable assets	120,098	1,708,478	-	-	1,828,576
Depreciable Assets:					
Infrastructure	16,814,632	-	-	-	16,814,632
Equipment and machinery	8,500	-	-	-	8,500
Furniture and fixtures	1,603	-	-	-	1,603
Total depreciable assets	16,824,735	-	-	-	16,824,735
 Total assets	16,944,833	1,708,478	-	-	18,653,311
 Less Accumulated Depreciation:					
Infrastructure	(6,443,173)	(600,523)	-	-	(7,043,696)
Equipment and machinery	(8,500)	-	-	-	(8,500)
Furniture and fixtures	(1,603)	-	-	-	(1,603)
Total accumulated depreciation	(6,453,276)	\$ (600,523)	\$ -	\$ -	(7,053,799)
County Water and Sewer capital assets, net	10,491,557				11,599,512
 Bethlehem Water District Fund:					
Non-Depreciable Assets:					
Construction in progress	125,161	\$ 2,304	\$ -	\$ (127,465)	-
Depreciable Assets:					
Infrastructure	6,364,343	-	-	127,465	6,491,808
Total assets	6,489,504	2,304	-	-	6,491,808
Less Accumulated Depreciation:					
Infrastructure	(2,573,585)	\$ (235,857)	\$ -	\$ -	(2,809,442)
Bethlehem Water capital assets, net	3,915,919				3,682,366

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Business-Type Activities (cont):				
Solid Waste Fund:				
Non-Depreciable Assets:				
Land	231,973	\$ 8,600	\$ -	240,573
Total non-depreciable assets	<u>231,973</u>	<u>8,600</u>	<u>-</u>	<u>240,573</u>
Depreciable Assets:				
Buildings	651,404	-	-	651,404
Infrastructure	217,411	-	-	217,411
Vehicles	316,417	-	-	316,417
Equipment and machinery	598,652	160,000	(122,484)	636,168
Total depreciable assets	<u>1,783,884</u>	<u>160,000</u>	<u>(122,484)</u>	<u>1,821,400</u>
Total assets	<u>2,015,857</u>	<u>168,600</u>	<u>(122,484)</u>	<u>2,061,973</u>
Less Accumulated Depreciation:				
Buildings	(321,150)	(16,626)	-	(337,776)
Infrastructure	(216,608)	(34)	-	(216,642)
Vehicles	(316,417)	-	-	(316,417)
Equipment and machinery	(468,839)	(65,988)	122,484	(412,343)
Total accumulated depreciation	<u>(1,323,014)</u>	<u>\$ (82,648)</u>	<u>\$ 122,484</u>	<u>(1,283,178)</u>
Solid Waste capital assets, net	<u>692,843</u>			<u>778,795</u>
Bethlehem Sewer Fund:				
Depreciable Assets:				
Infrastructure	1,422,797	\$ -	\$ -	1,422,797
Less Accumulated Depreciation:				
Infrastructure	(706,191)	\$ (35,570)	\$ -	(741,761)
Bethlehem Sewer capital assets, net	<u>716,606</u>			<u>681,036</u>
Total business-type activities capital assets, net	<u>\$ 15,816,925</u>			<u>\$ 16,741,709</u>

The County contracts with the City of Hickory to provide billing and collection services, as well as maintenance on the water lines for the County Water and Sewer Fund and Bethlehem Water District. Total service fees paid for the year ending June 30, 2018, were \$694,165 for the County Water and Sewer Fund and \$684,798 for the Bethlehem Water District.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 20,687,401	\$ 16,741,709
Long-term debt	(6,883,656)	(4,794,458)
Long-term debt for assets not owned by the County	1,482,912	-
Unspent debt proceeds	<u>122,167</u>	<u>-</u>
Net investment in capital assets	<u>\$ 15,408,824</u>	<u>\$ 11,947,251</u>

B. Liabilities

Payables

Payables at the government-wide level (Exhibit A) at June 30, 2018 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 948,225	\$ 564,553	\$ 1,512,778
Other governmental	<u>104,372</u>	<u>2,463</u>	<u>106,835</u>
Total governmental activities	<u>\$ 1,052,597</u>	<u>\$ 567,016</u>	<u>\$ 1,619,613</u>
Business-Type Activities:			
County Water and Sewer	\$ 62,546	\$ -	\$ 62,546
Bethlehem Water	2,768	-	2,768
Solid Waste	90,391	10,275	100,666
Landfill Closure	22,605	-	22,605
Bethlehem Sewer	<u>10,747</u>	<u>-</u>	<u>10,747</u>
Total business-type activities	<u>\$ 189,057</u>	<u>\$ 10,275</u>	<u>\$ 199,332</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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, 2018

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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$905,906 for the year ended June 30, 2018.

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, 2018, the County reported a liability of \$2,845,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .1863%, which was a decrease of .0084% from its proportion measured as of June 30, 2016.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

For the year ended June 30, 2018, the County recognized pension expense of \$991,427. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,946	\$ 80,556
Changes of assumptions	406,425	-
Net difference between projected and actual earnings on pension plan investments	690,973	-
Changes in proportion and differences between County contributions and proportionate share of contributions	48,522	113,480
County contributions subsequent to the measurement date	<u>905,906</u>	<u>-</u>
Total	<u><u>\$ 2,215,772</u></u>	<u><u>\$ 194,036</u></u>

\$905,906 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ 159,193
2020	800,014
2021	388,720
2022	(232,097)
2023	-
Thereafter	<u>-</u>
Total	<u><u>\$ 1,115,830</u></u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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, 2016 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 8,543,283	\$ 2,845,844	\$ 1,909,722

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	<u>43</u>
Total	<u><u>45</u></u>

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, 2018

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the TPL is the S & P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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

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

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

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected 2015 using MP-2015, projected forward generationally from 2015 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 \$26,377 as benefits came due.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

At June 30, 2018, the County reported a total pension liability of \$828,599. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$71,535.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,165
Changes of assumptions	45,501	13,464
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>15,986</u>	<u>-</u>
Total	<u>\$ 61,487</u>	<u>\$ 14,629</u>

The County paid \$15,986 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>June 30</u>	
2019	\$ 6,446
2020	6,446
2021	6,446
2022	6,446
2023	5,088
Thereafter	<u>-</u>
Total	<u>\$ 30,872</u>

\$15,986 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, 2018**

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 901,079	\$ 828,599	\$ 762,335

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

	2018
Beginning balance	\$ 736,944
Service cost	36,484
Interest on the total pension liability	27,937
Difference between expected and actual experience in the measurement of the total pension liability	(1,409)
Changes of assumptions or other inputs	55,020
Benefit payments	(26,377)
Ending balance of the total pension liability	\$ 828,599

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2017 to 3.16 percent at June 30, 2018.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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, 2016 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, 2018

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. The County contributed \$107,225 for the reporting year. 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.

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, 2018

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 \$2,440 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$47,281 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County’s proportion was .2770%, which was a decrease of .0077% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$8,235. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 812	\$ 152
Changes in assumptions	7,978	-
Net difference between projected and actual earnings on pension plan investments	4,019	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,313	-
County contributions subsequent to the measurement date	2,440	-
Total	\$ 16,562	\$ 152

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

\$2,440 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, 2019. 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>
2019	\$ 8,032
2020	4,452
2021	460
2022	1,026
2023	-
Thereafter	-
Total	<u>\$ 13,970</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 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, 2016 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, 2018**

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, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (37,162)</u>	<u>\$ (47,281)</u>	<u>\$ (55,791)</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, 2018**

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$2,845,844	\$(47,281)	\$ -	\$2,798,563
Proportion of the net pension liability (asset)	0.18628%	0.27700%	n/a	-
Total pension liability	-	-	828,599	828,599
Pension expense	991,427	8,235	71,535	1,071,197

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 163,946	\$ 812	\$ -	\$ 164,758
Pensions - difference between projected and actual investment earnings	690,973	4,019	-	694,992
Changes of assumptions	406,425	7,978	45,501	459,904
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	48,522	1,313	-	49,835
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	905,906	2,440	15,986	924,332
Total	\$2,215,772	\$16,562	\$ 61,487	\$2,293,821
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ 80,556	\$ 152	\$ 1,165	\$ 81,873
Changes of assumptions	-	-	13,464	13,464
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	113,480	-	-	113,480
Total	\$ 194,036	\$ 152	\$ 14,629	\$ 208,817

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Other Post-Employment Benefits

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

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

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

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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:

Inactive plan members or beneficiaries	
currently receiving benefit payments	37
Active plan members	<u>134</u>
Total	<u><u>171</u></u>

Total OPEB Liability

The County's total OPEB liability of \$21,096,276 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00 percent
Real wage growth	0.50 percent
Wage inflation	3.50 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Municipal bond index rate	
Prior measurement date	3.01 percent
Measurement date	3.56 percent
Health Care Cost Trends	
Pre-Medicare	7.75 percent for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75 percent for 2016 decreasing to an ultimate rate of 5.00% by 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 22,281,113
Changes for the year:	
Service cost	701,420
Interest	666,149
Differences between expected and actual experience	318
Changes of assumptions or other inputs	(2,250,682)
Benefit payments	(302,042)
Balance at June 30, 2018	\$ 21,096,276

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	<u>\$25,445,991</u>	<u>\$ 21,096,276</u>	<u>\$17,726,456</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$17,251,251</u>	<u>\$ 21,096,276</u>	<u>\$26,172,779</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$1,021,891. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 269	\$ -
Changes of assumptions	-	1,904,955
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>262,038</u>	<u>-</u>
Total	<u>\$ 262,307</u>	<u>\$1,904,955</u>

\$262,038 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2019.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
<u>June 30</u>	<u>Total</u>
2019	\$ (345,678)
2020	(345,678)
2021	(345,678)
2022	(345,678)
2023	(345,678)
Thereafter	<u>(176,296)</u>
Total	<u><u>\$ (1,904,686)</u></u>

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.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 \$2,296,720 reported as landfill closure and post-closure care liability at June 30, 2018, represents a cumulative amount reported to date based on the use of 48% 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 \$2,488,097 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 2018. 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 \$150,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2018. The Landfill Closure Fund has \$858,045 in cash at June 30, 2018.

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
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Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (Pensions, OPEB)	\$ 165,027	\$ 81,873
Changes of assumptions (Pensions, OPEB)	459,904	1,918,419
Net difference between projected and actual earnings on pension plan investments (Pensions, OPEB)	694,992	-
Changes in proportion and differences between County contributions and proportionate share of contributions (Pensions)	49,835	113,480
Benefit payments for the OPEB plan paid subsequent to the measurement date	262,038	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	15,986	-
County contributions subsequent to the measurement date (LGERS & ROD)	908,346	-
Taxes receivable, net (General Fund and Special Revenue Fund)	-	1,140,492
Unavailable revenues	-	197,805
Health department receivables, net (General Fund)	-	17,159
Prepaid taxes (General Fund)	-	159,889
Total	\$ 2,556,128	\$ 3,629,117

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Summary Disclosure of Significant Commitments

The County has active construction projects as of June 30, 2018. At June 30, 2018, the County's commitments with contractors are listed in the following projects:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Office Complex Renovation	\$ 157,352	\$ 1,492,448
Shurtape Job Retention Wastewater project	1,122,164	63,851
Industrial Park Pump Station Replacement project	563,074	34,366
Total	<u>\$ 1,842,590</u>	<u>\$ 1,590,665</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 \$42 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 MedCost. 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, 2018

Contingent Liabilities

At June 30, 2018, 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. For the current fiscal year, the County paid the remaining outstanding balance of the general obligation bonds.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Notes Payable

Notes payable at June 30, 2018, 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.	\$ 1,203,082
\$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	347,241
\$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>5,333,333</u>
Total governmental funds	<u>6,883,656</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	2,000,358
\$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>2,794,100</u>
Total proprietary funds	<u>4,794,458</u>
Total all funds	<u><u>\$ 11,678,114</u></u>

ALEXANDER COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

Governmental Activities:

Governmental Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,404,579	\$ 202,445	\$ 1,607,024
2020	1,067,522	162,006	1,229,528
2021	1,078,221	130,078	1,208,299
2022	666,667	101,017	767,684
2023	666,667	79,750	746,417
2024-2026	<u>2,000,000</u>	<u>111,650</u>	<u>2,111,650</u>
Total governmental funds	<u>6,883,656</u>	<u>786,946</u>	<u>7,670,602</u>

Business-Type Activities:

Proprietary Funds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	364,395	25,205	389,600
2024-2028	1,821,972	63,011	1,884,983
2029-2033	821,793	-	821,793
2034-2035	<u>328,718</u>	<u>-</u>	<u>328,718</u>
Total proprietary funds	<u>4,794,458</u>	<u>231,042</u>	<u>5,025,500</u>
Total notes payable	<u>\$ 11,678,114</u>	<u>\$ 1,017,988</u>	<u>\$ 12,696,102</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

A summary of changes in long-term obligations follows:

	<u>As Restated July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable	\$ 8,406,036	\$ -	\$ 1,522,380	\$ 6,883,656	\$1,404,579
Compensated absences	966,190	832,588	657,373	1,141,405	657,000
Total OPEB liability	21,398,109	-	815,032	20,583,077	-
Total pension liability (LEOSSA)	736,944	118,032	26,377	828,599	-
Net pension obligation (LGERS)	<u>4,022,575</u>	<u>-</u>	<u>1,242,796</u>	<u>2,779,779</u>	<u>-</u>
Total	<u>\$ 35,529,854</u>	<u>\$ 950,620</u>	<u>\$ 4,263,958</u>	<u>\$ 32,216,516</u>	<u>\$2,061,579</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Notes payable	\$ 5,158,853	\$ -	\$ 364,395	\$ 4,794,458	\$ 364,395
Total OPEB liability	52,092	-	52,092	-	-
Compensated absences	13,806	-	13,806	-	-
Net pension obligation (LGERS)	<u>28,455</u>	<u>-</u>	<u>28,455</u>	<u>-</u>	<u>-</u>
Total County Water and Sewer Fund	<u>5,253,206</u>	<u>-</u>	<u>458,748</u>	<u>4,794,458</u>	<u>364,395</u>
Bethlehem Water Fund:					
General obligation bonds	<u>135,867</u>	<u>-</u>	<u>135,867</u>	<u>-</u>	<u>-</u>
Total Bethlehem Water Fund	<u>135,867</u>	<u>-</u>	<u>135,867</u>	<u>-</u>	<u>-</u>
Solid Waste Fund:					
Total OPEB liability	528,870	-	15,671	513,199	-
Compensated absences	30,615	8,218	23,932	14,901	8,100
Net pension obligation (LGERS)	<u>81,157</u>	<u>-</u>	<u>15,092</u>	<u>66,065</u>	<u>-</u>
Total Solid Waste Fund	<u>640,642</u>	<u>8,218</u>	<u>54,695</u>	<u>594,165</u>	<u>8,100</u>
Landfill Closure Fund:					
Accrued landfill post-closure costs	<u>2,162,100</u>	<u>196,793</u>	<u>62,173</u>	<u>2,296,720</u>	<u>-</u>
Total	<u>2,162,100</u>	<u>196,793</u>	<u>62,173</u>	<u>2,296,720</u>	<u>-</u>
Total business-type activities	<u>\$ 8,191,815</u>	<u>\$ 205,011</u>	<u>\$ 711,483</u>	<u>\$ 7,685,343</u>	<u>\$ 372,495</u>

At June 30, 2018, the County had a legal debt margin of \$196,598,930.

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, 2018**

C. Interfund Balances and Activity

	Transfers		Purpose
	From	To	
Transfers From/to Other Funds:			
General Fund	\$ 4,581,834	\$ -	
Major Capital Project (Capital Improvements) Fund	-	1,031,921	School sales taxhold harmless funds; Resources for school construction
Special Revenue (Alexander County Broadband Study) Fund	-	4,500	Local match for economic development grant project
Special Revenue (Alexander County Borealis Rail Project)	-	50,000	Local match for economic development grant project
Special Revenue (Alexander County Borealis Building Reuse Project)	-	30,000	Local match for economic development grant project
Enterprise (County Water and Sewer Capital Project Fund Alexander County Industrial Park Pump Station Replacement Project) Fund	-	87,640	Local match for economic development grant project
Bethlehem Sewer Fund	-	785,273	Preliminary costs of project to be financed with NCDEQ loan
Enterprise (County Water and Sewer Capital Project Fund Shurtape Job Retention Wastewater Project)	-	150,000	Local match for economic development grant project
Capital Project (Alexander County Office Complex Renovation Project)	-	2,340,500	Local funds for general government project
Solid Waste Fund	-	102,000	Assistance for expenses that were greater than original estimates
General Fund	-	151,791	Return unused local funds to General Fund - closed grant project
Capital Project (Applied Tech Building Equipment Project)	76	-	
Capital Project (Applied Tech Building Renovation Project)	148,801	-	
Capital Project (Rocky Face Park Expansion Project) Fund	2,914	-	
General Fund	-	186,083	Use unspent loan proceeds to pay current year debt service interest
Capital Project (County Capital Project) Fund	186,083	-	
Enterprise (County Water and Sewer) Fund	-	123,269	Resources for debt service on a project that benefits both water funds
Enterprise (Bethlehem Water) Fund	123,269	-	
Enterprise (Landfill Closure) Fund	-	150,000	Resources for landfill closure and post-closure
General Fund	<u>150,000</u>	<u>-</u>	
Total transfers	<u>\$ 5,192,977</u>	<u>\$ 5,192,977</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2018:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvements Fund	General Fund	\$ 42,115	Sales tax hold harmless amount due to schools
General Fund	County water and sewer	38,502	Time lag for when reimbursable expenditures are received
General Fund	Solid Waste Fund	124,000	Interfund capital loan
General Fund	Solid Waste Fund	<u>154,580</u>	Cash overpayment
Total		<u>\$ 359,197</u>	

3. 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.

4. 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 \$37,189 and administrative and other fees of \$4,655 to the Council during the fiscal year ended June 30, 2018.

Vaya Health 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 Vaya Health for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Vaya Health Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

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 \$24,499 as a special appropriation to the RTA during the fiscal year ended June 30, 2018.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

5. **Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$13,061,812 and \$251,140 for the business-type activities.

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Other Post-Employment Benefits	
	2018
Beginning balance	\$ 22,281,113
Service cost	701,420
Interest on TOL and cash flows	666,149
Differences between expected and actual experience	318
Changes of assumptions or other inputs	(2,250,682)
Benefit payments	(302,042)
Ending balance of the total pension liability	<u>\$ 21,096,276</u>
Covered Payroll	\$ 5,395,422
Total OPEB liability as a percentage of covered payroll	391.00%

Notes to Schedule

Changes of assumptions: changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2018	3.56%

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 FIVE FISCAL YEARS***

Local Governmental Employees' Retirement System					
	2018	2017	2016	2015	2014
Alexander County's proportion of the net pension liability (asset) (%)	0.18628%	0.19470%	0.19330%	0.19219%	0.17920%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ 2,845,844	\$ 4,132,187	\$ 867,519	\$ (1,133,437)	\$ 2,160,048
Alexander County's covered-employee payroll	\$ 11,273,216	\$ 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	25.24%	36.93%	7.75%	-10.49%	21.71%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	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 FIVE FISCAL YEARS

<u>Local Governmental Employees' Retirement System</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 905,906	\$ 843,491	\$ 771,344	\$ 800,901	\$ 767,041
Contributions in relation to the contractually required contribution	<u>905,906</u>	<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>	<u>\$ -</u>
Alexander County's covered-employee payroll	\$ 11,840,407	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503
Contributions as a percentage of covered-employee payroll	7.65%	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 FIVE FISCAL YEARS*

Register of Deeds' Supplemental Pension Fund

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Alexander County's proportion of the net pension liability (asset) (%)	0.27700%	0.28472%	0.28474%	0.29199%	0.26106%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ (47,281)	\$ (53,232)	\$ (65,986)	\$ (66,171)	\$ (55,762)
Alexander County's covered-employee payroll	\$ 53,738	\$ 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	-87.98%	-99.15%	-123.03%	-123.49%	-104.17%
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	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 FIVE FISCAL YEARSRegister of Deeds' Supplemental Pension Fund

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,440	\$ 2,407	\$ 2,326	\$ 2,278	\$ 2,384
Contributions in relation to the contractually required contribution	<u>2,440</u>	<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>	<u>\$ -</u>
Alexander County's covered-employee payroll	\$ 54,734	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583
Contributions as a percentage of covered-employee pay	4.46%	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
LAST TWO FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 736,944	\$ 703,068
Service cost	36,484	42,066
Interest on the total pension liability	27,937	24,851
Differences between expected and actual experience in the measurement of the total pension liability	(1,409)	-
Changes of assumptions or other inputs	55,020	(19,122)
Benefit payments	<u>(26,377)</u>	<u>(13,919)</u>
Ending balance of the total pension liability	<u>\$ 828,599</u>	<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
LAST TWO FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 828,599	\$ 736,944
Covered payroll	1,580,388	1,652,773
Total pension liability as a percentage of covered payroll	52.43%	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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 19,843,000	\$ 20,248,718	\$ 405,718	\$ 20,080,409
Penalties and interest	162,000	169,894	7,894	155,719
Total	20,005,000	20,418,612	413,612	20,236,128
Local Option Sales Taxes:				
Article 39 one percent	2,111,000	2,104,704	(6,296)	2,015,745
Article 40 one-half of one percent	2,672,000	2,635,106	(36,894)	2,522,789
Article 42 one-half of one percent	1,189,000	1,187,922	(1,078)	1,134,429
Article 44 one-half of one percent	-	789	789	323
Article 46 one-fourth of one percent	484,000	490,119	6,119	464,988
Article 44*524	1,431,000	1,447,663	16,663	1,352,019
Medicaid Hold Harmless	714,665	980,130	265,465	1,001,844
Total	8,601,665	8,846,433	244,768	8,492,137
Other Taxes and Licenses:				
ABC \$.05 per bottle	3,300	3,710	410	3,949
Alcoholic beverage tax distribution	64,000	156,008	92,008	63,964
Video programming distribution	167,000	163,371	(3,629)	167,562
Total	234,300	323,089	88,789	235,475
Restricted Intergovernmental Revenues:				
Federal and state grants	5,433,409	4,099,572	(1,333,837)	5,039,333
Controlled substance tax	1,000	26,635	25,635	9,920
Court facility fees	30,000	33,400	3,400	36,800
Total	5,464,409	4,159,607	(1,304,802)	5,086,053
Permits and Fees:				
Register of Deeds	200,000	243,622	43,622	232,381
Building inspections	230,500	274,454	43,954	243,293
Gun and concealed weapon permits	32,500	43,305	10,805	36,100
Other fees	14,100	15,471	1,371	12,725
Total	477,100	576,852	99,752	524,499
Sales and Services:				
Rents, concessions, and fees	171,300	194,241	22,941	191,262
Detention center fees	418,740	700,323	281,583	400,171
Ambulance fees	1,365,000	1,370,465	5,465	1,445,226
Recreation department	69,000	39,611	(29,389)	36,166
Health department	1,246,916	1,318,240	71,324	1,382,954
Information technology	12,500	2,369	(10,131)	6,107
Social services	263,500	116,374	(147,126)	272,488
Senior center	13,000	9,237	(3,763)	24,894
License plate agency	110,500	136,260	25,760	138,655
Library	8,000	7,851	(149)	8,994
State payments - soil and water technical assistance	22,075	22,268	193	22,448
Rocky Face Park	13,000	13,812	812	2,472
Total	3,713,531	3,931,051	217,520	3,931,837

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Investment Earnings	86,000	207,543	121,543	79,399
Miscellaneous:				
Insurance claim reimbursement	7,273	50,173	42,900	91,761
Donations	18,782	24,904	6,122	18,517
Grant	89,373	83,623	(5,750)	16,000
Sale of fixed assets	2,000	15,106	13,106	28,288
Other	33,128	50,829	17,701	274,210
Total	150,556	224,635	74,079	428,776
Total revenues	38,732,561	38,687,822	(44,739)	39,014,304
Expenditures:				
General Government:				
Governing body	555,810	287,174	268,636	309,030
Administration	303,943	294,792	9,151	288,422
Elections	241,219	184,256	56,963	214,557
Finance	668,145	585,782	82,363	550,135
Tax office	566,147	499,631	66,516	492,227
Information technology	1,071,852	1,060,230	11,622	1,032,968
Register of Deeds	268,713	238,520	30,193	246,339
License plate agency	158,240	142,308	15,932	136,592
Public buildings	1,320,497	1,285,788	34,709	1,330,931
Garage	412,228	406,635	5,593	341,920
Human resources	897,898	610,007	287,891	642,227
Court facilities	120,410	116,531	3,879	93,999
Engineering	112,750	107,836	4,914	-
Total	6,697,852	5,819,490	878,362	5,679,347
Public Safety:				
Sheriff's office	2,964,844	2,852,002	112,842	2,653,972
Detention center	2,517,481	2,276,695	240,786	2,221,074
Pre-trial release program	110,841	98,155	12,686	92,249
RRS program	92,678	86,480	6,198	83,963
Fire/emergency services	452,707	412,525	40,182	269,649
Emergency communications	831,872	750,956	80,916	683,709
Forestry	54,237	53,971	266	56,013
Planning and inspections	560,732	497,927	62,805	446,644
Emergency medical services	3,146,322	3,000,445	145,877	2,780,496
Medical examiner	45,000	22,050	22,950	33,200
Total	10,776,714	10,051,206	725,508	9,320,969
Environmental Protection:				
Soil and water	166,578	164,115	2,463	113,655
Animal services	360,660	321,810	38,850	351,917
Total	527,238	485,925	41,313	465,572

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Economic and Physical Development:				
Economic development	276,939	276,014	925	194,958
Agricultural extension	226,085	216,723	9,362	178,193
Total	503,024	492,737	10,287	373,151
Human Services:				
Health Department:				
Environmental health	357,234	395,333	(38,099)	378,596
General health	239,664	163,339	76,325	227,344
Maternal health	208,997	165,508	43,489	137,749
WIC program	138,350	141,970	(3,620)	143,355
Dental health	481,356	539,952	(58,596)	558,061
Family planning	232,341	266,481	(34,140)	237,547
Communicable disease	191,077	127,492	63,585	113,845
Health promotion	103,141	71,004	32,137	25,781
Child health	267,840	220,081	47,759	203,843
Adult health	120,621	120,486	135	55,786
Preparedness	41,073	32,659	8,414	33,562
Care coordination for children	63,504	67,437	(3,933)	76,621
Pregnancy care management	80,679	64,771	15,908	57,609
Total	2,525,877	2,376,513	149,364	2,249,699
Veterans Service	71,463	69,337	2,126	67,853
Juvenile Crime Prevention	115,618	114,854	764	111,373
Social Services Department:				
Administration	4,466,878	4,030,433	436,445	3,908,565
In-home services	115,880	76,893	38,987	174,992
Public assistance	142,895	127,332	15,563	138,971
Emergency assistance account	7,012	5,313	1,699	5,104
Medical assistance	251,500	36,285	215,215	166,257
General assistance	1,852,510	592,527	1,259,983	1,726,104
Foster care	762,999	443,078	319,921	431,536
Adoption Enhancement Fund	39,000	13,948	25,052	7,570
Work First	32,985	32,533	452	31,602
Aging nutrition	113,637	86,379	27,258	109,326
Total	7,785,296	5,444,721	2,340,575	6,700,027
Special appropriations	510,939	507,250	3,689	445,407
Senior center	173,466	154,867	18,599	169,902
Total human services	11,182,659	8,667,542	2,515,117	9,744,261

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Cultural and Recreation:				
Recreation	330,763	303,782	26,981	287,824
Rocky Face Park	208,030	185,376	22,654	143,928
Library	518,531	489,142	29,389	403,760
Bethlehem Library	-	-	-	89,257
Total	<u>1,057,324</u>	<u>978,300</u>	<u>79,024</u>	<u>924,769</u>
Education:				
Alexander County Board of Education:				
Current expenses	6,031,900	6,031,900	-	6,031,900
Auditorium reimbursement	-	-	-	150,000
21st Century Program	40,000	40,000	-	-
Total	<u>6,071,900</u>	<u>6,071,900</u>	<u>-</u>	<u>6,181,900</u>
CVCC - Alexander County:				
Current expenses	45,700	44,562	1,138	40,411
Compensatory education	22,000	22,000	-	22,000
Capital outlay	13,000	12,639	361	-
Total	<u>80,700</u>	<u>79,201</u>	<u>1,499</u>	<u>62,411</u>
Total education	<u>6,152,600</u>	<u>6,151,101</u>	<u>1,499</u>	<u>6,244,311</u>
Debt Service:				
Principal retirement	1,528,000	1,522,380	5,620	1,641,067
Interest and fees	254,000	246,733	7,267	294,019
Total	<u>1,782,000</u>	<u>1,769,113</u>	<u>12,887</u>	<u>1,935,086</u>
Contingency	<u>251,251</u>	<u>-</u>	<u>251,251</u>	<u>-</u>
Total expenditures	<u>38,930,662</u>	<u>34,415,414</u>	<u>4,515,248</u>	<u>34,687,466</u>
Revenues over (under) expenditures	<u>(198,101)</u>	<u>4,272,408</u>	<u>4,470,509</u>	<u>4,326,838</u>
Other Financing Sources (Uses):				
Transfers in:				
Special revenue funds	-	-	-	7,521
Capital project funds	338,793	337,874	(919)	207,350
Transfers out:				
Special revenue funds	(84,500)	(84,500)	-	(25,300)
Capital project funds	(3,444,500)	(3,372,421)	72,079	(1,027,236)
Enterprise funds	(1,274,913)	(1,274,913)	-	(398,349)
Appropriated fund balance	4,663,221	-	(4,663,221)	-
Total	<u>198,101</u>	<u>(4,393,960)</u>	<u>(4,592,061)</u>	<u>(1,236,014)</u>
Net change in fund balance	<u>\$ -</u>	<u>(121,552)</u>	<u>\$ (121,552)</u>	<u>3,090,824</u>
Fund Balance:				
Beginning of year - July 1		<u>16,425,556</u>		<u>13,334,732</u>
End of year - June 30		<u>\$ 16,304,004</u>		<u>\$ 16,425,556</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, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
State lottery revenue	\$ 2,077,221	\$ 45,063	\$ (2,032,158)	\$ -
Investment earnings	8,000	42,737	34,737	14,149
Total revenues	<u>2,085,221</u>	<u>87,800</u>	<u>(1,997,421)</u>	<u>14,149</u>
Expenditures:				
Education	<u>3,927,996</u>	<u>590,106</u>	<u>3,337,890</u>	<u>722,556</u>
Total expenditures	<u>3,927,996</u>	<u>590,106</u>	<u>3,337,890</u>	<u>722,556</u>
Revenues over (under) expenditures	<u>(1,842,775)</u>	<u>(502,306)</u>	<u>1,340,469</u>	<u>(708,407)</u>
Other Financing Sources (Uses):				
Transfers in	1,104,000	1,031,921	(72,079)	936,248
Appropriated fund balance	<u>738,775</u>	<u>-</u>	<u>(738,775)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,842,775</u>	<u>1,031,921</u>	<u>(810,854)</u>	<u>936,248</u>
Net change in fund balance	<u>\$ -</u>	<u>529,615</u>	<u>\$ 529,615</u>	<u>227,841</u>
Fund Balance:				
Beginning of year - July 1		<u>3,087,235</u>		<u>2,859,394</u>
End of year - June 30		<u>\$ 3,616,850</u>		<u>\$ 3,087,235</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and investments	\$ 539,154	\$ 2,237,660	\$ 2,776,814
Taxes receivable, net	65,324	-	65,324
Accounts receivable	11,742	-	11,742
Prepays	5,785	-	5,785
Due from other governments	11,288	-	11,288
Cash and investments, restricted	362,444	122,167	484,611
Total assets	<u>\$ 995,737</u>	<u>\$ 2,359,827</u>	<u>\$ 3,355,564</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 3,764	\$ 103,071	\$ 106,835
Total liabilities	<u>3,764</u>	<u>103,071</u>	<u>106,835</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>65,324</u>	<u>-</u>	<u>65,324</u>
Fund Balances:			
Non-spendable:			
Prepaid items	5,785	-	5,785
Restricted:			
Stabilization for state statute	23,030	-	23,030
Restricted, all other	417,447	122,167	539,614
Committed	480,387	2,134,589	2,614,976
Total fund balances	<u>926,649</u>	<u>2,256,756</u>	<u>3,183,405</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 995,737</u>	<u>\$ 2,359,827</u>	<u>\$ 3,355,564</u>

ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 1,358,170	\$ -	\$ 1,358,170
Other taxes and licenses	140,901	-	140,901
Intergovernmental revenues	10,000	550,403	560,403
Miscellaneous revenues	41,600	-	41,600
Investment earnings	3,290	185	3,475
Total revenues	<u>1,553,961</u>	<u>550,588</u>	<u>2,104,549</u>
Expenditures:			
Public safety	1,249,451	-	1,249,451
General government	150,968	213,721	364,689
Education	-	6,096	6,096
Cultural and recreation	-	165,973	165,973
Total expenditures	<u>1,400,419</u>	<u>385,790</u>	<u>1,786,209</u>
Revenues over (under) expenditures	<u>153,542</u>	<u>164,798</u>	<u>318,340</u>
Other Financing Sources (Uses):			
Transfers in	84,500	2,340,500	2,425,000
Transfers out	-	(337,874)	(337,874)
Total other financing sources (uses)	<u>84,500</u>	<u>2,002,626</u>	<u>2,087,126</u>
Net change in fund balances	238,042	2,167,424	2,405,466
Fund Balances:			
Beginning of year - July 1	<u>688,607</u>	<u>89,332</u>	<u>777,939</u>
End of year - June 30	<u>\$ 926,649</u>	<u>\$ 2,256,756</u>	<u>\$ 3,183,405</u>

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ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	<u>Special Revenue Funds</u>		
	<u>Fire Districts Fund</u>	<u>Revaluation Fund</u>	<u>Emergency Telephone System Fund</u>
Assets:			
Cash and investments	\$ 42,158	\$ -	\$ 375,396
Taxes receivable, net	65,324	-	-
Accounts receivable	-	-	11,742
Prepays	-	2,040	3,745
Due from other governments	11,288	-	-
Cash and investments, restricted	-	362,444	-
Total assets	<u>\$ 118,770</u>	<u>\$ 364,484</u>	<u>\$ 390,883</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 3,657	\$ 107
Total liabilities	<u>-</u>	<u>3,657</u>	<u>107</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>65,324</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Non-spendable:			
Prepaid items	-	2,040	3,745
Restricted:			
Stabilization for state statute	11,288	-	11,742
Restricted, all other	42,158	-	375,289
Committed	-	358,787	-
Total fund balances	<u>53,446</u>	<u>360,827</u>	<u>390,776</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 118,770</u>	<u>\$ 364,484</u>	<u>\$ 390,883</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Special Revenue Funds			
	Alexander County Broadband Study	Borealis Compounds Industrial Rail Project	CDBG Project #16-E-2931 Borealis Compounds Building Reuse	Total Nonmajor Special Revenue Funds
Assets:				
Cash and investments	\$ -	\$ 91,600	\$ 30,000	\$ 539,154
Taxes receivable, net	-	-	-	65,324
Accounts receivable	-	-	-	11,742
Prepays	-	-	-	5,785
Due from other governments	-	-	-	11,288
Cash and investments, restricted	-	-	-	362,444
Total assets	<u>\$ -</u>	<u>\$ 91,600</u>	<u>\$ 30,000</u>	<u>\$ 995,737</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,764
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,764</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,324</u>
Fund Balances:				
Non-spendable:				
Prepaid items	-	-	-	5,785
Restricted:				
Stabilization for state statute	-	-	-	23,030
Restricted, all other	-	-	-	417,447
Committed	-	91,600	30,000	480,387
Total fund balances	<u>-</u>	<u>91,600</u>	<u>30,000</u>	<u>926,649</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 91,600</u>	<u>\$ 30,000</u>	<u>\$ 995,737</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, 2018**

	Special Revenue Funds		
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund
Revenues:			
Ad valorem taxes	\$ 1,050,170	\$ 308,000	\$ -
Other taxes and licenses	-	-	140,901
Intergovernmental revenues	-	-	-
Miscellaneous revenues	-	-	-
Investment earnings	-	1,548	1,742
Total revenues	<u>1,050,170</u>	<u>309,548</u>	<u>142,643</u>
Expenditures:			
Public safety	1,045,275	-	204,176
General government	-	126,468	-
Total expenditures	<u>1,045,275</u>	<u>126,468</u>	<u>204,176</u>
Revenues over (under) expenditures	<u>4,895</u>	<u>183,080</u>	<u>(61,533)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,895	183,080	(61,533)
Fund Balances:			
Beginning of year - July 1	<u>48,551</u>	<u>177,747</u>	<u>452,309</u>
End of year - June 30	<u>\$ 53,446</u>	<u>\$ 360,827</u>	<u>\$ 390,776</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, 2018

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Alexander County Broadband Study	Borealis Compounds Industrial Rail Project	CDBG Project #16-E-2931 Borealis Compounds Building Reuse	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,358,170
Other taxes and licenses	-	-	-	140,901
Intergovernmental revenues	10,000	-	-	10,000
Miscellaneous revenues	-	41,600	-	41,600
Investment earnings	-	-	-	3,290
Total revenues	<u>10,000</u>	<u>41,600</u>	<u>-</u>	<u>1,553,961</u>
Expenditures:				
Public safety	-	-	-	1,249,451
General government	<u>24,500</u>	<u>-</u>	<u>-</u>	<u>150,968</u>
Total expenditures	<u>24,500</u>	<u>-</u>	<u>-</u>	<u>1,400,419</u>
Revenues over (under) expenditures	<u>(14,500)</u>	<u>41,600</u>	<u>-</u>	<u>153,542</u>
Other Financing Sources (Uses):				
Transfers in	<u>4,500</u>	<u>50,000</u>	<u>30,000</u>	<u>84,500</u>
Total other financing sources (uses)	<u>4,500</u>	<u>50,000</u>	<u>30,000</u>	<u>84,500</u>
Net change in fund balances	(10,000)	91,600	30,000	238,042
Fund Balances:				
Beginning of year - July 1	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>688,607</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 91,600</u>	<u>\$ 30,000</u>	<u>\$ 926,649</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 1,029,110	\$ 1,050,170	\$ 21,060	\$ 1,037,756
Expenditures:				
Public safety:				
Bethlehem Fire District	240,338	240,338	-	234,820
Wittenburg Fire District	170,423	170,423	-	163,770
Hiddenite Fire District	133,261	133,261	-	132,600
East Alexander Fire District	114,685	114,685	-	110,000
Ellendale Fire District	110,000	110,000	-	109,450
Sugarloaf Fire District	100,828	100,828	-	98,775
Central Alexander Fire District	112,555	112,555	-	111,510
Vashti Fire District	63,185	63,185	-	61,130
Total expenditures	1,045,275	1,045,275	-	1,022,055
Revenues over (under) expenditures	(16,165)	4,895	21,060	15,701
Other financing sources (uses):				
Appropriated fund balance	16,165	-	(16,165)	-
Net change in fund balance	\$ -	4,895	\$ 4,895	15,701
Fund Balance:				
Beginning of year - July 1		48,551		32,850
End of year - June 30		\$ 53,446		\$ 48,551

ALEXANDER COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 308,000	\$ 308,000	\$ -	\$ 187,000
Investment earnings	-	1,548	1,548	552
Total revenues	<u>308,000</u>	<u>309,548</u>	<u>1,548</u>	<u>187,552</u>
Expenditures:				
General government	<u>308,000</u>	<u>126,468</u>	<u>181,532</u>	<u>128,715</u>
Net change in fund balance	<u>\$ -</u>	183,080	<u>\$ 183,080</u>	58,837
Fund Balance:				
Beginning of year - July 1		<u>177,747</u>		<u>118,910</u>
End of year - June 30		<u>\$ 360,827</u>		<u>\$ 177,747</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 140,900	\$ 140,901	\$ 1	\$ 151,717
Investment earnings	-	1,742	1,742	374
Total revenues	140,900	142,643	1,743	152,091
Expenditures:				
Implemental functions	15,000	2,284	12,716	5,877
Telephone	71,352	45,788	25,564	37,482
Furniture	5,000	3,565	1,435	1,718
Software and software maintenance	80,887	30,908	49,979	58,576
Hardware and hardware maintenance	258,682	118,366	140,316	240,987
Training	4,000	2,185	1,815	978
ECaTS expense - 911	1,600	1,080	520	1,080
Total expenditures	436,521	204,176	232,345	346,698
Revenues over (under) expenditures	(295,621)	(61,533)	234,088	(194,607)
Other Financing Sources (Uses):				
Transfers in	-	-	-	300
Appropriated fund balance	295,621	-	(295,621)	-
Total other financing sources (uses)	295,621	-	(295,621)	300
Net change in fund balance	\$ -	(61,533)	\$ (61,533)	(194,307)
Fund Balance:				
Beginning of year - July 1		452,309		646,616
End of year - June 30		\$ 390,776		\$ 452,309

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, 2018

	Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Appalachian Regional Commission	\$ 10,000	\$ -	\$ 10,000	\$ 10,000
Total revenues	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Expenditures:				
Consultant fees	24,500	-	24,500	24,500
Total expenditures	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>24,500</u>
Revenues over (under) expenditures	(14,500)	-	(14,500)	(14,500)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	14,500	10,000	4,500	14,500
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

BOREALIS COMPOUNDS INDUSTRIAL RAIL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
NCDOT Rail Division	\$ 175,000	\$ -	\$ -	\$ -
NC Railroad Company	225,000	-	-	-
Industry contribution	41,600	-	41,600	41,600
Alexander Railroad Company contribution	50,000	-	-	-
Total revenues	<u>491,600</u>	<u>-</u>	<u>41,600</u>	<u>41,600</u>
Expenditures:				
Construction	<u>541,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(50,000)	-	41,600	41,600
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,600</u>	<u>\$ 91,600</u>

ALEXANDER COUNTY, NORTH CAROLINA

**CDBG PROJECT NUMBER 16-E-2931 BOREALIS COMPOUNDS BUILDING REUSE
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Community Development Block Grant	\$ 740,000	\$ -	\$ -	\$ -
Expenditures:				
Assistance to business	740,000	-	-	-
Planning	5,000	-	-	-
Administration	25,000	-	-	-
Total expenditures	770,000	-	-	-
Revenues over (under) expenditures	(30,000)	-	-	-
Other Financing Sources (Uses):				
Transfers in:				
General Fund	30,000	-	30,000	30,000
Net change in fund balance	\$ -	\$ -	\$ 30,000	\$ 30,000

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	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	Alexander County Office Complex Renovation Project	
Assets:						
Cash and investments	\$ 7,810	\$ -	\$ -	\$ -	\$ 2,229,850	\$ 2,237,660
Cash and investments, restricted	122,167	-	-	-	-	122,167
Total assets	<u>\$ 129,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,229,850</u>	<u>\$ 2,359,827</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 103,071	\$ 103,071
Fund Balances:						
Restricted:						
Restricted, all other	122,167	-	-	-	-	122,167
Committed	7,810	-	-	-	2,126,779	2,134,589
Total fund balances	<u>129,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,126,779</u>	<u>2,256,756</u>
Total liabilities and fund balances	<u>\$ 129,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,229,850</u>	<u>\$ 2,359,827</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, 2018

	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	Alexander County Office Complex Renovation Project	
Revenues:						
Intergovernmental revenues	\$ -	\$ 428,071	\$ 9,924	\$ 112,408	\$ -	\$ 550,403
Investment earnings	185	-	-	-	-	185
Total revenues	185	428,071	9,924	112,408	-	550,588
Expenditures:						
General government	-	-	-	-	213,721	213,721
Education	-	-	6,096	-	-	6,096
Cultural and recreation	-	-	-	165,973	-	165,973
Total expenditures	-	-	6,096	165,973	213,721	385,790
Revenues over (under) expenditures	185	428,071	3,828	(53,565)	(213,721)	164,798
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	2,340,500	2,340,500
Transfers out	(186,083)	(148,801)	(76)	(2,914)	-	(337,874)
Total other financing sources (uses)	(186,083)	(148,801)	(76)	(2,914)	2,340,500	2,002,626
Net change in fund balances	(185,898)	279,270	3,752	(56,479)	2,126,779	2,167,424
Fund Balances:						
Beginning of year - July 1	315,875	(279,270)	(3,752)	56,479	-	89,332
End of year - June 30	\$ 129,977	\$ -	\$ -	\$ -	\$ 2,126,779	\$ 2,256,756

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, 2018

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ 34,594	\$ 34,552	\$ 185	\$ 34,737
Expenditures:				
Capital outlay:				
Jail/courthouse administration	31,805	31,805	-	31,805
Jail construction	8,424,242	8,424,241	-	8,424,241
Courthouse renovations	44,105	44,105	-	44,105
Total expenditures	<u>8,500,152</u>	<u>8,500,151</u>	<u>-</u>	<u>8,500,151</u>
Revenues over (under) expenditures	<u>(8,465,558)</u>	<u>(8,465,599)</u>	<u>185</u>	<u>(8,465,414)</u>
Other Financing Sources (Uses):				
Long-term debt issued	10,000,000	10,000,000	-	10,000,000
Transfers in:				
General Fund	734,391	742,056	-	742,056
Transfers (out):				
General Fund	<u>(2,268,833)</u>	<u>(1,960,582)</u>	<u>(186,083)</u>	<u>(2,146,665)</u>
Total other financing sources (uses)	<u>8,465,558</u>	<u>8,781,474</u>	<u>(186,083)</u>	<u>8,595,391</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 315,875</u>	<u>(185,898)</u>	<u>\$ 129,977</u>
Fund Balance:				
Beginning of year - July 1			<u>315,875</u>	
End of year - June 30			<u>\$ 129,977</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, 2018

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
US Department of Commerce	\$ 1,500,000	\$ 965,309	\$ 428,071	\$ 1,393,380
Golden Leaf Grant	423,600	423,600	-	423,600
Golden Leaf Grant - Vent	171,428	171,428	-	171,428
CVCC Foundation Grant	2,996	-	-	-
Duke Energy Grant	150,000	150,000	-	150,000
Total revenues	<u>2,248,024</u>	<u>1,710,337</u>	<u>428,071</u>	<u>2,138,408</u>
Expenditures:				
Education:				
Admin and legal expenses	25,000	24,894	-	24,894
Architect and engineer fees	184,365	137,498	-	137,498
Testing/inspection/site	22,065	10,053	-	10,053
Construction expense - Golden Leaf	423,600	423,600	-	423,600
Construction expense - Duke Energy	150,000	150,000	-	150,000
Construction expense - Building upfit	1,522,764	1,472,134	-	1,472,134
Construction expense - Golden Leaf - Vent	171,428	171,428	-	171,428
Total expenditures	<u>2,499,222</u>	<u>2,389,607</u>	<u>-</u>	<u>2,389,607</u>
Revenues over (under) expenditures	<u>(251,198)</u>	<u>(679,270)</u>	<u>428,071</u>	<u>(251,199)</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	400,000	400,000	-	400,000
Transfers out:				
General Fund	(148,802)	-	(148,801)	(148,801)
Total other financing sources (uses)	<u>251,198</u>	<u>400,000</u>	<u>(148,801)</u>	<u>251,199</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (279,270)</u>	<u>\$ 279,270</u>	<u>\$ -</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, 2018

	Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Appalachian Regional Commission	\$ 100,000	\$ 90,000	\$ 9,924	\$ 99,924
Expenditures:				
Education:				
Equipment	199,923	193,752	6,096	199,848
Total expenditures	199,923	193,752	6,096	199,848
Revenues over (under) expenditures	(99,923)	(103,752)	3,828	(99,924)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	100,000	100,000	-	100,000
Transfers out:				
General Fund	(77)	-	(76)	(76)
Total other financing sources (uses)	99,923	100,000	(76)	99,924
Net change in fund balance	\$ -	\$ (3,752)	\$ 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, 2018

	<u>Budget</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
NC Parks and Recreation Trust Fund	\$ 225,106	\$ 112,698	\$ 112,408	\$ 225,106
Expenditures:				
Cultural and recreation:				
Park construction/renovation costs	564,386	404,332	160,054	564,386
Design/engineering	73,900	67,981	5,919	73,900
Total expenditures	638,286	472,313	165,973	638,286
Revenues over (under) expenditures	(413,180)	(359,615)	(53,565)	(413,180)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	416,094	416,094	-	416,094
Transfers out:				
General Fund	(2,914)	-	(2,914)	(2,914)
Total other financing sources (uses)	413,180	416,094	(2,914)	413,180
Net change in fund balance	\$ -	\$ 56,479	\$ (56,479)	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY OFFICE COMPLEX RENOVATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual		Total to Date
		Prior Years	Current Year	
Expenditures:				
Construction/renovation costs	\$ 2,000,000	\$ -	\$ 213,721	\$ 213,721
Professional/technical services	125,000	-	-	-
Technology	215,500	-	-	-
Total expenditures	2,340,500	-	213,721	213,721
Revenues over (under) expenditures	(2,340,500)	-	(213,721)	(213,721)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	2,340,500	-	2,340,500	2,340,500
Net change in fund balance	\$ -	\$ -	\$ 2,126,779	\$ 2,126,779

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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017**

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water revenues	\$ 1,357,000	\$ 1,388,443	\$ 31,443	\$ 1,351,244
Non-operating revenues:				
Investment earnings	215	1,119	904	399
Total revenues	<u>1,357,215</u>	<u>1,389,562</u>	<u>32,347</u>	<u>1,351,643</u>
Expenditures:				
Water and distribution	1,352,325	757,839	594,486	780,419
Capital outlay	-	-	-	18,420
Contingency	28,390	-	28,390	-
Budgetary appropriations:				
Debt principal	368,000	364,395	3,605	363,315
Interest and fees paid	48,000	46,208	1,792	50,410
Total expenditures	<u>1,796,715</u>	<u>1,168,442</u>	<u>628,273</u>	<u>1,212,564</u>
Revenues over (under) expenditures	<u>(439,500)</u>	<u>221,120</u>	<u>660,620</u>	<u>139,079</u>
Other Financing Sources (Uses):				
Transfer from Bethlehem Water	124,500	123,269	(1,231)	122,459
Appropriated fund balance	315,000	-	(315,000)	-
Total other financing sources (uses)	<u>439,500</u>	<u>123,269</u>	<u>(316,231)</u>	<u>122,459</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 344,389</u>	<u>\$ 344,389</u>	<u>\$ 261,538</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 344,389		
Reconciling items:				
Capital contributions - capital project grants		1,267,849		
Capital project transfer from General Fund		237,640		
Change in deferred outflows of resources - pension		(25,300)		
Change in net pension liability		28,455		
Change in deferred inflows of resources - pension		3,034		
Debt principal		364,395		
Depreciation		(600,523)		
Change in accrued interest		700		
Change in compensated absences		13,806		
Change in OPEB liability		(52,092)		
Change in net position		<u>\$ 1,582,353</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, 2018

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Shurtape Job Retention Wastewater Project:				
Revenues:				
Appalachian Regional Commission	\$ 278,640	\$ -	\$ 220,268	\$ 220,268
Golden Leaf Foundation	930,560	-	774,448	774,448
Total revenues	<u>1,209,200</u>	<u>-</u>	<u>994,716</u>	<u>994,716</u>
Expenditures:				
Wastewater (ARC)	278,640	60,000	201,951	261,951
Wastewater (GLF)	930,560	-	930,560	930,560
Wastewater (County)	185,000	29,098	1,800	30,898
Total expenditures	<u>1,394,200</u>	<u>89,098</u>	<u>1,134,311</u>	<u>1,223,409</u>
Revenues over (under) expenditures	(185,000)	(89,098)	(139,595)	(228,693)
Other Financing Sources (Uses):				
Transfer from General Fund	<u>185,000</u>	<u>35,000</u>	<u>150,000</u>	<u>185,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (54,098)</u>	<u>\$ 10,405</u>	<u>\$ (43,693)</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, 2018

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Industrial Park Pump Station Replacement Project:				
Revenues:				
Appalachian Regional Commission	\$ 298,348	\$ -	\$ 273,133	\$ 273,133
Expenditures:				
Construction	597,440	-	556,504	556,504
Engineering & inspection fees	44,750	31,000	12,016	43,016
Contingencies	5,147	-	-	-
Utilities	12,000	-	1,000	1,000
Grant administration	25,000	-	4,647	4,647
Total expenditures	<u>684,337</u>	<u>31,000</u>	<u>574,167</u>	<u>605,167</u>
Revenues over (under) expenditures	(385,989)	(31,000)	(301,034)	(332,034)
Other Financing Sources (Uses):				
Transfer from General Fund	<u>385,989</u>	<u>298,349</u>	<u>87,640</u>	<u>385,989</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 267,349</u>	<u>\$ (213,394)</u>	<u>\$ 53,955</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, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,400,000	\$ 1,369,717	\$ (30,283)	\$ 1,608,533
Non-operating revenues:				
Investment earnings	700	1,709	1,009	974
Total revenues	<u>1,400,700</u>	<u>1,371,426</u>	<u>(29,274)</u>	<u>1,609,507</u>
Expenditures:				
Administration				
Water and distribution	1,085,846	687,566	398,280	914,140
Budgetary appropriations:				
Capital outlay	2,304	2,304	-	125,161
Debt principal	137,000	135,867	1,133	186,825
Interest and fees paid	2,000	1,690	310	5,275
Contingency	49,050	-	49,050	-
Total expenditures	<u>1,276,200</u>	<u>827,427</u>	<u>448,773</u>	<u>1,231,401</u>
Revenues over (under) expenditures	<u>124,500</u>	<u>543,999</u>	<u>419,499</u>	<u>378,106</u>
Other Financing Sources (Uses):				
Transfer to County Water and Sewer Fund	(124,500)	(123,269)	1,231	(122,459)
Transfer from Bethlehem - Ellendale Capital Project	-	-	-	70,784
Total other financing sources (uses)	<u>(124,500)</u>	<u>(123,269)</u>	<u>1,231</u>	<u>(51,675)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 420,730</u>	<u>\$ 420,730</u>	<u>\$ 326,431</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 420,730		
Reconciling items:				
Debt principal		135,867		
Capital outlay		2,304		
Change in accrued interest		649		
Depreciation and amortization		<u>(235,857)</u>		
Change in net position		<u>\$ 323,693</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, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill	\$ 1,280,000	\$ 1,298,159	\$ 18,159	\$ 1,232,561
Convenience center	260,500	254,497	(6,003)	258,446
Non-operating revenues:				
Intergovernmental revenues	103,000	108,538	5,538	98,414
Grant revenue	-	-	-	6,093
Miscellaneous revenue	22,000	21,738	(262)	13,162
Total revenues	<u>1,665,500</u>	<u>1,682,932</u>	<u>17,432</u>	<u>1,608,676</u>
Expenditures:				
Convenience centers	203,241	187,390	15,851	179,852
Landfill operations	1,395,659	1,340,659	55,000	1,346,651
Capital outlay	168,600	168,600	-	-
Total expenditures	<u>1,767,500</u>	<u>1,696,649</u>	<u>70,851</u>	<u>1,526,503</u>
Revenues over (under) expenditures	(102,000)	(13,717)	88,283	82,173
Other Financing Sources (Uses):				
Transfers - General Fund	<u>102,000</u>	<u>102,000</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 88,283</u>	<u>\$ 88,283</u>	<u>\$ 82,173</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 88,283		
Reconciling items:				
Capital outlay capitalized		168,600		
Change in deferred outflows of resources - pension		(16,251)		
Change in net pension liability		15,092		
Change in deferred inflows of resources - pension		19		
Change in compensated absences		15,714		
Change in OPEB liability		(15,671)		
Change in deferred outflows of resources - OPEB		5		
Change in deferred inflows of resources - OPEB		(35,936)		
Depreciation		<u>(82,648)</u>		
Change in net position		<u>\$ 137,207</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, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-operating revenues:				
Investment earnings	\$ 25	\$ 336	\$ 311	\$ 62
Expenditures:				
Monitoring	148,000	62,173	85,827	76,529
Contingencies	2,025	-	2,025	-
Total expenditures	150,025	62,173	87,852	76,529
Revenues over (under) expenditures	(150,000)	(61,837)	88,163	(76,467)
Other Financing Sources (Uses):				
Transfer in - General Fund	150,000	150,000	-	100,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 88,163	\$ 88,163	\$ 23,533
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 88,163		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		(134,620)		
Change in net position		\$ (46,457)		

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Bethlehem Sewer</u>
Assets:	
Current assets:	
Cash and investments	\$ 871,703
Accounts receivable, net	<u>5,695</u>
Total current assets	<u>877,398</u>
Non-current assets:	
Depreciable assets, net	<u>681,036</u>
Total assets	<u>1,558,434</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	<u>10,747</u>
Net Position:	
Net investment in capital assets	681,036
Unrestricted	<u>866,651</u>
Total net position	<u>\$ 1,547,687</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, 2018**

	Bethlehem Sewer
	<u> </u>
Operating Revenues:	
Sewer capital reserve fees	\$ 21,901
	<u> </u>
Operating Expenses:	
Water and sewer operations	75,785
Depreciation and amortization	35,570
Total operating expenses	<u>111,355</u>
Income (loss) before transfers	(89,454)
Transfers In (Out):	
General Fund	<u>785,273</u>
Change in net position	695,819
Net Position:	
Beginning of year - July 1	<u>851,868</u>
End of year - June 30	<u>\$ 1,547,687</u>

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Bethlehem Sewer
Cash Flows from Operating Activities:	
Cash received from customers	\$ 21,465
Cash paid for goods and services	<u>(65,038)</u>
Net cash provided (used) by operating activities	<u>(43,573)</u>
Cash Flows from Non-Capital Financing Activities:	
Change in due to/from other funds	<u>785,273</u>
Net increase (decrease) in cash and cash equivalents	741,700
Cash and Cash Equivalents - Beginning of Year - July 1	<u>130,003</u>
Cash and Cash Equivalents - End of Year - June 30	<u><u>\$ 871,703</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (89,454)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,570
(Increase) decrease in accounts receivable	(436)
Increase (decrease) in accounts payable	<u>10,747</u>
Net cash provided (used) by operating activities	<u><u>\$ (43,573)</u></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, 2018

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

	2018			2017
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Sewer capital reserve fee	\$ 20,000	\$ 21,901	\$ 1,901	\$ 21,014
Expenditures:				
Operations	804,373	75,785	728,588	6,500
Contingency	900	-	900	-
Total expenditures	805,273	75,785	729,488	6,500
Revenues over (under) expenditures	(785,273)	(53,884)	731,389	14,514
Other Financing Sources (Uses):				
Transfer in - General Fund	785,273	785,273	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 731,389	\$ 731,389	\$ 14,514
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues over (under) expenditures		\$ 731,389		
Reconciling items:				
Depreciation		(35,570)		
Change in net position		\$ 695,819		

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2018

	<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, 2018</u>
Assets:					
Cash and investments	\$ 20,349	\$ 3,553	\$ 337	\$ 7,588	\$ 31,827
Liabilities:					
Accounts payable	\$ 20,349	\$ 3,553	\$ -	\$ 7,588	\$ 31,490
Intergovernmental payable - State of North Carolina	-	-	337	-	337
Total liabilities	<u>\$ 20,349</u>	<u>\$ 3,553</u>	<u>\$ 337</u>	<u>\$ 7,588</u>	<u>\$ 31,827</u>

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Social Services:				
Assets:				
Cash and investments:				
Client services	\$ 20,347	\$ 115,749	\$ 115,747	\$ 20,349
Liabilities:				
Accounts payable	\$ 20,347	\$ 115,749	\$ 115,747	\$ 20,349
Sheriff's Civil Executions Fund:				
Assets:				
Cash and investments	\$ 3,161	\$ 17,986	\$ 17,594	\$ 3,553
Liabilities:				
Accounts payable	\$ 3,161	\$ 17,986	\$ 17,594	\$ 3,553
Deed of Trust Fees:				
Assets:				
Cash and investments	\$ 412	\$ 4,199	\$ 4,274	\$ 337
Liabilities:				
Intergovernmental payable:				
State of North Carolina	\$ 412	\$ 4,199	\$ 4,274	\$ 337
Fines and Forfeitures:				
Assets:				
Cash and investments	\$ 7,185	\$ 157,253	\$ 156,850	\$ 7,588
Liabilities:				
Accounts payable	\$ 7,185	\$ 157,253	\$ 156,850	\$ 7,588
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 31,105	\$ 295,187	\$ 294,465	\$ 31,827
Liabilities:				
Accounts payable	\$ 30,693	\$ 290,988	\$ 290,191	\$ 31,490
Intergovernmental payable:				
State of North Carolina	412	4,199	4,274	337
Total liabilities	\$ 31,105	\$ 295,187	\$ 294,465	\$ 31,827

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2018	\$ -	\$ 20,584,648	\$ 19,980,118	\$ 604,530
2017	639,554	-	334,513	305,041
2016	303,810	-	145,116	158,694
2015	134,154	-	54,146	80,008
2014	89,152	-	26,942	62,210
2013	70,273	-	20,342	49,931
2012	46,847	-	12,177	34,670
2011	31,724	-	5,680	26,044
2010	26,558	-	3,286	23,272
2009	26,596	-	1,918	24,678
2008	21,541	-	21,541	-
Total	<u>\$ 1,390,209</u>	<u>\$ 20,584,648</u>	<u>\$ 20,605,779</u>	1,369,078

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund 293,910

Ad valorem taxes receivable, net:

General Fund \$ 1,075,168

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund \$ 20,418,612

Ad valorem taxes - Revaluation Fund 308,000

Penalties collected on ad valorem taxes - Agency Fund 17,144

Total ad valorem taxes 20,743,756

Reconciling items:

Interest and penalties collected (169,894)

Tax refunds 12,324

Miscellaneous adjustments (1,948)

Amounts written off for tax year 2008 per Statute of Limitations 21,541

Total collections and credits \$ 20,605,779

ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2018

	County-Wide		Total Levy		
			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Amount of Levy		
Original Levy:					
County-wide:					
Property tax	\$ 2,603,365,053	\$ 0.790	\$ 20,566,584	\$ 18,245,280	\$ 2,321,304
Late list penalties	-		17,290	17,290	-
Total original levy	<u>2,603,365,053</u>		<u>20,583,874</u>	<u>18,262,570</u>	<u>2,321,304</u>
Discoveries	<u>6,597,749</u>		<u>52,122</u>	<u>52,122</u>	<u>-</u>
Abatements and Discounts	<u>(6,499,747)</u>		<u>(51,348)</u>	<u>(51,348)</u>	<u>-</u>
Total property valuation	<u>\$ 2,603,463,055</u>				
Net Levy			20,584,648	18,263,344	2,321,304
Uncollected taxes at June 30, 2018			<u>604,530</u>	<u>604,530</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 19,980,118</u>	<u>\$ 17,658,814</u>	<u>\$ 2,321,304</u>
Current Levy Collection Percentage			97.06%	96.69%	100.00%

**ALEXANDER COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2018

MARTIN  STARNES

& ASSOCIATES, CPAs, P.A.

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

ALEXANDER COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2018

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MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Alexander County
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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2018, 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 21, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, North Carolina
November 21, 2018

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 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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated November 21, 2018, 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, North Carolina
November 21, 2018

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 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, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards 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, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report On Schedule of Expenditures of Federal and State Awards Required By Uniform Guidance and The State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements. We issued our report thereon dated November 21, 2018, 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, North Carolina
November 21, 2018

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Non-compliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(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)?

_____ Yes X No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
Supplemental Nutrition Assistance Program Cluster	10.561
Child Support Enforcement	93.563
Low Income Home Energy Assistance Program	93.568

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

\$750,000

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, 2018**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

- Program Name**
Medicaid Cluster
Golden Leaf Foundation

2. Financial Statement Findings

None reported.

3. Federal Award Findings

None reported.

4. State Award Findings

None reported.

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding 2015-003:

Status: the finding is no longer valid due to the following:

- (i) Two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse.
- (ii) The N.C Department of Health and Human Services, Division of Child Development and Early Education, is not currently following up with the County on this finding.
- (iii) The N.C Department of Health and Human Services, Division of Child Development and Early Education never issued a management decision.

Finding 2017-001:

Corrected

Finding 2017-002:

Corrected

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

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
Federal Awards:					
<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 (SNAP) Cluster:</u>					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	185NC406S2514	\$ 217,712	\$ -	\$ -
Total SNAP Cluster			<u>217,712</u>	<u>-</u>	<u>-</u>
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	13A25403GH02	135,495	-	-
Total U.S. Department of Agriculture			<u>353,207</u>	<u>-</u>	<u>-</u>
<u>Appalachian Regional Commission</u>					
Passed-through the N.C. Department of Commerce:					
Appalachian Area Development:					
Wastewater Treatment System Upgrade	23.002	NC-18328-15	201,951	-	-
Appalachian Area Development:					
Alexander County Industrial Park Pump Station Replacement	23.002	NC-18702-17	298,348	-	-
Appalachian Area Development:					
Alexander County Applied Technologies Building Equipment	23.002	NC-17981-14	9,924	-	-
Appalachian Area Development:					
Alexander County Broadband Study	23.002	NC-18710-17	10,000	-	-
Total Appalachian Regional Commission			<u>520,223</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Treasury</u>					
Equitable Sharing Program - Treasury Funds	21.016	272700508	7,500	-	-
Total U.S. Dept. of Treasury			<u>7,500</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit Administration					
<u>Transit Services Programs Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT-14	103,985	12,998	-
Total Transit Services Programs Cluster			<u>103,985</u>	<u>12,998</u>	<u>-</u>
Total U.S. Dept. of Transportation			<u>103,985</u>	<u>12,998</u>	<u>-</u>
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Public Safety:					
Division of Emergency Management					
Emergency Management Performance Grant	97.042	EMPG-2017-17002, 37003	38,642	-	-
Homeland Security Grant Program	97.067	EMW-2016-SS-00011-S01-1644	19,900	-	-
Total U. S. Department of Homeland Security			<u>58,542</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health & Human Services</u>					
Passed-through Western Piedmont Council of Governments:					
Administration for Community Living					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers	93.044	566000272-2018	112,283	-	-
Special Programs for the Aging - Title III C					
Nutrition Services	93.045	566000272-2018	66,739	-	-
Nutrition Services Incentive Program	93.053	566000272-2018	43,513	-	-
Total Aging Cluster			<u>222,535</u>	<u>-</u>	<u>-</u>
Passed-through N.C. Department of Insurance:					
Division of SHIIP:					
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations:					
State Health Insurance Assistance Program	93.324	90SAPG0027-01-01	2,704	-	-
Medicare Enrollment Assistance Programs	93.071	1701NCMISH-01	2,529	-	-
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Special Children Adoption Fund Cluster (Note 4)</u>					
Division of Social Services:					
Promoting Safe and Stable Families - Admin	93.556	1801NCFPSS	27,129	-	-
Total Special Children Adoption Fund Cluster (Note 4)			<u>27,129</u>	<u>-</u>	<u>-</u>
<u>Temporary Assistance for Needy Families (TANF) Cluster</u>					
Division of Social Services:					
Temporary Assistance for Needy Families - Work First - Admin	93.558	1801NCFPSS	210,683	-	-
Division of Public Health:					
Temporary Assistance for Needy Families - Work First	93.558	13A15151T202	3,469	-	-
Total TANF Cluster			<u>214,152</u>	<u>-</u>	<u>-</u>

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

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
<u>Foster Care and Adoption Cluster (Note 4)</u>					
Administration:					
Foster Care - Title IV-E	93.658	1801NCFOST	208,363	18,773	-
Foster Care - Title IV-E	93.658	1801NCFOST	41,538	-	-
Adoption Assistance	93.659	1801NCADPT	1,612	-	-
Direct benefits:					
Foster Care - Title IV-E	93.658	1801NCFOST	182,806	62,414	-
Total Foster Care and Adoption Cluster (Note 4)			434,319	81,187	-
Child Support Enforcement	93.563	1804NC4005	220,498	-	-
Low-Income Home Energy Assistance:					
Administration	93.568	G18B1NCLIEA	18,824	-	-
Energy Assistance Payments	93.568	G18B1NCLIEA	114,500	-	-
Crisis Intervention Program	93.568	G18B1NCLIEA	114,587	-	-
Total Low-Income Home Energy Assistance			247,911	-	-
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645	G1801NCCWSS	10,037	-	-
Chafee Foster Care Independence Program	93.674	1801NC1420	9,893	2,473	-
Chafee Foster Care Independence Program - Direct Benefit Payments	93.674	1801NC1420	1,660	-	-
Division of Aging and Adult Services:					
Division of Social Services:					
Social Services Block Grant - State In Home Service Fund	93.667	G1801NCSOSR	8,851	-	-
Social Services Block Grant - State Adult Day Care	93.667	G1801NCSOSR	-	4,717	-
Social Services Block Grant - Other Service and Training	93.667	G1801NCSOSR	133,984	-	-
Total Social Service Block Grant			142,835	4,717	-
Division of Child Development and Early Education:					
Subsidized Child Care Cluster (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	536145.000	80,000	-	-
Total Child Care Development Cluster			80,000	-	-
Total Subsidized Child Care Cluster (Note 4)			80,000	-	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
<u>Medicaid Cluster:</u>					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	DMA 2018	817,704	2,967	-
Total Medicaid Cluster			817,704	2,967	-
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice	93.767	CHIP18	21,034	10	-
<u>Centers for Disease Control and Prevention</u>					
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	12642680EY02	30,068	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control					
Control Programs	93.116	1460272C(D)NF02	50	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1175837B(C)DH02	5,000	-	-
<u>Office of Population Affairs</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Family Planning Services	93.217	13A1592B(C)FP02	26,406	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	1331627EVP02	11,712	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	12615503PF(00)02	39,984	-	-

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

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
<u>Health Resources and Services Administration</u>					
Passed-through N.C. Dept. of Health and Human Services:					
Maternal and Child Health Services Block Grant to the States	93.994	13A15740AP(00)02	26,386	19,791	-
<u>HIV Cluster (Note 4):</u>					
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	1311462D(E)NB02	692	-	-
Total HIV Cluster			<u>692</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services			<u>2,595,238</u>	<u>111,145</u>	<u>-</u>
Total federal awards			<u>3,638,695</u>	<u>124,143</u>	<u>-</u>
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veterans Service		032118-2579	-	2,175	-
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library					
State Aid to Public Libraries		566000272-2018	-	100,110	-
NC Parks and Recreation Trust Fund (PARTF) Project					
Rocky Face Park Phase 2		2013-0739	-	112,408	-
Total N.C. Dept. of Cultural and Natural Resources			<u>-</u>	<u>212,518</u>	<u>-</u>
<u>N.C. Department of Environmental Quality</u>					
Division of Water Resources					
NRCS Equipment Projects-Stream Restoration Project		536990	-	41,742	-
<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		3,647	-
Division of Social Services					
DCD Smart Start			-	16,000	-
St Child Welfare/CPS/CS LD			-	151,212	-
AFDC Incent/Prog Integrity			-	618	-
Extended FC/Max Non IV-E - direct benefits			-	30,283	-
F/C At Risk Maximization - direct benefits			-	550	-
SFHF Maximization - direct benefits			-	13,314	-
State Foster Home - direct benefits			-	23,107	-
Total Division of Social Service			<u>-</u>	<u>235,084</u>	<u>-</u>
Division of Public Health					
General Aid to Counties		116141100002	-	85,275	-
General Communicable Disease Control		117545100002	-	10,112	-
Family Planning - State		13A157350002	-	7,459	-
Women Health Service Fund		13A16018FR02	-	6,731	-
Food and Lodging Fees		11534752SZ02	-	7,222	-
School Nurse Funding Initiative		133253580002	-	150,000	-
Maternal Health		13A157400002	-	6,898	-
HIV/STD State		13114536BN(RQ)02	-	500	-
Gonorrhea Partner Services		13114601BN02	-	279	-
STD Drugs		13114601RQ02	-	75	-
TB Control		14604551(4)0002	-	2,951	-
Total Division of Public Health			<u>-</u>	<u>277,502</u>	<u>-</u>
Total N. C. Department of Health and Human Services			<u>-</u>	<u>516,233</u>	<u>-</u>
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery		4.9006.076(077).529	-	45,063	45,063
Total N.C. Dept. of Public Instruction			<u>-</u>	<u>45,063</u>	<u>45,063</u>
<u>N.C. Dept. of Public Safety</u>					
North Carolina Tier II		T2-2017-1708	-	974	-
Juvenile Crime Prevention Programs		536301	-	108,725	-
Total N.C. Dept. of Public Safety			<u>-</u>	<u>109,699</u>	<u>-</u>
<u>Golden Leaf Foundation</u>					
Shurtape Wastewater Extension		FY2015-049	-	930,560	-
Total state awards			<u>-</u>	<u>1,857,990</u>	<u>45,063</u>
Total federal and state awards			<u>\$ 3,638,695</u>	<u>\$ 1,982,133</u>	<u>\$ 45,063</u>

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2018

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, 2018. 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.

Note 3: Indirect Cost Rate

Alexander County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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.