

ALEXANDER COUNTY NORTH CAROLINA

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

**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, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of Alexander County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexander County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 30, 2015

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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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

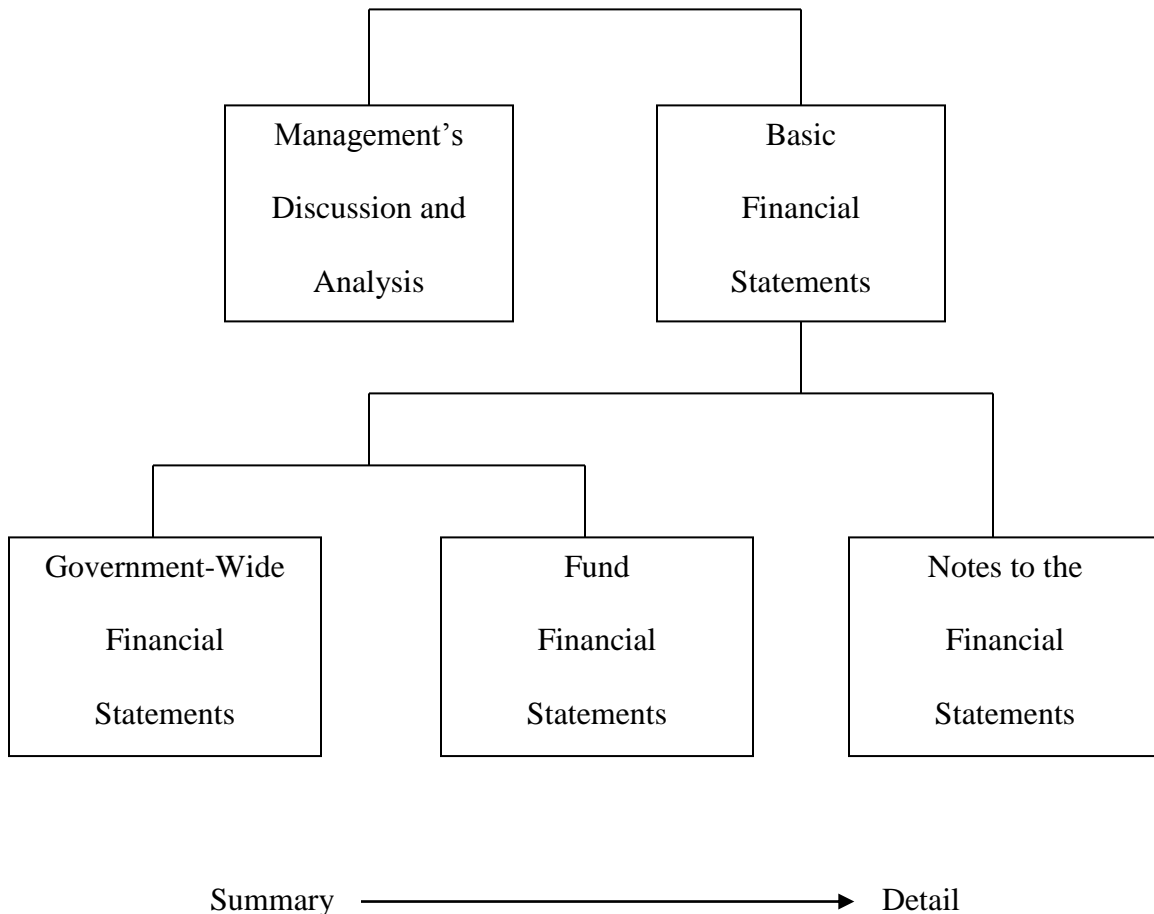
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,076,160 (*net position*).
- The government's total net position increased by \$881,117, primarily due to the implementation of Governmental Standards Board (GASB) Statement 68 in fiscal year 2015.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$15,671,490 after a net increase in fund balance of \$980,812. Approximately 52.7% of this total amount, or \$8,259,648, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,702,005, or 13.7%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$714,801 (4%) 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 6 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 \$25,076,160 as of June 30, 2015. The County's net position increased by \$881,117 for the fiscal year ended June 30, 2015. The increase was primarily due to the implementation of the Governmental Accounting Standards Board (GASB) statement 68 which required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). One of the largest portions, \$23,084,323 (92.06%), 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, \$6,354,169 (25.34%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$4,362,332 (17.40% deficit).

Alexander County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 19,033,950	\$ 17,800,654	\$ 2,607,258	\$ 2,476,509	\$ 21,641,208	\$ 20,277,163
Capital assets	18,164,257	19,049,178	16,670,587	15,405,372	34,834,844	34,454,550
Total assets	<u>37,198,207</u>	<u>36,849,832</u>	<u>19,277,845</u>	<u>17,881,881</u>	<u>56,476,052</u>	<u>54,731,713</u>
Deferred outflows of resources	<u>903,032</u>	<u>-</u>	<u>32,648</u>	<u>-</u>	<u>935,680</u>	<u>-</u>
Liabilities:						
Long-term liabilities outstanding	19,555,051	20,979,476	8,695,228	6,968,794	28,250,279	27,948,270
Other liabilities	1,190,898	2,044,331	108,892	372,702	1,299,790	2,417,033
Total liabilities	<u>20,745,949</u>	<u>23,023,807</u>	<u>8,804,120</u>	<u>7,341,496</u>	<u>29,550,069</u>	<u>30,365,303</u>
Deferred inflows of resources	<u>2,688,817</u>	<u>13,844</u>	<u>96,686</u>	<u>-</u>	<u>2,785,503</u>	<u>13,844</u>
Net Position:						
Net investment in capital assets	12,009,157	11,550,361	11,075,166	11,324,438	23,084,323	22,874,799
Restricted	6,354,169	6,014,653	-	-	6,354,169	6,014,653
Unrestricted	<u>(3,696,853)</u>	<u>(3,897,279)</u>	<u>(665,479)</u>	<u>(797,130)</u>	<u>(4,362,332)</u>	<u>(4,694,409)</u>
Total net position	<u>\$ 14,666,473</u>	<u>\$ 13,667,735</u>	<u>\$ 10,409,687</u>	<u>\$ 10,527,308</u>	<u>\$ 25,076,160</u>	<u>\$ 24,195,043</u>

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

- Property tax increase of 6.0 cents for the 2014-2015 year
- Increased sales tax revenue
- Reductions in spending by delaying capital expenditures
- Increased charges for services revenue due to growth in the use of County service
- 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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 5,182,817	\$ 5,270,722	\$ 3,705,865	\$ 3,676,075	\$ 8,888,682	\$ 8,946,797
Operating grants and contributions	5,200,286	5,380,926	-	-	5,200,286	5,380,926
Capital grants and contributions	-	104,071	22,938	-	22,938	104,071
General revenues:						
Property taxes	18,464,936	17,384,130	-	-	18,464,936	17,384,130
Other taxes	6,765,032	6,507,106	-	-	6,765,032	6,507,106
Grants and contributions not restricted to specific programs	-	-	90,075	153,981	90,075	153,981
Other	16,447	15,985	508	774	16,955	16,759
Total revenues	<u>35,629,518</u>	<u>34,662,940</u>	<u>3,819,386</u>	<u>3,830,830</u>	<u>39,448,904</u>	<u>38,493,770</u>
Expenses:						
General government	5,358,310	6,585,157	-	-	5,358,310	6,585,157
Public safety	9,980,995	9,685,724	-	-	9,980,995	9,685,724
Environmental protection	349,838	319,978	-	-	349,838	319,978
Economic and physical development	608,783	1,115,451	-	-	608,783	1,115,451
Human services	10,000,112	10,184,712	-	-	10,000,112	10,184,712
Cultural and recreation	875,200	912,851	-	-	875,200	912,851
Education	5,664,536	5,653,058	-	-	5,664,536	5,653,058
Interest and fees	381,902	472,088	-	-	381,902	472,088
Water and sewer	-	-	2,334,617	2,419,633	2,334,617	2,419,633
Solid waste	-	-	1,678,635	1,670,995	1,678,635	1,670,995
Total expenses	<u>33,219,675</u>	<u>34,929,019</u>	<u>4,013,252</u>	<u>4,090,628</u>	<u>37,232,927</u>	<u>39,019,647</u>
Increase (decrease) in net position before transfers	2,409,843	(266,079)	(193,866)	(259,798)	2,215,977	(525,877)
Transfers	<u>(125,000)</u>	<u>(175,808)</u>	<u>125,000</u>	<u>175,808</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,284,843</u>	<u>(441,887)</u>	<u>(68,866)</u>	<u>(83,990)</u>	<u>2,215,977</u>	<u>(525,877)</u>
Net Position:						
Beginning of year - July 1	13,667,735	14,109,622	10,527,308	10,611,298	24,195,043	24,720,920
Prior period adjustment	<u>(1,286,105)</u>	<u>-</u>	<u>(48,755)</u>	<u>-</u>	<u>(1,334,860)</u>	<u>-</u>
Beginning of year - July 1, Restated	<u>12,381,630</u>	<u>14,109,622</u>	<u>10,478,553</u>	<u>10,611,298</u>	<u>22,860,183</u>	<u>24,720,920</u>
End of year - June 30	<u>\$ 14,666,473</u>	<u>\$ 13,667,735</u>	<u>\$ 10,409,687</u>	<u>\$ 10,527,308</u>	<u>\$ 25,076,160</u>	<u>\$ 24,195,043</u>

Governmental Activities. Governmental activities increased the County's net position by \$998,738, thereby accounting for 113.35% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Property tax increase of 6.0 cents for the 2014-2015 year
- Increase in sales tax revenue
- Decrease in self-insured group medical claims expense
- Decrease in capital expenditures
- GASB Statement 68 implementation

Business-Type Activities. Business-type activities decreased Alexander County's net position by \$117,621, accounting for (13.35)% of the total increase in the government's net position. Key elements of this decrease are as follows:

- Decrease in State revenue and private contributions for water capital projects
- Decrease in Solid Waste Fund revenues
- GASB Statement 68 implementation

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 \$6,022,357, while total fund balance reached \$9,732,991. The County currently has an available fund balance of 17.60% of total General Fund expenditures and transfers out, while total fund balance represents 28.44% of that same amount.

At June 30, 2015, the governmental funds of Alexander County reported a combined fund balance of \$15,671,490, a 6.7% increase over last year. The primary reason for this increase is the increase in fund balance in the Capital Improvements 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 \$624,000 which is 1.9 percent more than originally budgeted. The County received additional Federal and State funding during the year for public health, social services, and public safety programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the original 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 – \$878,821; Bethlehem Water Fund – \$1,122,963; Solid Waste Fund – (\$643,197) deficit; and Landfill Closure Fund – (\$2,124,181) deficit. The total decline in net position for these four major funds was (\$53,484) deficit. Other factors concerning the finances of these funds have already been addressed in the discussion of Alexander County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Alexander County's capital assets for its governmental and business-type activities as of June 30, 2015, total \$34,834,844 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Purchase of vehicles and equipment for public safety programs
- Purchase of technology equipment for general government
- Retirement of surplus public safety and general government vehicles
- Water line extensions added to the County's water distribution system
- Construction in progress for a water capital project

Alexander County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 4,395,109	\$ 4,395,109	\$ 231,973	\$ 231,973	\$ 4,627,082	\$ 4,627,082
Construction in progress	65,953	-	2,709,050	926,869	2,775,003	926,869
Buildings	17,327,576	17,327,576	651,404	651,404	17,978,980	17,978,980
Other improvements	1,218,421	1,218,421	-	-	1,218,421	1,218,421
Equipment and machinery	3,782,266	3,691,498	607,152	607,152	4,389,418	4,298,650
Vehicles	2,874,377	2,685,837	334,987	334,987	3,209,364	3,020,824
Infrastructure	-	-	21,533,832	21,291,016	21,533,832	21,291,016
Furniture and fixtures	7,724	7,724	1,603	1,603	9,327	9,327
	29,671,426	29,326,165	26,070,001	24,045,004	55,741,427	53,371,169
Less: accumulated depreciation	(11,507,169)	(10,276,987)	(9,399,414)	(8,639,632)	(20,906,583)	(18,916,619)
Total	<u>\$ 18,164,257</u>	<u>\$ 19,049,178</u>	<u>\$ 16,670,587</u>	<u>\$ 15,405,372</u>	<u>\$ 34,834,844</u>	<u>\$ 34,454,550</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, 2015, Alexander County had total debt outstanding of \$17,295,831, 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	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ 11,700,410	\$ 13,929,698	\$ 5,089,422	\$ 3,395,079	\$ 16,789,832	\$ 17,324,777
General obligation bonds	-	-	505,999	685,855	505,999	685,855
Total	<u>\$ 11,700,410</u>	<u>\$ 13,929,698</u>	<u>\$ 5,595,421</u>	<u>\$ 4,080,934</u>	<u>\$ 17,295,831</u>	<u>\$ 18,010,632</u>

Alexander County's total debt decreased by \$714,801 (4%) 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 \$191,734,498.

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.

- The County was experiencing an unemployment rate of 5.6% at June 30, 2015. This was lower than the State average of 6.1%.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities. General Fund revenues, excluding transfers, are projected to increase \$2,372,000 (6.9%) from 2015 amounts. This is due to an increase in the property tax rate in combination with a declining tax base and an expected decrease in grant funds.

General Fund expenditures, excluding transfers, are projected to increase \$3,747,000 (11.2 %) from 2015 amounts. The main factors for this include increased County funding to the local school system, capital outlay expenditures planned for general government and public safety operations, increases in retiree health insurance participation, and increases in human services programs.

Capital projects continuing in fiscal year 2016 include the Applied Technology Project, which will use economic development grants and local matching funds. The Rocky Face Park Phase II Project will also continue through the use of State grant money and local matching funds.

Business-Type Activities. Budgeted expenditures in the Solid Waste Fund are expected to remain at the same level as 2015. Water rates will increase to cover the increased operating costs passed on from the County's water supplier and to provide funds for debt service on the Bethlehem-Ellendale Water Project, which will be completed during fiscal year 2016.

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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 11,411,066	\$ 2,816,104	\$ 14,227,170
Taxes receivable, net	956,803	-	956,803
Accounts receivable, net	1,351,766	375,048	1,726,814
Due from other governments	1,320,578	-	1,320,578
Internal balances	649,946	(649,946)	-
Prepaid items	436,333	26,381	462,714
Cash and investments, restricted	1,747,521	-	1,747,521
Net pension asset	1,159,937	39,671	1,199,608
Capital assets:			
Land and other non-depreciable assets	4,461,062	2,941,023	7,402,085
Depreciable assets, net	13,703,195	13,729,564	27,432,759
Total assets	37,198,207	19,277,845	56,476,052
Deferred Outflows of Resources:			
Pension deferrals	127,885	4,616	132,501
Contributions to pension plan in current fiscal year	775,147	28,032	803,179
Total deferred outflows of resources	903,032	32,648	935,680
Liabilities:			
Accounts payable and accrued liabilities	615,554	95,252	710,806
Miscellaneous liabilities	575,344	13,640	588,984
Accrued interest	119,240	11,518	130,758
Current portion of compensated absences	449,000	7,800	456,800
Current portion of long-term debt	1,653,312	548,781	2,202,093
Non-current liabilities:			
Accrued landfill post-closure care costs	-	2,815,320	2,815,320
Non-current compensated absences	484,039	25,696	509,735
Non-current other post-employment benefits	6,389,200	239,473	6,628,673
Non-current portion of long-term debt	10,460,260	5,046,640	15,506,900
Total liabilities	20,745,949	8,804,120	29,550,069
Deferred Inflows of Resources:			
Pension deferrals	2,670,657	96,686	2,767,343
Prepaid taxes	18,160	-	18,160
Total deferred inflows of resources	2,688,817	96,686	2,785,503
Net Position:			
Net investment in capital assets	12,009,157	11,075,166	23,084,323
Restricted for:			
Stabilization for State statute	3,322,505	-	3,322,505
Register of Deeds	33,780	-	33,780
Public safety	764,014	-	764,014
General government	34,794	-	34,794
Human services	72,861	-	72,861
Economic and physical development	8,290	-	8,290
Education	2,117,925	-	2,117,925
Unrestricted (deficit)	(3,696,853)	(665,479)	(4,362,332)
Total net position	\$ 14,666,473	\$ 10,409,687	\$ 25,076,160

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,358,310	\$ 419,295	\$ 29,532	\$ -
Public safety	9,980,995	2,455,896	116,448	-
Environmental protection	349,838	61,959	-	-
Economic and physical development	608,783	22,068	167,289	-
Human services	10,000,112	2,159,508	4,796,183	-
Cultural and recreation	875,200	64,091	90,834	-
Education	5,664,536	-	-	-
Interest and fees	381,902	-	-	-
Total governmental activities	<u>33,219,675</u>	<u>5,182,817</u>	<u>5,200,286</u>	<u>-</u>
Business-Type Activities:				
Water and sewer	2,334,617	2,643,654	-	-
Solid waste	1,678,635	1,062,211	-	22,938
Total business-type activities	<u>4,013,252</u>	<u>3,705,865</u>	<u>-</u>	<u>22,938</u>
Total primary government	<u>\$ 37,232,927</u>	<u>\$ 8,888,682</u>	<u>\$ 5,200,286</u>	<u>\$ 22,938</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, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (4,909,483)	\$ -	\$ (4,909,483)
Public safety	(7,408,651)	-	(7,408,651)
Environmental protection	(287,879)	-	(287,879)
Economic and physical development	(419,426)	-	(419,426)
Human services	(3,044,421)	-	(3,044,421)
Cultural and recreation	(720,275)	-	(720,275)
Education	(5,664,536)	-	(5,664,536)
Interest and fees	(381,902)	-	(381,902)
Total governmental activities	<u>(22,836,572)</u>	<u>-</u>	<u>(22,836,572)</u>
Business-Type Activities:			
Water and sewer	-	309,037	309,037
Solid waste	-	(593,486)	(593,486)
Total business-type activities	<u>-</u>	<u>(284,449)</u>	<u>(284,449)</u>
Total primary government	<u>(22,836,572)</u>	<u>(284,449)</u>	<u>(23,121,021)</u>
General Revenues:			
Ad valorem taxes	18,464,936	-	18,464,936
Local option sales taxes	6,422,205	-	6,422,205
Other taxes and licenses	342,827	-	342,827
Unrestricted intergovernmental revenues	-	90,075	90,075
Investment earnings, unrestricted	16,447	508	16,955
Total general revenues, excluding transfers	<u>25,246,415</u>	<u>90,583</u>	<u>25,336,998</u>
Transfers	(125,000)	125,000	-
Total general revenues and transfers	<u>25,121,415</u>	<u>215,583</u>	<u>25,336,998</u>
Change in net position	<u>2,284,843</u>	<u>(68,866)</u>	<u>2,215,977</u>
Net Position:			
Beginning of year - July 1	13,667,735	10,527,308	24,195,043
Prior period adjustment	(1,286,105)	(48,755)	(1,334,860)
Beginning of year - July 1, restated	<u>12,381,630</u>	<u>10,478,553</u>	<u>22,860,183</u>
End of year - June 30	<u>\$ 14,666,473</u>	<u>\$ 10,409,687</u>	<u>\$ 25,076,160</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
		Fund		
Assets:				
Cash and investments	\$ 7,077,443	\$ 3,065,541	\$ 1,268,082	\$ 11,411,066
Taxes receivable, net	893,050	-	63,753	956,803
Accounts receivable, net	1,340,466	-	11,300	1,351,766
Due from other governments	1,312,073	-	8,505	1,320,578
Due from other funds	664,211	22,612	-	686,823
Prepaid items	430,546	-	5,787	436,333
Restricted assets:				
Cash and investments	145,572	-	1,601,949	1,747,521
Total assets	<u>\$ 11,863,361</u>	<u>\$ 3,088,153</u>	<u>\$ 2,959,376</u>	<u>\$ 17,910,890</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 584,542	\$ -	\$ 31,012	\$ 615,554
Due to other funds	22,612	-	14,265	36,877
Miscellaneous liabilities	575,344	-	-	575,344
Total liabilities	<u>1,182,498</u>	<u>-</u>	<u>45,277</u>	<u>1,227,775</u>
Deferred Inflows of Resources:				
Taxes receivable	893,050	-	63,753	956,803
Health Department receivables	36,662	-	-	36,662
Prepaid taxes	18,160	-	-	18,160
Total deferred inflows of resources	<u>947,872</u>	<u>-</u>	<u>63,753</u>	<u>1,011,625</u>
Fund Balances:				
Non-spendable:				
Prepaid items	430,546	-	5,787	436,333
Restricted:				
Stabilization for State statute	3,280,088	22,612	19,805	3,322,505
Restricted, all other	1,180,352	1,116,925	2,203,533	4,500,810
Committed	140,000	1,948,616	627,818	2,716,434
Unassigned	4,702,005	-	(6,597)	4,695,408
Total fund balances	<u>9,732,991</u>	<u>3,088,153</u>	<u>2,850,346</u>	<u>15,671,490</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,863,361</u>	<u>\$ 3,088,153</u>	<u>\$ 2,959,376</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.	18,164,257
Net pension asset	1,159,937
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	775,147
Pension related deferrals	(2,542,772)
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(19,555,051)
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.	993,465
Net position of governmental activities	<u>\$ 14,666,473</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, 2015

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
		Fund		
Revenues:				
Ad valorem taxes	\$ 17,497,557	\$ -	\$ 1,008,605	\$ 18,506,162
Local option sales taxes	6,422,205	-	-	6,422,205
Other taxes and licenses	207,231	-	135,596	342,827
Restricted intergovernmental revenues	5,032,997	-	167,289	5,200,286
Permits and fees	474,374	-	-	474,374
Sales and services	4,616,035	-	-	4,616,035
Interest earned on investments	12,777	545	3,125	16,447
Miscellaneous	109,518	-	-	109,518
Total revenues	<u>34,372,694</u>	<u>545</u>	<u>1,314,615</u>	<u>35,687,854</u>
Expenditures:				
General government	4,934,936	-	213,549	5,148,485
Public safety	8,437,118	-	1,111,013	9,548,131
Environmental protection	335,857	-	-	335,857
Economic and physical development	343,120	-	199,789	542,909
Human services	9,869,902	-	-	9,869,902
Cultural and recreation	827,458	-	-	827,458
Education	5,431,175	175,776	65,953	5,672,904
Debt service:				
Principal repayments	2,229,288	-	-	2,229,288
Interest	407,108	-	-	407,108
Total expenditures	<u>32,815,962</u>	<u>175,776</u>	<u>1,590,304</u>	<u>34,582,042</u>
Revenues over (under) expenditures	<u>1,556,732</u>	<u>(175,231)</u>	<u>(275,689)</u>	<u>1,105,812</u>
Other Financing Sources (Uses):				
Transfers in	-	682,058	595,500	1,277,558
Transfers (out)	(1,402,558)	-	-	(1,402,558)
Total other financing sources (uses)	<u>(1,402,558)</u>	<u>682,058</u>	<u>595,500</u>	<u>(125,000)</u>
Net change in fund balances	154,174	506,827	319,811	980,812
Fund Balances:				
Beginning of year - July 1	<u>9,578,817</u>	<u>2,581,326</u>	<u>2,530,535</u>	<u>14,690,678</u>
End of year - June 30	<u>\$ 9,732,991</u>	<u>\$ 3,088,153</u>	<u>\$ 2,850,346</u>	<u>\$ 15,671,490</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, 2015

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)	\$ 980,812
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	(41,226)
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.	(17,110)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	21,301
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	25,206
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.	388,587
Cost of capital outlay disposed of in the current year, not recognized on the modified accrual basis	(710)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,272,798)
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.	2,229,288
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	775,147
Pension expense	(96,730)
Net pension obligation and other Post-Employment Benefit expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(706,924)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,284,843</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, 2015

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 17,141,200	\$ 17,168,200	\$ 17,497,557	\$ 329,357
Local option sales taxes	5,742,000	5,950,500	6,422,205	471,705
Other taxes and licenses	179,000	179,000	207,231	28,231
Restricted intergovernmental revenues	4,647,280	4,994,331	5,032,997	38,666
Permits and fees	359,750	349,250	474,374	125,124
Sales and services	5,227,289	5,253,669	4,616,035	(637,634)
Investment earnings	12,000	12,000	12,777	777
Miscellaneous	55,092	80,911	109,518	28,607
Total revenues	33,363,611	33,987,861	34,372,694	384,833
Expenditures:				
General government	5,274,266	5,854,213	4,934,936	919,277
Public safety	8,337,704	8,923,197	8,437,118	486,079
Environmental protection	338,720	345,329	335,857	9,472
Economic and physical development	364,020	365,748	343,120	22,628
Human services	10,532,835	10,893,676	9,869,902	1,023,774
Cultural and recreation	875,141	892,453	827,458	64,995
Education	5,279,500	5,434,800	5,431,175	3,625
Debt service:				
Principal retirement	2,233,000	2,233,000	2,229,288	3,712
Interest and fees	409,000	409,000	407,108	1,892
Contingency	177,821	70,378	-	70,378
Total expenditures	33,822,007	35,421,794	32,815,962	2,605,832
Revenues over (under) expenditures	(458,396)	(1,433,933)	1,556,732	2,990,665
Other Financing Sources (Uses):				
Transfers in	127,821	127,821	-	(127,821)
Transfers out	(722,000)	(1,481,500)	(1,402,558)	78,942
Appropriated fund balance	1,052,575	2,787,612	-	(2,787,612)
Total other financing sources (uses)	458,396	1,433,933	(1,402,558)	(2,836,491)
Net change in fund balance	\$ -	\$ -	154,174	\$ 154,174
Fund Balance:				
Beginning of year - July 1			9,578,817	
End of year - June 30			\$ 9,732,991	

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Assets:			
Current assets:			
Cash and investments	\$ 991,609	\$ 1,034,731	\$ 521
Accounts receivable, net	164,629	102,106	108,313
Due from other funds	-	-	-
Prepaid items	5,043	-	21,338
Total current assets	1,161,281	1,136,837	130,172
Non-current assets:			
Net pension asset	6,801	4,534	28,336
Land and other non-depreciable assets	2,709,050	-	231,973
Depreciable assets, net of depreciation	10,773,512	1,594,773	573,533
Total non-current assets	13,489,363	1,599,307	833,842
Total assets	14,650,644	2,736,144	964,014
Deferred Outflows of Resources:			
Pension deferrals	791	528	3,297
Contributions to pension plan in current fiscal year	4,805	3,204	20,023
Total deferred outflows of resources	5,596	3,732	23,320
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	52,765	-	39,424
Due to other funds	182,820	5,074	467,126
Miscellaneous liabilities	2,109	1,125	10,406
Accrued interest	9,102	2,416	-
Current portion of long-term debt	365,474	183,307	-
Current portion of compensated absences	1,800	-	6,000
Total current liabilities	614,070	191,922	522,956
Non-current liabilities:			
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	1,671	2,474	21,551
Non-current other post-employment benefits	28,016	-	211,457
Non-current portion of long-term debt	4,723,948	322,692	-
Total non-current liabilities	4,753,635	325,166	233,008
Total liabilities	5,367,705	517,088	755,964
Deferred Inflows of Resources:			
Pension deferrals	16,574	11,051	69,061
Net Position:			
Net investment in capital assets	8,393,140	1,088,774	805,506
Unrestricted	878,821	1,122,963	(643,197)
Total net position	\$ 9,271,961	\$ 2,211,737	\$ 162,309

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Funds	Total
Assets:			
Current assets:			
Cash and investments	\$ 694,202	\$ 95,041	\$ 2,816,104
Accounts receivable, net	-	-	375,048
Due from other funds	-	5,074	5,074
Prepaid items	-	-	26,381
Total current assets	694,202	100,115	3,222,607
Non-current assets:			
Net pension asset	-	-	39,671
Land and other non-depreciable assets	-	-	2,941,023
Depreciable assets, net of depreciation	-	787,746	13,729,564
Total non-current assets	-	787,746	16,710,258
Total assets	694,202	887,861	19,932,865
Deferred Outflows of Resources:			
Pension deferrals	-	-	4,616
Contributions to pension plan in current fiscal year	-	-	28,032
Total deferred outflows of resources	-	-	32,648
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	3,063	-	95,252
Due to other funds	-	-	655,020
Miscellaneous liabilities	-	-	13,640
Accrued interest	-	-	11,518
Current portion of long-term debt	-	-	548,781
Current portion of compensated absences	-	-	7,800
Total current liabilities	3,063	-	1,332,011
Non-current liabilities:			
Non-current accrued landfill post-closure care costs	2,815,320	-	2,815,320
Non-current compensated absences	-	-	25,696
Non-current other post-employment benefits	-	-	239,473
Non-current portion of long-term debt	-	-	5,046,640
Total non-current liabilities	2,815,320	-	5,311,809
Total liabilities	2,818,383	-	6,643,820
Deferred Inflows of Resources:			
Pension deferrals	-	-	96,686
Net Position:			
Net investment in capital assets	-	787,746	11,075,166
Unrestricted	(2,124,181)	100,115	(665,479)
Total net position	\$ (2,124,181)	\$ 887,861	\$ 10,409,687

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, 2015

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Operating Revenues:			
Water and sewer sales	\$ 1,221,705	\$ 1,207,962	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	193,389
Landfill	-	-	1,062,211
Total operating revenues	<u>1,221,705</u>	<u>1,207,962</u>	<u>1,255,600</u>
Operating Expenses:			
Convenience centers	-	-	176,134
Water and sewer operations	709,695	869,421	-
Landfill operations	-	-	1,226,387
Depreciation and amortization	<u>554,661</u>	<u>95,774</u>	<u>73,777</u>
Total operating expenses	<u>1,264,356</u>	<u>965,195</u>	<u>1,476,298</u>
Operating income (loss)	<u>(42,651)</u>	<u>242,767</u>	<u>(220,698)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	17	466	-
Intergovernmental revenues	-	-	90,075
Grant revenue	-	-	22,938
Interest and fees paid	(58,110)	(11,386)	-
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>410</u>
Total non-operating revenues (expenses)	<u>(58,093)</u>	<u>(10,920)</u>	<u>113,423</u>
Income (loss) before transfers	(100,744)	231,847	(107,275)
Transfers In (Out):			
Transfers in (out)	<u>30,000</u>	<u>(30,000)</u>	<u>(5,000)</u>
Change in net position	<u>(70,744)</u>	<u>201,847</u>	<u>(112,275)</u>
Net Position:			
Beginning of year - July 1	9,351,063	2,015,462	309,409
Restatement	<u>(8,358)</u>	<u>(5,572)</u>	<u>(34,825)</u>
Beginning of year - July 1, restated	<u>9,342,705</u>	<u>2,009,890</u>	<u>274,584</u>
End of year - June 30	<u>\$ 9,271,961</u>	<u>\$ 2,211,737</u>	<u>\$ 162,309</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, 2015

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Funds	Total
Operating Revenues:			
Water and sewer sales	\$ -	\$ -	\$ 2,429,667
Sewer capital reserve fees	-	20,188	20,188
Convenience centers	-	-	193,389
Landfill	-	-	1,062,211
Total operating revenues	-	20,188	3,705,455
Operating Expenses:			
Convenience centers	-	-	176,134
Water and sewer operations	-	-	1,579,116
Landfill operations	202,337	-	1,428,724
Depreciation and amortization	-	35,570	759,782
Total operating expenses	202,337	35,570	3,943,756
Operating income (loss)	(202,337)	(15,382)	(238,301)
Non-Operating Revenues (Expenses):			
Investment earnings	25	-	508
Intergovernmental revenues	-	-	90,075
Grant revenue	-	-	22,938
Interest and fees paid	-	-	(69,496)
Miscellaneous revenues	-	-	410
Total non-operating revenues (expenses)	25	-	44,435
Income (loss) before transfers	(202,312)	(15,382)	(193,866)
Transfers In (Out):			
Transfers in (out)	130,000	-	125,000
Change in net position	(72,312)	(15,382)	(68,866)
Net Position:			
Beginning of year - July 1	(2,051,869)	903,243	10,527,308
Restatement	-	-	(48,755)
Beginning of year - July 1, restated	(2,051,869)	903,243	10,478,553
End of year - June 30	\$ (2,124,181)	\$ 887,861	\$ 10,409,687

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, 2015

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,212,089	\$ 1,205,832	\$ 1,243,245
Cash paid for goods and services	(821,970)	(869,421)	(1,198,864)
Cash paid to employees for services	(95,170)	812	(264,462)
Net cash provided (used) by operating activities	294,949	337,223	(220,081)
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	113,423
Change in due to/from other funds	48,276	84	110,178
Interfund transfer in (out)	30,000	(30,000)	(5,000)
Net cash provided (used) by non-capital financing activities	78,276	(29,916)	218,601
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,957,030)	(67,967)	-
Principal paid on bonds and notes payable	(200,036)	(179,856)	-
Issuance of long-term debt	1,894,379	-	-
Interest and fees paid on bonds	(58,810)	(12,245)	-
Net cash provided (used) by capital and related financing activities	(321,497)	(260,068)	-
Cash Flows from Investing Activities:			
Interest on investments	17	466	-
Net increase (decrease) in cash and cash equivalents	51,745	47,705	(1,480)
Cash and Cash Equivalents:			
Beginning of year - July 1	939,864	987,026	2,001
End of year - June 30	\$ 991,609	\$ 1,034,731	\$ 521
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (42,651)	\$ 242,767	\$ (220,698)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	554,661	95,774	73,777
Pension expense	624	417	2,603
(Increase) decrease in accounts receivable	(9,616)	(2,130)	(12,355)
(Increase) decrease in prepaids	(5,043)	-	(21,338)
(Increase) decrease in deferred outflows of resources for pensions	(4,805)	(3,204)	(20,023)
Increase (decrease) in accounts payable	(207,268)	-	(47,214)
Increase (decrease) in accrued salaries	-	1,125	2,779
Increase (decrease) in other post-employment benefits	7,961	-	21,970
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	1,086	2,474	418
Net cash provided (used) by operating activities	\$ 294,949	\$ 337,223	\$ (220,081)

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, 2015

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Funds	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ -	\$ 20,188	\$ 3,681,354
Cash paid for goods and services	(39,924)	(9,125)	(2,939,304)
Cash paid to employees for services	-	-	(358,820)
Net cash provided (used) by operating activities	(39,924)	11,063	383,230
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	113,423
Change in due to/from other funds	-	(84)	158,454
Interfund transfer in (out)	130,000	-	125,000
Net cash provided (used) by non-capital financing activities	130,000	(84)	396,877
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	-	(2,024,997)
Principal paid on bonds and notes payable	-	-	(379,892)
Issuance of long-term debt	-	-	1,894,379
Interest and fees paid on bonds	-	-	(71,055)
Net cash provided (used) by capital and related financing activities	-	-	(581,565)
Cash Flows from Investing Activities:			
Interest on investments	25	-	508
Net increase (decrease) in cash and cash equivalents	90,101	10,979	199,050
Cash and Cash Equivalents:			
Beginning of year - July 1	604,101	84,062	2,617,054
End of year - June 30	\$ 694,202	\$ 95,041	\$ 2,816,104
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (202,337)	\$ (15,382)	\$ (238,301)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	35,570	759,782
Pension expense	-	-	3,644
(Increase) decrease in accounts receivable	-	-	(24,101)
(Increase) decrease in other assets	-	-	(26,381)
(Increase) decrease in deferred outflows of resources for pensions	-	-	(28,032)
Increase (decrease) in accounts payable	(4,107)	(9,125)	(267,714)
Increase (decrease) in accrued salaries	-	-	3,904
Increase (decrease) in other post-employment benefits	-	-	29,931
Increase (decrease) in landfill post-closure liability	166,520	-	166,520
Increase (decrease) in accrued vacation pay	-	-	3,978
Net cash provided (used) by operating activities	\$ (39,924)	\$ 11,063	\$ 383,230

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 40,622
Liabilities:	
Accounts payable	\$ 40,242
Intergovernmental payable - State of North Carolina	380
Total liabilities	\$ 40,622

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, 2015

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The blended component units, although they are legally separate entities, are in substance, part of the County’s operations.

Component Units

Blended Component Unit

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

B. Basis of Presentation, Basis of Accounting

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, Multi-Year Operating Grants Fund, Precision Materials Building Reuse Grant Expansion Project Fund, Huntington House Building Reuse Grant Project Fund, MG+BW Natural Gas Expansion Project Fund, and Emergency Telephone System Fund.

Capital Project Funds. Capital project funds are used to account for the acquisition and or construction of major governmental capital assets. The County has the following capital project funds: Capital Improvements Fund, County Capital Project Fund, Applied Technologies Building Renovation Project Fund, and Rocky Face Park Expansion Project Fund.

Proprietary Funds

Enterprise Funds. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The County reported the following enterprise funds: Bethlehem Sewer Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund. The County has one enterprise fund – Capital Project Fund. The Bethlehem-Ellendale Water System Improvements Capital Project Fund is 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, 2015.

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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. 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 Multi-Year Operating Grants Fund, Precision Materials Building Reuse Grant Expansion Project Fund, Huntington House Building Reuse Grant Project Fund, and MG+BW Natural Gas Expansion Project Fund), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Multi-Year Operating Grants Fund, Precision Materials Building Reuse Grant Expansion Project Fund, Huntington House Building Reuse Grant Project Fund, and MG+BW Natural Gas Expansion Project Fund which are special revenue funds, and the County Capital Projects Fund. A project ordinance is adopted for the Bethlehem-Ellendale Water System Improvements Capital Project Fund, which is an enterprise fund capital project, the Applied Technologies Building Renovation Project Fund and the Rocky Face Park Expansion Project Fund, which are capital project funds. 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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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, 2015

Restricted Assets

Restricted assets in the General Fund consist of cash restricted for the purposes outlined below by external third parties or by law. Money in the Revaluation Fund is also classified as restricted because its use is restricted per North Carolina General Statute 153A-150. The unexpended debt proceeds in the County Capital Project Fund are classified as restricted assets within the fund because their use is completely restricted to the purpose for which the debt was originally issued.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Governmental Activities:			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 29,627	
Human services	Adoption services	72,861	
Economic and physical development	Cooperative extension services	8,290	
General government	PEG Channel	34,794	
Total General Fund			\$ 145,572
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 132,803	
County Capital Project Fund	Unspent debt proceeds	1,469,146	
Total other governmental funds			<u>1,601,949</u>
Total governmental activities			<u>\$1,747,521</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, 2014.

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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

Capital Assets

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

Minimum capitalization costs are as follows: land, \$5,000; other improvements, \$5,000; equipment and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

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

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

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, 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, 2015

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Restricted fund balance at June 30, 2015, 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	\$ 33,780	\$ -	\$ -
General government	34,794	-	-
General government - Courthouse project	-	-	1,469,146
Education	1,001,000	1,116,925	-
Human services	72,861	-	-
Economic and physical development	8,290	-	-
Public safety	-	-	734,387
Public safety - Federal Shared Asset Program	27,432	-	-
Public safety - State unauthorized substance	2,195	-	-
Total	<u>\$ 1,180,352</u>	<u>\$ 1,116,925</u>	<u>\$ 2,203,533</u>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to unspent debt proceeds of \$1,469,146.

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 General Government – portion of fund balance budgeted by the Board to be used for the purchase of voting equipment.

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, 2015

Committed fund balance at June 30, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
General government- voting equipment	\$ 140,000	\$ -	\$ -
Tax revaluation	-	-	130,771
Future capital projects	-	1,948,616	497,047
Total	<u>\$ 140,000</u>	<u>\$ 1,948,616</u>	<u>\$ 627,818</u>

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

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

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

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

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

Total fund balance - General Fund	\$ 9,732,991
Less:	
Prepays	(430,546)
Stabilization for State statute	<u>(3,280,088)</u>
Fund balance available for appropriation	<u>\$ 6,022,357</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan 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, 2015

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institutions used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2015, the County's deposits had a carrying amount of \$3,967,148 and a bank balance of \$4,187,411. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,437,411 by collateral held under the Pooling Method. Cash on hand was \$4,020 at June 30, 2015.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Investments

At June 30, 2015, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-5 Years</u>
N.C. Capital Management Trust - Term Portfolio*	\$ 2,008,656	\$ -	\$ 2,008,656	\$ -
N.C. Capital Management Trust - Cash Portfolio	10,035,489	N/A	N/A	N/A
Total investments	<u>\$ 12,044,145</u>	<u>\$ -</u>	<u>\$ 2,008,656</u>	<u>\$ -</u>

* Because the NC Capital Management Trust Term Portfolio had a duration of less than one year, it was presented as an investment with a maturity of 6-12 months.

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

Credit Risk. The County has no policy regarding credit risk. The County's investments in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2015. 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.

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>
2012	\$ 1,317,899	\$ 500,801	\$ 1,818,700
2013	1,357,258	373,245	1,730,503
2014	1,380,234	327,805	1,708,039
2015	1,535,512	99,808	1,635,320
Total	<u>\$ 5,590,903</u>	<u>\$ 1,301,659</u>	<u>\$ 6,892,562</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2015, were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,472,020	\$ 1,296,570	\$ 1,320,578	\$ 4,089,168
Other governmental	11,300	76,233	-	87,533
Total receivables	1,483,320	1,372,803	1,320,578	4,176,701
Allowance for doubtful accounts	(131,554)	(416,000)	-	(547,554)
Total governmental activities	<u>\$ 1,351,766</u>	<u>\$ 956,803</u>	<u>\$ 1,320,578</u>	<u>\$ 3,629,147</u>
Business-Type Activities:				
County water and sewer	\$ 173,294	\$ -	\$ -	\$ 173,294
Bethlehem water	111,308	-	-	111,308
Solid waste	108,883	-	-	108,883
Total receivables	393,485	-	-	393,485
Allowance for doubtful accounts	(18,437)	-	-	(18,437)
Total business-type activities	<u>\$ 375,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,048</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 982,706
Sales tax refund	158,441
Motor vehicle taxes	179,431
Total	<u>\$ 1,320,578</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets

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

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 4,395,109	\$ -	\$ -	\$ -	\$ 4,395,109
Construction in progress	-	65,953	-	-	65,953
Depreciable Assets:					
Buildings	17,327,576	-	-	-	17,327,576
Other improvements	1,218,421	-	-	-	1,218,421
Equipment and machinery	3,691,498	105,768	(15,000)	-	3,782,266
Vehicles	2,685,837	216,866	(28,326)	-	2,874,377
Furniture and fixtures	7,724	-	-	-	7,724
Total assets	<u>29,326,165</u>	<u>388,587</u>	<u>(43,326)</u>	<u>-</u>	<u>29,671,426</u>
Less Accumulated Depreciation:					
Buildings	(4,543,332)	(477,735)	-	-	(5,021,067)
Other improvements	(730,558)	(92,368)	-	-	(822,926)
Equipment and machinery	(2,815,518)	(401,049)	15,000	-	(3,201,567)
Vehicles	(2,179,855)	(301,646)	27,616	-	(2,453,885)
Furniture and fixtures	(7,724)	-	-	-	(7,724)
Total accumulated depreciation	<u>(10,276,987)</u>	<u>(1,272,798)</u>	<u>42,616</u>	<u>-</u>	<u>(11,507,169)</u>
Capital assets, net	<u>\$ 19,049,178</u>	<u>\$ (884,211)</u>	<u>\$ (710)</u>	<u>-</u>	<u>\$ 18,164,257</u>

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

Governmental Activities:	
General government	\$ 306,789
Public safety	670,544
Environmental protection	14,022
Human services	104,769
Cultural and recreation	53,188
Economic and physical development	65,901
Education	57,585
Total	<u>\$ 1,272,798</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2015 are as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Non-Depreciable Assets:					
Construction in progress	\$ 926,869	\$ 1,782,181	\$ -	\$ -	\$ 2,709,050
Depreciable Assets:					
Infrastructure	15,879,867	174,849	-	-	16,054,716
Equipment and machinery	8,500	-	-	-	8,500
Furniture and fixtures	1,603	-	-	-	1,603
Total assets	<u>16,816,839</u>	<u>1,957,030</u>	<u>-</u>	<u>-</u>	<u>18,773,869</u>
Less Accumulated Depreciation:					
Infrastructure	(4,726,543)	(554,661)	-	-	(5,281,204)
Equipment and machinery	(8,500)	-	-	-	(8,500)
Furniture and fixtures	(1,603)	-	-	-	(1,603)
Total accumulated depreciation	<u>(4,736,646)</u>	<u>\$ (554,661)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(5,291,307)</u>
County water and sewer capital assets, net	<u>12,080,193</u>				<u>13,482,562</u>
Bethlehem Water District Fund:					
Depreciable Assets:					
Infrastructure	<u>3,770,941</u>	<u>\$ 67,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,838,908</u>
Less Accumulated Depreciation:					
Infrastructure	<u>(2,148,361)</u>	<u>\$ (95,774)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,244,135)</u>
Bethlehem Water capital assets, net	<u>1,622,580</u>				<u>1,594,773</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Business-Type Activities (cont):					
Solid Waste Fund:					
Non-Depreciable Assets:					
Land	231,973	\$ -	\$ -	\$ -	231,973
Depreciable Assets:					
Buildings	651,404	-	-	-	651,404
Infrastructure	217,411	-	-	-	217,411
Vehicles	334,987	-	-	-	334,987
Equipment and machinery	<u>598,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,652</u>
Total assets	<u>2,034,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,034,427</u>
Less Accumulated Depreciation:					
Buildings	(271,278)	(16,620)	-	-	(287,898)
Infrastructure	(216,506)	(34)	-	-	(216,540)
Vehicles	(289,690)	(23,331)	-	-	(313,021)
Equipment and machinery	<u>(377,670)</u>	<u>(33,792)</u>	<u>-</u>	<u>-</u>	<u>(411,462)</u>
Total accumulated depreciation	<u>(1,155,144)</u>	<u>\$ (73,777)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,228,921)</u>
Solid Waste capital assets, net	<u>879,283</u>				<u>805,506</u>
Bethlehem Sewer Fund:					
Depreciable Assets:					
Infrastructure	<u>1,422,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,422,797</u>
Less Accumulated Depreciation:					
Infrastructure	<u>(599,481)</u>	<u>\$ (35,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(635,051)</u>
Bethlehem Sewer capital assets, net	<u>823,316</u>				<u>787,746</u>
 Total business-type activities capital assets, net	 <u>\$ 15,405,372</u>				 <u>\$ 16,670,587</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, 2015, were \$525,600 for the County Water and Sewer Fund and \$817,837 for the Bethlehem Water District.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2015, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 18,164,257	\$ 16,670,587
Long-term debt	(11,700,410)	(5,595,421)
Long-term debt for assets not owned by the County	4,076,164	-
Unspent debt proceeds	1,469,146	-
Net investment in capital assets	<u>\$ 12,009,157</u>	<u>\$ 11,075,166</u>

B. Liabilities

Payables

Payables at the government-wide level (Exhibit A) at June 30, 2015, were as follows:

	Vendors	Salaries and Benefits	Insurance Claims Incurred, But Not Reported	Total
Governmental Activities:				
General	\$ 470,333	\$ 484,113	\$ 205,440	\$ 1,159,886
Other governmental	31,012	-	-	31,012
Total governmental activities	<u>\$ 501,345</u>	<u>\$ 484,113</u>	<u>\$ 205,440</u>	<u>\$ 1,190,898</u>
Business-Type Activities:				
County water and sewer	\$ 52,765	\$ 2,109	\$ -	\$ 54,874
Solid waste	41,170	8,660	-	49,830
Landfill closure	3,063	-	-	3,063
Bethlehem water	-	1,125	-	1,125
Total business-type activities	<u>\$ 96,998</u>	<u>\$ 11,894</u>	<u>\$ -</u>	<u>\$ 108,892</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$800,901 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$1,133,437 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .192%, which was an increase of .0129% from its proportion measured as of June 30, 2013.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$104,117. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 123,847
Net difference between projected and actual earnings on pension plan investments	-	2,638,607
Changes in proportion and differences between County contributions and proportionate share of contributions	131,896	-
County contributions subsequent to the measurement date	800,901	-
Total	<u>\$ 932,797</u>	<u>\$ 2,762,454</u>

\$800,901 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Amount
2016	\$ (657,635)
2017	(657,635)
2018	(657,635)
2019	(657,653)
Total	<u>\$ (2,630,558)</u>

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

Inflation	3.0 percent
Salary increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 3,847,363</u>	<u>\$(1,133,433)</u>	<u>\$ (5,327,103)</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.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>50</u>
Total	<u>51</u>

Summary of Significant Accounting Policies

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits and refunds 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 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

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

The annual required contribution for the current year was determined as part of the December 31, 2013, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both item (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar pay on a closed basis. The remaining amortization period at December 31, 2013, was 17 years.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$ 33,639	25.33%	\$ 353,792
6/30/2014	33,679	33.74%	376,109
6/30/2015	48,415	23.47%	413,162

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$452,961. The covered payroll (annual payroll of active employees covered by the plan) was \$1,679,632, and the ratio of the UAAL to the covered payroll was 26.97%.

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

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

Annual required contribution	\$ 61,382
Interest on net pension obligation	18,805
Adjustment to annual required contribution	(31,772)
Annual pension cost	48,415
Less: contributions made	11,362
Increase in net pension obligation	37,053
Net pension obligation, beginning of year	376,109
Net pension obligation, end of year	<u>\$ 413,162</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015, were \$103,619, which consisted of \$73,486 from the County and \$30,133 from the law enforcement officers.

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.

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 \$2,278 for the year ended June 30, 2015.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

At June 30, 2015, the County reported an asset of \$66,171 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .292%, which was an increase of .013% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(3,743). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 605	\$ -
Net difference between projected and actual earnings on pension plan investments	-	355
Changes in proportion and differences between County contributions and proportionate share of contributions	-	4,534
County contributions subsequent to the measurement date	2,278	-
Total	<u>\$ 2,883</u>	<u>\$ 4,889</u>

\$2,278 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Amount
2016	\$ (1,874)
2017	(1,874)
2018	(446)
2019	(90)
Total	<u>\$ (4,284)</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (59,418)</u>	<u>\$ (66,171)</u>	<u>\$ (71,975)</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.

Other Post-Employment Benefits

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

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Membership of the Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	25	5
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	139	22
Total	164	27

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

The current ARC rate is 14.94% of annual covered payroll. For the current year, the County contributed \$172,301, or 2.67%, of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. Under a County resolution, the County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 2.69% and 2.56% of covered payroll, respectively. There were no contributions made by employees. The County's obligation to contribute to the Plan is established and may be amended by the Board of County Commissioners.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are budgeted on an annual basis to be paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 931,521	\$ 33,107	\$ 964,628
Interest on net OPEB obligation	229,016	8,139	237,155
Adjustments to annual required contribution	(318,365)	(11,315)	(329,680)
Annual OPEB cost (expense)	842,172	29,931	872,103
Contributions made	(172,301)	-	(172,301)
Increase (decrease) in net OPEB obligation	669,871	29,931	699,802
Net OPEB obligation, beginning of year	5,719,329	209,542	5,928,871
Net OPEB obligation, end of year	<u>\$ 6,389,200</u>	<u>\$ 239,473</u>	<u>\$ 6,628,673</u>

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,008,629	13.90%	\$ 5,046,258
2014	995,076	11.30%	5,928,871
2015	872,103	19.76%	6,628,673

Funding Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$12,184,545. The covered payroll (annual payroll of active employees covered by the Plan) was \$6,455,114, and the ratio of the UAAL to the covered payroll was 188.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date, and an annual medical cost trend increase of 7.50% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

As of June 30, 2015, management has decided not to set aside funds for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the Death Benefit Plan at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. The County considers these contributions to be immaterial.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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 \$2,815,320 reported as landfill closure and post-closure care liability at June 30, 2015, represents a cumulative amount reported to date based on the use of 87% 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 \$420,675 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 2015. 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 \$130,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2015. The Landfill Closure Fund has \$694,202 in cash at June 30, 2015.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plans in current fiscal year	\$ 803,179
Pension deferrals	132,501
Total	<u>\$ 935,680</u>

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

<u>Source</u>	<u>Amount</u>
Taxes receivable, net (General Fund and Special Revenue Fund)	\$ 956,803
Health Department receivables, net	36,662
Prepaid taxes	18,160
Pension deferrals	2,767,343
Total	<u>\$ 3,778,968</u>

Summary Disclosure of Significant Commitments

The County has active construction projects as of June 30, 2015. The project is the Bethlehem-Ellendale Water Improvements project. At June 30, 2015, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Bethlehem-Ellendale Water Improvements	\$ 2,548,633	\$ 323,207

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 \$36 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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

at replacement cost); and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through Blue Cross and Blue Shield of North Carolina and United Healthcare, respectively. The County uses a third-party administrator to manage the group medical and dental insurance plans.

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

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, the Tax Administrator/Collector, and the County Manager are individually bonded for \$100,000 each. The Sheriff and Register of Deeds are bonded for \$25,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000. This blanket bond also covers the County positions named above.

Medical Self-Insurance Claims Liability

Liabilities are reported when it is possible that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR's).

Changes in the balances of claims liabilities for health insurance during the past fiscal year are as follows:

	2015
Unpaid claims, beginning	\$ 423,360
Incurred claims	2,385,734
Claim payments	<u>(2,603,654)</u>
Unpaid claims, ending	<u>\$ 205,440</u>

Claims typically have been liquidated in the General Fund.

Contingent Liabilities

At June 30, 2015, 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Long-Term Obligations

General Obligation Indebtedness

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

General obligation bonds payable at June 30, 2015, are comprised of the following individual issues:

Business-Type Activities:

Proprietary Funds:

Bethlehem Water Fund:

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

\$ 505,999

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 183,307	\$ 8,794	\$ 192,101
2017	186,825	5,276	192,101
2018	135,867	1,690	137,557
Total general obligation bonds	<u>\$ 505,999</u>	<u>\$ 15,760</u>	<u>\$ 521,759</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Notes Payable

Notes payable at June 30, 2015, are comprised of the following individual agreements:

Governmental Funds:

\$476,667 February 2005 agreement to purchase real property and a building for the Alexander County branch of Catawba Valley Community College, due in 30 semi-annual payments of \$21,667, plus interest at 4.15% through December 2015, secured by real property \$ 21,666

\$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. 2,316,505

\$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 1,387,239

\$3,850,000 October 2002 agreement to construct classrooms, make renovations at various Alexander County schools, due in 30 semi-annual payments of \$128,333, plus interest at 4.05% through September 2017, secured by a deed of trust. In March 2013, the loan terms were modified by the financial institution. The new terms state that interest will accrue at a rate of 1.73%. Principal payments will remain the same at \$128,333, plus interest semi-annually through September 2017. 641,667

\$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 7,333,333

Total governmental funds 11,700,410

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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	2,600,466
\$3,308,771 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>2,488,956</u>
Total proprietary funds	<u>5,089,422</u>
Total all funds	<u>\$ 16,789,832</u>

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

Governmental Activities:

Governmental Funds:

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,653,312	\$ 341,666	\$ 1,994,978
2017	1,641,073	294,020	1,935,093
2018	1,522,413	246,693	1,769,106
2019	1,404,579	202,445	1,607,024
2020	1,067,522	162,006	1,229,528
2021-2025	3,744,844	406,757	4,151,601
2026	666,667	15,950	682,617
Total governmental funds	<u>11,700,410</u>	<u>1,669,537</u>	<u>13,369,947</u>

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	Principal	Interest	Total
2016	\$ 365,474	\$ 54,610	\$ 420,084
2017	322,326	50,409	372,735
2018	322,326	46,208	368,534
2019	322,326	42,008	364,334
2020	322,326	37,807	360,133
2021-2025	1,611,631	126,023	1,737,654
2026-2030	1,211,560	25,205	1,236,765
2031-2035	611,452	-	611,452
Total proprietary funds	<u>5,089,422</u>	<u>382,270</u>	<u>5,471,692</u>
Total notes payable	<u>\$ 16,789,832</u>	<u>\$ 2,051,807</u>	<u>\$ 18,841,639</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

A summary of changes in long-term obligations follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable	\$ 13,929,698	\$ -	\$ 2,229,288	\$ 11,700,410	\$ 1,653,312
Compensated absences	954,340	427,826	449,127	933,039	449,000
OPEB liability	5,719,329	842,172	172,301	6,389,200	-
Net pension obligation (LEO)	376,109	48,415	11,362	413,162	-
Net pension obligation (LGERS)	<u>2,084,446</u>	<u>-</u>	<u>2,084,446</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,063,922</u>	<u>\$ 1,318,413</u>	<u>\$ 4,946,524</u>	<u>\$ 19,435,811</u>	<u>\$ 2,102,312</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Notes payable	\$ 3,395,079	\$ 1,894,379	\$ 200,036	\$ 5,089,422	\$ 365,474
OPEB liability	20,055	7,961	-	28,016	-
Compensated absences	2,385	2,854	1,768	3,471	1,800
Net pension obligation (LGERS)	<u>12,960</u>	<u>-</u>	<u>12,960</u>	<u>-</u>	<u>-</u>
Total County Water and Sewer Fund	<u>3,430,479</u>	<u>1,905,194</u>	<u>214,764</u>	<u>5,120,909</u>	<u>367,274</u>
Bethlehem Water Fund:					
General obligation bonds	685,855	-	179,856	505,999	183,307
Net pension obligation (LGERS)	8,640	-	8,640	-	-
Compensated absences	<u>-</u>	<u>2,474</u>	<u>-</u>	<u>2,474</u>	<u>-</u>
Total Bethlehem Water Fund	<u>694,495</u>	<u>2,474</u>	<u>188,496</u>	<u>508,473</u>	<u>183,307</u>
Solid Waste Fund:					
OPEB liability	189,487	21,970	-	211,457	-
Compensated absences	27,133	6,417	5,999	27,551	6,000
Net pension obligation (LGERS)	<u>54,001</u>	<u>-</u>	<u>54,001</u>	<u>-</u>	<u>-</u>
Total Solid Waste Fund	<u>270,621</u>	<u>28,387</u>	<u>60,000</u>	<u>239,008</u>	<u>6,000</u>
Landfill Closure Fund:					
Accrued landfill post-closure costs	<u>2,648,800</u>	<u>202,337</u>	<u>35,817</u>	<u>2,815,320</u>	<u>-</u>
Total business-type activities	<u>\$ 7,044,396</u>	<u>\$ 2,138,392</u>	<u>\$ 499,078</u>	<u>\$ 8,683,710</u>	<u>\$ 556,581</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

At June 30, 2015, the County had a legal debt margin of approximately \$191,734,498.

Compensated absences, pension obligations, and OPEB for governmental activities have typically been liquidated in the General Fund. The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

C. Interfund Balances and Activity

	Transfers		
	From	To	Purpose
Transfers From/to Other Funds:			
General Fund	\$1,402,558	\$ -	School sales tax hold harmless funds; Resources for
Special Revenue (School Capital Improvements) Fund	-	682,058	school construction
Special Revenue (Precision Materials Building Reuse Grant) Fund	-	7,500	Local match for economic development grant project
Special Revenue (Huntington House Building Reuse Grant) Fund	-	25,000	Local match for economic development grant project
Special Revenue (MG+BW Natural Gas Expansion Grant) Fund	-	50,000	Local match for economic development grant project
Capital Project (Applied Technologies Building Renovation) Fund	-	400,000	Local funds for economic development grant project
Capital Project (Rocky Face Park Expansion Project) Fund	-	113,000	Local funds for parks and recreation grant project
Enterprise (Landfill Closure) Fund	-	125,000	Resources for monitoring of closed landfill
Capital Project (Bethlehem-Ellendale Water Capital Proj) Fund	-	30,000	Local funds for water project funded by DWSRF loan
Enterprise (Bethlehem Water) Fund	30,000	-	
Enterprise (Landfill Closure) Fund		5,000	Finance closure and post-closure costs
Enterprise (Solid Waste) Fund	5,000	-	
Total transfers	<u>\$1,437,558</u>	<u>\$1,437,558</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2015:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
School Cap Improve Fund (Fund 72)	General Fund	\$ 22,612	Sales tax hold harmless amount due to schools
Bethlehem Sewer Fund	Bethlehem Water Fund	5,074	Sewer surcharge for quarter ended 6/30/15
General Fund	County Capital Projects Fund	14,265	Cash overdraft
General Fund	Bethlehem-Ellendale Water CPF	182,820	Cash overdraft
General Fund	Solid Waste Fund	103,698	Interfund capital loan
General Fund	Solid Waste Fund	363,428	Cash overdraft
Total		<u>\$ 691,897</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 \$34,668 and administrative and other fees of \$11,175 to the Council during the fiscal year ended June 30, 2015.

Smoky Mountain Center is the MH/DD/SAS area program for the following 15 counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, McDowell, Swain, Watauga, and Wilkes. The County Commissioners are responsible for appointing two of the 30 members of the Board of Directors of Smoky Mountain Center for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Smoky Mountain Center Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 \$5,468 as a special appropriation to the RTA during the fiscal year ended June 30, 2015.

5. Benefit Payments Issued by the State

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. Based upon prior experience, 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.

6. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,286,105 and \$48,755, respectively.

ALEXANDER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 203,072	\$ 203,072	0.00%	\$ 990,531	20.50%
12/31/2009	-	297,737	297,737	0.00%	932,629	31.92%
12/31/2010	-	258,707	258,707	0.00%	1,114,313	23.22%
12/31/2011	-	266,813	266,813	0.00%	1,077,088	24.77%
12/31/2012	-	350,358	350,358	0.00%	1,229,248	28.50%
12/31/2013	-	406,814	406,814	0.00%	1,500,151	27.12%
12/31/2014	-	452,961	452,961	0.00%	1,679,632	26.97%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 36,481	0.00%
2013	37,659	22.63%
2014	44,813	25.35%
2015	61,382	18.51%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5%
Projected salary increases*	4.25% - 7.85%
Cost of living adjustments	None

*Includes inflation at 3.00%

ALEXANDER COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 9,133,405	\$ 9,133,405	0.00%	\$ 9,230,942	98.90%
12/31/2010	-	9,544,595	9,544,595	0.00%	8,320,604	114.70%
12/31/2012	-	9,315,846	9,315,846	0.00%	6,721,626	138.60%
12/31/2014	-	12,184,545	12,184,545	0.00%	6,455,114	188.80%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 1,187,488	12.26%
2013	1,073,828	13.06%
2014	1,073,828	10.47%
2015	964,628	17.86%

Notes to the Required Schedules:

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

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	
Medical cost trend rate:	4%
Pre-Medicare trend rate	7.50% - 5.00%
Post-Medicare trend rate	5.50% - 5.00%
Year of ultimate trend rate	2020

*Includes inflation at 3.00%

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

	2015	2014
Alexander County's proportion of the net pension liability (asset) (%)	0.19219%	0.17920%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ (1,133,437)	\$ 2,160,048
Alexander County's covered-employee payroll	\$ 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	-10.49%	21.71%
Plan fiduciary net position as a percentage of the total pension liability**	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.

ALEXANDER COUNTY, NORTH CAROLINA**ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS****Local Governmental Employees' Retirement System**

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

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

	2015	2014
Alexander County's proportion of the net pension liability (asset) (%)	0.29199%	0.26106%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ (66,171)	\$ (55,762)
Alexander County's covered-employee payroll	\$ 53,583	\$ 53,532
Alexander County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-123.49%	-104.17%
Plan fiduciary net position as a percentage of the total pension liability**	193.88%	190.50%

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

ALEXANDER COUNTY, NORTH CAROLINA**ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS****Register of Deeds' Supplemental Pension Fund**

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

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 17,025,200	\$ 17,322,606	\$ 297,406	\$ 16,190,236
Penalties and interest	143,000	174,951	31,951	198,191
Total	17,168,200	17,497,557	329,357	16,388,427
Local Option Sales Taxes:				
Article 39 one percent	1,681,000	1,802,649	121,649	1,728,372
Article 40 one-half of one percent	2,115,000	2,292,428	177,428	2,097,379
Article 42 one-half of one percent	1,084,000	1,018,109	(65,891)	973,282
Article 44 one-half of one percent	-	3,394	3,394	716
Article 46 one-fourth of one percent	362,000	393,552	31,552	377,727
Medicaid Hold Harmless	708,500	912,073	203,573	972,593
Total	5,950,500	6,422,205	471,705	6,150,069
Other Taxes and Licenses:				
ABC \$.05 per bottle	3,000	3,465	465	3,336
Franchise fees	-	29,514	29,514	35,148
Video programming distribution	176,000	174,252	(1,748)	179,432
Total	179,000	207,231	28,231	217,916
Restricted Intergovernmental Revenues:				
Federal and State grants	4,947,331	5,002,024	54,693	4,654,425
Controlled substance tax	2,000	1,441	(559)	810
Court facility fees	45,000	29,532	(15,468)	39,329
Total	4,994,331	5,032,997	38,666	4,694,564
Permits and Fees:				
Register of Deeds	180,000	205,794	25,794	202,797
Building inspections	145,000	231,508	86,508	194,725
Gun and concealed weapon permits	16,000	25,585	9,585	30,048
Other fees	8,250	11,487	3,237	12,676
Total	349,250	474,374	125,124	440,246
Sales and Services:				
Rents, concessions, and fees	184,146	164,747	(19,399)	181,552
Detention Center fees	610,642	632,316	21,674	465,829
Ambulance fees	1,668,000	1,443,970	(224,030)	1,492,590
Recreation Department	67,035	49,671	(17,364)	61,080
Health Department	2,163,048	1,702,170	(460,878)	1,914,468
Information technology	250	270	20	50
Social services	423,650	445,158	21,508	408,820
Senior Center	12,000	14,667	2,667	8,296
License Plate Agency	93,000	131,168	38,168	107,503
Library	10,000	9,823	(177)	10,017
State payments - soil and water technical assistance	21,898	22,075	177	20,876
Total	5,253,669	4,616,035	(637,634)	4,671,081

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Investment Earnings	12,000	12,777	777	12,371
Miscellaneous:				
Insurance claim reimbursement	-	9,683	9,683	3,010
Donations	16,948	25,269	8,321	22,909
Grant	14,500	11,825	(2,675)	26,358
Sale of fixed assets	5,000	2,386	(2,614)	21,484
Group health incentive	-	-	-	24,900
Other	44,463	60,355	15,892	54,555
Total	80,911	109,518	28,607	153,216
Total revenues	33,987,861	34,372,694	384,833	32,727,890
Expenditures:				
General Government:				
Governing body	947,664	421,325	526,339	1,398,233
Administration	279,188	272,603	6,585	271,075
Planning	130,144	102,507	27,637	65,489
Elections	257,736	209,336	48,400	202,589
Finance	485,304	473,769	11,535	457,295
Purchasing	46,716	-	46,716	-
Tax office	541,413	499,646	41,767	474,358
Information technology	825,832	802,007	23,825	1,040,740
Register of Deeds	265,019	234,899	30,120	225,637
License Plate Agency	132,838	125,808	7,030	134,096
Public buildings	841,844	820,754	21,090	861,968
Garage	443,905	400,454	43,451	454,751
Human resources	555,577	490,765	64,812	372,850
Court facilities	101,033	81,063	19,970	79,342
Total	5,854,213	4,934,936	919,277	6,038,423
Public Safety:				
Sheriff's office	2,490,094	2,339,192	150,902	2,296,903
Detention center	2,413,513	2,247,521	165,992	2,023,372
Pre-trial release program	71,774	64,584	7,190	64,167
TECS program	87,918	76,206	11,712	76,881
Fire protection	299,535	294,068	5,467	209,709
Emergency communications	607,210	583,402	23,808	585,381
Forestry	58,494	55,426	3,068	61,649
Inspections	209,800	202,450	7,350	185,247
Emergency medical	2,651,359	2,546,619	104,740	2,387,881
Medical examiner	33,500	27,650	5,850	19,700
Total	8,923,197	8,437,118	486,079	7,910,890

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Environmental Protection:				
Soil and water	111,339	108,988	2,351	103,697
Animal control	233,990	226,869	7,121	208,039
Total	345,329	335,857	9,472	311,736
Economic and Physical Development:				
Economic development	163,158	162,707	451	160,074
Agricultural extension	202,590	180,413	22,177	178,583
Total	365,748	343,120	22,628	338,657
Human Services:				
Health Department:				
Environmental health	290,805	329,396	(38,591)	341,698
General health	145,854	108,346	37,508	118,008
Maternal health	200,084	151,430	48,654	149,566
Home health	951,590	845,262	106,328	952,561
WIC program	176,318	167,488	8,830	160,528
Dental health	404,724	450,847	(46,123)	356,753
Family planning	225,287	246,569	(21,282)	210,812
Communicable disease	127,444	103,674	23,770	126,976
Health promotion	84,885	54,534	30,351	43,578
Child health	275,479	212,421	63,058	200,215
Adult health	87,243	15,706	71,537	7,046
Bioterrorism grant	31,320	43,319	(11,999)	31,976
Care coordination for children	81,532	51,808	29,724	47,738
Pregnancy care management	121,002	104,028	16,974	59,651
Total	3,203,567	2,884,828	318,739	2,807,106
Veterans Service	66,617	64,526	2,091	64,505
Juvenile Crime Prevention	133,633	72,996	60,637	104,677
Social Services Department:				
Administration	3,865,111	3,580,812	284,299	3,398,377
In-home services	180,992	176,920	4,072	176,905
Public assistance	125,048	118,210	6,838	109,620
Emergency assistance account	7,137	6,038	1,099	8,491
Medical assistance	225,500	204,109	21,391	198,578
General assistance	1,763,385	1,666,903	96,482	1,710,336
Foster care	521,266	350,770	170,496	413,024
Adoption enhancement fund	59,580	40,236	19,344	51,960
Work First	32,568	31,591	977	31,756
Aging nutrition	109,778	103,781	5,997	96,095
Total	6,890,365	6,279,370	610,995	6,195,142
Special appropriations	422,712	418,277	4,435	427,513
Senior Center	176,782	149,905	26,877	152,154
Total human services	10,893,676	9,869,902	1,023,774	9,751,097

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Cultural and Recreation:				
Recreation	303,828	275,384	28,444	283,926
Rocky Face Park	122,055	104,845	17,210	114,413
Library	390,959	375,244	15,715	356,902
Bethlehem Library	75,611	71,985	3,626	66,619
Total	892,453	827,458	64,995	821,860
Education:				
Alexander County Board of Education:				
Current expenses	5,250,000	5,250,000	-	5,250,000
Auditorium reimbursement	150,000	150,000	-	150,000
Sale of school property	5,300	5,300	-	-
Total	5,405,300	5,405,300	-	5,400,000
CVCC - Alexander County:				
Current expenses	29,500	25,875	3,625	66,331
Total education	5,434,800	5,431,175	3,625	5,466,331
Debt Service:				
Principal retirement	2,233,000	2,229,288	3,712	2,203,725
Interest and fees	409,000	407,108	1,892	472,088
Total	2,642,000	2,636,396	5,604	2,675,813
Contingency	70,378	-	70,378	-
Total expenditures	35,421,794	32,815,962	2,605,832	33,314,807
Revenues over (under) expenditures	(1,433,933)	1,556,732	2,990,665	(586,917)
Other Financing Sources (Uses):				
Transfers in:				
Special revenue funds	-	-	-	121
Capital project funds	127,821	-	(127,821)	243,401
Transfers out:				
Special revenue funds	(82,500)	(82,500)	-	(26,186)
Capital project funds	(1,274,000)	(1,195,058)	78,942	(524,989)
Enterprise funds	(125,000)	(125,000)	-	(175,808)
Appropriated fund balance	2,787,612	-	(2,787,612)	-
Total	1,433,933	(1,402,558)	(2,836,491)	(483,461)
Net change in fund balance	\$ -	154,174	\$ 154,174	(1,070,378)
Fund Balance:				
Beginning of year - July 1		9,578,817		10,649,195
End of year - June 30		\$ 9,732,991		\$ 9,578,817

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
State lottery revenue	\$ -	\$ -	\$ -	\$ 104,071
Investment earnings	200	545	345	241
Total revenues	200	545	345	104,312
Expenditures:				
Education	575,000	175,776	399,224	129,142
Contingency	186,200	-	186,200	-
Total expenditures	761,200	175,776	585,424	129,142
Revenues over (under) expenditures	(761,000)	(175,231)	585,769	(24,830)
Other Financing Sources (Uses):				
Transfers in	761,000	682,058	(78,942)	524,989
Net change in fund balance	\$ -	506,827	\$ 506,827	500,159
Fund Balance:				
Beginning of year - July 1		2,581,326		2,081,167
End of year - June 30		\$ 3,088,153		\$ 2,581,326

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and investments	\$ 813,367	\$ 454,715	\$ 1,268,082
Taxes receivable, net	63,753	-	63,753
Accounts receivable	11,300	-	11,300
Prepays	5,787	-	5,787
Due from other governments	8,505	-	8,505
Cash and investments, restricted	132,803	1,469,146	1,601,949
Total assets	<u>\$ 1,035,515</u>	<u>\$ 1,923,861</u>	<u>\$ 2,959,376</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 31,012	\$ -	\$ 31,012
Due to other funds	-	14,265	14,265
Total liabilities	<u>31,012</u>	<u>14,265</u>	<u>45,277</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>63,753</u>	<u>-</u>	<u>63,753</u>
Fund Balances:			
Non-spendable:			
Prepaid items	5,787	-	5,787
Restricted:			
Stabilization for State statute	19,805	-	19,805
Restricted, all other	734,387	1,469,146	2,203,533
Committed	180,771	447,047	627,818
Unassigned	-	(6,597)	(6,597)
Total fund balances	<u>940,750</u>	<u>1,909,596</u>	<u>2,850,346</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,035,515</u>	<u>\$ 1,923,861</u>	<u>\$ 2,959,376</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 1,008,605	\$ -	\$ 1,008,605
Other taxes and licenses	135,596	-	135,596
Intergovernmental revenues	167,289	-	167,289
Investment earnings	189	2,936	3,125
Total revenues	<u>1,311,679</u>	<u>2,936</u>	<u>1,314,615</u>
Expenditures:			
Public safety	1,111,013	-	1,111,013
General government	213,549	-	213,549
Education	-	65,953	65,953
Economic and physical development	199,789	-	199,789
Total expenditures	<u>1,524,351</u>	<u>65,953</u>	<u>1,590,304</u>
Revenues over (under) expenditures	(212,672)	(63,017)	(275,689)
Other Financing Sources (Uses):			
Transfers in	<u>82,500</u>	<u>513,000</u>	<u>595,500</u>
Net change in fund balances	(130,172)	449,983	319,811
Fund Balances:			
Beginning of year - July 1	<u>1,070,922</u>	<u>1,459,613</u>	<u>2,530,535</u>
End of year - June 30	<u>\$ 940,750</u>	<u>\$ 1,909,596</u>	<u>\$ 2,850,346</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Multi-Year Operating Grants Fund	Precision Materials Building Reuse Grant Expansion Project Fund
Assets:				
Cash and investments	\$ 65,893	\$ -	\$ -	\$ -
Taxes receivable, net	63,753	-	-	-
Accounts receivable	-	-	-	-
Prepays	-	834	-	-
Due from other governments	8,505	-	-	-
Cash and investments, restricted	-	132,803	-	-
Total assets	<u>\$ 138,151</u>	<u>\$ 133,637</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 28,902	\$ 2,032	\$ -	\$ -
Deferred Inflows of Resources:				
Taxes receivable	<u>63,753</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non-spendable:				
Prepaid items	-	834	-	-
Restricted:				
Stabilization for State statute	8,505	-	-	-
Restricted, all other	36,991	-	-	-
Committed	-	130,771	-	-
Total fund balances	<u>45,496</u>	<u>131,605</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 138,151</u>	<u>\$ 133,637</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Special Revenue Funds			
	Huntington House Building Reuse Grant Project Fund	MG+BW Natural Gas Expansion Project Fund	Emergency Telephone System Fund	Total Nonmajor Special Revenue Funds
Assets:				
Cash and investments	\$ -	\$ 50,000	\$ 697,474	\$ 813,367
Taxes receivable, net	-	-	-	63,753
Accounts receivable	-	-	11,300	11,300
Prepays	-	-	4,953	5,787
Due from other funds	-	-	-	8,505
Cash and investments, restricted	-	-	-	132,803
Total assets	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 713,727</u>	<u>\$ 1,035,515</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 31,012</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,753</u>
Fund Balances:				
Non-spendable:				
Prepaid items	-	-	4,953	5,787
Restricted:				
Stabilization for State statute	-	-	11,300	19,805
Restricted, all other	-	-	697,396	734,387
Committed	-	50,000	-	180,771
Total fund balances	<u>-</u>	<u>50,000</u>	<u>713,649</u>	<u>940,750</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 713,727</u>	<u>\$ 1,035,515</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, 2015

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Multi-Year Operating Grants Fund	Precision Materials Building Reuse Grant Expansion Project Fund
Revenues:				
Ad valorem taxes	\$ 933,605	\$ 75,000	\$ -	\$ -
Other taxes and licenses	-	-	-	-
Intergovernmental revenues	-	-	68,232	34,160
Investment earnings	-	37	-	-
Total revenues	<u>933,605</u>	<u>75,037</u>	<u>68,232</u>	<u>34,160</u>
Expenditures:				
Public safety	959,207	-	-	-
General government	-	213,549	-	-
Economic and physical development	-	-	68,232	41,660
Total expenditures	<u>959,207</u>	<u>213,549</u>	<u>68,232</u>	<u>41,660</u>
Revenues over (under) expenditures	(25,602)	(138,512)	-	(7,500)
Other Financing Sources (Uses):				
Transfers in	-	-	-	7,500
Net change in fund balances	(25,602)	(138,512.00)	-	-
Fund Balances:				
Beginning of year - July 1	<u>71,098</u>	<u>270,117</u>	<u>-</u>	<u>-</u>
End of year - June 30	<u>\$ 45,496</u>	<u>\$ 131,605</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Huntington House Building Reuse Grant Project Fund	MG+BW Natural Gas Expansion Project Fund	Emergency Telephone System Fund	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,008,605
Other taxes and licenses	-	-	135,596	135,596
Intergovernmental revenues	64,897	-	-	167,289
Investment earnings	-	-	152	189
Total revenues	64,897	-	135,748	1,311,679
Expenditures:				
Public safety	-	-	151,806	1,111,013
General government	-	-	-	213,549
Economic and physical development	89,897	-	-	199,789
Total expenditures	89,897	-	151,806	1,524,351
Revenues over (under) expenditures	(25,000)	-	(16,058)	(212,672)
Other Financing Sources (Uses):				
Transfers in	25,000	50,000	-	82,500
Net change in fund balances	-	50,000	(16,058)	(130,172)
Fund Balances:				
Beginning of year - July 1	-	-	729,707	1,070,922
End of year - June 30	\$ -	\$ 50,000	\$ 713,649	\$ 940,750

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 1,037,120	\$ 933,605	\$ (103,515)	\$ 958,259
Expenditures:				
Public safety:				
Bethlehem Fire District	234,950	228,020	6,930	214,025
Wittenburg Fire District	166,700	154,633	12,067	153,171
Hiddenite Fire District	136,695	128,678	8,017	122,703
East Alexander Fire District	103,420	90,637	12,783	92,238
Ellendale Fire District	107,650	98,684	8,966	94,747
Sugarloaf Fire District	99,200	86,866	12,334	86,566
Central Alexander Fire District	121,700	114,518	7,182	106,707
Vashti Fire District	66,805	57,171	9,634	56,659
Total expenditures	1,037,120	959,207	77,913	926,816
Net change in fund balance	\$ -	(25,602)	\$ (25,602)	31,443
Fund Balance:				
Beginning of year - July 1		71,098		39,655
End of year - June 30		\$ 45,496		\$ 71,098

ALEXANDER COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Investment earnings	-	37	37	21
Total revenues	<u>75,000</u>	<u>75,037</u>	<u>37</u>	<u>75,021</u>
Expenditures:				
General government	<u>345,037</u>	<u>213,549</u>	<u>131,488</u>	<u>280,988</u>
Revenues over (under) expenditures	(270,037)	(138,512)	131,525	(205,967)
Other Financing Sources (Uses):				
Appropriated fund balance	<u>270,037</u>	<u>-</u>	<u>(270,037)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(138,512)</u>	<u>\$ (138,512)</u>	<u>(205,967)</u>
Fund Balance:				
Beginning of year - July 1		<u>270,117</u>		<u>476,084</u>
End of year - June 30		<u>\$ 131,605</u>		<u>\$ 270,117</u>

ALEXANDER COUNTY, NORTH CAROLINA

MULTI-YEAR OPERATING GRANTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Project Budget:				
CDBG 2011 Scattered Site Housing Project:				
Revenues:				
CDBG Grant - Scattered Site Housing Rehabilitation (C-1)	\$ 360,000	\$ 291,768	\$ 68,232	\$ 360,000
CDBG Grant - Emergency Repair Program (L-1)	40,000	40,000	-	40,000
Total revenues	<u>400,000</u>	<u>331,768</u>	<u>68,232</u>	<u>400,000</u>
Expenditures:				
Scattered Site Housing Rehabilitation (C-1):				
Rehabilitation	243,896	176,444	67,451	243,895
Reconstruction	74,904	74,904	-	74,904
Clearance	1,200	1,200	-	1,200
Administration	33,000	32,219	781	33,000
Planning	7,000	7,000	-	7,000
Emergency Repair Program (L-1):				
Rehabilitation	40,000	40,001	-	40,001
Total expenditures	<u>400,000</u>	<u>331,768</u>	<u>68,232</u>	<u>400,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total for Multi-Year Operating Grants Fund:				
Revenues	\$ 400,000	\$ 331,768	\$ 68,232	\$ 400,000
Economic and physical development expenditures	<u>400,000</u>	<u>331,768</u>	<u>68,232</u>	<u>400,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

PRECISION MATERIALS BUILDING REUSE GRANT EXPANSION PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

		Actual		
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
NC Department of Commerce	\$ 150,000	\$ -	\$ 34,160	\$ 34,160
Expenditures:				
Economic and physical development:				
Building renovation	150,000	-	34,160	34,160
Grant administration	7,500	-	7,500	7,500
Total expenditures	<u>157,500</u>	<u>-</u>	<u>41,660</u>	<u>41,660</u>
Revenues over (under) expenditures	(7,500)	-	(7,500)	(7,500)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

HUNTINGTON HOUSE BUILDING REUSE GRANT PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Department of Commerce	\$ 500,000	\$ -	\$ 64,897	\$ 64,897
Expenditures:				
Economic and physical development:				
Building renovation	500,000	-	64,897	64,897
Grant administration	25,000	-	25,000	25,000
Total expenditures	525,000	-	89,897	89,897
Revenues over (under) expenditures	(25,000)	-	(25,000)	(25,000)
Other Financing Sources (Uses):				
Transfers in:				
General Fund	25,000	-	25,000	25,000
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

MG+BW NATURAL GAS EXPANSION PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Department of Commerce	\$ 200,000	\$ -	\$ -	\$ -
Industry contribution	10,000	-	-	-
Total revenues	210,000	-	-	-
Expenditures:				
Economic and physical development:				
Gas line construction	200,000	-	-	-
Engineering/ design	60,000	-	-	-
Total expenditures	260,000	-	-	-
Revenues over (under) expenditures	(50,000)	-	-	-
Other Financing Sources (Uses):				
Transfers in:				
General Fund	50,000	-	50,000	50,000
Net change in fund balance	\$ -	\$ -	\$ 50,000	\$ 50,000

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 135,596	\$ 135,596	\$ -	\$ 139,121
Investment earnings	-	152	152	386
Total revenues	135,596	135,748	152	139,507
Expenditures:				
Telephone	65,000	41,195	23,805	44,025
Furniture	5,157	4,688	469	630
Software and software maintenance	30,000	28,872	1,128	33,867
Hardware and hardware maintenance	102,500	75,407	27,093	53,703
Training	4,000	588	3,412	1,175
ECaTS expense - 911	2,000	1,056	944	1,056
Total expenditures	208,657	151,806	56,851	134,456
Revenues over (under) expenditures	(73,061)	(16,058)	57,003	5,051
Other Financing Sources (Uses):				
Transfers in	-	-	-	2,186
Appropriated fund balance	73,061	-	(73,061)	-
Total other financing sources (uses)	73,061	-	(73,061)	2,186
Net change in fund balance	\$ -	(16,058)	\$ (16,058)	7,237
Fund Balance:				
Beginning of year - July 1		729,707		722,470
End of year - June 30		\$ 713,649		\$ 729,707

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015

	Capital Project Fund			
	County Capital Project Fund	Applied Technologies Building Renovation Project Fund	Rocky Face Park Expansion Project Fund	Total Nonmajor Capital Project Funds
Assets:				
Cash and investments	\$ 7,668	\$ 334,047	\$ 113,000	\$ 454,715
Cash and investments, restricted	1,469,146	-	-	1,469,146
Total assets	<u>\$ 1,476,814</u>	<u>\$ 334,047</u>	<u>\$ 113,000</u>	<u>\$ 1,923,861</u>
Liabilities and Fund Balances:				
Liabilities:				
Due to other funds	<u>\$ 14,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,265</u>
Fund Balances:				
Restricted:				
Restricted, all other	1,469,146	-	-	1,469,146
Committed	-	334,047	113,000	447,047
Unassigned	(6,597)	-	-	(6,597)
Total fund balances	<u>1,462,549</u>	<u>334,047</u>	<u>113,000</u>	<u>1,909,596</u>
Total liabilities and fund balances	<u>\$ 1,476,814</u>	<u>\$ 334,047</u>	<u>\$ 113,000</u>	<u>\$ 1,923,861</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, 2015

	Capital Project Fund			Total
	County Capital Project Fund	Applied Technologies Building Renovation Project Fund	Rocky Face Park Expansion Project Fund	Nonmajor Capital Project Funds
Revenues:				
Investment earnings	\$ 2,936	\$ -	\$ -	\$ 2,936
Expenditures:				
Education	-	65,953	-	65,953
Revenues over (under) expenditures	2,936	(65,953)	-	(63,017)
Other Financing Sources (Uses):				
Transfers in	-	400,000	113,000	513,000
Net change in fund balances	2,936	334,047	113,000	449,983
Fund Balances:				
Beginning of year - July 1	1,459,613	-	-	1,459,613
End of year - June 30	<u>\$ 1,462,549</u>	<u>\$ 334,047</u>	<u>\$ 113,000</u>	<u>\$ 1,909,596</u>

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 25,080	\$ 28,797	\$ 2,936	\$ 31,733
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	543,592	44,105	-	44,105
Total expenditures	8,999,639	8,500,151	-	8,500,151
Revenues over (under) expenditures	(8,974,559)	(8,471,354)	2,936	(8,468,418)
Other Financing Sources (Uses):				
Long-term debt issued	10,000,000	10,000,000	-	10,000,000
Transfers in:				
General Fund	727,791	727,791	-	727,791
Transfers out:				
General Fund	(1,753,232)	(796,824)	-	(796,824)
Total other financing sources (uses)	8,974,559	9,930,967	-	9,930,967
Net change in fund balance	\$ -	\$ 1,459,613	2,936	\$ 1,462,549
Fund Balance:				
Beginning of year - July 1			1,459,613	
End of year - June 30			\$ 1,462,549	

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, 2015

		Actual		
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
US Department of Commerce	\$ 1,500,000	\$ -	\$ -	\$ -
Golden Leaf Grant	423,600	-	-	-
CVCC Foundation Grant	2,996	-	-	-
Duke Energy Grant	150,000	-	-	-
Industry contribution	137,000	-	-	-
Total revenues	<u>2,213,596</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Education:				
Admin & legal expenses	25,000	-	10,919	10,919
Architect & engineer fees	177,000	-	50,223	50,223
Testing/inspection/site	29,430	-	4,811	4,811
Construction expense - Golden Leaf	423,600	-	-	-
Construction expense - Duke Energy	150,000	-	-	-
Construction expense - Building upfit	1,601,421	-	-	-
Contingencies	207,145	-	-	-
Total expenditures	<u>2,613,596</u>	<u>-</u>	<u>65,953</u>	<u>65,953</u>
Revenues over (under) expenditures	<u>(400,000)</u>	<u>-</u>	<u>(65,953)</u>	<u>(65,953)</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,047</u>	<u>\$ 334,047</u>

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, 2015

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Parks and Recreation Trust Fund	\$ 225,106	\$ -	\$ -	\$ -
Expenditures:				
Cultural and recreation:				
Park construction / renovation costs	388,117	-	-	-
Design / engineering	42,690	-	-	-
Contingency	19,405	-	-	-
Total expenditures	450,212	-	-	-
Revenues over (under) expenditures	(225,106)	-	-	-
Other Financing Sources (Uses):				
Transfers in:				
General Fund	225,106	-	113,000	113,000
Net change in fund balance	\$ -	\$ -	\$ 113,000	\$ 113,000

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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water revenues	\$ 1,173,000	\$ 1,221,705	\$ 48,705	\$ 1,155,628
Non-operating revenues:				
Intergovernmental revenues	-	-	-	75,000
Investment earnings	10	17	7	10
Other non-operating revenues	-	-	-	24,002
Total revenues	<u>1,173,010</u>	<u>1,221,722</u>	<u>48,712</u>	<u>1,254,640</u>
Expenditures:				
Water and distribution	770,041	722,923	47,118	769,418
Capital outlay	174,849	174,849	-	33,648
Budgetary appropriations:				
Debt principal	201,000	200,036	964	200,036
Interest and fees paid	59,500	58,810	690	63,011
Total expenditures	<u>1,205,390</u>	<u>1,156,618</u>	<u>48,772</u>	<u>1,066,113</u>
Revenues over (under) expenditures	(32,380)	65,104	97,484	188,527
Other Financing Sources (Uses):				
Appropriated fund balance	<u>32,380</u>	<u>-</u>	<u>(32,380)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 65,104</u>	<u>\$ 65,104</u>	<u>\$ 188,527</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 65,104		
Reconciling items:				
Capital project transfer from Bethlehem Water District		30,000		
Contributions made to the pension plan in the current year		4,805		
Pension expense		(624)		
Capital outlay		174,849		
Debt principal		200,036		
Depreciation		(554,661)		
Change in accrued interest		700		
Change in compensated absences		1,086		
Change in other post-employment benefits		<u>7,961</u>		
Change in net position		<u>\$ (70,744)</u>		

ALEXANDER COUNTY, NORTH CAROLINA**COUNTY WATER AND SEWER CAPITAL PROJECT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL (NON-GAAP)****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Bethlehem, Ellendale Water System Improvements Project:				
Expenditures:				
Water improvements	\$ 2,896,925	\$ 823,899	\$ 1,664,884	\$ 2,488,783
Professional services	213,500	36,795	117,297	154,092
Administration	66,176	66,175	-	66,175
Contingency	116,755	-	-	-
Total expenditures	<u>3,293,356</u>	<u>926,869</u>	<u>1,782,181</u>	<u>2,709,050</u>
Revenues over (under) expenditures	<u>(3,293,356)</u>	<u>(926,869)</u>	<u>(1,782,181)</u>	<u>(2,709,050)</u>
Other Financing Sources (Uses):				
Long-term debt issued	3,308,771	594,577	1,894,379	2,488,956
Transfer from Bethlehem Water District	96,176	66,175	30,000	96,175
Transfer to Bethlehem Water District	(111,591)	(111,590)	-	(111,590)
Total other financing sources (uses)	<u>3,293,356</u>	<u>549,162</u>	<u>1,924,379</u>	<u>2,473,541</u>
Other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (377,707)</u>	<u>\$ 142,198</u>	<u>\$ (235,509)</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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,210,000	\$ 1,207,962	\$ (2,038)	\$ 1,154,021
Non-operating revenues:				
Investment earnings	725	466	(259)	700
Total revenues	<u>1,210,725</u>	<u>1,208,428</u>	<u>(2,297)</u>	<u>1,154,721</u>
Expenditures:				
Water and distribution	919,758	874,682	45,076	884,354
Budgetary appropriations:				
Capital outlay	67,967	67,967	-	-
Debt principal	180,500	179,856	644	177,604
Interest and fees paid	12,500	12,245	255	14,497
Total expenditures	<u>1,180,725</u>	<u>1,134,750</u>	<u>45,975</u>	<u>1,076,455</u>
Revenues over (under) expenditures	30,000	73,678	43,678	78,266
Other Financing Sources (Uses):				
Transfer to Bethlehem - Ellendale Capital Project	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>(66,175)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 43,678</u>	<u>\$ 43,678</u>	<u>\$ 123,681</u>

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 43,678
Reconciling items:	
Debt principal	179,856
Capital outlay	67,967
Contributions made to the pension plan in the current year	3,204
Pension expense	(417)
Change in accrued interest	859
Change in compensated absences	2,474
Depreciation and amortization	<u>(95,774)</u>
Change in net position	<u>\$ 201,847</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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill	\$ 1,140,000	\$ 1,062,211	\$ (77,789)	\$ 1,104,961
Convenience center	196,030	193,389	(2,641)	191,336
Non-operating revenues:				
Intergovernmental revenues	84,500	90,075	5,575	78,981
Grant revenue	-	22,938	22,938	-
Miscellaneous revenue	-	410	410	26,794
Total revenues	<u>1,420,530</u>	<u>1,369,023</u>	<u>(51,507)</u>	<u>1,402,072</u>
Expenditures:				
Convenience centers	190,893	176,134	14,759	178,842
Landfill operations	1,259,448	1,221,419	38,029	1,186,901
Capital outlay	21,000	-	21,000	155,547
Total expenditures	<u>1,471,341</u>	<u>1,397,553</u>	<u>73,788</u>	<u>1,521,290</u>
Revenues over (under) expenditures	<u>(50,811)</u>	<u>(28,530)</u>	<u>22,281</u>	<u>(119,218)</u>
Other Financing Sources (Uses):				
Transfers - General Fund	-	-	-	808
Transfers - Landfill Closure Fund	(5,000)	(5,000)	-	(15,000)
Appropriated fund balance	77,848	-	(77,848)	-
Contingency	(22,037)	-	22,037	-
Total other financing sources (uses)	<u>50,811</u>	<u>(5,000)</u>	<u>(55,811)</u>	<u>(14,192)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (33,530)</u>	<u>\$ (33,530)</u>	<u>\$ (133,410)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (33,530)		
Reconciling items:				
Contributions made to the pension plan in the current year		20,023		
Pension expense		(2,603)		
Change in compensated absences		(418)		
Change in other post-employment benefits		(21,970)		
Depreciation		<u>(73,777)</u>		
Change in net position		<u>\$ (112,275)</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, 2015

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-operating revenues:				
Investment earnings	\$ 75	\$ 25	\$ (50)	\$ 64
Expenditures:				
Monitoring	130,000	35,817	94,183	45,584
Revenues over (under) expenditures	(129,925)	(35,792)	94,133	(45,520)
Other Financing Sources (Uses):				
Transfer in - Solid Waste Fund	5,000	5,000	-	15,000
Transfer in - General Fund	125,000	125,000	-	175,000
Contingencies	(75)	-	75	-
Total other financing sources (uses)	129,925	130,000	75	190,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 94,208	\$ 94,208	\$ 144,480
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 94,208		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		(166,520)		
Change in net position		\$ (72,312)		

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

	Bethlehem Sewer
Assets:	
Current assets:	
Cash and investments	\$ 95,041
Due from other funds	5,074
Total current assets	<u>100,115</u>
Non-current assets:	
Depreciable assets, net	<u>787,746</u>
Total assets	<u>887,861</u>
Net Position:	
Net investment in capital assets	787,746
Unrestricted	<u>100,115</u>
Total net position	<u>\$ 887,861</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, 2015

	Bethlehem Sewer
Operating Revenues:	
Sewer capital reserve fees	\$ 20,188
Operating Expenses:	
Depreciation and amortization	35,570
Change in net position	(15,382)
Net Position:	
Beginning of year - July 1	903,243
End of year - June 30	\$ 887,861

ALEXANDER COUNTY, NORTH CAROLINA**PROPRIETARY FUND TYPES****NONMAJOR ENTERPRISE FUND****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2015**

	Bethlehem Sewer
Cash Flows from Operating Activities:	
Cash received from customers	\$ 20,188
Cash paid for goods and services	<u>(9,125)</u>
Net cash provided (used) by operating activities	<u>11,063</u>
Cash Flows from Non-Capital Financing Activities:	
Change in due to/from other funds	<u>(84)</u>
Net increase (decrease) in cash and cash equivalents	10,979
Cash and Cash Equivalents - Beginning of Year - July 1	<u>84,062</u>
Cash and Cash Equivalents - End of Year - June 30	<u><u>\$ 95,041</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (15,382)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,570
Increase (decrease) in accounts payable	<u>(9,125)</u>
Net cash provided (used) by operating activities	<u><u>\$ 11,063</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, 2015****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Sewer capital reserve fee	\$ 18,900	\$ 20,188	\$ 1,288	\$ 19,333
Expenditures:				
Operations	16,000	-	16,000	9,125
Contingency	2,900	-	2,900	-
Total expenditures	18,900	-	18,900	9,125
Revenues over (under) expenditures	\$ -	\$ 20,188	\$ 20,188	\$ 10,208
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues over (under) expenditures		\$ 20,188		
Reconciling items:				
Depreciation		(35,570)		
Change in net position		\$ (15,382)		

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2015

	Social Services Fund	Sheriff's Civil Executions Fund	Deed of Trust Fees Fund	Fines and Forfeitures	Totals June 30, 2015
Assets:					
Cash and investments	\$ 31,919	\$ 1,295	\$ 380	\$ 7,028	\$ 40,622
Liabilities:					
Accounts payable	\$ 31,919	\$ 1,295	\$ -	\$ 7,028	\$ 40,242
Intergovernmental payable - State of NC	-	-	380	-	380
Total liabilities	\$ 31,919	\$ 1,295	\$ 380	\$ 7,028	\$ 40,622

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Social Services:				
Assets:				
Cash and investments:				
Client services	\$ 17,292	\$ 170,435	\$ 155,808	\$ 31,919
Liabilities:				
Accounts payable	\$ 17,292	\$ 170,435	\$ 155,808	\$ 31,919
Sheriff's Civil Executions Fund:				
Assets:				
Cash and investments	\$ 3,316	\$ 83,078	\$ 85,099	\$ 1,295
Liabilities:				
Accounts payable	\$ 3,316	\$ 83,078	\$ 85,099	\$ 1,295
Deed of Trust Fees:				
Assets:				
Cash and investments	\$ 338	\$ 4,212	\$ 4,170	\$ 380
Liabilities:				
Intergovernmental payable:				
State of North Carolina	\$ 338	\$ 4,212	\$ 4,170	\$ 380
Fines and Forfeitures:				
Assets:				
Cash and investments	\$ 7,041	\$ 75,294	\$ 75,307	\$ 7,028
Liabilities:				
Accounts payable	\$ 7,041	\$ 75,294	\$ 75,307	\$ 7,028
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 27,987	\$ 333,019	\$ 320,384	\$ 40,622
Liabilities:				
Accounts payable	\$ 27,649	\$ 328,807	\$ 316,214	\$ 40,242
Intergovernmental payable:				
State of North Carolina	338	4,212	4,170	380
Total liabilities	\$ 27,987	\$ 333,019	\$ 320,384	\$ 40,622

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2015

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2015	\$ -	\$ 17,391,325	\$ 16,818,015	573,310
2014	592,824	-	325,496	267,328
2013	292,081	-	132,468	159,613
2012	167,185	-	65,321	101,864
2011	104,841	-	34,845	69,996
2010	60,196	-	17,117	43,079
2009	39,018	-	6,488	32,530
2008	26,806	-	3,003	23,803
2007	14,524	-	1,313	13,211
2006	12,682	-	846	11,836
2005	14,448	-	14,448	-
Total	\$ 1,324,605	\$ 17,391,325	\$ 17,419,360	1,296,570

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (403,520)

Ad Valorem Taxes Receivable, Net:

General Fund \$ 893,050

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund \$ 17,497,557

Ad valorem taxes - Revaluation Fund 75,000

Total ad valorem taxes 17,572,557

Reconciling items:

Interest and penalties collected (174,951)

Tax refunds 8,245

Miscellaneous adjustments (939)

Amounts written off for tax year 2005 per Statute of Limitations 14,448

Total collections and credits \$ 17,419,360

ALEXANDER COUNTY, NORTH CAROLINA

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

	County-Wide		Total Levy	
	Property Valuation	Rate	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:				
County-wide:				
Property tax	\$2,614,982,572	0.665	\$ 17,389,634	\$ 15,653,536
Late list penalties	-		15,679	-
Total original levy	<u>2,614,982,572</u>		<u>17,405,313</u>	<u>15,669,215</u>
Discoveries	<u>5,763,008</u>		<u>38,324</u>	<u>-</u>
Abatements and Discounts	<u>(7,866,466)</u>		<u>(52,312)</u>	<u>-</u>
Total property valuation	<u>\$2,612,879,114</u>			
Net Levy			17,391,325	15,655,227
Uncollected taxes at June 30, 2015			<u>573,310</u>	<u>573,276</u>
Current Year's Taxes Collected			<u>\$ 16,818,015</u>	<u>\$ 15,081,951</u>
Current Levy Collection Percentage			96.70%	96.34%
				100.00%

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

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

Independent Auditor's Report

To the Board of Commissioners
Alexander County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 30, 2015.

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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexander County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2015-001, that we consider to be a material weakness.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 30, 2015

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2015

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported
- Non-compliance material to financial statements noted? Yes X No

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2015

Finding 2015-001

Criteria: In accordance with the Social Security Administration (SSA) Guide for Organizational Representative Payees, organizational payee does not have authority to lend the beneficiary's Social Security or SSI funds to anyone else, including other beneficiaries they serve (this includes using funds held in a collective account to make up a shortfall when another beneficiary's expenses exceed his/her ownership interest in the account).

Condition: At the time of interim audit fieldwork, there were internal control weaknesses and SSA guideline violations regarding the DSS Custodial Accounts. Expense disbursements were made without knowledge of the actual account balance of the beneficiary.

Effect: There were two beneficiary accounts that were expended over their ownership interest in the account. Expenses were paid out of these two accounts assuming that funds were directly deposited into the bank account at the beginning of the month from the State, which did not occur. Since the DSS Custodial Accounts are in a collective account, the shortfall was covered by another beneficiary's account.

Cause: At the time of interim audit fieldwork, income that was directly deposited into the County's DSS Custodial bank account was reconciled to the individual beneficiary's accounts after the bank statement was received. The available balances for the beneficiaries were then communicated to the local Department of Social Services for reference after month end. Expenses were disbursed assuming that the deposits were received at the beginning of the month without confirming those electronic deposits were actually made.

Context: While performing interim and final fieldwork procedures on the DSS Custodial Accounts, we noted those items above.

Recommendation: The Finance Office should provide a weekly bank deposit activity report to the local Department of Social Services so they can confirm that deposits were received and update each individual's account balance on a timely basis. Management should ensure that there are available funds before disbursements are made from each beneficiary's account.

Name of Contact Person: Jennifer Herman, Finance Director

Management Response/Corrective Action: The County corrected this condition prior to June 30, 2015. The Finance Office changed its procedures in order to prevent disbursements if there are insufficient funds in the beneficiary's bank balance. The Finance Office uses online banking to view the DSS Custodial bank account weekly. The Finance Office provided access to DSS staff to view the beneficiary general ledger balances. DSS staff verify the beneficiary balances before they submit invoices to the Finance Office for payment. Prior to processing the invoices from DSS, Finance Office staff also check the beneficiary balances for adequate funds. If funds are found to be inadequate, the Finance Office holds the invoice instead of paying it and requests DSS staff investigate the funding situation.

ALEXANDER COUNTY, NORTH CAROLINA

SUMMARY OF PRIOR YEAR'S FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

Finding 2014-001 – corrected.

**ALEXANDER COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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ALEXANDER COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2015

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

Independent Auditor's Report

To the Board of Commissioners
Alexander County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements (not presented herein), and have issued our report thereon dated October 30, 2015.

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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexander County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, that we consider to be a material weakness.

Compliance and Other Matters

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

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 30, 2015

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

Independent Auditor's Report

To the Board of Commissioners
Alexander County
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 Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Alexander County's major federal programs for the year ended June 30, 2015. Alexander County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alexander County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alexander County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Alexander County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of Alexander County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alexander County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002, that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements (not presented herein). We issued our report thereon dated October 30, 2015, 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. We have not performed any procedures with respect to the audited financial statements subsequent to October 30, 2015.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 14, 2015 (except as related to the
Report on the Schedule of Expenditures of
Federal and State Awards, as to which the
date is October 30, 2015.)

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

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

Independent Auditor's Report

To the Board of Commissioners
Alexander County
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, 2015. Alexander County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alexander County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with applicable sections of OMB Circular A-133, as described in the *Audit Manual for Government Auditors in North Carolina* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002. Our opinion on each major State program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of Alexander County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alexander County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003 to be material weaknesses.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Alexander County's basic financial statements (not presented herein). We issued our report thereon dated October 30, 2015, 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. We have not performed any procedures with respect to the audited financial statements subsequent to October 30, 2015.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 14, 2015 (except as related to the
Report on the Schedule of Expenditures of
Federal and State Awards, as to which the
date is October 30, 2015.)

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes No

Identification of major federal programs:

Program Name

Medicaid Cluster
Capitalization Grants for Drinking Water State
Revolving Funds

CFDA#

93.778, 93.777, 93.775

66.468

Dollar threshold used to distinguish between Type A and Type B programs: \$1,086,839

Auditee qualified as low-risk auditee? Yes X No

ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☐ Yes ☒ 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 ☐ No

Identification of major State programs:

Program Name

Medicaid Cluster

Subsidized Child Care Cluster

ALEXANDER COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

2. Financial Statement Findings

Finding 2015-001

Criteria: In accordance with the Social Security Administration (SSA) Guide for Organizational Representative Payees, organizational payee does not have authority to lend the beneficiary's Social Security or SSI funds to anyone else, including other beneficiaries they serve (this includes using funds held in a collective account to make up a shortfall when another beneficiary's expenses exceed his/her ownership interest in the account).

Condition: At the time of interim audit fieldwork, there were internal control weaknesses and SSA guideline violations regarding the DSS Custodial Accounts. Expense disbursements were made without knowledge of the actual account balance of the beneficiary.

Effect: There were two beneficiary accounts that were expended over their ownership interest in the account. Expenses were paid out of these two accounts assuming that funds were directly deposited into the bank account at the beginning of the month from the State, which did not occur. Since the DSS Custodial Accounts are in a collective account, the shortfall was covered by another beneficiary's account.

Cause: At the time of interim audit fieldwork, income that was directly deposited into the County's DSS Custodial bank account was reconciled to the individual beneficiary's accounts after the bank statement was received. The available balances for the beneficiaries were then communicated to the local Department of Social Services for reference after month end. Expenses were disbursed assuming that the deposits were received at the beginning of the month without confirming those electronic deposits were actually made.

Context: While performing interim and final fieldwork procedures on the DSS Custodial Accounts, we noted those items above.

Recommendation: The Finance Office should provide a weekly bank deposit activity report to the local Department of Social Services so they can confirm that deposits were received and update each individual's account balance on a timely basis. Management should ensure that there are available funds before disbursements are made from each beneficiary's account.

Name of Contact Person: Jennifer Herman, Finance Director

Management Response/Corrective Action: The County corrected this condition prior to June 30, 2015. The Finance Office changed its procedures in order to prevent disbursements if there are insufficient funds in the beneficiary's bank balance. The Finance Office uses online banking to view the DSS Custodial bank account weekly. The Finance Office provided access to DSS staff to view the beneficiary general ledger balances. DSS staff verify the beneficiary balances before they submit invoices to the Finance Office for payment. Prior to processing the invoices from DSS, Finance Office staff also check the beneficiary balances for adequate funds. If funds are found to be inadequate, the Finance Office holds the invoice instead of paying it and requests DSS staff investigate the funding situation.

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

3. Federal Award Findings and Questioned Costs

2015-002

Criteria: The County should have adequate monitoring controls to ensure that all information from the State's eligibility system, known as North Carolina Families Accessing Services through Technology (NC FAST) reconciles to participant case file records.

Condition: Participant case file budget calculations and NC FAST budgets did not reconcile for one of the participants selected for eligibility testing.

Context: While performing testing of eligibility related to the Medicaid program, we noted the above condition.

Effect: Participant case file budget calculations did not match NC FAST budget output.

Cause: Comparison of participant budget calculations to NC FAST budget calculation did not occur.

Questioned Costs: Although the County and NC FAST budgets did not match, the County's calculation was correct and the client was indeed eligible; therefore, no questioned costs are applicable.

Recommendation: Management should monitor the systems of internal controls over participant budget calculations and NC FAST data to ensure that controls are operating as intended. If an error is found due to the NC FAST software, the error should be reported to the State via work ticket. Management oversight of the reconciliation process would reduce the risk of further noncompliance.

Contact Person: Patricia Baker, Social Services Director

DSS Program Affected:

<u>Federal Grantor</u>	<u>Pass-Through Agency</u>	<u>Program Name</u>	<u>CFDA #</u>
U.S. Health and Human Services	N.C. Health and Human Services	Medicaid Cluster	93.775, 93.777, 93.778

Management Response and Plan of Corrective Action: When Eligibility Worker processes a Medicaid case and verifies that the case file budget calculations do not match the NC Fast budget output this case will be flagged for Eligibility Supervisor review. If after review by the supervisor the budget calculations are not identical, a "Help Desk" ticket will be submitted to NC Fast help desk for corrections of these issues on said cases.

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

4. State Award Findings and Questioned Costs

2015-002 as described above.

2015-003

Criteria: The County should have an adequate system of internal control procedures in place ensuring that management properly reviews and assess the eligibility of individuals to ensure the accuracy of the benefits being provided.

Condition: The Division of Social Services did not have adequate review controls in place to ensure the proper eligibility determinations were being met.

Context: While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

Effect: Participant files could contain incorrect documentation where funding could be provided to individuals who are not eligible or not provided to eligible individuals.

Cause: Lack of sufficient quality review procedures by management.

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

Recommendation: Management should implement proper review procedures over the Division of Social Services eligibility determination to ensure that records contain current, reliable and appropriate documentation in each participant file.

Contact Person: Patricia Baker, Social Services Director

DSS Programs Affected:

<u>Agency</u>	<u>Program Name</u>
N.C. Health and Human Services	Subsidized Child Care Cluster

Management Response and Plan of Corrective Action: Management concurs and will ensure proper 2nd party review procedures over eligibility determination are in place.

ALEXANDER COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Finding 2014-001 – corrected.

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through	Federal	Expenditures	
Grantor/Program Title	CFDA Number	Federal	State
Federal Awards:			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Supplemental Nutrition Assistance Program Cluster</u>			
State Administrative Matching Grants for			
the Supplemental Nutrition Assistance Program	10.561	\$ 216,980	\$ -
Total Supplemental Nutrition Assistance Program Cluster		216,980	-
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Administration:			
Special Supplemental Nutrition Program for			
Women, Infants, & Children	10.557	168,158	-
Direct Benefit Payments:			
Special Supplemental Nutrition Program for			
Women, Infants, & Children	10.557	492,322	-
Administration:			
WIC Grants to States (WGS)	10.578	1,192	-
Passed-through Western Piedmont Council of Governments:			
Division of Aging:			
Passed-through N.C. Dept. of Agriculture:			
Emergency Food Assistance Cluster:			
NSIP Supplement	10.570	17,821	-
Total U.S. Dept. of Agriculture		896,473	-
<u>U.S. Department of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
Passed-through the N.C. Department of Commerce:			
Division of Community Assistance:			
CDBG - State Program and Non-Entitlement Grants in Hawaii:			
2011 Scattered Site Housing Project	14.228	68,232	-
Total U.S. Department of Housing and Urban Development		68,232	-
<u>U.S. Dept. of Treasury</u>			
Treasury Forfeiture Fund Program	21.000	9,600	-
Total U.S. Dept. of Treasury		9,600	-
<u>U.S. Dept. of Transportation</u>			
<u>National Highway Traffic Safety Administration</u>			
<u>Pipeline and Hazardous Materials Safety Administration</u>			
Passed-through N.C. Department of Public Safety:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	9,800	-
Total U.S. Dept. of Transportation		9,800	-

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>	
		<u>Federal</u>	<u>State</u>
<u>National Endowment for the Humanities</u>			
<u>Promotion of the Humanities-Federal/State Partnership</u>			
Passed-through the North Carolina Humanities Council			
Promotion of the Humanities - Federal/State Partnership	45.129	1,000	-
Total National Endowment for the Humanities		1,000	-
<u>U.S. Institute of Museum and Library Services</u>			
<u>Grants to States</u>			
Passed-through the N.C. Department of Cultural Resources:			
State Library of North Carolina			
Grants to States	45.310	4,540	-
Total U.S. Institute of Museum and Library Services		4,540	-
<u>Environmental Protection Agency</u>			
Passed-through the N.C. Department of Environment			
and Natural Resources			
Division of Water Resources			
Capitalization Grants for Drinking Water State Revolving Funds Proj H-LRX-F-10-1650 (Note 3)	66.468	2,488,956	-
Total Environmental Protection Agency		2,488,956	-
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	8,986	-
Homeland Security Grant Program			
EMW-2013-SS-00033-S01	97.067	56,000	-
Emergency Management Performance Grant			
EMPG-2014-37003	97.042	38,220	-
Total U.S. Department of Homeland Security		103,206	-
<u>U.S. Dept. of Health & Human Services</u>			
<u>Office of Population Affairs</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Office of Population Affairs			
Family Planning Services Title X	93.217	27,879	-
<u>Administration on Aging</u>			
<u>Division of Aging and Adult Services</u>			
Passed-through Western Piedmont Council of Governments:			
<u>Aging Cluster:</u>			
Special Programs for the Aging - Title III B			
Grants for Supportive Services and Senior Centers	93.044	70,439	-
Special Programs for the Aging - Title III C			
Nutrition Services	93.045	90,907	-
In Home Level 1	93.045	66,396	-
Total Aging Cluster		227,742	-
Social Service Block Grant (SSBG) - In Home Services	93.667	131,494	18,186

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Expenditures	
		Federal	State
<u>Administration for Children and Families</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster (Note 4)</u>			
Title IV-E Foster Care - Administration	93.658	124,266	34,631
Foster Care - Direct Benefit Payments	93.658	97,718	30,660
Foster Care	93.658	33,776	-
Title IV-E Adoption Training	93.659	8,944	-
Adoption Assistance - Direct Benefit Payments	93.659	284,394	74,893
Total Foster Care and Adoption Cluster (Note 4)		549,098	140,184
<u>Temporary Assistance for Needy Families Cluster</u>			
Temporary Assistance for Needy Families (TANF) / Work First	93.558	230,555	-
TANF / Work First - Direct Benefit Payments	93.558	145,675	-
Total TANF Cluster		376,230	-
Child Support Enforcement	93.563	220,077	-
Low-Income Home Energy Assistance:			
Crisis Intervention Program	93.568	357,175	-
Stephanie Tubbs Jones Child Welfare Services Program			
- Permanency Planning - Families for Kids	93.645	9,666	-
Chafee Foster Care Independence Program	93.674	7,093	1,773
Chafee Foster Care Independence Program - Direct Benefit Payments	93.674	614	-
Division of Child Development:			
Subsidized Child Care (Note 4)			
<u>Child Care Development Fund Cluster:</u>			
Division of Social Services:			
Child Care Development Fund-Administration	93.596	81,700	-
Division of Child Development:			
Child Care and Development Fund Block Grant	93.575	275,270	-
Child Care and Development Fund -- Mandatory	93.596	77,883	-
Child Care and Development Fund -- Match	93.596	240,527	112,959
Total Child Care Development Fund Cluster		675,380	112,959
Temporary Assistance for Needy Families - TANF Cluster	93.558	66,793	-
Foster Care Title IV-E	93.658	5,595	2,898
State Appropriations		-	142,199
TANF-MOE		-	89,438
Total Subsidized Child Care Cluster (Note 4)		747,768	347,494
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Temporary Assistance for Needy Families - TANF Cluster	93.558	2,143	-
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
<u>Administration for Children and Families</u>			
Promoting Safe and Stable Families	93.556	31,384	-
<u>Administration for Community Living</u>			
Passed-through Western Piedmont Council of Governments:			
Medicare Enrollment Assistance Program	93.071	3,528	-

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through	Federal	Expenditures	
Grantor/Program Title	CFDA Number	Federal	State
<u>Centers for Medicare and Medicaid Services</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	28,583,799	15,382,415
Direct Benefit Payments:			
State Children's Insurance Program - N.C. Health Choice	93.767	596,893	188,993
Passed-through the N.C. Dept. of Insurance:			
Centers for Medicare and Medicaid Services (CMS)			
Research, Demonstrations and Evaluations	93.779	5,653	-
Division of Social Services:			
Administration:			
Medical Assistance Program	93.778	647,828	2,965
State Children's Insurance Program - N.C. Health Choice	93.767	12,636	1,543
<u>Centers for Disease Control and Prevention</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Project Grants and Cooperative Agreements for			
Tuberculosis Control Program	93.116	28	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	2,076	-
Hospital Preparedness Program (HPP) and Public Health Emergency			
Preparedness (PHEP) Aligned Cooperative Agreements	93.074	30,068	-
Immunization Grants	93.268	11,323	-
Preventive Health and Human Services Block Grant funded solely with			
Prevention and Public Health Funds (PPHF)	93.758	13,757	-
Preventive Health Services Sexually Transmitted Diseases Control Grants	93.977	50	-
HIV Prevention Activities Health Department Based	93.940	1,000	-
Preventative Health and Health Services Block Grant	93.991	6,789	-
Passed-through Cabarrus Health Alliance:			
Community Transformation Grant Small Communities Program			
financed solely by PPHF 2012	93.737	2,803	-
<u>Health Resources and Service Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Maternal and Child Health Services Block Grant to the States	93.994	39,577	29,686
Total U.S. Dept. of Health and Human Services		32,646,171	16,113,239
Total federal awards		36,227,978	16,113,239
State Awards:			
<u>N.C. Dept. of Commerce</u>			
Precision Materials Building Expansion Grant - 2015-013-3201-2538		-	34,160
Huntington House Building Reuse Grant - 2015-023-3201-2538		-	64,897
Total N.C. Dept. of Commerce		-	99,057
<u>N.C. Dept. of Cultural Resources</u>			
Division of State Library			
State Aid to Public Libraries		-	90,834
Total N.C. Dept. of Cultural Resources		-	90,834

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Expenditures	
		Federal	State
<u>N.C. Department of Environment and Natural Resources</u>			
Division of Waste Management			
White Goods Management Program		-	22,938
Total N.C. Dept of Environment and Natural Resources		-	22,938
<u>N.C. Dept. of Health and Human Services</u>			
Division of Aging and Adult Services			
Passed through Western Piedmont Council of Governments			
Senior Center General Purpose Funds		-	3,893
Total Division of Aging		-	3,893
Division of Social Services			
DCD Smart Start		-	16,000
AFDC Incent/Prog Integrity		-	57
St Child Welfare/CPS/CS LD		-	125,268
CWS Adopt Subsidy and Vendor		-	68,183
SC/SA Domiciliary Care Payments		-	229,668
SFHF Maximization		-	8,013
State Foster Home		-	63,438
Total Division of Social Services		-	510,627
Division of Public Health			
Child Health		-	283
General Communicable Disease Control		-	10,112
Food and Lodging		-	6,445
General Aid-to-County		-	85,246
HIV/STD State		-	400
HIV/STD SSBG Aid		-	100
HMHC-Family Planning		-	2,677
Maternal Health (HMHC)		-	2,495
Public Nursing Health		-	400
Risk Reduction/Health Promotion		-	6,285
School Nurse Funding Initiative		-	150,000
Sexually Transmitted Diseases		-	172
Tuberculosis		-	2,411
TB Medical Service		-	514
Women's Health Service Fund		-	7,867
Total Division of Public Health		-	275,407
Total N. C. Department of Health and Human Services		-	789,927
<u>N.C. Dept. of Public Safety</u>			
Juvenile Crime Prevention Programs		-	109,999
Total N.C. Dept. of Public Safety		-	109,999
Total State awards		-	1,112,755
Total federal and State awards		\$ 36,227,978	\$ 17,225,994

ALEXANDER COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

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

1. Basis of Presentation
The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Alexander County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this SEFSA is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Alexander County, it is not intended to and does not present the financial position, changes in net position or cash flows of Alexander County.
2. Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.
3. Loans Outstanding
Alexander County had the following loan balances outstanding at June 30, 2015. The amount reported as State expenditures in this schedule is equal to the current year expenditures/loan proceeds.

<u>Program Title</u>	<u>Amount Outstanding</u>
Capitalization Grants for Drinking Water State Revolving Funds	\$ 2,488,956

The County drew down \$594,577 of the Capitalization Grants for Drinking Water State Revolving Funds in fiscal year 2014. The draw down in fiscal year 2015 amounted to \$1,894,379. The amount presented in the schedule above includes the cumulative total of both draws of the Capitalization Grants for Drinking Water State Revolving Funds as required by OMB Circular A-133 Subpart B Section 205(b)2.

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