

**ALEXANDER COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

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

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



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NORTH CAROLINA**

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

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## **Independent Auditor's Report**

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2016, 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, 2016, 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 Schedule of Funding Progress, the Other Post-Employment Benefits' Schedule of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset (Liability) and County Contributions, 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 November 25, 2016, 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  
November 25, 2016

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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, 2016. 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

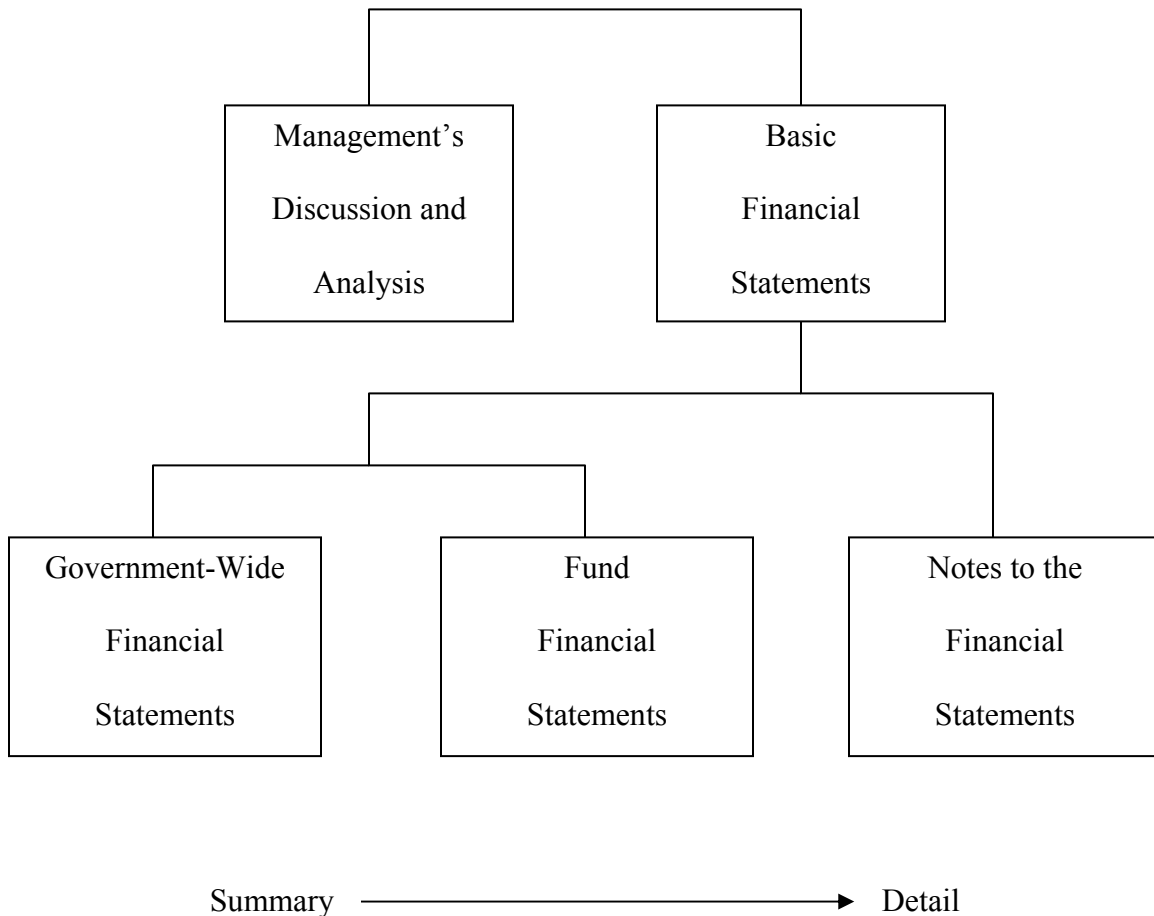
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$29,740,615 (*net position*).
- The government's total net position increased by \$4,664,455, primarily due to a property tax increase and construction in progress for several projects financed with Federal and State grant and loan funds.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$17,851,361 after a net increase in fund balance of \$2,179,871. Approximately 48.58% of this total amount, or \$8,672,707, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,589,505, or 21.54%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$1,432,731 (8%) 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 \$29,740,615 as of June 30, 2016. The County's net position increased by \$4,664,455 for the fiscal year ended June 30, 2016. The increase was primarily due to a property tax increase and an increase in construction in progress for several projects using Federal and State grant and loan funds. One of the largest portions, \$24,842,292 (83.53%), 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, \$8,131,740 (27.34%), 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 \$3,233,417 (10.87% deficit).

## Alexander County's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Current and other assets	\$ 20,617,883	\$ 19,033,950	\$ 3,579,131	\$ 2,607,258	\$ 24,197,014	\$ 21,641,208
Capital assets	20,521,330	18,164,257	16,491,611	16,670,587	37,012,941	34,834,844
Total assets	<u>41,139,213</u>	<u>37,198,207</u>	<u>20,070,742</u>	<u>19,277,845</u>	<u>61,209,955</u>	<u>56,476,052</u>
Deferred outflows of resources	<u>854,987</u>	<u>903,032</u>	<u>35,330</u>	<u>32,648</u>	<u>890,317</u>	<u>935,680</u>
<b>Liabilities:</b>						
Long-term liabilities outstanding	19,649,692	19,555,051	10,353,426	8,695,228	30,003,118	28,250,279
Other liabilities	<u>1,745,644</u>	<u>1,190,898</u>	<u>124,664</u>	<u>108,892</u>	<u>1,870,308</u>	<u>1,299,790</u>
Total liabilities	<u>21,395,336</u>	<u>20,745,949</u>	<u>10,478,090</u>	<u>8,804,120</u>	<u>31,873,426</u>	<u>29,550,069</u>
Deferred inflows of resources	<u>468,195</u>	<u>2,688,817</u>	<u>18,036</u>	<u>96,686</u>	<u>486,231</u>	<u>2,785,503</u>
<b>Net Position:</b>						
Net investment in capital assets	14,166,678	12,009,157	10,675,614	11,075,166	24,842,292	23,084,323
Restricted	8,131,740	6,354,169	-	-	8,131,740	6,354,169
Unrestricted	<u>(2,167,749)</u>	<u>(3,696,853)</u>	<u>(1,065,668)</u>	<u>(665,479)</u>	<u>(3,233,417)</u>	<u>(4,362,332)</u>
Total net position	<u>\$ 20,130,669</u>	<u>\$ 14,666,473</u>	<u>\$ 9,609,946</u>	<u>\$ 10,409,687</u>	<u>\$ 29,740,615</u>	<u>\$ 25,076,160</u>

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

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

## Alexander County's Changes in Net Position

**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,841,592	\$ 5,182,817	\$ 4,473,548	\$ 3,705,865	\$ 9,315,140	\$ 8,888,682
Operating grants and contributions	5,596,306	5,200,286	-	-	5,596,306	5,200,286
Capital grants and contributions	1,790,794	-	12,230	22,938	1,803,024	22,938
General revenues:						
Property taxes	21,333,350	18,464,936	-	-	21,333,350	18,464,936
Other taxes	7,188,262	6,765,032	-	-	7,188,262	6,765,032
Grants and contributions not restricted to specific programs	-	-	95,209	90,075	95,209	90,075
Other	672,339	16,447	913	508	673,252	16,955
Total revenues	<u>41,422,643</u>	<u>35,629,518</u>	<u>4,581,900</u>	<u>3,819,386</u>	<u>46,004,543</u>	<u>39,448,904</u>
<b>Expenses:</b>						
General government	5,353,736	5,358,310	-	-	5,353,736	5,358,310
Public safety	10,531,053	9,980,995	-	-	10,531,053	9,980,995
Environmental protection	418,792	349,838	-	-	418,792	349,838
Economic and physical development	946,104	608,783	-	-	946,104	608,783
Human services	10,448,664	10,000,112	-	-	10,448,664	10,000,112
Cultural and recreation	955,677	875,200	-	-	955,677	875,200
Education	6,941,082	5,664,536	-	-	6,941,082	5,664,536
Interest and fees	328,339	381,902	-	-	328,339	381,902
Water and sewer	-	-	2,445,179	2,334,617	2,445,179	2,334,617
Solid waste	-	-	2,971,462	1,678,635	2,971,462	1,678,635
Total expenses	<u>35,923,447</u>	<u>33,219,675</u>	<u>5,416,641</u>	<u>4,013,252</u>	<u>41,340,088</u>	<u>37,232,927</u>
Increase (decrease) in net position before transfers	5,499,196	2,409,843	(834,741)	(193,866)	4,664,455	2,215,977
Transfers	<u>(35,000)</u>	<u>(125,000)</u>	<u>35,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>5,464,196</u>	<u>2,284,843</u>	<u>(799,741)</u>	<u>(68,866)</u>	<u>4,664,455</u>	<u>2,215,977</u>
<b>Net Position:</b>						
Beginning of year - July 1	14,666,473	13,667,735	10,409,687	10,527,308	25,076,160	24,195,043
Prior period adjustment	-	(1,286,105)	-	(48,755)	-	(1,334,860)
Beginning of year - July 1, restated	<u>14,666,473</u>	<u>12,381,630</u>	<u>10,409,687</u>	<u>10,478,553</u>	<u>25,076,160</u>	<u>22,860,183</u>
End of year - June 30	<u>\$ 20,130,669</u>	<u>\$ 14,666,473</u>	<u>\$ 9,609,946</u>	<u>\$ 10,409,687</u>	<u>\$ 29,740,615</u>	<u>\$ 25,076,160</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$5,464,196 thereby accounting for 117.15% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Property tax increase of 12.5 cents for the 2015-2016 year
- Increase in capital grants and loan funds
- Increase in sales tax revenue and Medicaid hold harmless revenue

**Business-Type Activities.** Business-type activities decreased Alexander County's net position by \$799,741, accounting for (17.15%) of the total increase in the government's net position. Key elements of this decrease are as follows:

- Increase in landfill closure and post-closure expense
- Increase in local matching funds transferred to Water Capital Project

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

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

**Governmental Funds.** The focus of Alexander County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Alexander County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Alexander County. At the end of the current fiscal year, Alexander County's fund balance available in the General Fund was \$9,987,271, while total fund balance reached \$13,334,732. The County currently has an available fund balance of 28.35% of total General Fund expenditures and transfers out, while total fund balance represents 37.85% of that same amount.

At June 30, 2016, the governmental funds of Alexander County reported a combined fund balance of \$17,851,361, a 13.91% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased estimated revenues by approximately \$594,000 which is 1.6 percent more than originally budgeted. The County received additional Federal and State funding during the year for public health, social services, library, parks and recreation, 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 – \$1,429,468; Bethlehem Water Fund – \$1,489,906; Solid Waste Fund – (\$653,944) deficit; and Landfill Closure Fund – (\$3,451,846) deficit. The total decline in net position for these four major funds was (\$784,804) 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, 2016, total \$37,012,941 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Construction in progress for several governmental capital projects
- Purchase of vehicles and equipment for public safety programs
- Purchase of technology equipment for general government
- Retirement of surplus public safety vehicles
- Water line extension added to the County's water distribution system
- Construction in progress for a Water Capital Project

## Alexander County's Capital Assets

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 4,415,715	\$ 4,395,109	\$ 231,973	\$ 231,973	\$ 4,647,688	\$ 4,627,082
Construction in progress	2,366,709	65,953	3,273,135	2,709,050	5,639,844	2,775,003
Buildings	17,643,392	17,327,576	651,404	651,404	18,294,796	17,978,980
Other improvements	1,218,421	1,218,421	-	-	1,218,421	1,218,421
Equipment and machinery	3,923,752	3,782,266	607,152	607,152	4,530,904	4,389,418
Vehicles	3,146,256	2,874,377	330,383	334,987	3,476,639	3,209,364
Infrastructure	-	-	21,558,543	21,533,832	21,558,543	21,533,832
Furniture and fixtures	7,724	7,724	1,603	1,603	9,327	9,327
	<u>32,721,969</u>	<u>29,671,426</u>	<u>26,654,193</u>	<u>26,070,001</u>	<u>59,376,162</u>	<u>55,741,427</u>
Less: accumulated depreciation	<u>(12,200,639)</u>	<u>(11,507,169)</u>	<u>(10,162,582)</u>	<u>(9,399,414)</u>	<u>(22,363,221)</u>	<u>(20,906,583)</u>
Total	<u>\$ 20,521,330</u>	<u>\$ 18,164,257</u>	<u>\$ 16,491,611</u>	<u>\$ 16,670,587</u>	<u>\$ 37,012,941</u>	<u>\$ 34,834,844</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, 2016, Alexander County had total debt outstanding of \$15,863,100, all of which is debt backed by the full-faith and credit of the County.

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

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Notes payable	\$ 10,047,103	\$ 11,700,410	\$ 5,493,305	\$ 5,089,422	\$ 15,540,408	\$ 16,789,832
General obligation bonds	-	-	322,692	505,999	322,692	505,999
<b>Total</b>	<b>\$ 10,047,103</b>	<b>\$ 11,700,410</b>	<b>\$ 5,815,997</b>	<b>\$ 5,595,421</b>	<b>\$ 15,863,100</b>	<b>\$ 17,295,831</b>

Alexander County's total debt decreased by \$1,432,731 (8%) 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 \$188,272,641.

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 4.5% at June 30, 2016. This was lower than the State average of 5.2%.

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities.** General Fund revenues, excluding transfers, are projected to decrease \$438,000 (1.2%) from 2016 amounts. This is due to an increase in the tax base of only one percent combined with an expected decrease in revenues from sales and services.

General Fund expenditures, excluding transfers, are projected to increase \$1,962,000 (5.8%) from 2016 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 health insurance costs for current employees, and increases in human services programs.

Capital projects continuing in fiscal year 2017 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. The Shurtape Job Retention Wastewater Project, funded with economic development grants and a local match, will continue as well. The County also plans to purchase a vacant bank building and renovate it to house several County government departments.

**Business-Type Activities.** Budgeted expenditures in the Solid Waste Fund are expected to remain at the same level as 2016. Water rates for the Bethlehem Water District will be changed from the current rate structure to outside City of Hickory rates. Water rates for the Sugar Loaf and Highway 16 South Water Districts will see a 1.8% increase.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information (including information related to the Bethlehem Water District, a blended component unit), should be directed to the Finance Director, Alexander County, 621 Liledoun Road, Taylorsville, North Carolina 28681. You can also call (828) 632-4591, visit our website [www.alexandercountync.gov](http://www.alexandercountync.gov), or send an email to [jherman@alexandercountync.gov](mailto:jherman@alexandercountync.gov) for more information.



## ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 14,629,331	\$ 3,575,712	\$ 18,205,043
Taxes receivable, net	912,613	-	912,613
Accounts receivable, net	412,801	371,077	783,878
Due from other governments	2,779,751	23,107	2,802,858
Internal balances	391,765	(391,765)	-
Prepaid items	26,985	1,000	27,985
Cash and investments, restricted	1,398,651	-	1,398,651
Net pension asset	65,986	-	65,986
Capital assets:			
Land and other non-depreciable assets	6,782,424	3,505,108	10,287,532
Depreciable assets, net	13,738,906	12,986,503	26,725,409
Capital assets, net	<u>20,521,330</u>	<u>16,491,611</u>	<u>37,012,941</u>
Total assets	<u>41,139,213</u>	<u>20,070,742</u>	<u>61,209,955</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	112,171	4,476	116,647
Contributions to pension plans in current fiscal year	742,816	30,854	773,670
Total deferred outflows of resources	<u>854,987</u>	<u>35,330</u>	<u>890,317</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	1,270,225	108,259	1,378,484
Miscellaneous liabilities	475,419	16,405	491,824
Accrued interest	105,929	9,943	115,872
Current portion of compensated absences	437,000	9,100	446,100
Current portion of long-term debt	1,641,073	552,299	2,193,372
Non-current liabilities:			
Net pension liability	832,818	34,701	867,519
Accrued landfill post-closure care costs	-	4,175,590	4,175,590
Non-current compensated absences	507,320	29,001	536,321
Non-current other post-employment benefits	7,263,187	279,094	7,542,281
Non-current portion of long-term debt	8,862,365	5,263,698	14,126,063
Total liabilities	<u>21,395,336</u>	<u>10,478,090</u>	<u>31,873,426</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	436,430	18,036	454,466
Prepaid taxes	31,765	-	31,765
Total deferred inflows of resources	<u>468,195</u>	<u>18,036</u>	<u>486,231</u>
<b>Net Position:</b>			
Net investment in capital assets	14,166,678	10,675,614	24,842,292
Restricted for:			
Stabilization for State statute	3,800,929	-	3,800,929
Register of Deeds	2,825	-	2,825
Public safety	680,367	-	680,367
General government	62,255	-	62,255
Human services	669,026	-	669,026
Economic and physical development	9,812	-	9,812
Education	2,906,526	-	2,906,526
Unrestricted (deficit)	<u>(2,167,749)</u>	<u>(1,065,668)</u>	<u>(3,233,417)</u>
Total net position	<u>\$ 20,130,669</u>	<u>\$ 9,609,946</u>	<u>\$ 29,740,615</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, 2016

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,353,736	\$ 453,474	\$ 34,582	\$ -
Public safety	10,531,053	2,327,146	114,359	-
Environmental protection	418,792	80,600	2,360	-
Economic and physical development	946,104	40,594	547,099	278,159
Human services	10,448,664	1,880,122	4,802,116	-
Cultural and recreation	955,677	59,656	95,790	25,205
Education	6,941,082	-	-	1,487,430
Interest and fees	328,339	-	-	-
Total governmental activities	<u>35,923,447</u>	<u>4,841,592</u>	<u>5,596,306</u>	<u>1,790,794</u>
<b>Business-Type Activities:</b>				
Water and sewer	2,445,179	3,270,246	-	-
Solid waste	<u>2,971,462</u>	<u>1,203,302</u>	<u>-</u>	<u>12,230</u>
Total business-type activities	<u>5,416,641</u>	<u>4,473,548</u>	<u>-</u>	<u>12,230</u>
Total primary government	<u>\$ 41,340,088</u>	<u>\$ 9,315,140</u>	<u>\$ 5,596,306</u>	<u>\$ 1,803,024</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, 2016

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (4,865,680)	\$ -	\$ (4,865,680)
Public safety	(8,089,548)	-	(8,089,548)
Environmental protection	(335,832)	-	(335,832)
Economic and physical development	(80,252)	-	(80,252)
Human services	(3,766,426)	-	(3,766,426)
Cultural and recreation	(775,026)	-	(775,026)
Education	(5,453,652)	-	(5,453,652)
Interest and fees	(328,339)	-	(328,339)
Total governmental activities	<u>(23,694,755)</u>	<u>-</u>	<u>(23,694,755)</u>
<b>Business-Type Activities:</b>			
Water and sewer	-	825,067	825,067
Solid waste	-	(1,755,930)	(1,755,930)
Total business-type activities	<u>-</u>	<u>(930,863)</u>	<u>(930,863)</u>
Total primary government	<u>(23,694,755)</u>	<u>(930,863)</u>	<u>(24,625,618)</u>
<b>General Revenues:</b>			
Ad valorem taxes	21,333,350	-	21,333,350
Local option sales taxes	6,891,543	-	6,891,543
Other taxes and licenses	296,719	-	296,719
Unrestricted intergovernmental revenues	-	95,209	95,209
Miscellaneous	625,000	-	625,000
Investment earnings, unrestricted	47,339	913	48,252
Total general revenues, excluding transfers	<u>29,193,951</u>	<u>96,122</u>	<u>29,290,073</u>
Transfers	(35,000)	35,000	-
Total general revenues and transfers	<u>29,158,951</u>	<u>131,122</u>	<u>29,290,073</u>
Change in net position	5,464,196	(799,741)	4,664,455
<b>Net Position:</b>			
Beginning of year - July 1	<u>14,666,473</u>	<u>10,409,687</u>	<u>25,076,160</u>
End of year - June 30	<u>\$ 20,130,669</u>	<u>\$ 9,609,946</u>	<u>\$ 29,740,615</u>

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

## ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
		Fund		
<b>Assets:</b>				
Cash and investments	\$ 10,391,040	\$ 3,155,181	\$ 1,083,110	\$ 14,629,331
Taxes receivable, net	855,362	-	57,251	912,613
Accounts receivable, net	412,801	-	-	412,801
Due from other governments	2,330,080	-	449,671	2,779,751
Due from other funds	588,504	30,387	-	618,891
Prepaid items	26,590	-	395	26,985
Restricted assets:				
Cash and investments	763,628	-	635,023	1,398,651
Total assets	<u>\$ 15,368,005</u>	<u>\$ 3,185,568</u>	<u>\$ 2,225,450</u>	<u>\$ 20,779,023</u>
<b>Liabilities, Deferred Inflows of</b>				
<b>Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 629,826	\$ 326,174	\$ 314,225	\$ 1,270,225
Due to other funds	30,387	-	196,739	227,126
Miscellaneous liabilities	475,419	-	-	475,419
Total liabilities	<u>1,135,632</u>	<u>326,174</u>	<u>510,964</u>	<u>1,972,770</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	855,362	-	57,251	912,613
Health Department receivables	10,514	-	-	10,514
Prepaid taxes	31,765	-	-	31,765
Total deferred inflows of resources	<u>897,641</u>	<u>-</u>	<u>57,251</u>	<u>954,892</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepaid items	26,590	-	395	26,985
Restricted:				
Stabilization for State statute	3,320,871	30,387	449,671	3,800,929
Restricted, all other	1,756,453	1,916,526	1,171,814	4,844,793
Committed	-	912,481	416,192	1,328,673
Assigned	641,313	-	-	641,313
Unassigned	7,589,505	-	(380,837)	7,208,668
Total fund balances	<u>13,334,732</u>	<u>2,859,394</u>	<u>1,657,235</u>	<u>17,851,361</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,368,005</u>	<u>\$ 3,185,568</u>	<u>\$ 2,225,450</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,521,330
Net pension asset	65,986
Net pension liability	(832,818)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	742,816
Pension related deferrals	(324,259)
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(18,816,874)
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.	923,127
Net position of governmental activities	<u>\$ 20,130,669</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, 2016

	<b>Major</b>		<b>Other</b>	
	<b>General</b>	<b>Capital</b>	<b>Governmental</b>	
	<b>Fund</b>	<b>Improvements</b>	<b>Funds</b>	<b>Total</b>
		<b>Fund</b>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 20,231,092	\$ -	\$ 1,146,448	\$ 21,377,540
Local option sales taxes	6,891,543	-	-	6,891,543
Other taxes and licenses	171,048	-	125,671	296,719
Restricted intergovernmental revenues	5,049,207	-	2,196,637	7,245,844
Permits and fees	501,737	-	-	501,737
Sales and services	4,220,852	-	-	4,220,852
Interest earned on investments	37,663	7,993	1,683	47,339
Miscellaneous	770,151	-	141,256	911,407
Total revenues	<u>37,873,293</u>	<u>7,993</u>	<u>3,611,695</u>	<u>41,492,981</u>
<b>Expenditures:</b>				
General government	5,406,838	-	122,980	5,529,818
Public safety	8,998,211	-	1,242,022	10,240,233
Environmental protection	418,708	-	-	418,708
Economic and physical development	340,658	-	914,546	1,255,204
Human services	10,109,760	-	-	10,109,760
Cultural and recreation	912,625	-	52,410	965,035
Education	5,830,038	1,053,458	1,880,899	8,764,395
Debt service:				
Principal repayments	1,653,307	-	-	1,653,307
Interest	341,650	-	-	341,650
Total expenditures	<u>34,011,795</u>	<u>1,053,458</u>	<u>4,212,857</u>	<u>39,278,110</u>
Revenues over (under) expenditures	<u>3,861,498</u>	<u>(1,045,465)</u>	<u>(601,162)</u>	<u>2,214,871</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	956,408	816,706	364,459	2,137,573
Transfers (out)	(1,216,165)	-	(956,408)	(2,172,573)
Total other financing sources (uses)	<u>(259,757)</u>	<u>816,706</u>	<u>(591,949)</u>	<u>(35,000)</u>
Net change in fund balances	3,601,741	(228,759)	(1,193,111)	2,179,871
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>9,732,991</u>	<u>3,088,153</u>	<u>2,850,346</u>	<u>15,671,490</u>
End of year - June 30	<u>\$ 13,334,732</u>	<u>\$ 2,859,394</u>	<u>\$ 1,657,235</u>	<u>\$ 17,851,361</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, 2016

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 2,179,871
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	(44,190)
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.	(26,148)
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(11,281)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	13,311
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.	3,510,155
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,153,082)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,653,307
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	742,816
Net pension obligation, pension expense, 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>(1,400,563)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 5,464,196</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, 2016

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 19,805,900	\$ 19,812,900	\$ 20,231,092	\$ 418,192
Local option sales taxes	5,878,000	6,049,586	6,891,543	841,957
Other taxes and licenses	177,000	177,000	171,048	(5,952)
Restricted intergovernmental revenues	4,877,192	5,180,080	5,049,207	(130,873)
Permits and fees	388,782	413,782	501,737	87,955
Sales and services	5,123,508	5,165,208	4,220,852	(944,356)
Investment earnings	9,000	9,000	37,663	28,663
Miscellaneous	77,868	123,701	770,151	646,450
Total revenues	36,337,250	36,931,257	37,873,293	942,036
Expenditures:				
General government	6,166,477	6,334,857	5,406,838	928,019
Public safety	9,311,553	9,821,343	8,998,211	823,132
Environmental protection	406,781	444,942	418,708	26,234
Economic and physical development	363,473	383,537	340,658	42,879
Human services	11,078,178	11,464,869	10,109,760	1,355,109
Cultural and recreation	938,480	1,025,734	912,625	113,109
Education	5,833,400	5,833,400	5,830,038	3,362
Debt service:				
Principal retirement	1,801,000	1,655,300	1,653,307	1,993
Interest and fees	362,000	343,700	341,650	2,050
Contingency	118,210	56,544	-	56,544
Total expenditures	36,379,552	37,364,226	34,011,795	3,352,431
Revenues over (under) expenditures	(42,302)	(432,969)	3,861,498	4,294,467
Other Financing Sources (Uses):				
Long-term debt issued	437,000	-	-	-
Transfers in	956,408	956,408	956,408	-
Transfers out	(1,351,106)	(1,503,460)	(1,216,165)	287,295
Appropriated fund balance	-	980,021	-	(980,021)
Total other financing sources (uses)	42,302	432,969	(259,757)	(692,726)
Net change in fund balance	\$ -	\$ -	3,601,741	\$ 3,601,741
Fund Balance:				
Beginning of year - July 1			9,732,991	
End of year - June 30			\$ 13,334,732	

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 1,356,705	\$ 1,379,193	\$ 524
Accounts receivable, net	172,308	117,456	81,313
Due from other governments	-	-	23,107
Due from other funds	-	-	-
Prepaid items	1,000	-	-
Total current assets	<u>1,530,013</u>	<u>1,496,649</u>	<u>104,944</u>
Non-current assets:			
Land and other non-depreciable assets	3,273,135	-	231,973
Depreciable assets, net of depreciation	<u>10,236,163</u>	<u>1,496,507</u>	<u>501,657</u>
Total non-current assets	<u>13,509,298</u>	<u>1,496,507</u>	<u>733,630</u>
Total assets	<u>15,039,311</u>	<u>2,993,156</u>	<u>838,574</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	1,119	-	3,357
Contributions to pension plan in current fiscal year	<u>7,714</u>	<u>-</u>	<u>23,140</u>
Total deferred outflows of resources	<u>8,833</u>	<u>-</u>	<u>26,497</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	34,301	-	73,958
Due to other funds	-	5,202	391,765
Miscellaneous liabilities	4,279	-	12,126
Accrued interest	8,402	1,541	-
Current portion of long-term debt	365,474	186,825	-
Current portion of compensated absences	<u>3,800</u>	<u>-</u>	<u>5,300</u>
Total current liabilities	<u>416,256</u>	<u>193,568</u>	<u>483,149</u>
Non-current liabilities:			
Net pension liability	8,675	-	26,026
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	6,668	-	22,333
Non-current other post-employment benefits	38,744	-	240,350
Non-current portion of long-term debt	<u>5,127,831</u>	<u>135,867</u>	<u>-</u>
Total non-current liabilities	<u>5,181,918</u>	<u>135,867</u>	<u>288,709</u>
Total liabilities	<u>5,598,174</u>	<u>329,435</u>	<u>771,858</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	<u>4,509</u>	<u>-</u>	<u>13,527</u>
<b>Net Position:</b>			
Net investment in capital assets	8,015,993	1,173,815	733,630
Unrestricted	<u>1,429,468</u>	<u>1,489,906</u>	<u>(653,944)</u>
Total net position	<u>\$ 9,445,461</u>	<u>\$ 2,663,721</u>	<u>\$ 79,686</u>

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



ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 723,744	\$ 115,546	\$ 3,575,712
Accounts receivable, net	-	-	371,077
Due from other governments	-	-	23,107
Due from other funds	-	5,202	5,202
Prepaid items	-	-	1,000
Total current assets	<u>723,744</u>	<u>120,748</u>	<u>3,976,098</u>
Non-current assets:			
Land and other non-depreciable assets	-	-	3,505,108
Depreciable assets, net of depreciation	-	752,176	12,986,503
Total non-current assets	-	<u>752,176</u>	<u>16,491,611</u>
Total assets	<u>723,744</u>	<u>872,924</u>	<u>20,467,709</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	-	-	4,476
Contributions to pension plan in current fiscal year	-	-	30,854
Total deferred outflows of resources	-	-	<u>35,330</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	108,259
Due to other funds	-	-	396,967
Miscellaneous liabilities	-	-	16,405
Accrued interest	-	-	9,943
Current portion of long-term debt	-	-	552,299
Current portion of compensated absences	-	-	9,100
Total current liabilities	-	-	<u>1,092,973</u>
Non-current liabilities:			
Net pension liability	-	-	34,701
Non-current accrued landfill post-closure care costs	4,175,590	-	4,175,590
Non-current compensated absences	-	-	29,001
Non-current other post-employment benefits	-	-	279,094
Non-current portion of long-term debt	-	-	5,263,698
Total non-current liabilities	<u>4,175,590</u>	-	<u>9,782,084</u>
Total liabilities	<u>4,175,590</u>	-	<u>10,875,057</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	-	-	18,036
<b>Net Position:</b>			
Net investment in capital assets	-	752,176	10,675,614
Unrestricted	<u>(3,451,846)</u>	<u>120,748</u>	<u>(1,065,668)</u>
Total net position	<u>\$ (3,451,846)</u>	<u>\$ 872,924</u>	<u>\$ 9,609,946</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, 2016

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
<b>Operating Revenues:</b>			
Water and sewer sales	\$ 1,294,330	\$ 1,680,974	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	248,722
Landfill	-	-	1,203,302
Total operating revenues	<u>1,294,330</u>	<u>1,680,974</u>	<u>1,452,024</u>
<b>Operating Expenses:</b>			
Convenience centers	-	-	170,054
Water and sewer operations	729,287	958,168	-
Landfill operations	-	-	1,341,844
Depreciation and amortization	<u>562,060</u>	<u>98,266</u>	<u>71,876</u>
Total operating expenses	<u>1,291,347</u>	<u>1,056,434</u>	<u>1,583,774</u>
Operating income (loss)	<u>2,983</u>	<u>624,540</u>	<u>(131,750)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	206	684	-
Intergovernmental revenues	-	-	95,209
Grant revenue	-	-	12,230
Interest and fees paid	(53,910)	(7,918)	-
Miscellaneous revenues	<u>23,899</u>	<u>-</u>	<u>1,688</u>
Total non-operating revenues (expenses)	<u>(29,805)</u>	<u>(7,234)</u>	<u>109,127</u>
Income (loss) before transfers	<u>(26,822)</u>	<u>617,306</u>	<u>(22,623)</u>
<b>Transfers:</b>			
Transfer from other funds	200,322	-	-
Transfer to other funds	<u>-</u>	<u>(165,322)</u>	<u>(60,000)</u>
Total transfers	<u>200,322</u>	<u>(165,322)</u>	<u>(60,000)</u>
Change in net position	173,500	451,984	(82,623)
<b>Net Position:</b>			
Beginning of year - July 1	<u>9,271,961</u>	<u>2,211,737</u>	<u>162,309</u>
End of year - June 30	<u>\$ 9,445,461</u>	<u>\$ 2,663,721</u>	<u>\$ 79,686</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, 2016

	<b>Enterprise Funds</b>		
	<b>Landfill Closure Fund</b>	<b>Nonmajor Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Water and sewer sales	\$ -	\$ -	\$ 2,975,304
Sewer capital reserve fees	-	20,633	20,633
Convenience centers	-	-	248,722
Landfill	-	-	1,203,302
Total operating revenues	-	20,633	4,447,961
<b>Operating Expenses:</b>			
Convenience centers	-	-	170,054
Water and sewer operations	-	-	1,687,455
Landfill operations	1,387,688	-	2,729,532
Depreciation and amortization	-	35,570	767,772
Total operating expenses	1,387,688	35,570	5,354,813
Operating income (loss)	(1,387,688)	(14,937)	(906,852)
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	23	-	913
Intergovernmental revenues	-	-	95,209
Grant revenue	-	-	12,230
Interest and fees paid	-	-	(61,828)
Miscellaneous revenues	-	-	25,587
Total non-operating revenues (expenses)	23	-	72,111
Income (loss) before transfers	(1,387,665)	(14,937)	(834,741)
<b>Transfers In (Out):</b>			
Transfer from other funds	60,000	-	260,322
Transfer to other funds	-	-	(225,322)
Total transfers in (out)	60,000	-	35,000
Change in net position	(1,327,665)	(14,937)	(799,741)
<b>Net Position:</b>			
Beginning of year - July 1	(2,124,181)	887,861	10,409,687
End of year - June 30	\$ (3,451,846)	\$ 872,924	\$ 9,609,946

*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, 2016

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 1,286,651	\$ 1,665,624	\$ 1,455,917
Cash paid for goods and services	(588,610)	(958,168)	(1,151,225)
Cash paid to employees for services	(135,029)	(6,384)	(278,455)
Net cash provided (used) by operating activities	<u>563,012</u>	<u>701,072</u>	<u>26,237</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	23,899	-	109,127
Change in due to/from other funds	(182,820)	128	(75,361)
Interfund transfer in (out)	200,322	(165,322)	(60,000)
Net cash provided (used) by non-capital financing activities	<u>41,401</u>	<u>(165,194)</u>	<u>(26,234)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(588,796)	-	-
Principal paid on bonds and notes payable	(365,474)	(183,307)	-
Issuance of long-term debt	769,357	-	-
Interest and fees paid on bonds	(54,610)	(8,793)	-
Net cash provided (used) by capital and related financing activities	<u>(239,523)</u>	<u>(192,100)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>206</u>	<u>684</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	365,096	344,462	3
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>991,609</u>	<u>1,034,731</u>	<u>521</u>
End of year - June 30	<u>\$ 1,356,705</u>	<u>\$ 1,379,193</u>	<u>\$ 524</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 2,983	\$ 624,540	\$ (131,750)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	562,060	98,266	71,876
(Increase) decrease in accounts receivable	(7,679)	(15,350)	3,893
(Increase) decrease in prepaids	4,043	-	21,338
(Increase) decrease deferred outflows - pension	(4,028)	3,204	(6,474)
(Increase) decrease in net pension asset	6,801	4,534	28,336
Increase (decrease) in net pension liability	8,675	-	26,026
Increase (decrease) deferred inflows - pension	(11,274)	(10,523)	(52,237)
Increase (decrease) in accounts payable	(18,464)	-	32,788
Increase (decrease) in accrued salaries	2,170	(1,125)	3,466
Increase (decrease) in other post-employment benefits	10,728	-	28,893
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	<u>6,997</u>	<u>(2,474)</u>	<u>82</u>
Net cash provided (used) by operating activities	<u>\$ 563,012</u>	<u>\$ 701,072</u>	<u>\$ 26,237</u>

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

**ALEXANDER COUNTY, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Enterprise Funds</b>		
	<b>Landfill Closure Fund</b>	<b>Nonmajor Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ -	\$ 20,633	\$ 4,428,825
Cash paid for goods and services	(30,481)	-	(2,728,484)
Cash paid to employees for services	-	-	(419,868)
Net cash provided (used) by operating activities	(30,481)	20,633	1,280,473
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	-	-	133,026
Change in due to/from other funds	-	(128)	(258,181)
Interfund transfer in (out)	60,000	-	35,000
Net cash provided (used) by non-capital financing activities	60,000	(128)	(90,155)
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	-	(588,796)
Principal paid on bonds and notes payable	-	-	(548,781)
Issuance of long-term debt	-	-	769,357
Interest and fees paid on bonds	-	-	(63,403)
Net cash provided (used) by capital and related financing activities	-	-	(431,623)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	23	-	913
Net increase (decrease) in cash and cash equivalents	29,542	20,505	759,608
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	694,202	95,041	2,816,104
End of year - June 30	\$ 723,744	\$ 115,546	\$ 3,575,712
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,387,688)	\$ (14,937)	\$ (906,852)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	35,570	767,772
(Increase) decrease in accounts receivable	-	-	(19,136)
(Increase) decrease in other assets	-	-	25,381
(Increase) decrease deferred outflows - pension	-	-	(7,298)
(Increase) decrease in net pension asset	-	-	39,671
Increase (decrease) in net pension liability	-	-	34,701
Increase (decrease) deferred inflows - pension	-	-	(74,034)
Increase (decrease) in accounts payable	(3,063)	-	11,261
Increase (decrease) in accrued salaries	-	-	4,511
Increase (decrease) in other post-employment benefits	-	-	39,621
Increase (decrease) in landfill post-closure liability	1,360,270	-	1,360,270
Increase (decrease) in accrued vacation pay	-	-	4,605
Net cash provided (used) by operating activities	\$ (30,481)	\$ 20,633	\$ 1,280,473

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

## ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2016

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 22,238
<b>Liabilities:</b>	
Accounts payable	\$ 21,821
Intergovernmental payable - State of North Carolina	417
Total liabilities	\$ 22,238

*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, 2016

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### Component Units

##### Blended Component Unit

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

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

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

*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, 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, Applied Technologies Building Equipment 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 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



## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund. The County has two enterprise fund – Capital Project Funds. The Bethlehem-Ellendale Water System Improvements Capital Project Fund and Shurtape Job Retention Wastewater Project Fund are consolidated with the County Water and Sewer Fund for reporting purposes.

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

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains four agency funds: Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; Sheriff's Civil Executions Fund, which accounts for monies collected by the Sheriff's Office for civil judgments; the Deed of Trust Fees Fund, which accounts for the additional fees for recorded deeds of trust or mortgages collected by the County and remitted to the State Treasurer; and the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Alexander County Board of Education.

**Major Funds.** The General Fund, Capital Improvements Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund are major funds for the year ended June 30, 2016.

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

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

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

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

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding the 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 all capital project funds, enterprise capital project funds and those special revenue funds noted above. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$10,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

## **ALEXANDER COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

#### **D. Estimates**

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

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

##### **Deposits and Investments**

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

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

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

##### **Cash and Cash Equivalents**

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

##### **Restricted Assets**

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 22,535	
Human services	Adoption services	44,026	
Human services	Health department expansion	625,000	
Economic and physical development	Cooperative extension services	9,812	
General government	PEG Channel	62,255	
Total General Fund			\$ 763,628
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 121,041	
County Capital Project Fund	Unspent debt proceeds	513,982	
Total other governmental funds			<u>635,023</u>
Total governmental activities			<u>\$1,398,651</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, 2015.

#### **Allowances for Doubtful Accounts**

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

#### **Prepaid Items**

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical value. The County has elected not to capitalize those interest costs which are incurred during the construction period of capital assets.

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

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

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

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

### Deferred Outflows/Inflows of Resources

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

items that meet the criteria for this category – prepaid taxes, taxes receivable, health department receivables, and pension related deferrals.

#### **Long-Term Obligations**

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

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

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

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

#### **Net Position/Fund Balances**

##### **Net Position**

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

##### **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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**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 Health department expansion and DSS Adoption Enhancement funds – State.

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

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

Restricted fund balance at June 30, 2016, is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted, All Other:</b>			
Register of Deeds	\$ 2,825	\$ -	\$ -
General government	62,255	-	-
General government - Courthouse project	-	-	513,982
Education	990,000	1,916,526	-
Human services	669,026	-	-
Economic and physical development	9,812	-	-
Public safety	-	-	657,832
Public safety - Federal Shared Asset Program	14,987	-	-
Public safety - State unauthorized substance	7,548	-	-
<b>Total</b>	<b>\$ 1,756,453</b>	<b>\$ 1,916,526</b>	<b>\$ 1,171,814</b>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to unspent debt proceeds of \$513,982.



## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**Committed Fund Balance.** This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Alexander County's governing body (highest level of decision-making authority, Board of Commissioners). The Board of Commissioners can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or reverse the limitation.

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

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

Committed fund balance at June 30, 2016, is as follows:

<u>Purpose</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>
Tax revaluation	\$ -	\$ 118,910
Future capital projects	912,481	297,282
Total	<u>\$ 912,481</u>	<u>\$ 416,192</u>

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

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

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	<u>\$ 641,313</u>

**Unassigned Fund Balance.** Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes. Only the General fund may report a positive unassigned fund balance.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 13,334,732
Less:	
Prepays	(26,590)
Stabilization for State statute	<u>(3,320,871)</u>
Fund balance available for appropriation	<u>\$ 9,987,271</u>

### Defined Benefit Pension Plans

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

### F. Revenues, Expenditures, and Expenses

#### Compensated Absences

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

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

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.

### **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, 2016, the County's deposits had a carrying amount of \$3,552,527 and a bank balance of \$3,589,072. Of the bank balance, \$750,000 was covered by federal depository insurance and \$2,839,072 by collateral held under the Pooling Method. Cash on hand was \$4,120 at June 30, 2016.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Investments

At June 30, 2016, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
N.C. Capital Management Trust - Term Portfolio*	Fair Value - Level 1	\$ 2,014,909	\$ 2,014,909	N/A
N.C. Capital Management Trust - Cash Portfolio	Amortized Cost	14,054,376	N/A	N/A
Total investments		<u>\$ 16,069,285</u>	<u>\$ 2,014,909</u>	<u>\$ -</u>

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

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

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

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

*Credit Risk.* The County has no formal policy regarding credit risk. The County's investments in the N.C. Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2016. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 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>
2013	\$ 1,380,234	\$ 358,861	\$ 1,739,095
2014	1,535,512	261,037	1,796,549
2015	1,976,756	158,140	2,134,896
2016	<u>2,016,350</u>	<u>-</u>	<u>2,016,350</u>
Total	<u>\$ 6,908,852</u>	<u>\$ 778,038</u>	<u>\$ 7,686,890</u>

### Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2016, were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 504,242	\$ 1,266,642	\$ 2,330,080	\$ 4,100,964
Other governmental	<u>-</u>	<u>69,971</u>	<u>449,671</u>	<u>519,642</u>
Total receivables	504,242	1,336,613	2,779,751	4,620,606
Allowance for doubtful accounts	<u>(91,441)</u>	<u>(424,000)</u>	<u>-</u>	<u>(515,441)</u>
Total governmental activities	<u>\$ 412,801</u>	<u>\$ 912,613</u>	<u>\$ 2,779,751</u>	<u>\$ 4,105,165</u>
<b>Business-Type Activities:</b>				
County water and sewer	\$ 181,377	\$ -	\$ -	\$ 181,377
Bethlehem water	129,849	-	-	129,849
Solid waste	<u>85,709</u>	<u>-</u>	<u>23,107</u>	<u>108,816</u>
Total receivables	396,935	-	23,107	420,042
Allowance for doubtful accounts	<u>(25,858)</u>	<u>-</u>	<u>-</u>	<u>(25,858)</u>
Total business-type activities	<u>\$ 371,077</u>	<u>\$ -</u>	<u>\$ 23,107</u>	<u>\$ 394,184</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Due from other governments consisted of the following:

Local option sales tax	\$ 1,055,605
Sales tax refund	211,501
Motor vehicle taxes	208,165
Grants receivable	1,052,661
Other	274,926
Total	<u>\$ 2,802,858</u>

### Capital Assets

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

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 4,395,109	\$ 20,606	\$ -	\$ 4,415,715
Construction in progress	65,953	2,300,756	-	2,366,709
<b>Depreciable Assets:</b>				
Buildings	17,327,576	315,816	-	17,643,392
Other improvements	1,218,421	-	-	1,218,421
Equipment and machinery	3,782,266	413,454	(271,968)	3,923,752
Vehicles	2,874,377	459,523	(187,644)	3,146,256
Furniture and fixtures	7,724	-	-	7,724
Total assets	<u>29,671,426</u>	<u>3,510,155</u>	<u>(459,612)</u>	<u>32,721,969</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(5,021,067)	(485,954)	-	(5,507,021)
Other improvements	(822,926)	(68,384)	-	(891,310)
Equipment and machinery	(3,201,567)	(283,405)	271,968	(3,213,004)
Vehicles	(2,453,885)	(315,339)	187,644	(2,581,580)
Furniture and fixtures	(7,724)	-	-	(7,724)
Total accumulated depreciation	<u>(11,507,169)</u>	<u>(1,153,082)</u>	<u>459,612</u>	<u>(12,200,639)</u>
Capital assets, net	<u>\$ 18,164,257</u>	<u>\$ 2,357,073</u>	<u>\$ -</u>	<u>\$ 20,521,330</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

### Governmental Activities:

General government	\$	301,028
Public safety		603,783
Environmental protection		12,324
Human services		88,878
Cultural and recreation		37,868
Economic and physical development		51,616
Education		57,585
Total	\$	<u>1,153,082</u>

### Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2016 are as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
<b>County Water and Sewer Fund:</b>				
<b>Non-Depreciable Assets:</b>				
Construction in progress	\$ 2,709,050	\$ 564,085	\$ -	\$ 3,273,135
<b>Depreciable Assets:</b>				
Infrastructure	16,054,716	24,711	-	16,079,427
Equipment and machinery	8,500	-	-	8,500
Furniture and fixtures	<u>1,603</u>	<u>-</u>	<u>-</u>	<u>1,603</u>
Total assets	<u>18,773,869</u>	<u>588,796</u>	<u>-</u>	<u>19,362,665</u>
<b>Less Accumulated Depreciation:</b>				
Infrastructure	(5,281,204)	(562,060)	-	(5,843,264)
Equipment and machinery	(8,500)	-	-	(8,500)
Furniture and fixtures	<u>(1,603)</u>	<u>-</u>	<u>-</u>	<u>(1,603)</u>
Total accumulated depreciation	<u>(5,291,307)</u>	<u>\$ (562,060)</u>	<u>\$ -</u>	<u>(5,853,367)</u>
County water and sewer capital assets, net	<u>13,482,562</u>			<u>13,509,298</u>
<b>Bethlehem Water District Fund:</b>				
<b>Depreciable Assets:</b>				
Infrastructure	<u>3,838,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,838,908</u>
<b>Less Accumulated Depreciation:</b>				
Infrastructure	<u>(2,244,135)</u>	<u>\$ (98,266)</u>	<u>\$ -</u>	<u>(2,342,401)</u>
Bethlehem Water capital assets, net	<u>1,594,773</u>			<u>1,496,507</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
<b>Business-Type Activities (cont):</b>				
<b>Solid Waste Fund:</b>				
<b>Non-Depreciable Assets:</b>				
Land	231,973	\$ -	\$ -	231,973
<b>Depreciable Assets:</b>				
Buildings	651,404	-	-	651,404
Infrastructure	217,411	-	-	217,411
Vehicles	334,987	-	(4,604)	330,383
Equipment and machinery	<u>598,652</u>	<u>-</u>	<u>-</u>	<u>598,652</u>
Total assets	<u>2,034,427</u>	<u>-</u>	<u>(4,604)</u>	<u>2,029,823</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	(287,898)	(16,626)	-	(304,524)
Infrastructure	(216,540)	(34)	-	(216,574)
Vehicles	(313,021)	(21,424)	4,604	(329,841)
Equipment and machinery	<u>(411,462)</u>	<u>(33,792)</u>	<u>-</u>	<u>(445,254)</u>
Total accumulated depreciation	<u>(1,228,921)</u>	<u>\$ (71,876)</u>	<u>\$ 4,604</u>	<u>(1,296,193)</u>
Solid Waste capital assets, net	<u>805,506</u>			<u>733,630</u>
<b>Bethlehem Sewer Fund:</b>				
<b>Depreciable Assets:</b>				
Infrastructure	<u>1,422,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,422,797</u>
<b>Less Accumulated Depreciation:</b>				
Infrastructure	<u>(635,051)</u>	<u>\$ (35,570)</u>	<u>\$ -</u>	<u>(670,621)</u>
Bethlehem Sewer capital assets, net	<u>787,746</u>			<u>752,176</u>
Total business-type activities capital assets, net	<u>\$ 16,670,587</u>			<u>\$ 16,491,611</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, 2016, were \$554,012 for the County Water and Sewer Fund and \$964,491 for the Bethlehem Water District.



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2016, is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 20,521,330	\$ 16,491,611
Long-term debt	(10,047,103)	(5,815,997)
Long-term debt for assets not owned by the County	3,178,469	-
Unspent debt proceeds	513,982	-
Net investment in capital assets	<u>\$ 14,166,678</u>	<u>\$ 10,675,614</u>

### B. Liabilities

#### Payables

Payables at the government-wide level (Exhibit A) at June 30, 2016, were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 629,826	\$ 475,419	\$ 1,105,245
Other governmental	<u>640,399</u>	<u>-</u>	<u>640,399</u>
Total governmental activities	<u>\$ 1,270,225</u>	<u>\$ 475,419</u>	<u>\$ 1,745,644</u>
<b>Business-Type Activities:</b>			
County water and sewer	\$ 34,301	\$ 4,279	\$ 38,580
Solid waste	<u>73,958</u>	<u>12,126</u>	<u>86,084</u>
Total business-type activities	<u>\$ 108,259</u>	<u>\$ 16,405</u>	<u>\$ 124,664</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Pension Plan and Other Post-Employment Obligations

#### Local Governmental Employees' Retirement System

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

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

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, was 7.15% of compensation for law enforcement officers and 6.76% 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 \$771,344 for the year ended June 30, 2016.

**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, 2016, the County reported a liability of \$867,519 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .193%, which was an increase of .001% from its proportion measured as of June 30, 2014.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, the County recognized pension expense of \$510,276. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 203,916
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	246,980
Changes in proportion and differences between County contributions and proportionate share of contributions	111,917	-
County contributions subsequent to the measurement date	771,344	-
Total	<u>\$ 883,261</u>	<u>\$ 450,896</u>

\$771,344 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30</b>	<b>Amount</b>
2017	\$ (251,295)
2018	(251,295)
2019	(251,313)
2020	414,924
2021	-
Thereafter	-
Total	<u>\$ (338,979)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2014 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, 2016

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, 2014 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 6,049,331</u>	<u>\$ 867,519</u>	<u>\$ (3,498,043)</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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

A separate report was not issued for the plan.

### **Summary of Significant Accounting Policies**

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 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.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned 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. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2014, 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, 2014, was 16 years.

**Funded Status and Funding Progress.** As of December 31, 2015, 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 \$703,068. The covered payroll (annual payroll of active employees covered by the plan) was \$1,652,773, and the ratio of the UAAL to the covered payroll was 42.54%.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 70,184
Interest on net pension obligation	20,658
Adjustment to annual required contribution	<u>(36,307)</u>
Annual pension cost	54,535
Benefit payments made	<u>11,362</u>
Increase in net pension obligation	43,173
Net pension obligation, beginning of year	<u>413,162</u>
Net pension obligation, end of year	<u><u>\$ 456,335</u></u>

#### Three-Year Trend Information

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2014	\$ 33,679	33.74%	\$ 376,109
6/30/2015	48,415	23.47%	413,162
6/30/2016	54,535	20.83%	456,335

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

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



## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**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, 2016, were \$107,422, which consisted of \$74,457 from the County and \$32,965 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](http://www.osc.nc.gov).

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,326 for the year ended June 30, 2016.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

At June 30, 2016, the County reported an asset of \$65,986 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was .285%, which was a decrease of .007% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(2,974). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 323	\$ 1,093
Net difference between projected and actual earnings on pension plan investments	3,273	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,134	2,477
County contributions subsequent to the measurement date	2,326	-
Total	<u>\$ 7,056</u>	<u>\$ 3,570</u>

\$2,326 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30</b>	<b>Amount</b>
2017	\$ (980)
2018	456
2019	800
2020	884
2021	-
Thereafter	-
Total	<u>\$ 1,160</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**Actuarial Assumptions.** The total pension liability in the December 31, 2014 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, 2014 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 2.2%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 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, 2016

**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:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(4.75%)</b>	<b>(5.75%)</b>	<b>(6.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (59,533)</u>	<u>\$ (65,986)</u>	<u>\$ (71,538)</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 (LERS) and meet the following requirements.

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

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

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

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

**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 19.09% of annual covered payroll. For the current year, the County contributed \$215,172, or 3.33%, 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 3.38% and 3.04% 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, 2016

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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Annual required contribution	\$ 1,188,974	\$ 43,252	\$ 1,232,226
Interest on net OPEB obligation	255,840	9,307	265,147
Adjustments to annual required contribution	(355,655)	(12,938)	(368,593)
Annual OPEB cost (expense)	1,089,159	39,621	1,128,780
Contributions made	(215,172)	-	(215,172)
Increase (decrease) in net OPEB obligation	873,987	39,621	913,608
Net OPEB obligation, beginning of year	6,389,200	239,473	6,628,673
Net OPEB obligation, end of year	<u>\$ 7,263,187</u>	<u>\$ 279,094</u>	<u>\$ 7,542,281</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:

<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2014	\$ 995,076	11.30%	\$ 5,928,871
2015	872,103	19.76%	6,628,673
2016	1,128,780	19.06%	7,542,281

**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, 2016

**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, 2016, management has decided not to set aside funds for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year.

### **Other Employment Benefits**

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

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

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

### **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 \$4,175,590 reported as landfill closure and post-closure care liability at June 30, 2016, represents a cumulative amount reported to date based on the use of 91% 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 \$412,960 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 2016. 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 \$60,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2016. The Landfill Closure Fund has \$723,744 in cash at June 30, 2016.

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, 2016

### 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	\$ 773,670
Differences between expected and actual experience	323
Net difference between projected and actual earnings on pension plan investments	3,273
Changes in proportion and differences between County contributions and proportionate share of contributions	113,051
Total	<u>\$ 890,317</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)	\$ 912,613
Health Department receivables, net	10,514
Prepaid taxes	31,765
Differences between expected and actual experience	205,009
Net difference between projected and actual earnings on pension plan investments	246,980
Changes in proportion and differences between County contributions and proportionate share of contributions	2,477
Total	<u>\$ 1,409,358</u>

### Summary Disclosure of Significant Commitments

The County has active construction projects as of June 30, 2016. The project is the Applied Technologies building renovation project. At June 30, 2016, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Applied Technologies Building Renovation Project	<u>\$ 1,546,748</u>	<u>\$ 389,252</u>

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

### **Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains workers' compensation and employer liability insurance through Key Risk Insurance Company with workers' compensation coverage up to the statutory limits and employer liability coverage subject to a limit of \$1,000,000. The County obtains property coverage through Millennium Insurance Group equal to replacement cost values of owned property subject to a limit of \$37 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$1 million per occurrence; auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost); and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through Blue Cross and Blue Shield of North Carolina and United Healthcare, respectively. The County uses a third-party administrator to manage the group medical and dental insurance plans.

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

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 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:

	<u>2016</u>
Unpaid claims, beginning	\$ 205,440
Claim payments	(132,902)
Claim reversals	<u>(72,538)</u>
Unpaid claims, ending	<u>\$ -</u>

Claims typically have been liquidated in the General Fund.

### Contingent Liabilities

At June 30, 2016, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### Long-Term Obligations

#### General Obligation Indebtedness

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

General obligation bonds payable at June 30, 2016, 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

\$ 322,692

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 186,825	\$ 5,276	\$ 192,101
2018	135,867	1,690	192,101
Total general obligation bonds	<u>\$ 322,692</u>	<u>\$ 6,966</u>	<u>\$ 384,202</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Notes Payable

Notes payable at June 30, 2016, are comprised of the following individual agreements:

#### Governmental Funds:

\$5,800,000 March 2001 agreement to construct a new building for Ellendale Elementary School, due in 40 semi-annual payments of \$230,467, including interest at 4.97% through March 2021, secured by a deed of trust. In March 2013, the loan terms were modified by the financial institution. The new terms state that interest will accrue at a rate of 2.59%. Principal and interest payments of \$209,656 are payable semi-annually through March 2021.	\$ 1,954,864
\$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	1,040,573
\$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.	385,000
\$10,000,000 January 2011 agreement to construct a new law enforcement and detention center and to make renovations to the existing County courthouse, due in 30 semi-annual payments of \$333,333, plus interest at 3.19% through January 2026, secured by a deed of trust	<u>6,666,666</u>
Total governmental funds	<u>10,047,103</u>

#### Proprietary Funds:

\$3,600,645 June 2009 Drinking Water State Revolving Fund agreement to construct water system due on May 1 in installments of \$200,036, with interest payable on May 1 and November 1 at 2.10% through May 2028, unsecured	2,400,430
\$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>3,092,875</u>
Total proprietary funds	<u>5,493,305</u>
Total all funds	<u>\$ 15,540,408</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

### Governmental Activities:

#### Governmental Funds:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,078,184	130,078	1,208,262
2022-2026	3,333,332	292,417	3,625,749
Total governmental funds	<u>10,047,103</u>	<u>1,327,659</u>	<u>11,374,762</u>

### Business-Type Activities:

#### Proprietary Funds:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 365,474	\$ 50,409	\$ 415,883
2018	365,474	46,208	411,682
2019	365,474	42,008	407,482
2020	365,474	37,807	403,281
2021	365,474	33,606	399,080
2022-2026	1,827,372	105,019	1,932,391
2027-2031	1,227,264	12,602	1,239,866
2032-2035	611,299	-	611,299
Total proprietary funds	<u>5,493,305</u>	<u>327,659</u>	<u>5,820,964</u>
Total notes payable	<u>\$ 15,540,408</u>	<u>\$ 1,655,318</u>	<u>\$ 17,195,726</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

A summary of changes in long-term obligations follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Notes payable	\$ 11,700,410	\$ -	\$ 1,653,307	\$ 10,047,103	\$ 1,641,073
Compensated absences	933,039	449,032	437,751	944,320	437,000
OPEB liability	6,389,200	1,089,159	215,172	7,263,187	-
Net pension obligation (LEO)	413,162	54,535	11,362	456,335	-
Net pension obligation (LGERS)	-	832,818	-	832,818	-
Total	<u>\$ 19,435,811</u>	<u>\$ 2,425,544</u>	<u>\$ 2,317,592</u>	<u>\$ 19,543,763</u>	<u>\$ 2,078,073</u>
<b>Business-Type Activities:</b>					
<b>County Water and Sewer Fund:</b>					
Notes payable	\$ 5,089,422	\$ 769,357	\$ 365,474	\$ 5,493,305	\$ 365,474
OPEB liability	28,016	10,728	-	38,744	-
Compensated absences	3,471	8,480	1,483	10,468	3,800
Net pension obligation (LGERS)	-	8,675	-	8,675	-
Total County Water and Sewer Fund	<u>5,120,909</u>	<u>797,240</u>	<u>366,957</u>	<u>5,551,192</u>	<u>369,274</u>
<b>Bethlehem Water Fund:</b>					
General obligation bonds	505,999	-	183,307	322,692	186,825
Compensated absences	2,474	-	2,474	-	-
Total Bethlehem Water Fund	<u>508,473</u>	<u>-</u>	<u>185,781</u>	<u>322,692</u>	<u>186,825</u>
<b>Solid Waste Fund:</b>					
OPEB liability	211,457	28,893	-	240,350	-
Compensated absences	27,551	5,423	5,341	27,633	5,300
Net pension obligation (LGERS)	-	26,026	-	26,026	-
Total Solid Waste Fund	<u>239,008</u>	<u>60,342</u>	<u>5,341</u>	<u>294,009</u>	<u>5,300</u>
<b>Landfill Closure Fund:</b>					
Accrued landfill post-closure costs	<u>2,815,320</u>	<u>1,387,688</u>	<u>27,418</u>	<u>4,175,590</u>	<u>-</u>
Total business-type activities	<u>\$ 8,683,710</u>	<u>\$ 2,245,270</u>	<u>\$ 585,497</u>	<u>\$ 10,343,483</u>	<u>\$ 561,399</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

At June 30, 2016, the County had a legal debt margin of approximately \$188,272,641.

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

### C. Interfund Balances and Activity

	Transfers		
	From	To	Purpose
<b>Transfers From/to Other Funds:</b>			
General Fund	\$1,216,165	\$ -	
Major Capital Project (Capital Improvements) Fund	-	816,706	School sales tax hold harmless funds; Resources for school construction
Special Revenue (Emergency Telephone System) Fund	-	88	Repayment for FY 2015 ineligible use of 911 funds
Special Revenue (MG+BW Natural Gas Expansion Project) Fund	-	38,000	Local match for economic development grant project
Capital Project (Applied Technologies Building Equipment Project) Fund	-	100,000	Local match for education grant project
Capital Project (County Capital Projects) Fund	-	14,265	Local funds to close out parks and recreation projects
Capital Project (Rocky Face Park Expansion Project) Fund	-	212,106	Local funds for parks and recreation grant project
Enterprise (Shurtape Job Retention Wastewater Project) Fund	-	35,000	Local match for economic development grant project
General Fund		956,408	Use unspent loan proceeds for payment
Capital Project (County Capital Project-Jail) Fund	956,408	-	of project costs prior to loan and to pay current year debt service interest
Enterprise (Bethlehem-Ellendale Water System Improvements Project) Fund	-	41,243	Local funds for water project funded by DWSRF loan
Enterprise (Bethlehem Water) Fund	41,243	-	
Enterprise (County Water & Sewer) Fund	-	124,079	Resources for debt service on a project
Enterprise (Bethlehem Water) Fund	124,079	-	that benefits both water funds
Enterprise (Landfill Closure) Fund	-	60,000	Resources for landfill closure
Enterprise (Solid Waste) Fund	60,000	-	and post-closure costs
Total transfers	<u>\$2,397,895</u>	<u>\$2,397,895</u>	



## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2016:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvement Fund (Fund 72)	General Fund	\$ 30,387	Sales tax hold harmless amount due to schools
Bethlehem Sewer Fund	Bethlehem Water Fund	5,202	Sewer surcharge for quarter ended 6/30/16
General Fund	Applied Technologies Building Renovation Project (Fund 65)	196,739	Cash overdraft
General Fund	Solid Waste Fund	69,132	Interfund capital loan
General Fund	Solid Waste Fund	322,633	Cash overdraft
Total		<u>\$ 624,093</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 \$34,302 and administrative and other fees of \$74,557 to the Council during the fiscal year ended June 30, 2016.

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, 2016

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 \$19,993 as a special appropriation to the RTA during the fiscal year ended June 30, 2016.

#### 5. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infant, & Children	\$ 432,235	\$ -
Medical Assistance Program	27,315,740	14,526,315
Children's Health Insurance Program	921,159	44,412
Temporary Assistance to Needy Families	178,531	-
Foster Care - Title IV-E	86,662	26,213
SC/SA Domiciliary Care	-	231,272
Adoption Assistance	331,582	86,207
Chafee Foster Care Independence Program	475	-
CWS Adoption Subsidy	-	73,508
SFHF Maximization	-	11,709
State Foster Home	-	55,294
Total	<u>\$ 28,834,149</u>	<u>\$ 15,054,930</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

## 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)
12/31/2010	\$ -	\$ 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%
12/31/2015	-	703,068	703,068	0.00%	1,652,773	42.54%

**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	12/31/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50% - 7.35%
Cost of living adjustments	N/A

\*Includes inflation at 3.00%

## ALEXANDER COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
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**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2014	\$ 1,073,828	10.47%
2015	964,628	17.86%
2016	1,232,226	17.46%

**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 THREE FISCAL YEARS\***

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

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

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

**ALEXANDER COUNTY, NORTH CAROLINA****ALEXANDER COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS**

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

**ALEXANDER COUNTY, NORTH CAROLINA**
**ALEXANDER COUNTY'S PROPORTIONATE SHARE  
 OF NET PENSION LIABILITY (ASSET)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LAST THREE FISCAL YEARS\***

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

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,326	\$ 2,278	\$ 2,384
Contributions in relation to the contractually required contribution	<u>2,326</u>	<u>2,278</u>	<u>2,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered-employee payroll	\$ 53,687	\$ 53,635	\$ 53,583
Contributions as a percentage of covered-employee payroll	4.33%	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, 2016**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 19,647,900	\$ 20,052,779	\$ 404,879	\$ 17,322,606
Penalties and interest	165,000	178,313	13,313	174,951
Total	19,812,900	20,231,092	418,192	17,497,557
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	1,767,000	1,922,123	155,123	1,802,649
Article 40 one-half of one percent	2,376,000	2,434,935	58,935	2,292,428
Article 42 one-half of one percent	986,000	1,083,488	97,488	1,018,109
Article 44 one-half of one percent	-	656	656	3,394
Article 46 one-fourth of one percent	374,000	426,731	52,731	393,552
Medicaid Hold Harmless	546,586	1,023,610	477,024	912,073
Total	6,049,586	6,891,543	841,957	6,422,205
<b>Other Taxes and Licenses:</b>				
ABC \$.05 per bottle	3,000	3,320	320	3,465
Franchise fees	-	-	-	29,514
Video programming distribution	174,000	167,728	(6,272)	174,252
Total	177,000	171,048	(5,952)	207,231
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	5,149,380	5,009,273	(140,107)	5,002,024
Controlled substance tax	700	5,352	4,652	1,441
Court facility fees	30,000	34,582	4,582	29,532
Total	5,180,080	5,049,207	(130,873)	5,032,997
<b>Permits and Fees:</b>				
Register of Deeds	180,000	212,645	32,645	205,794
Building inspections	210,000	237,207	27,207	231,508
Gun and concealed weapon permits	15,000	40,491	25,491	25,585
Other fees	8,782	11,394	2,612	11,487
Total	413,782	501,737	87,955	474,374
<b>Sales and Services:</b>				
Rents, concessions, and fees	171,131	195,068	23,937	164,747
Detention Center fees	604,875	563,616	(41,259)	632,316
Ambulance fees	1,668,000	1,372,485	(295,515)	1,443,970
Recreation Department	71,000	43,771	(27,229)	49,671
Health Department	2,050,873	1,362,279	(688,594)	1,702,170
Information technology	250	6,859	6,609	270
Social services	458,650	501,223	42,573	445,158
Senior Center	7,000	13,080	6,080	14,667
License Plate Agency	100,000	131,495	31,495	131,168
Library	8,000	9,487	1,487	9,823
State payments - soil and water technical assistance	25,429	21,489	(3,940)	22,075
Total	5,165,208	4,220,852	(944,356)	4,616,035

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Investment Earnings</b>	9,000	37,663	28,663	12,777
<b>Miscellaneous:</b>				
Insurance claim reimbursement	20,916	20,916	-	9,683
Donations	16,731	34,570	17,839	25,269
Grant	35,334	33,180	(2,154)	11,825
Sale of fixed assets	2,000	15,232	13,232	2,386
Compensatory education	22,000	-	(22,000)	-
Other	26,720	666,253	639,533	60,355
Total	123,701	770,151	646,450	109,518
Total revenues	36,931,257	37,873,293	942,036	34,372,694
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body	738,542	412,839	325,703	421,325
Administration	293,119	282,488	10,631	272,603
Planning	50,802	45,979	4,823	102,507
Elections	402,007	321,135	80,872	209,336
Finance	558,030	540,886	17,144	473,769
Tax office	550,140	488,749	61,391	499,646
Information technology	1,111,151	1,075,274	35,877	802,007
Register of Deeds	297,650	275,610	22,040	234,899
License Plate Agency	139,686	134,632	5,054	125,808
Public buildings	950,206	883,351	66,855	820,754
Garage	433,118	317,832	115,286	400,454
Human resources	710,306	532,702	177,604	490,765
Court facilities	100,100	95,361	4,739	81,063
Total	6,334,857	5,406,838	928,019	4,934,936
<b>Public Safety:</b>				
Sheriff's office	2,820,594	2,614,904	205,690	2,339,192
Detention center	2,583,618	2,260,135	323,483	2,247,521
Pre-trial release program	78,471	64,128	14,343	64,584
TECS program	88,213	79,574	8,639	76,206
Fire protection	274,188	257,045	17,143	294,068
Emergency communications	772,771	701,720	71,051	583,402
Forestry	58,494	54,470	4,024	55,426
Inspections	355,148	315,497	39,651	202,450
Emergency medical	2,744,846	2,625,788	119,058	2,546,619
Medical examiner	45,000	24,950	20,050	27,650
Total	9,821,343	8,998,211	823,132	8,437,118
<b>Environmental Protection:</b>				
Soil and water	120,433	108,443	11,990	108,988
Animal control	324,509	310,265	14,244	226,869
Total	444,942	418,708	26,234	335,857

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015	
	Budget	Actual	Variance Over/Under	Actual
<b>Economic and Physical Development:</b>				
Economic development	188,328	185,704	2,624	162,707
Agricultural extension	195,209	154,954	40,255	180,413
Total	383,537	340,658	42,879	343,120
<b>Human Services:</b>				
<b>Health Department:</b>				
Environmental health	324,408	369,808	(45,400)	329,396
General health	178,978	128,911	50,067	108,346
Maternal health	226,794	161,481	65,313	151,430
Home health	798,873	424,713	374,160	845,262
WIC program	166,506	161,519	4,987	167,488
Dental health	461,123	497,711	(36,588)	450,847
Family planning	224,392	244,598	(20,206)	246,569
Communicable disease	144,092	122,180	21,912	103,674
Health promotion	96,625	28,428	68,197	54,534
Child health	256,325	206,888	49,437	212,421
Adult health	107,648	31,746	75,902	15,706
Bioterrorism grant	54,068	61,018	(6,950)	43,319
Care coordination for children	97,361	52,642	44,719	51,808
Pregnancy care management	113,642	82,585	31,057	104,028
Total	3,250,835	2,574,228	676,607	2,884,828
<b>Veterans Service</b>	69,897	66,989	2,908	64,526
<b>Juvenile Crime Prevention</b>	154,754	154,754	-	72,996
<b>Social Services Department:</b>				
Administration	4,299,479	3,931,991	367,488	3,580,812
In-home services	196,390	192,274	4,116	176,920
Public assistance	124,262	120,771	3,491	118,210
Emergency assistance account	7,257	3,524	3,733	6,038
Medical assistance	221,500	203,605	17,895	204,109
General assistance	1,735,022	1,689,849	45,173	1,666,903
Foster care	484,031	338,356	145,675	350,770
Adoption enhancement fund	81,600	30,832	50,768	40,236
Work First	32,575	29,807	2,768	31,591
Aging nutrition	112,562	102,535	10,027	103,781
Total	7,294,678	6,643,544	651,134	6,279,370
Special appropriations	523,872	521,860	2,012	418,277
Senior Center	170,833	148,385	22,448	149,905
Total human services	11,464,869	10,109,760	1,355,109	9,869,902

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Cultural and Recreation:</b>				
Recreation	337,338	299,663	37,675	275,384
Rocky Face Park	161,514	143,584	17,930	104,845
Library	437,533	396,951	40,582	375,244
Bethlehem Library	89,349	72,427	16,922	71,985
Total	1,025,734	912,625	113,109	827,458
<b>Education:</b>				
<b>Alexander County Board of Education:</b>				
Current expenses	5,631,900	5,631,900	-	5,250,000
Auditorium reimbursement	150,000	150,000	-	150,000
Sale of school property	-	-	-	5,300
Total	5,781,900	5,781,900	-	5,405,300
<b>CVCC - Alexander County:</b>				
Current expenses	29,500	26,138	3,362	25,875
Compensatory education	22,000	22,000	-	-
Total education	5,833,400	5,830,038	3,362	5,431,175
<b>Debt Service:</b>				
Principal retirement	1,655,300	1,653,307	1,993	2,229,288
Interest and fees	343,700	341,650	2,050	407,108
Total	1,999,000	1,994,957	4,043	2,636,396
<b>Contingency</b>	56,544	-	56,544	-
Total expenditures	37,364,226	34,011,795	3,352,431	32,815,962
Revenues over (under) expenditures	(432,969)	3,861,498	4,294,467	1,556,732
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
Capital project funds	956,408	956,408	-	-
Transfers out:				
Special revenue funds	(138,088)	(138,088)	-	(82,500)
Capital project funds	(1,091,372)	(1,043,077)	48,295	(1,195,058)
Enterprise funds	(274,000)	(35,000)	239,000	(125,000)
Appropriated fund balance	980,021	-	(980,021)	-
Total	432,969	(259,757)	(692,726)	(1,402,558)
Net change in fund balance	\$ -	3,601,741	\$ 3,601,741	154,174
<b>Fund Balance:</b>				
Beginning of year - July 1		9,732,991		9,578,817
End of year - June 30		\$ 13,334,732		\$ 9,732,991

## 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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
State lottery revenue	\$ 1,900,000	\$ -	\$ (1,900,000)	\$ -
Investment earnings	200	7,993	7,793	545
Total revenues	<u>1,900,200</u>	<u>7,993</u>	<u>(1,892,207)</u>	<u>545</u>
<b>Expenditures:</b>				
Education	<u>3,016,925</u>	<u>1,053,458</u>	<u>1,963,467</u>	<u>175,776</u>
Revenues over (under) expenditures	<u>(1,116,725)</u>	<u>(1,045,465)</u>	<u>71,260</u>	<u>(175,231)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	865,000	816,706	(48,294)	682,058
Appropriated fund balance	<u>251,725</u>	<u>-</u>	<u>(251,725)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,116,725</u>	<u>816,706</u>	<u>(300,019)</u>	<u>682,058</u>
Net change in fund balance	<u>\$ -</u>	<u>(228,759)</u>	<u>\$ (228,759)</u>	<u>506,827</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>3,088,153</u>		<u>2,581,326</u>
End of year - June 30		<u>\$ 2,859,394</u>		<u>\$ 3,088,153</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2016**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 697,989	\$ 385,121	\$ 1,083,110
Taxes receivable, net	57,251	-	57,251
Prepays	395	-	395
Due from other governments	21,239	428,432	449,671
Cash and investments, restricted	121,041	513,982	635,023
Total assets	<u>\$ 897,915</u>	<u>\$ 1,327,535</u>	<u>\$ 2,225,450</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 43,576	\$ 270,649	\$ 314,225
Due to other funds	-	196,739	196,739
Total liabilities	<u>43,576</u>	<u>467,388</u>	<u>510,964</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	<u>57,251</u>	<u>-</u>	<u>57,251</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	395	-	395
Restricted:			
Stabilization for State statute	21,239	428,432	449,671
Restricted, all other	657,832	513,982	1,171,814
Committed	118,910	297,282	416,192
Unassigned	(1,288)	(379,549)	(380,837)
Total fund balances	<u>797,088</u>	<u>860,147</u>	<u>1,657,235</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 897,915</u>	<u>\$ 1,327,535</u>	<u>\$ 2,225,450</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,146,448	\$ -	\$ 1,146,448
Other taxes and licenses	125,671	-	125,671
Intergovernmental revenues	825,258	1,371,379	2,196,637
Miscellaneous revenues	-	141,256	141,256
Investment earnings	421	1,262	1,683
Total revenues	<u>2,097,798</u>	<u>1,513,897</u>	<u>3,611,695</u>
<b>Expenditures:</b>			
Public safety	1,242,022	-	1,242,022
General government	122,980	-	122,980
Education	-	1,880,899	1,880,899
Cultural and recreation	-	52,410	52,410
Economic and physical development	914,546	-	914,546
Total expenditures	<u>2,279,548</u>	<u>1,933,309</u>	<u>4,212,857</u>
Revenues over (under) expenditures	<u>(181,750)</u>	<u>(419,412)</u>	<u>(601,162)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	38,088	326,371	364,459
Transfers out	-	(956,408)	(956,408)
Total other financing sources (uses)	<u>38,088</u>	<u>(630,037)</u>	<u>(591,949)</u>
Net change in fund balances	(143,662)	(1,049,449)	(1,193,111)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>940,750</u>	<u>1,909,596</u>	<u>2,850,346</u>
End of year - June 30	<u>\$ 797,088</u>	<u>\$ 860,147</u>	<u>\$ 1,657,235</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	Special Revenue Funds		
	Fire Districts Fund	Revaluation Fund	Precision Materials Building Reuse Grant Expansion Project Fund
<b>Assets:</b>			
Cash and investments	\$ 45,436	\$ -	\$ -
Taxes receivable, net	57,251	-	-
Prepays	-	-	-
Due from other governments	10,767	-	-
Cash and investments, restricted	-	121,041	-
Total assets	<u>\$ 113,454</u>	<u>\$ 121,041</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	<u>\$ 23,353</u>	<u>\$ 2,131</u>	<u>\$ -</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	<u>57,251</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	-	-	-
Restricted:			
Stabilization for State statute	10,767	-	-
Restricted, all other	22,083	-	-
Committed	-	118,910	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>32,850</u>	<u>118,910</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,454</u>	<u>\$ 121,041</u>	<u>\$ -</u>



ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	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
<b>Assets:</b>				
Cash and investments	\$ -	\$ 16,712	\$ 635,841	\$ 697,989
Taxes receivable, net	-	-	-	57,251
Prepays	-	-	395	395
Due from other governments	-	-	10,472	21,239
Cash and investments, restricted	-	-	-	121,041
Total assets	<u>\$ -</u>	<u>\$ 16,712</u>	<u>\$ 646,708</u>	<u>\$ 897,915</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	<u>\$ -</u>	<u>\$ 18,000</u>	<u>\$ 92</u>	<u>\$ 43,576</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,251</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepaid items	-	-	395	395
Restricted:				
Stabilization for State statute	-	-	10,472	21,239
Restricted, all other	-	-	635,749	657,832
Committed	-	-	-	118,910
Unassigned	-	(1,288)	-	(1,288)
Total fund balances	<u>-</u>	<u>(1,288)</u>	<u>646,616</u>	<u>797,088</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 16,712</u>	<u>\$ 646,708</u>	<u>\$ 897,915</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, 2016

	Special Revenue Funds		
	Fire Districts Fund	Revaluation Fund	Precision Materials Building Reuse Grant Expansion Project Fund
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,036,448	\$ 110,000	\$ -
Other taxes and licenses	-	-	-
Intergovernmental revenues	-	-	111,996
Investment earnings	-	285	-
Total revenues	<u>1,036,448</u>	<u>110,285</u>	<u>111,996</u>
<b>Expenditures:</b>			
Public safety	1,049,094	-	-
General government	-	122,980	-
Economic and physical development	-	-	111,996
Total expenditures	<u>1,049,094</u>	<u>122,980</u>	<u>111,996</u>
Revenues over (under) expenditures	(12,646)	(12,695)	-
<b>Other Financing Sources (Uses):</b>			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,646)	(12,695)	-
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>45,496</u>	<u>131,605</u>	<u>-</u>
End of year - June 30	<u>\$ 32,850</u>	<u>\$ 118,910</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, 2016

	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	
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,146,448
Other taxes and licenses	-	-	125,671	125,671
Intergovernmental revenues	435,103	278,159	-	825,258
Investment earnings	-	-	136	421
Total revenues	<u>435,103</u>	<u>278,159</u>	<u>125,807</u>	<u>2,097,798</u>
<b>Expenditures:</b>				
Public safety	-	-	192,928	1,242,022
General government	-	-	-	122,980
Economic and physical development	435,103	367,447	-	914,546
Total expenditures	<u>435,103</u>	<u>367,447</u>	<u>192,928</u>	<u>2,279,548</u>
Revenues over (under) expenditures	-	(89,288)	(67,121)	(181,750)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	38,000	88	38,088
Net change in fund balances	-	(51,288)	(67,033)	(143,662)
<b>Fund Balances:</b>				
Beginning of year - July 1	-	50,000	713,649	940,750
End of year - June 30	<u>\$ -</u>	<u>\$ (1,288)</u>	<u>\$ 646,616</u>	<u>\$ 797,088</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## FIRE DISTRICTS FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,118,575	\$ 1,036,448	\$ (82,127)	\$ 933,605
<b>Expenditures:</b>				
Public safety:				
Bethlehem Fire District	250,670	238,903	11,767	228,020
Wittenburg Fire District	176,360	168,192	8,168	154,633
Hiddenite Fire District	146,700	135,487	11,213	128,678
East Alexander Fire District	119,860	113,839	6,021	90,637
Ellendale Fire District	121,800	112,039	9,761	98,684
Sugarloaf Fire District	107,730	101,748	5,982	86,866
Central Alexander Fire District	125,980	114,979	11,001	114,518
Vashti Fire District	69,475	63,907	5,568	57,171
Total expenditures	<u>1,118,575</u>	<u>1,049,094</u>	<u>69,481</u>	<u>959,207</u>
Net change in fund balance	\$ <u>-</u>	(12,646)	\$ <u>(12,646)</u>	(25,602)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>45,496</u>		<u>71,098</u>
End of year - June 30		<u>\$ 32,850</u>		<u>\$ 45,496</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## REVALUATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2016

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

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 110,000	\$ 110,000	\$ -	\$ 75,000
Investment earnings	-	285	285	37
Total revenues	<u>110,000</u>	<u>110,285</u>	<u>285</u>	<u>75,037</u>
<b>Expenditures:</b>				
General government	<u>159,927</u>	<u>122,980</u>	<u>36,947</u>	<u>213,549</u>
Revenues over (under) expenditures	(49,927)	(12,695)	37,232	(138,512)
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>49,927</u>	<u>-</u>	<u>(49,927)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(12,695)</u>	<u>\$ (12,695)</u>	<u>(138,512)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>131,605</u>		<u>270,117</u>
End of year - June 30		<u>\$ 118,910</u>		<u>\$ 131,605</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, 2016**

	<b>Actual</b>		
	<b>Budget</b>	<b>Prior Years</b>	<b>Current Year</b>
	<b>Total to Date</b>		
<b>Revenues:</b>			
NC Department of Commerce	\$ 150,000	\$ 34,160	\$ 111,996
			\$ 146,156
<b>Expenditures:</b>			
Economic and physical development:			
Building renovation	150,000	34,160	111,996
Grant administration	7,500	7,500	-
Total expenditures	157,500	41,660	111,996
			153,656
Revenues over (under) expenditures	(7,500)	(7,500)	-
			(7,500)
<b>Other Financing Sources (Uses):</b>			
Transfers in:			
General Fund	7,500	7,500	-
			7,500
Net change in fund balance	\$ -	\$ -	\$ -
			\$ -

## 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, 2016**

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
NC Department of Commerce	\$ 500,000	\$ 64,897	\$ 435,103	\$ 500,000
<b>Expenditures:</b>				
Economic and physical development:				
Building renovation	500,000	64,897	435,103	500,000
Grant administration	25,000	25,000	-	25,000
Total expenditures	525,000	89,897	435,103	525,000
Revenues over (under) expenditures	(25,000)	(25,000)	-	(25,000)
<b>Other Financing Sources (Uses):</b>				
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, 2016

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
NC Department of Commerce	\$ 352,000	\$ -	\$ 278,159	\$ 278,159
Industry contribution	10,000	-	-	-
Total revenues	<u>362,000</u>	<u>-</u>	<u>278,159</u>	<u>278,159</u>
<b>Expenditures:</b>				
Economic and physical development:				
Gas line construction	380,000	-	304,143	304,143
Engineering/ design	60,000	-	56,659	56,659
Administration expense	2,800	-	2,553	2,553
Capital outlay	4,200	-	4,092	4,092
Contingencies	3,000	-	-	-
Total expenditures	<u>450,000</u>	<u>-</u>	<u>367,447</u>	<u>367,447</u>
Revenues over (under) expenditures	(88,000)	-	(89,288)	(89,288)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	<u>88,000</u>	<u>50,000</u>	<u>38,000</u>	<u>88,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (51,288)</u>	<u>\$ (1,288)</u>



## ALEXANDER COUNTY, NORTH CAROLINA

## EMERGENCY TELEPHONE SYSTEM FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses	\$ 125,671	\$ 125,671	\$ -	\$ 135,596
Investment earnings	-	136	136	152
Total revenues	125,671	125,807	136	135,748
<b>Expenditures:</b>				
Implemental functions	15,000	6,617	8,383	-
Telephone	45,000	41,800	3,200	41,195
Furniture	3,851	3,850	1	4,688
Software and software maintenance	35,163	26,549	8,614	28,872
Hardware and hardware maintenance	147,705	112,698	35,007	75,407
Training	1,000	350	650	588
ECaTS expense - 911	1,500	1,064	436	1,056
Contingency	10,000	-	10,000	-
Total expenditures	259,219	192,928	66,291	151,806
Revenues over (under) expenditures	(133,548)	(67,121)	66,427	(16,058)
<b>Other Financing Sources (Uses):</b>				
Transfers in	88	88	-	-
Appropriated fund balance	133,460	-	(133,460)	-
Total other financing sources (uses)	133,548	88	(133,460)	-
Net change in fund balance	\$ -	(67,033)	\$ (67,033)	(16,058)
<b>Fund Balance:</b>				
Beginning of year - July 1		713,649		729,707
End of year - June 30		<u>\$ 646,616</u>		<u>\$ 713,649</u>

## ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2016

	<b>Capital Project Fund</b>				
	<b>County Capital Project Fund</b>	<b>Applied Technologies Building Renovation Project Fund</b>	<b>Applied Technologies Building Equipment Project Fund</b>	<b>Rocky Face Park Expansion Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Assets:</b>					
Cash and investments	\$ 7,686	\$ -	\$ 73,527	\$ 303,908	\$ 385,121
Due from other governments	-	414,829	-	13,603	428,432
Cash and investments, restricted	513,982	-	-	-	513,982
Total assets	<u>\$ 521,668</u>	<u>\$ 414,829</u>	<u>\$ 73,527</u>	<u>\$ 317,511</u>	<u>\$ 1,327,535</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 182,810	\$ 68,229	\$ 19,610	\$ 270,649
Due to other funds	-	196,739	-	-	196,739
Total liabilities	<u>-</u>	<u>379,549</u>	<u>68,229</u>	<u>19,610</u>	<u>467,388</u>
<b>Fund Balances:</b>					
Restricted:					
Stabilization for State statute	-	414,829	-	13,603	428,432
Restricted, all other	513,982	-	-	-	513,982
Committed	7,686	-	5,298	284,298	297,282
Unassigned	-	(379,549)	-	-	(379,549)
Total fund balances	<u>521,668</u>	<u>35,280</u>	<u>5,298</u>	<u>297,901</u>	<u>860,147</u>
Total liabilities and fund balances	<u>\$ 521,668</u>	<u>\$ 414,829</u>	<u>\$ 73,527</u>	<u>\$ 317,511</u>	<u>\$ 1,327,535</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, 2016**

	<b>Capital Project Fund</b>				
	<b>County Capital Project Fund</b>	<b>Applied Technologies Building Renovation Project Fund</b>	<b>Applied Technologies Building Equipment Project Fund</b>	<b>Rocky Face Park Expansion Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>					
Intergovernmental revenues	\$ -	\$ 1,346,174	\$ -	\$ 25,205	\$ 1,371,379
Miscellaneous revenues	-	141,256	-	-	141,256
Investment earnings	1,262	-	-	-	1,262
Total revenues	<u>1,262</u>	<u>1,487,430</u>	<u>-</u>	<u>25,205</u>	<u>1,513,897</u>
<b>Expenditures:</b>					
Education	-	1,786,197	94,702	-	1,880,899
Cultural and recreation	-	-	-	52,410	52,410
Total expenditures	<u>-</u>	<u>1,786,197</u>	<u>94,702</u>	<u>52,410</u>	<u>1,933,309</u>
Revenues over (under) expenditures	<u>1,262</u>	<u>(298,767)</u>	<u>(94,702)</u>	<u>(27,205)</u>	<u>(419,412)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	14,265	-	100,000	212,106	326,371
Transfers out	<u>(956,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(956,408)</u>
Total other financing sources (uses)	<u>(942,143)</u>	<u>-</u>	<u>100,000</u>	<u>212,106</u>	<u>(630,037)</u>
Net change in fund balances	(940,881)	(298,767)	5,298	184,901	(1,049,449)
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>1,462,549</u>	<u>334,047</u>	<u>-</u>	<u>113,000</u>	<u>1,909,596</u>
End of year - June 30	<u>\$ 521,668</u>	<u>\$ 35,280</u>	<u>\$ 5,298</u>	<u>\$ 297,901</u>	<u>\$ 860,147</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, 2016**

		<b>Actual</b>		
	<b>Budget</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings	\$ 25,080	\$ 31,733	\$ 1,262	\$ 32,995
<b>Expenditures:</b>				
Capital outlay:				
Jail/courthouse administration	31,805	31,805	-	31,805
Jail construction	8,424,242	8,424,241	-	8,424,241
Courthouse renovations	335,592	44,105	-	44,105
Total expenditures	8,791,639	8,500,151	-	8,500,151
Revenues over (under) expenditures	(8,766,559)	(8,468,418)	1,262	(8,467,156)
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	10,000,000	10,000,000	-	10,000,000
Transfers in:				
General Fund	727,791	727,791	14,265	742,056
Transfers out:				
General Fund	(1,961,232)	(796,824)	(956,408)	(1,753,232)
Total other financing sources (uses)	8,766,559	9,930,967	(942,143)	8,988,824
Net change in fund balance	\$ -	\$ 1,462,549	(940,881)	\$ 521,668
<b>Fund Balance:</b>				
Beginning of year - July 1			1,462,549	
End of year - June 30			\$ 521,668	

## 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, 2016**

		<b>Actual</b>		
	<b>Budget</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
US Department of Commerce	\$ 1,500,000	\$ -	\$ 965,309	\$ 965,309
Golden Leaf Grant	423,600	-	380,865	380,865
Golden Leaf Grant - Vent	100,000	-	-	-
CVCC Foundation Grant	2,996	-	-	-
Duke Energy Grant	150,000	-	141,256	141,256
Industry contribution	137,000	-	-	-
Total revenues	<u>2,313,596</u>	<u>-</u>	<u>1,487,430</u>	<u>1,487,430</u>
<b>Expenditures:</b>				
Education:				
Admin & legal expenses	25,000	10,919	13,975	24,894
Architect & engineer fees	177,000	50,223	79,213	129,436
Testing/inspection/site	29,430	4,811	5,242	10,053
Construction expense - Golden Leaf	423,600	-	396,245	396,245
Construction expense - Duke Energy	150,000	-	141,256	141,256
Construction expense - Building upfit	1,601,421	-	1,150,266	1,150,266
Construction expense - Golden Leaf - Vent	100,000	-	-	-
Contingencies	207,145	-	-	-
Total expenditures	<u>2,713,596</u>	<u>65,953</u>	<u>1,786,197</u>	<u>1,852,150</u>
Revenues over (under) expenditures	(400,000)	(65,953)	(298,767)	(364,720)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 334,047</u>	<u>\$ (298,767)</u>	<u>\$ 35,280</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**APPLIED TECHNOLOGIES BUILDING EQUIPMENT PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

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

## 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, 2016

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
NC Parks and Recreation Trust Fund	\$ 225,106	\$ -	\$ 25,205	\$ 25,205
<b>Expenditures:</b>				
Cultural and recreation:				
Park construction / renovation costs	459,307	-	-	-
Design / engineering	71,500	-	52,410	52,410
Contingency	19,405	-	-	-
Total expenditures	550,212	-	52,410	52,410
Revenues over (under) expenditures	(325,106)	-	(27,205)	(27,205)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	325,106	113,000	212,106	325,106
Net change in fund balance	\$ -	\$ 113,000	\$ 184,901	\$ 297,901

## 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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water revenues	\$ 1,233,000	\$ 1,294,330	\$ 61,330	\$ 1,221,705
Non-operating revenues:				
Investment earnings	6	206	200	17
Other non-operating revenues	23,900	23,899	(1)	-
Total revenues	1,256,906	1,318,435	61,529	1,221,722
<b>Expenditures:</b>				
Water and distribution	758,328	746,838	11,490	722,923
Capital outlay	24,711	24,711	-	174,849
Contingency	176,267	-	176,267	-
Budgetary appropriations:				
Debt principal	367,000	365,474	1,526	200,036
Interest and fees paid	55,100	54,610	490	58,810
Total expenditures	1,381,406	1,191,633	189,773	1,156,618
Revenues over (under) expenditures	(124,500)	126,802	251,302	65,104
<b>Other Financing Sources (Uses):</b>				
Transfer from Bethlehem Water	124,500	124,079	(421)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 250,881	\$ 250,881	\$ 65,104

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 250,881
Reconciling items:	
Capital project transfer from Bethlehem Water District	41,243
Capital project transfer from General Fund	35,000
Decrease deferred outflows - pension	4,028
Decrease in net pension asset	(6,801)
Increase in net pension liability	(8,675)
Decrease deferred inflows - pension	11,274
Capital outlay	24,711
Debt principal	365,474
Depreciation	(562,060)
Change in accrued interest	700
Change in compensated absences	6,997
Change in other post-employment benefits	10,728
Change in net position	\$ 173,500



## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 BETHLEHEM, ELLENDALE WATER SYSTEM IMPROVEMENTS PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2016

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Bethlehem, Ellendale Water System Improvements Project:</b>				
<b>Expenditures:</b>				
Water improvements	\$ 3,061,228	\$ 2,488,783	\$ 490,262	\$ 2,979,045
Professional services	198,000	154,092	42,908	197,000
Administration	66,176	66,175	-	66,175
Contingency	9,195	-	-	-
Total expenditures	<u>3,334,599</u>	<u>2,709,050</u>	<u>533,170</u>	<u>3,242,220</u>
Revenues over (under) expenditures	<u>(3,334,599)</u>	<u>(2,709,050)</u>	<u>(533,170)</u>	<u>(3,242,220)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	3,308,771	2,488,956	769,357	3,258,313
Transfer from Bethlehem Water District	137,419	96,175	41,243	137,418
Transfer to Bethlehem Water District	<u>(111,591)</u>	<u>(111,590)</u>	<u>-</u>	<u>(111,590)</u>
Total other financing sources (uses)	<u>3,334,599</u>	<u>2,473,541</u>	<u>810,600</u>	<u>3,284,141</u>
Other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (235,509)</u>	<u>\$ 277,430</u>	<u>\$ 41,921</u>

## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 SHURTAPE JOB RETENTION WASTEWATER PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2016

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

## 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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 1,252,000	\$ 1,680,974	\$ 428,974	\$ 1,207,962
Non-operating revenues:				
Investment earnings	425	684	259	466
Total revenues	<u>1,252,425</u>	<u>1,681,658</u>	<u>429,233</u>	<u>1,208,428</u>
<b>Expenditures:</b>				
Administration				
Water and distribution	894,500	958,479	(63,979)	874,682
Budgetary appropriations:				
Capital outlay	-	-	-	67,967
Debt principal	183,500	183,307	193	179,856
Interest and fees paid	9,500	8,793	707	12,245
Contingency	49,121	-	49,121	-
Total expenditures	<u>1,136,621</u>	<u>1,150,579</u>	<u>(13,958)</u>	<u>1,134,750</u>
Revenues over (under) expenditures	<u>115,804</u>	<u>531,079</u>	<u>415,275</u>	<u>73,678</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to County Water and Sewer Fund	(124,500)	(124,079)	421	-
Transfer to Bethlehem - Ellendale Capital Project	(41,243)	(41,243)	-	(30,000)
Appropriated fund balance	49,939	-	(49,939)	-
Total other financing sources (uses)	<u>(115,804)</u>	<u>(165,322)</u>	<u>(49,518)</u>	<u>(30,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 365,757</u>	<u>\$ 365,757</u>	<u>\$ 43,678</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 365,757		
Reconciling items:				
Debt principal		183,307		
Decrease deferred outflows - pension		(3,204)		
Decrease in net pension asset		(4,534)		
Decrease deferred inflows - pension		10,523		
Change in accrued interest		875		
Change in compensated absences		(2,474)		
Depreciation and amortization		<u>(98,266)</u>		
Change in net position		<u>\$ 451,984</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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Landfill	\$ 1,215,000	\$ 1,203,302	\$ (11,698)	\$ 1,062,211
Convenience center	286,000	248,722	(37,278)	193,389
Non-operating revenues:				
Intergovernmental revenues	91,780	95,209	3,429	90,075
Grant revenue	-	12,230	12,230	22,938
Miscellaneous revenue	-	1,688	1,688	410
Total revenues	<u>1,592,780</u>	<u>1,561,151</u>	<u>(31,629)</u>	<u>1,369,023</u>
<b>Expenditures:</b>				
Convenience centers	188,860	170,054	18,806	176,134
Landfill operations	1,343,017	1,317,218	25,799	1,221,419
Contingency	903	-	(903)	-
Total expenditures	<u>1,532,780</u>	<u>1,487,272</u>	<u>43,702</u>	<u>1,397,553</u>
Revenues over (under) expenditures	<u>60,000</u>	<u>73,879</u>	<u>13,879</u>	<u>(28,530)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to Landfill Closure Fund	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(5,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 13,879</u>	<u>\$ 13,879</u>	<u>\$ (33,530)</u>

## Reconciliation from Budgetary Basis

## (Modified Accrual) to Full Accrual:

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 13,879
Reconciling items:	
Decrease deferred outflows - pension	6,474
Decrease in net pension asset	(28,336)
Increase in net pension liability	(26,026)
Decrease deferred inflows - pension	52,237
Change in compensated absences	(82)
Change in other post-employment benefits	(28,893)
Depreciation	<u>(71,876)</u>
Change in net position	<u>\$ (82,623)</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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Non-operating revenues:				
Investment earnings	\$ 5	\$ 23	\$ 18	\$ 25
<b>Expenditures:</b>				
Monitoring	60,005	27,418	32,587	35,817
Revenues over (under) expenditures	(60,000)	(27,395)	32,605	(35,792)
<b>Other Financing Sources (Uses):</b>				
Transfer in - Solid Waste Fund	60,000	60,000	-	5,000
Transfer in - General Fund	-	-	-	125,000
Total other financing sources (uses)	60,000	60,000	-	130,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 32,605	\$ 32,605	\$ 94,208
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 32,605		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		(1,360,270)		
Change in net position		\$ (1,327,665)		

**ALEXANDER COUNTY, NORTH CAROLINA**

**PROPRIETARY FUND TYPES**  
**NONMAJOR ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Bethlehem Sewer</b>
<b>Assets:</b>	
Current assets:	
Cash and investments	\$ 115,546
Due from other funds	<u>5,202</u>
Total current assets	<u>120,748</u>
<b>Non-Current assets:</b>	
Depreciable assets, net	<u>752,176</u>
Total assets	<u>872,924</u>
<b>Net Position:</b>	
Net investment in capital assets	752,176
Unrestricted	<u>120,748</u>
Total net position	<u>\$ 872,924</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, 2016**

	<b>Bethlehem Sewer</b>
<b>Operating Revenues:</b>	
Sewer capital reserve fees	\$ 20,633
<b>Operating Expenses:</b>	
Depreciation and amortization	35,570
Change in net position	(14,937)
<b>Net Position:</b>	
Beginning of year - July 1	887,861
End of year - June 30	\$ 872,924

## ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES**  
**NONMAJOR ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Bethlehem Sewer</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 20,633
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Change in due to/from other funds	(128)
Net increase (decrease) in cash and cash equivalents	20,505
<b>Cash and Cash Equivalents - Beginning of Year - July 1</b>	<u>95,041</u>
<b>Cash and Cash Equivalents - End of Year - June 30</b>	<u>\$ 115,546</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (14,937)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	<u>35,570</u>
Net cash provided (used) by operating activities	<u>\$ 20,633</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, 2016****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	<b>2016</b>			<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Operating revenues:				
Sewer capital reserve fee	\$ 19,500	\$ 20,633	\$ 1,133	\$ 20,188
<b>Expenditures:</b>				
Operations	16,000	-	16,000	-
Contingency	3,500	-	3,500	-
Total expenditures	19,500	-	19,500	-
Revenues over (under) expenditures	\$ -	\$ 20,633	\$ 20,633	\$ 20,188
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues over (under) expenditures		\$ 20,633		
Reconciling items:				
Depreciation		(35,570)		
Change in net position		\$ (14,937)		

## ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2016

	<b>Social Services Fund</b>	<b>Sheriff's Civil Executions Fund</b>	<b>Deed of Trust Fees Fund</b>	<b>Fines and Forfeitures</b>	<b>Totals June 30, 2016</b>
<b>Assets:</b>					
Cash and investments	\$ 13,593	\$ 2,416	\$ 417	\$ 5,812	\$ 22,238
<b>Liabilities:</b>					
Accounts payable	\$ 13,593	\$ 2,416	\$ -	\$ 5,812	\$ 21,821
Intergovernmental payable - State of NC	-	-	417	-	417
Total liabilities	\$ 13,593	\$ 2,416	\$ 417	\$ 5,812	\$ 22,238

## ALEXANDER COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and investments:				
Client services	\$ <u>31,919</u>	\$ <u>133,482</u>	\$ <u>151,808</u>	\$ <u>13,593</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>31,919</u>	\$ <u>133,482</u>	\$ <u>151,808</u>	\$ <u>13,593</u>
<b>Sheriff's Civil Executions Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>1,295</u>	\$ <u>16,631</u>	\$ <u>15,510</u>	\$ <u>2,416</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>1,295</u>	\$ <u>16,631</u>	\$ <u>15,510</u>	\$ <u>2,416</u>
<b>Deed of Trust Fees:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>380</u>	\$ <u>4,324</u>	\$ <u>4,287</u>	\$ <u>417</u>
<b>Liabilities:</b>				
Intergovernmental payable:				
State of North Carolina	\$ <u>380</u>	\$ <u>4,324</u>	\$ <u>4,287</u>	\$ <u>417</u>
<b>Fines and Forfeitures:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>7,028</u>	\$ <u>103,364</u>	\$ <u>104,580</u>	\$ <u>5,812</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>7,028</u>	\$ <u>103,364</u>	\$ <u>104,580</u>	\$ <u>5,812</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>40,622</u>	\$ <u>257,801</u>	\$ <u>276,185</u>	\$ <u>22,238</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>40,242</u>	\$ <u>253,477</u>	\$ <u>271,898</u>	\$ <u>21,821</u>
Intergovernmental payable:				
State of North Carolina	<u>380</u>	<u>4,324</u>	<u>4,287</u>	<u>417</u>
Total liabilities	\$ <u>40,622</u>	\$ <u>257,801</u>	\$ <u>276,185</u>	\$ <u>22,238</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2016

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2015</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2016</b>
2016	\$ -	\$ 20,178,247	\$ 19,577,304	\$ 600,943
2015	573,310	-	342,944	230,366
2014	267,328	-	137,091	130,237
2013	159,613	-	62,012	97,601
2012	101,864	-	35,681	66,183
2011	69,996	-	26,285	43,711
2010	43,079	-	11,064	32,015
2009	32,530	-	2,914	29,616
2008	23,803	-	682	23,121
2007	13,211	-	362	12,849
2006	11,836	-	11,836	-
Total	<u>\$ 1,296,570</u>	<u>\$ 20,178,247</u>	<u>\$ 20,208,175</u>	1,266,642

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund (411,280)

Ad valorem taxes receivable, net:

General Fund \$ 855,362

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes - General Fund	\$ 20,231,092
Ad valorem taxes - Revaluation Fund	110,000
Penalties collected on ad valorem taxes - Agency Fund	<u>20,020</u>
Total ad valorem taxes	<u>20,361,112</u>

Reconciling items:

Interest and penalties collected	(178,313)
Tax refunds	15,271
Miscellaneous adjustments	(1,731)
Amounts written off for tax year 2006 per Statute of Limitations	<u>11,836</u>
Total collections and credits	<u>\$ 20,208,175</u>

## ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2016

				Total Levy	
	County-Wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
<b>Original Levy:</b>					
County-wide:					
Property tax	\$2,552,030,809	0.790	\$ 20,161,043	\$ 18,055,930	\$ 2,105,113
Late list penalties	-		19,843	19,843	-
Total original levy	<u>2,552,030,809</u>		<u>20,180,886</u>	<u>18,075,773</u>	<u>2,105,113</u>
<b>Discoveries</b>	<u>6,018,734</u>		<u>47,548</u>	<u>47,548</u>	<u>-</u>
<b>Abatements and Discounts</b>	<u>(6,352,785)</u>		<u>(50,187)</u>	<u>(50,187)</u>	<u>-</u>
Total property valuation	<u><u>\$2,551,696,758</u></u>				
<b>Net Levy</b>			20,178,247	18,073,134	2,105,113
Uncollected taxes at June 30, 2016			<u>600,943</u>	<u>600,943</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 19,577,304</u>	<u>\$ 17,472,191</u>	<u>\$ 2,105,113</u>
<b>Current Levy Collection Percentage</b>			97.02%	96.67%	100.00%

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**ALEXANDER COUNTY  
NORTH CAROLINA**

**COMPLIANCE LETTERS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

# ALEXANDER COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2016, not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2016.

### **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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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](http://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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 25, 2016

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

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

## **Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards Required by the OMB Uniform Guidance; And The State Single Audit Implementation Act**

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

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

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

We have audited Alexander County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Alexander County's major federal programs for the year ended June 30, 2016. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alexander County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

In our opinion, Alexander County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance and the State Single Audit Implementation Act**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County, as of and for the year ended June 30, 2016, 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 November 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 25, 2016

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

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

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Uniform Guidance; And The State Single Audit Implementation Act**

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

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

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

We have audited Alexander County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Alexander County's major State programs for the year ended June 30, 2016. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Alexander County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

In our opinion, Alexander County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2016.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

## **Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alexander County as of and for the year ended June 30, 2016, 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 November 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
November 25, 2016



# ALEXANDER COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

### 1. Summary of Auditor's Results

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted?

\_\_\_\_\_ Yes   X   No

#### Federal Awards

Internal control over major federal programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes   X   No

Identification of major federal programs:

#### Program Name

Economic Development Cluster  
TANF Cluster  
Medicaid Cluster

#### CFDA#

11.300, 11.307  
93.558, 93.714  
93.778, 93.777, 93.775

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

\$1,122,801

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, 2016

### 1. Summary of Auditor's Results (continued)

#### State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

#### Program Name

Medical Assistance Program

### 2. Financial Statement Findings

None reported

### 3. Federal Award Findings and Questioned Costs

None reported

### 4. State Award Findings and Questioned Costs

None reported

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Finding:**       **2015-001**

**Status:**       Corrected.

**Finding:**       **2015-002**

**Status:**       Corrected.

**Finding:**       **2015-003**

**Status:**       The County has implemented a second party review process but during our follow up of prior year finding, we were unable to determine that they keep track of the casefiles that were reviewed. The supervisors will establish a listing of casefiles reviewed, maintained by the Program Supervisor.

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<b>Federal Awards:</b>				
<u>U.S. Dept. of Agriculture</u>				
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration: <u>Supplemental Nutrition Assistance Program Cluster:</u> State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	WC 302	\$ 220,967	\$ -
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	13A25403GF02	160,294	-
Direct Benefit Payments: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557	DMA 2016	432,235	-
Total U.S. Department of Agriculture			<u>813,496</u>	<u>-</u>
<u>U.S. Dept. of Commerce</u>				
Economic Development Cluster Economic Adjustment Assistance Alexander County Applied Technologies Building Renovation Project-Catawba Valley Community College Total Economic Development Cluster	11.307	04-79-06921	1,150,266 <u>1,150,266</u>	- <u>-</u>
<u>U.S. Dept. of Justice</u>				
Direct Program: Equitable Sharing Program	16.922	NC0020000	19,414	-
Passed-through N.C. Department of Public Safety Governor's Crime Commission Edward Byrne Memorial Justice Assistance Grant Program 2015-Alexander County Sheriff's Office-PROJ010757 Bar Code Evidence Tracking Implementation Total U.S. Dept. of Justice	16.738	2014-DJ-BX-1148	14,900 <u>34,314</u>	- <u>-</u>
<u>U.S. Dept. of Transportation</u>				
Passed-through the N.C. Department of Public Safety: Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	T2-2015-02	1,101	-
Passed-through the N.C. Department of Transportation: <u>Transit Services Program Cluster:</u> Enhanced Mobility of Seniors and Individuals with Disabilities Total U.S. Dept. of Transportation	20.513	DOT-14	121,966 <u>123,067</u>	108,414 <u>108,414</u>
Appalachian Regional Commission				
Passed-through the N.C. Dept. of Commerce: Appalachian Regional Development: Wastewater Treatment System Upgrade	23.001	NC-18328-2015	10,000	-
<u>U.S. Institute of Museum and Library Services</u>				
Passed-through the N.C. Department of Cultural Resources: Grants to State: LSTA 2015-2016 NC Cardinal Migration Grant	45.310	LS-00-15-0034-15	17,863	-
Passed-through the N.C. Department of Cultural Resources: Grants to State: LSTA 2015-2016 Building the Bench Grant Total U.S. Institute of Museum and Library Services	45.310	LS-00-15-0034-15	556 <u>18,419</u>	- <u>-</u>
<u>Environmental Protection Agency</u>				
Passed-through the N.C. Department Environmental Quality Division of Water Resources Drinking Water State Revolving Fund Cluster Capitalization Grants for Drinking Water State Revolving Funds Total Drinking Water State Revolving Fund Cluster	66.468	H-LRX-F-10-1650	3,258,313 <u>3,258,313</u>	- <u>-</u>
<u>U. S. Department of Homeland Security</u>				
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management Emergency Management Performance Grant	97.042	EMPG-2015-37003	38,542	-
Homeland Security Grant Program	97.067	EMW-2014-SS-00067-S01-1	12,500	-
Homeland Security Grant Program Total U. S. Department of Homeland Security	97.067	EMW-2015-SS-00062-S01-1	14,116 <u>65,158</u>	- <u>-</u>

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<u>U.S. Dept. of Health &amp; Human Services</u>				
Division of Aging and Adult Services				
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	566000272-2016	84,342	-
Special Programs for the Aging - Title III C				
Nutrition Services	93.045	566000272-2016	88,448	-
Nutrition Services Incentive Program - In Home Level 1	93.053	566000272-2016	66,318	-
Total Aging Cluster			239,108	-
Centers for Medicare and Medicaid Services				
Passed-through the N.C. Dept. of Insurance:				
Division of SHIIP				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations:				
Seniors; Health Insurance Information Program (SHIIP)	93.779	090315-4041	3,880	-
Medicare Improvements for Patients & Providers Act (MIPPA)	93.779	020816-4122	1,115	-
Passed-through the N.C. Dept. of Health and Human Services				
Division of Health Service and Regulations (Long Term Care)				
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers:				
NC 2011 Criminal Background Check Program (non-cash grant)	93.506	1A1CMS5530835-01-03	20,875	-
Centers for Disease Control and Prevention				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health				
Public Health Emergency Preparedness	93.069	12642680EW02	30,068	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	12642680M802	15,000	-
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	1460272ANF02	43	-
Immunization Cooperative Agreements	93.268	1331623CVJ02	8,960	-
Preventative Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	12615503PF02	46,991	-
HIV Prevention Activities-Health Department Based	93.940	1311981DHV02	2,000	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	1311462BNB02	510	-
Administration of Children and Families				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services				
Promoting Safe and Stable Families-Family Preservation	93.556	WC 302	23,356	-
Temporary Assistance for Needy Families Cluster	93.558	13A15151T202	3,469	-
Health Resources and Service Administration				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health				
Maternal and Child Health Services Block Grant	93.994	13A15740AP02	53,186	24,893
Office of Population Affairs				
Passed-through the N.C. Dept. of Health and Human Services:				
Office of Population Affairs				
Family Planning Services	93.217	13A1592AFP02	21,053	-
Division of Social Services				
<u>Temporary Assistance for Needy Families Cluster</u>				
Temporary Assistance for Needy Families (TANF) / Work First	93.558	WC 302	210,398	-
TANF / Work First - Direct Benefit Payments	93.558	WC3 302	178,531	-
Total TANF Cluster			388,929	-
<u>Foster Care and Adoption Cluster (Note 4)</u>				
Foster Care - Title IV-E	93.658	WC 302	138,765	18,063
Adoption Assistance	93.659	WC 302	3,545	-
Foster Care - Title IV-E	93.658	WC 302	34,980	-
Foster Care - Title IV-E - Direct Benefit Payments	93.658	WC 302	86,662	26,213
Adoption Assistance - Direct Benefit Payments	93.659	WC 302	331,582	86,207
Total Foster Care and Adoption Cluster (Note 4)			595,534	130,483
Child Support Enforcement	93.563	WC 302	199,734	-

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
Low-Income Home Energy Assistance:				
Administration	93.568	WC 302	143,082	-
Crisis Intervention Program	93.568	WC 302	128,992	-
Total Low-Income Home Energy Assistance			272,074	-
Stephanie Tubbs Jones Child Welfare Services Program:				
- Permanency Planning - Families for Kids	93.645	WC 302	9,770	-
Total Stephanie Tubbs Jones Child Welfare Services Program:			9,770	-
SSBG - Other Service and Training	93.667	WC 302	124,481	8,678
Chafee Foster Care Independence Program	93.674	WC 302	8,015	2,004
Chafee Foster Care Independence Program- Direct Benefit Pymts	93.674	WC 302	475	-
Division of Aging and Adult Services:				
Division of Social Services:				
Social Services Block Grant - State In Home Service Fund	93.667	WC 302	9,631	-
Social Services Block Grant - State Adult Day Care	93.667	WC 302	3,588	2,633
Division of Child Development and Early Education:				
Subsidized Child Care (Note 4)				
<u>Child Care Development Fund Cluster:</u>				
Division of Social Services:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	DMA 2016	86,889	-
Division of Child Development:				
Child Care and Development Block Grant	93.575	536147, 536151	297,042	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund -- Mandatory	93.596	536145	94,791	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund -- Match	93.596	536148, 536149	243,610	110,955
Total Child Care Development Fund Cluster			722,332	110,955
TANF	93.558	536150	78,035	-
Foster Care Title IV-E	93.658	536153, 536154	5,932	3,039
State Appropriations	XXX	536142	-	126,285
TANF-MOE	XXX	536142, 536146	-	84,067
Total Subsidized Child Care (Note 4)			806,299	324,346
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Medicaid Cluster				
Direct Benefit Payments:				
Medical Assistance Program	93.778	DMA 2016	27,315,740	14,526,315
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	WC 302	796,907	3,018
Total Medicaid Cluster			28,112,647	14,529,333
Direct Benefit Payments:				
Children's Health Insurance Program - N.C. Health Choice	93.767	DMA 2016	921,159	44,412
Division of Social Services:				
Administration:				
Children's Health Insurance Program - N.C. Health Choice	93.767	WC 302	31,731	1,794
Total State Children's Insurance Program - N.C. Health Choice			952,890	46,206
Total U.S. Dept. of Health and Human Services			31,953,681	15,068,576
Total federal awards			37,426,714	15,176,990
State Awards:				
<u>N.C. Dept. of Administration</u>				
Veterans Service		041216-2828	-	1,907
<u>N.C. Dept. of Cultural and Natural Resources</u>				
Division of State Library				
State Aid to Public Libraries		566000272-2016	-	95,790
NC Parks and Recreation Trust Fund (PARTF) Project				
Rocky Face Park Phase 2		2013-0739	-	25,205
Total N.C. Dept. of Cultural and Natural Resources			-	120,995
<u>N.C. Dept. of Commerce</u>				
Precision Materials Building Expansion Grant		2015-013-3201-2587	-	111,996
Huntington House Building Reuse Grant		2015-023-3201-2587	-	435,103
Mitchell Gold + Bob Williams Natural Gas Grant		U-450	-	278,159
Total N.C. Dept. of Commerce			-	825,258

**ALEXANDER COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<b><u>N.C. Department of Environmental Quality</u></b>				
Division of Waste Management				
White Goods Management Program		536961	-	12,230
Total N.C. Dept. of Environmental and Natural Resources			-	12,230
<b><u>N.C. Dept. of Health and Human Services</u></b>				
Division of Aging and Adult Services				
Passed-through Western Piedmont Council of Governments				
Senior Center General Purpose Funds		ZGA370-11	-	3,800
Division of Social Services				
DCD Smart Start		WC 302	-	16,000
St Child Welfare/CPS/CS LD		WC 302	-	150,419
AFDC Incent/Prog Integrity		WC 302	-	734
CWS Adopt Subsidy and Vendor		WC 302	-	73,508
SC/SA Domiciliary Care Pymt		WC 302	-	231,272
SFHF Maximization		WC 302	-	11,709
State Foster Home		WC 302	-	55,294
Total Division of Social Service			-	538,936
Division of Public Health				
General Aid to Counties		116141100002	-	85,246
General Communicable Disease Control		117545100002	-	10,112
Child Health		127157450002	-	283
Women's Health Service Fund		13A16016FR02	-	7,867
Food and Lodging		11534752SZ02	-	7,087
School Nurse Funding Initiative		133253580002	-	150,000
HMHC-Family Planning		13A157350002	-	5,712
Maternal Health (HMHC)		13A157400002	-	5,151
HIV/STD SSBG Aid		13114536RQ02	-	500
Sexually Transmitted Diseases		13114601RQ02	-	154
Tuberculosis		146045510002	-	2,411
Tuberculosis Medical Service		146045540002	-	540
Total Division of Public Health			-	275,063
Total N. C. Department of Health and Human Services			-	817,799
<b><u>N.C. Dept. of Public Safety</u></b>				
Juvenile Crime Prevention Programs		536301	-	84,873
<b><u>Golden Leaf Foundation</u></b>				
Passed-through Catawba Valley Community College				
Alexander Applied Technologies Building		2013-209	-	396,245
Total State awards			-	2,259,307
Total federal and State awards			<u>\$ 37,426,714</u>	<u>\$ 17,436,297</u>

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

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Alexander County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Alexander County, it is not intended to and does not present the financial position, changes in net position or cash flows of Alexander County.

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

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

**Note 3: Loans Outstanding**

Alexander County had the following loan balances outstanding at June 30, 2016 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The amount on the SEFSA and the loan outstanding differs due to a principal payment made in the current year of \$165,438. The balance of loans outstanding at June 30, 2016 consist of:

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Drinking Water State Revolving Fund Cluster	66.468	H-LRX-F-10-1650	\$ 3,092,875

**Note 4: Cluster of Programs**

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