

**ALEXANDER COUNTY  
NORTH CAROLINA**

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2019**

**MARTIN ♦ STARNES**  

---

**& ASSOCIATES, CPAs, P.A.**

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



**ALEXANDER COUNTY  
NORTH CAROLINA**

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

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## **Independent Auditor's Report**

To the Board of Commissioners  
Alexander County  
Taylorsville, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Alexander County Economic Development Corporation. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alexander County Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Alexander County Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, on our consideration of Alexander County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alexander County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexander County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 31, 2019

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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, 2019. 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

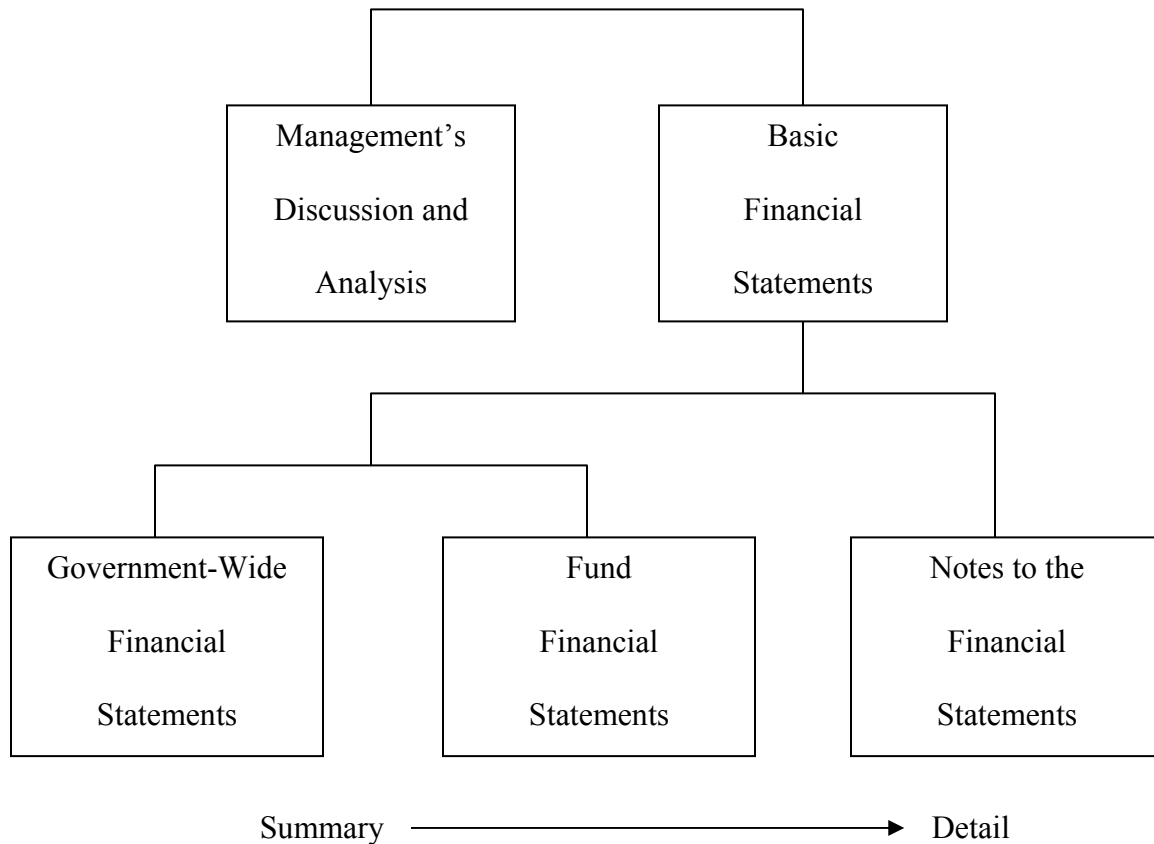
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$30,219,439 (*net position*).
- The government's total net position increased by \$2,356,304, primarily due to maintaining the property tax rate, receipt of Medicaid hold harmless funds in excess of budget estimate, and receipt of additional funds from the state's new sales tax distribution plan.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$23,188,047 after a net increase in fund balance of \$83,788. Approximately 30.86% of this total amount, or \$7,156,450, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,112,214, or 25.47%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$1,768,953 (15%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service as they come due during the fiscal year.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

**Figure 1**



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

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

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



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

### **Government-Wide Financial Statements**

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

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education, and general government administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Alexander County.

The government-wide financial statements are on Exhibits A and B of this report.

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Alexander County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Alexander County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Alexander County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Schedules 1 through 7 after the notes to the financial statements.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$30,219,439 as of June 30, 2019. The County's net position increased by \$2,356,304 for the fiscal year ended June 30, 2019. The increase was primarily due to maintaining the property tax rate and an increase in construction in progress for several projects using federal and state grant and loan funds. One of the largest portions, \$28,786,598 (95.26%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Alexander County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alexander County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Alexander County's net position, \$6,556,655 (21.70%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(5,123,814) (-16.96%) is unrestricted net position.

## Alexander County's Net Position

**Figure 2**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets:</b>						
Current and other assets	\$ 26,391,515	\$ 26,088,693	\$ 6,106,031	\$ 6,068,152	\$ 32,497,546	\$ 32,156,845
Capital assets	21,559,256	20,687,401	16,324,073	16,741,709	37,883,329	37,429,110
Total assets	47,950,771	46,776,094	22,430,104	22,809,861	70,380,875	69,585,955
Deferred outflows of resources	3,786,023	2,499,979	71,587	56,149	3,857,610	2,556,128
<b>Liabilities:</b>						
Long-term liabilities outstanding	30,352,412	32,296,193	7,354,143	7,692,344	37,706,555	39,988,537
Other liabilities	1,662,305	1,619,613	125,145	199,332	1,787,450	1,818,945
Total liabilities	32,014,717	33,915,806	7,479,288	7,891,676	39,494,005	41,807,482
Deferred inflows of resources	4,337,292	2,228,330	187,749	243,136	4,525,041	2,471,466
<b>Net Position:</b>						
Net investment in capital assets	16,892,589	15,408,824	11,894,009	11,947,251	28,786,598	27,356,075
Restricted	6,556,655	7,026,549	-	-	6,556,655	7,026,549
Unrestricted	(8,064,459)	(9,303,436)	2,940,645	2,783,947	(5,123,814)	(6,519,489)
Total net position	\$ 15,384,785	\$ 13,131,937	\$ 14,834,654	\$ 14,731,198	\$ 30,219,439	\$ 27,863,135

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

- Maintaining the property tax rate and improving the property tax collection rate
- Increased sales tax revenue and Medicaid hold harmless revenue
- Increased investment earnings due to higher interest rates
- Decrease in debt service due to one debt issue being paid off in fiscal year 2017-2018 and no new debt was issued in fiscal year 2018-2019

## Alexander County's Changes in Net Position

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,427,795	\$ 4,710,533	\$ 4,556,778	\$ 4,354,455	\$ 8,984,573	\$ 9,064,988
Operating grants and contributions	4,262,156	4,159,607	-	-	4,262,156	4,159,607
Capital grants and contributions	470,000	647,067	250,199	1,267,849	720,199	1,914,916
General revenues:						
Property taxes	22,020,109	21,755,961	-	-	22,020,109	21,755,961
Other taxes	10,108,894	9,310,423	-	-	10,108,894	9,310,423
Grants and contributions not restricted to specific programs	-	-	104,723	108,538	104,723	108,538
Other	482,709	253,755	5,562	3,164	488,271	256,919
Total revenues	<u>41,771,663</u>	<u>40,837,346</u>	<u>4,917,262</u>	<u>5,734,006</u>	<u>46,688,925</u>	<u>46,571,352</u>
<b>Expenses:</b>						
General government	7,022,179	6,528,341	-	-	7,022,179	6,528,341
Public safety	12,505,341	11,808,458	-	-	12,505,341	11,808,458
Environmental protection	514,148	529,105	-	-	514,148	529,105
Economic and physical development	1,176,885	583,512	-	-	1,176,885	583,512
Human services	9,126,106	9,127,833	-	-	9,126,106	9,127,833
Cultural and recreation	1,088,581	1,046,413	-	-	1,088,581	1,046,413
Education	8,187,872	6,980,095	-	-	8,187,872	6,980,095
Interest and fees	190,043	233,853	-	-	190,043	233,853
Water and sewer	-	-	2,605,907	2,471,786	2,605,907	2,471,786
Solid waste	-	-	1,915,559	1,844,518	1,915,559	1,844,518
Total expenses	<u>39,811,155</u>	<u>36,837,610</u>	<u>4,521,466</u>	<u>4,316,304</u>	<u>44,332,621</u>	<u>41,153,914</u>
Change in net position before transfers	1,960,508	3,999,736	395,796	1,417,702	2,356,304	5,417,438
Transfers	<u>292,340</u>	<u>(1,274,913)</u>	<u>(292,340)</u>	<u>1,274,913</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,252,848</u>	<u>2,724,823</u>	<u>103,456</u>	<u>2,692,615</u>	<u>2,356,304</u>	<u>5,417,438</u>
<b>Net Position:</b>						
Beginning of year - July 1	13,131,937	23,468,926	14,731,198	12,289,723	27,863,135	35,758,649
Restatement	-	(13,061,812)	-	(251,140)	-	(13,312,952)
Beginning of year - July 1, restated	<u>13,131,937</u>	<u>10,407,114</u>	<u>14,731,198</u>	<u>12,038,583</u>	<u>27,863,135</u>	<u>22,445,697</u>
End of year - June 30	<u>\$ 15,384,785</u>	<u>\$ 13,131,937</u>	<u>\$ 14,834,654</u>	<u>\$ 14,731,198</u>	<u>\$ 30,219,439</u>	<u>\$ 27,863,135</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$2,252,848 thereby accounting for 95.61% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Maintained the property tax rate in 2018-2019 and improved the property tax collection rate
- Increase in sales tax revenue due to the state's implementation of new rules during fiscal year 2019 regarding remote sales subject to tax
- Increase in Medicaid hold harmless revenue over the amount budgeted

**Business-Type Activities.** Business-type activities increased Alexander County's net position by \$103,456, accounting for 4.39% of the total increase in the government's net position. Key elements of this increase are as follows:

- Returned prior year economic development sales tax funds to the General Fund instead of using as a revenue source for upcoming sewer project. The sewer project will be funded by a low-interest state loan.
- Timing of expenditures and loan reimbursements for water and sewer projects funded by low-interest state loans. No loan draws were received in fiscal year 2019.

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

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

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

The General Fund is the chief operating fund of Alexander County. At the end of the current fiscal year, Alexander County's fund balance available in the General Fund was \$12,586,859, while total fund balance reached \$17,047,761. The County currently has an available fund balance of 31.70% of total General Fund expenditures and transfers out, while total fund balance represents 42.93% of that same amount.

At June 30, 2019, the governmental funds of Alexander County reported a combined fund balance of \$23,188,047, a 0.36% 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 \$1,829,000 which is 4.4% more than originally budgeted. The County appropriated fund balance for the following types of activity: A) Economic Development-preliminary costs for an industrial shell building project and B) Maintain Services-use of appropriated fund balance to maintain service levels. The County also received additional federal and state funding during the year for public safety, social services, public health, and other human services programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the budget was

adopted. In addition, Medicaid hold harmless revenues were more than the amount estimated in the original budget. These items accounted for the primary difference between the originally adopted budget and the final budget.

**Proprietary Funds.** Alexander County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the major proprietary funds at the end of the fiscal year were as follows: County Water and Sewer Fund – \$2,429,288; Bethlehem Water Fund – \$2,803,894; Solid Waste Fund – (\$663,797) deficit; and Landfill Closure Fund – (\$1,466,621) deficit. The total increase in net position for these four major funds was \$691,717. 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, 2019, total \$37,883,329 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Construction in progress for building renovations to create additional County office space
- Purchase of vehicles for public safety and human services programs
- Purchase of technology equipment for public safety and general government functions
- Retirement of surplus vehicles from public safety and general government
- Transfer ownership of a sewer line to the Town of Taylorsville due to the state's realignment of a highway intersection
- Completion of two sewer pump station projects
- Construction in progress for a school sewer project, a sewer system extension and pump station improvement project, and a water line extension project

## Alexander County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,395,204	\$ 4,395,204	\$ 240,573	\$ 240,573	\$ 4,635,777	\$ 4,635,777
Construction in progress	2,061,565	213,721	646,374	1,828,576	2,707,939	2,042,297
Buildings	20,761,286	20,761,286	651,404	651,404	21,412,690	21,412,690
Other improvements	419,075	419,075	-	-	419,075	419,075
Equipment and machinery	4,875,885	4,705,426	644,668	644,668	5,520,553	5,350,094
Vehicles	4,248,627	3,747,230	341,657	316,417	4,590,284	4,063,647
Infrastructure	395,402	395,402	26,587,672	24,946,648	26,983,074	25,342,050
Furniture and fixtures	19,228	7,724	-	1,603	19,228	9,327
	37,176,272	34,645,068	29,112,348	28,629,889	66,288,620	63,274,957
Less: accumulated depreciation	(15,617,016)	(13,957,667)	(12,788,275)	(11,888,180)	(28,405,291)	(25,845,847)
Total	<u>\$ 21,559,256</u>	<u>\$ 20,687,401</u>	<u>\$ 16,324,073</u>	<u>\$ 16,741,709</u>	<u>\$ 37,883,329</u>	<u>\$ 37,429,110</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, 2019, Alexander County had total debt outstanding of \$9,909,161, 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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Notes payable - direct placements and direct borrowings	<u>\$ 5,479,097</u>	<u>\$ 6,883,656</u>	<u>\$ 4,430,064</u>	<u>\$ 4,794,458</u>	<u>\$ 9,909,161</u>	<u>\$ 11,678,114</u>

Alexander County's total debt decreased by \$1,768,953 (15.15%) 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 \$201,210,460.

Additional information regarding Alexander County's long-term debt can be found in Note 2B of this audited financial report.

### **Economic Factors and Next Year's Budgets and Rates**

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

- During the fiscal year 2019 the County's unemployment rate fluctuated between the second and third lowest rates in the state. The County is experiencing a low unemployment rate of 3.2% compared to the state average of 3.9%.
- While low unemployment rates are a positive economic indicator, the low rate has put strain on local companies seeking to hire new employees. The County also faces an extreme rate of out commuters with approximately 50% of the Alexander County workforce employed outside of the County. The total number of jobs inside the County remained stable at approximately 9,000.
- There is a current shortage of quality vacant buildings, making recruitment of new employers to the County more difficult. The County has opened bids for a 50,000 square foot speculative industrial building to help alleviate the shortage of marketable buildings. However, construction costs make funding this building very difficult.
- Commercial and retail growth, in terms of the number and variety of establishments, did not significantly increase, but plans are in place to enhance recruitment of new establishments during fiscal year 2020 and beyond.

## **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities.** General Fund revenues, excluding transfers, are projected to increase \$234,000 (0.6%) from 2019 amounts. This is due to an estimated increase in the property tax valuation of \$37,856,000 (1.45%).

General Fund expenditures, excluding transfers, are projected to increase \$3,772,000 (10.4%) from 2019 amounts. The main factors for this include filling vacant employee positions, increasing the minimum pay rates for deputies and detention officers, increases in retiree health insurance participation and health insurance costs for current employees, planned improvements to the County's system of parks, and an increase in the current expense appropriation to the school system.

Capital projects continuing in fiscal year 2020 include the County Office Complex Project to renovate a building housing multiple County government departments.

**Business-Type Activities.** Budgeted expenditures in the Solid Waste Fund are expected to remain at the same level as 2019. Water rates will increase up to 3.75% to cover increased operating costs passed on from the County's water supplier. Water connection fees will be temporarily reduced to encourage growth in the number of water customers as the water system extension project begins.

Capital projects continuing in fiscal year 2020 include the water system extension project and the sewer system extension project. Both of these projects will be financed with a combination of zero-interest and low-interest loans through the State Reserve Project Loan program of the NC Department of Environmental Quality. Another project continuing in fiscal year 2020 will provide sewer infrastructure to an elementary school in the County. CDBG-I funding and a County local match will be used for this project.

## **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information (including information related to the Bethlehem Water District, a blended component unit), should be directed to the Finance Director, Alexander County, 621 Liledoun Road, Taylorsville, North Carolina 28681. You can also call (828) 352-7587, 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, 2019

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Alexander County Economic Development Corporation
	Activities	Activities		
<b>Assets:</b>				
Cash and investments	\$ 19,969,187	\$ 6,129,615	\$ 26,098,802	\$ 700,338
Taxes receivable, net	1,131,441	-	1,131,441	-
Accounts receivable, net	573,616	478,016	1,051,632	-
Note receivable	-	-	-	14,648
Due from other governments	2,761,332	-	2,761,332	-
Internal balances	514,741	(514,741)	-	-
Prepaid items	656,916	13,141	670,057	-
Cash and investments, restricted	737,056	-	737,056	-
Net pension asset	47,226	-	47,226	-
Capital assets:				
Land and other non-depreciable assets	6,456,769	886,947	7,343,716	600,000
Depreciable assets, net	15,102,487	15,437,126	30,539,613	-
Capital assets, net	21,559,256	16,324,073	37,883,329	1,314,986
Total assets	47,950,771	22,430,104	70,380,875	1,314,986
<b>Deferred Outflows of Resources:</b>				
OPEB deferrals	385,893	4	385,897	-
Pension deferrals	3,400,130	71,583	3,471,713	-
Total deferred outflows of resources	3,786,023	71,587	3,857,610	-
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,057,457	113,727	1,171,184	7,632
Miscellaneous liabilities	604,848	11,418	616,266	-
Accrued interest	67,287	6,301	73,588	-
Current portion of compensated absences	739,000	5,400	744,400	-
Current portion of long-term debt	1,067,522	364,395	1,431,917	25,000
Total current liabilities	3,536,114	501,241	4,037,355	32,632
Non-current liabilities:				
Net pension liability - LGERS	4,237,143	84,553	4,321,696	-
Total pension liability - LEOSSA	831,550	-	831,550	-
Accrued landfill post-closure care costs	-	2,445,050	2,445,050	-
Non-current compensated absences	449,551	11,951	461,502	-
Total OPEB liability	18,548,784	370,824	18,919,608	-
Non-current portion of long-term debt	4,411,575	4,065,669	8,477,244	25,000
Total non-current liabilities	28,478,603	6,978,047	35,456,650	25,000
Total liabilities	32,014,717	7,479,288	39,494,005	57,632
<b>Deferred Inflows of Resources:</b>				
OPEB deferrals	4,050,546	178,783	4,229,329	-
Pension deferrals	162,977	8,966	171,943	-
Prepaid taxes	123,769	-	123,769	-
Total deferred inflows of resources	4,337,292	187,749	4,525,041	-
<b>Net Position:</b>				
Net investment in capital assets	16,892,589	11,894,009	28,786,598	-
Restricted for:				
Stabilization for state statute	3,872,690	-	3,872,690	-
Register of Deeds	15,179	-	15,179	-
Register of Deeds' pension plan	57,121	-	57,121	-
Public safety	501,328	-	501,328	-
General government	78,464	-	78,464	-
Human services	36,066	-	36,066	-
Economic and physical development	6,807	-	6,807	-
Education	1,989,000	-	1,989,000	-
Permanently restricted	-	-	-	119,958
Unrestricted	(8,064,459)	2,940,645	(5,123,814)	1,137,396
Total net position	\$ 15,384,785	\$ 14,834,654	\$ 30,219,439	\$ 1,257,354

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

		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	\$ 7,022,179	\$ 537,565	\$ 35,129	\$ -
Public safety	12,505,341	2,452,654	125,949	-
Environmental protection	514,148	25,223	-	-
Economic and physical development	1,176,885	19,987	-	470,000
Human services	9,126,106	1,318,053	4,004,386	-
Cultural and recreation	1,088,581	74,313	96,692	-
Education	8,187,872	-	-	-
Interest and fees	190,043	-	-	-
Total governmental activities	<u>39,811,155</u>	<u>4,427,795</u>	<u>4,262,156</u>	<u>470,000</u>
<b>Business-Type Activities:</b>				
Water and sewer	2,605,907	3,115,404	-	250,199
Solid waste	1,915,559	1,441,374	-	-
Total business-type activities	<u>4,521,466</u>	<u>4,556,778</u>	<u>-</u>	<u>250,199</u>
Total primary government	<u>\$ 44,332,621</u>	<u>\$ 8,984,573</u>	<u>\$ 4,262,156</u>	<u>\$ 720,199</u>
<b>Component Unit:</b>				
Alexander County Economic Development Corporation	<u>\$ 87,254</u>	<u>\$ -</u>	<u>\$ 236,470</u>	<u>\$ -</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
				Alexander County
	Governmental	Business-Type	Total	Economic
	Activities	Activities		Development
				Corporation
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (6,449,485)	\$ -	\$ (6,449,485)	
Public safety	(9,926,738)	-	(9,926,738)	
Environmental protection	(488,925)	-	(488,925)	
Economic and physical development	(686,898)	-	(686,898)	
Human services	(3,803,667)	-	(3,803,667)	
Cultural and recreation	(917,576)	-	(917,576)	
Education	(8,187,872)	-	(8,187,872)	
Interest and fees	(190,043)	-	(190,043)	
Total governmental activities	(30,651,204)	-	(30,651,204)	
Business-Type Activities:				
Water and sewer	-	759,696	759,696	
Solid waste	-	(474,185)	(474,185)	
Total business-type activities	-	285,511	285,511	
Total primary government	(30,651,204)	285,511	(30,365,693)	
Component Unit:				
Alexander County Economic				
Development Corporation				\$ 149,216
General Revenues:				
Ad valorem taxes	22,020,109	-	22,020,109	-
Local option sales taxes	9,600,313	-	9,600,313	-
Other taxes and licenses	508,581	-	508,581	-
Unrestricted intergovernmental revenues	-	104,723	104,723	-
Miscellaneous	-	-	-	7,950
Investment earnings, unrestricted	482,709	5,562	488,271	2,796
Total general revenues, excluding transfers	32,611,712	110,285	32,721,997	10,746
Transfers	292,340	(292,340)	-	-
Total general revenues and transfers	32,904,052	(182,055)	32,721,997	10,746
Change in net position	2,252,848	103,456	2,356,304	159,962
Net Position:				
Beginning of year - July 1	13,131,937	14,731,198	27,863,135	1,092,614
Restatement	-	-	-	4,778
Beginning of year - July 1, restated	13,131,937	14,731,198	27,863,135	1,097,392
End of year - June 30	\$ 15,384,785	\$ 14,834,654	\$ 30,219,439	\$ 1,257,354

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

## ALEXANDER COUNTY, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
		Fund		
<b>Assets:</b>				
Cash and investments	\$ 13,839,790	\$ 3,901,754	\$ 2,227,643	\$ 19,969,187
Taxes receivable, net	1,065,104	-	66,337	1,131,441
Accounts receivable, net	348,616	-	225,000	573,616
Due from other governments	2,734,771	-	26,561	2,761,332
Due from other funds	739,741	36,728	-	776,469
Prepaid items	651,501	-	5,415	656,916
Restricted assets:				
Cash and investments	194,830	-	542,226	737,056
Total assets	<u>\$ 19,574,353</u>	<u>\$ 3,938,482</u>	<u>\$ 3,093,182</u>	<u>\$ 26,606,017</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 682,416	\$ 276,868	\$ 98,173	\$ 1,057,457
Due to other funds	36,728	-	225,000	261,728
Miscellaneous liabilities	604,848	-	-	604,848
Total liabilities	<u>1,323,992</u>	<u>276,868</u>	<u>323,173</u>	<u>1,924,033</u>
<b>Deferred Inflows of Resources:</b>				
Taxes receivable	1,065,104	-	66,337	1,131,441
Unavailable revenues	-	-	225,000	225,000
Health Department receivables	13,727	-	-	13,727
Prepaid taxes	123,769	-	-	123,769
Total deferred inflows of resources	<u>1,202,600</u>	<u>-</u>	<u>291,337</u>	<u>1,493,937</u>
<b>Fund Balances:</b>				
Non-spendable:				
Prepaid items	651,501	-	5,415	656,916
Restricted:				
Stabilization for State Statute	3,809,401	36,728	26,561	3,872,690
Restricted, all other	630,009	1,569,000	427,835	2,626,844
Committed	-	2,055,886	2,243,861	4,299,747
Assigned	1,844,636	-	-	1,844,636
Unassigned	10,112,214	-	(225,000)	9,887,214
Total fund balances	<u>17,047,761</u>	<u>3,661,614</u>	<u>2,478,672</u>	<u>23,188,047</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,574,353</u>	<u>\$ 3,938,482</u>	<u>\$ 3,093,182</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				21,559,256
Net pension asset (ROD)				47,226
Net pension liability (LGERS)				(4,237,143)
OPEB liability				(18,548,784)
Total pension liability (LEOSSA)				(831,550)
Deferred inflows of resources related to pensions are not reported in the funds.				
ROD				(3,328)
LGERS				(121,624)
LEOSSA				(38,025)
Deferred inflows of resources related to OPEB are not reported in the funds.				(4,050,546)
Deferred outflows of resources related to pensions are not reported in the funds.				
ROD				13,223
LGERS				3,330,875
LEOSSA				56,032
Deferred outflows of resources related to OPEB are not reported in the funds.				385,893
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.				(6,734,935)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.				<u>1,370,168</u>
Net position of governmental activities				<u>\$ 15,384,785</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, 2019

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
		Fund		
<b>Revenues:</b>				
Ad valorem taxes	\$ 20,661,582	\$ -	\$ 1,367,578	\$ 22,029,160
Local option sales taxes	9,600,313	-	-	9,600,313
Other taxes and licenses	318,175	-	190,406	508,581
Restricted intergovernmental revenues	4,262,156	-	175,000	4,437,156
Permits and fees	682,204	-	-	682,204
Sales and services	3,558,280	-	-	3,558,280
Interest earned on investments	386,575	90,268	5,866	482,709
Miscellaneous	190,743	-	70,000	260,743
Total revenues	<u>39,660,028</u>	<u>90,268</u>	<u>1,808,850</u>	<u>41,559,146</u>
<b>Expenditures:</b>				
General government	6,495,642	-	1,976,464	8,472,106
Public safety	10,837,295	-	1,242,482	12,079,777
Environmental protection	484,670	-	-	484,670
Economic and physical development	454,310	-	666,212	1,120,522
Human services	9,023,999	-	-	9,023,999
Cultural and recreation	1,047,246	-	-	1,047,246
Education	6,639,508	1,292,878	-	7,932,386
Debt service:				
Principal repayments	1,404,559	-	-	1,404,559
Interest	202,433	-	-	202,433
Total expenditures	<u>36,589,662</u>	<u>1,292,878</u>	<u>3,885,158</u>	<u>41,767,698</u>
Revenues over (under) expenditures	<u>3,070,366</u>	<u>(1,202,610)</u>	<u>(2,076,308)</u>	<u>(208,552)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	792,093	1,247,374	1,501,702	3,541,169
Transfers (out)	(3,118,702)	-	(130,127)	(3,248,829)
Total other financing sources (uses)	<u>(2,326,609)</u>	<u>1,247,374</u>	<u>1,371,575</u>	<u>292,340</u>
Net change in fund balances	743,757	44,764	(704,733)	83,788
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>16,304,004</u>	<u>3,616,850</u>	<u>3,183,405</u>	<u>23,104,259</u>
End of year - June 30	<u>\$ 17,047,761</u>	<u>\$ 3,661,614</u>	<u>\$ 2,478,672</u>	<u>\$ 23,188,047</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, 2019

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)	\$ 83,788
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	(9,051)
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.	(3,432)
Grant revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	225,000
Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.	
Compensated absences	(47,146)
Pension expense - LGERS	(223,100)
Pension expense - ROD	(6,570)
Pension expense - LEOSSA	(31,802)
Other post-employment benefits	(23,643)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	12,390
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	2,854,878
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,983,023)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>1,404,559</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,252,848</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, 2019

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
<b>Revenues:</b>				
Ad valorem taxes	\$ 20,137,500	\$ 20,137,500	\$ 20,661,582	\$ 524,082
Local option sales taxes	8,927,000	9,236,685	9,600,313	363,628
Other taxes and licenses	325,300	325,300	318,175	(7,125)
Restricted intergovernmental revenues	4,504,589	4,842,429	4,262,156	(580,273)
Permits and fees	542,010	587,592	682,204	94,612
Sales and services	3,812,577	3,926,077	3,558,280	(367,797)
Investment earnings	150,000	326,200	386,575	60,375
Miscellaneous	70,229	246,667	190,743	(55,924)
Total revenues	<u>38,469,205</u>	<u>39,628,450</u>	<u>39,660,028</u>	<u>31,578</u>
<b>Expenditures:</b>				
General government	7,037,029	7,110,782	6,495,642	615,140
Public safety	11,271,746	12,042,341	10,837,295	1,205,046
Environmental protection	513,330	515,371	484,670	30,701
Economic and physical development	529,294	529,772	454,310	75,462
Human services	10,565,597	10,928,308	9,023,999	1,904,309
Cultural and recreation	1,111,579	1,146,494	1,047,246	99,248
Education	6,600,751	6,640,751	6,639,508	1,243
Debt service:				
Principal retirement	1,406,000	1,406,000	1,404,559	1,441
Interest and fees	204,000	204,000	202,433	1,567
Contingency	264,048	182,137	-	182,137
Total expenditures	<u>39,503,374</u>	<u>40,705,956</u>	<u>36,589,662</u>	<u>4,116,294</u>
Revenues over (under) expenditures	<u>(1,034,169)</u>	<u>(1,077,506)</u>	<u>3,070,366</u>	<u>4,147,872</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	122,168	792,103	792,093	(10)
Transfers out	(1,696,626)	(3,162,859)	(3,118,702)	44,157
Appropriated fund balance	<u>2,608,627</u>	<u>3,448,262</u>	<u>-</u>	<u>(3,448,262)</u>
Total other financing sources (uses)	<u>1,034,169</u>	<u>1,077,506</u>	<u>(2,326,609)</u>	<u>(3,404,115)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>743,757</u>	<u>\$ 743,757</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>16,304,004</u>	
End of year - June 30			\$ 17,047,761	

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 2,299,793	\$ 2,636,771	\$ 527
Accounts receivable, net	184,958	167,123	120,062
Prepaid items	-	-	13,141
Total current assets	2,484,751	2,803,894	133,730
Non-current assets:			
Land and other non-depreciable assets	170,294	-	240,573
Depreciable assets, net of depreciation	10,892,622	3,446,218	452,821
Total non-current assets	11,062,916	3,446,218	693,394
Total assets	13,547,667	6,250,112	827,124
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	-	-	4
Pension deferrals	-	-	71,583
Total deferred outflows of resources	-	-	71,587
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	26,279	-	77,815
Due to other funds	22,883	-	119,404
Miscellaneous liabilities	-	-	11,418
Accrued interest	6,301	-	-
Current portion of long-term debt	364,395	-	-
Current portion of compensated absences	-	-	5,400
Total current liabilities	419,858	-	214,037
Non-current liabilities:			
Net pension liability	-	-	84,553
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	-	-	11,951
Total OPEB liability	-	-	370,824
Non-current portion of long-term debt	4,065,669	-	-
Total non-current liabilities	4,065,669	-	467,328
Total liabilities	4,485,527	-	681,365
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	-	-	178,783
Pension deferrals	-	-	8,966
Total deferred inflows of resources	-	-	187,749
<b>Net Position:</b>			
Net investment in capital assets	6,632,852	3,446,218	693,394
Unrestricted	2,429,288	2,803,894	(663,797)
Total net position	\$ 9,062,140	\$ 6,250,112	\$ 29,597

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



ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Fund	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 988,062	\$ 204,462	\$ 6,129,615
Accounts receivable, net	-	5,873	478,016
Prepaid items	-	-	13,141
Total current assets	988,062	210,335	6,620,772
Non-current assets:			
Land and other non-depreciable assets	-	476,080	886,947
Depreciable assets, net of depreciation	-	645,465	15,437,126
Total non-current assets	-	1,121,545	16,324,073
Total assets	988,062	1,331,880	22,944,845
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	-	-	4
Pension deferrals	-	-	71,583
Total deferred outflows of resources	-	-	71,587
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	9,633	-	113,727
Due to other funds	-	372,454	514,741
Miscellaneous liabilities	-	-	11,418
Accrued interest	-	-	6,301
Current portion of long-term debt	-	-	364,395
Current portion of compensated absences	-	-	5,400
Total current liabilities	9,633	372,454	1,015,982
Non-current liabilities:			
Net pension liability	-	-	84,553
Non-current accrued landfill post-closure care costs	2,445,050	-	2,445,050
Non-current compensated absences	-	-	11,951
Total OPEB liability	-	-	370,824
Non-current portion of long-term debt	-	-	4,065,669
Total non-current liabilities	2,445,050	-	6,978,047
Total liabilities	2,454,683	372,454	7,994,029
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	-	-	178,783
Pension deferrals	-	-	8,966
Total deferred inflows of resources	-	-	187,749
<b>Net Position:</b>			
Net investment in capital assets	-	1,121,545	11,894,009
Unrestricted	(1,466,621)	(162,119)	2,940,645
Total net position	\$ (1,466,621)	\$ 959,426	\$ 14,834,654

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, 2019**

	<b>Enterprise Funds</b>		
	<b>County Water and Sewer Fund</b>	<b>Bethlehem Water District Fund</b>	<b>Solid Waste Fund</b>
<b>Operating Revenues:</b>			
Water and sewer sales	\$ 1,429,330	\$ 1,407,152	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	256,225
Landfill	-	-	1,441,374
Total operating revenues	<u>1,429,330</u>	<u>1,407,152</u>	<u>1,697,599</u>
<b>Operating Expenses:</b>			
Convenience centers	-	-	187,046
Water and sewer operations	732,320	721,288	-
Landfill operations	-	-	1,455,864
Depreciation and amortization	646,172	236,148	91,471
Total operating expenses	<u>1,378,492</u>	<u>957,436</u>	<u>1,734,381</u>
Operating income (loss)	<u>50,838</u>	<u>449,716</u>	<u>(36,782)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	2,034	2,691	-
Intergovernmental revenues	-	-	104,723
Interest and fees paid	(41,308)	-	-
Loss on disposal of asset	(176,053)	-	-
Total non-operating revenues (expenses)	<u>(215,327)</u>	<u>2,691</u>	<u>104,723</u>
Income (loss) before contributions and transfers	(164,489)	452,407	67,941
Capital contributions	<u>250,199</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>85,710</u>	<u>452,407</u>	<u>67,941</u>
<b>Transfers:</b>			
Transfer from other funds	214,269	-	-
Transfer to other funds	-	(123,269)	-
Total transfers	<u>214,269</u>	<u>(123,269)</u>	<u>-</u>
Change in net position	299,979	329,138	67,941
<b>Net Position:</b>			
Beginning of year - July 1	<u>8,762,161</u>	<u>5,920,974</u>	<u>(38,344)</u>
End of year - June 30	<u>\$ 9,062,140</u>	<u>\$ 6,250,112</u>	<u>\$ 29,597</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, 2019**

	<b>Enterprise Funds</b>		
	<b>Landfill Closure Fund</b>	<b>Nonmajor Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Water and sewer sales	\$ -	\$ -	\$ 2,836,482
Sewer capital reserve fees	-	22,697	22,697
Convenience centers	-	-	256,225
Landfill	-	-	1,441,374
Total operating revenues	-	22,697	4,556,778
<b>Operating Expenses:</b>			
Convenience centers	-	-	187,046
Water and sewer operations	-	17,047	1,470,655
Landfill operations	181,178	-	1,637,042
Depreciation and amortization	-	35,571	1,009,362
Total operating expenses	181,178	52,618	4,304,105
Operating income (loss)	(181,178)	(29,921)	252,673
<b>Non-Operating Revenues (Expenses):</b>			
Investment earnings	837	-	5,562
Intergovernmental revenues	-	-	104,723
Interest and fees paid	-	-	(41,308)
Loss on disposal of asset	-	-	(176,053)
Total non-operating revenues (expenses)	837	-	(107,076)
Income (loss) before contributions and transfers	(180,341)	(29,921)	145,597
Capital contributions	-	-	250,199
Income (loss) before transfers	(180,341)	(29,921)	395,796
<b>Transfers In (Out):</b>			
Transfer from other funds	175,000	103,626	492,895
Transfer to other funds	-	(661,966)	(785,235)
Total transfers in (out)	175,000	(558,340)	(292,340)
Change in net position	(5,341)	(588,261)	103,456
<b>Net Position:</b>			
Beginning of year - July 1	(1,461,280)	1,547,687	14,731,198
End of year - June 30	<u>\$ (1,466,621)</u>	<u>\$ 959,426</u>	<u>\$ 14,834,654</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, 2019

	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	\$ 1,413,434	\$ 1,406,059	\$ 1,703,066
Cash paid for goods and services	(768,587)	(724,056)	(1,433,626)
Cash paid to employees for services	-	-	(208,917)
Net cash provided (used) by operating activities	<u>644,847</u>	<u>682,003</u>	<u>60,523</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	-	-	104,723
Change in due to/from other funds	(15,619)	-	(159,176)
Interfund transfer in (out)	214,269	(123,269)	-
Net cash provided (used) by non-capital financing activities	<u>198,650</u>	<u>(123,269)</u>	<u>(54,453)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(285,629)	-	(6,070)
Principal paid on bonds and notes payable	(364,394)	-	-
Interest and fees paid on bonds	(42,008)	-	-
Capital contributions	250,199	-	-
Net cash provided (used) by capital and related financing activities	<u>(441,832)</u>	<u>-</u>	<u>(6,070)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	2,034	2,691	-
Net increase (decrease) in cash and cash equivalents	403,699	561,425	-
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>1,896,094</u>	<u>2,075,346</u>	<u>527</u>
End of year - June 30	<u>\$ 2,299,793</u>	<u>\$ 2,636,771</u>	<u>\$ 527</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 50,838	\$ 449,716	\$ (36,782)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	646,172	236,148	91,471
(Increase) decrease in accounts receivable	(15,896)	(1,093)	5,467
(Increase) decrease in prepaids	-	-	6,257
(Increase) decrease deferred outflows - pension	-	-	(15,439)
Increase (decrease) in net pension liability	-	-	18,488
Increase (decrease) deferred inflows - pension	-	-	(429)
Increase (decrease) in accounts payable	(36,267)	(2,768)	(12,576)
Increase (decrease) in accrued salaries	-	-	1,143
(Increase) decrease deferred outflows - OPEB	-	-	1
Increase (decrease) deferred inflows - OPEB	-	-	142,847
Increase (decrease) in other post-employment benefits	-	-	(142,375)
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	-	-	2,450
Net cash provided (used) by operating activities	<u>\$ 644,847</u>	<u>\$ 682,003</u>	<u>\$ 60,523</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, 2019**

	<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	\$ -	\$ 22,519	\$ 4,545,078
Cash paid for goods and services	(45,820)	(27,794)	(2,999,883)
Cash paid to employees for services	-	-	(208,917)
Net cash provided (used) by operating activities	<u>(45,820)</u>	<u>(5,275)</u>	<u>1,336,278</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Other non-operating revenues (expenses)	-	-	104,723
Change in due to/from other funds	-	372,454	197,659
Interfund transfer in (out)	175,000	(558,340)	(292,340)
Net cash provided (used) by non-capital financing activities	<u>175,000</u>	<u>(185,886)</u>	<u>10,042</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	(476,080)	(767,779)
Principal paid on bonds and notes payable	-	-	(364,394)
Interest and fees paid on bonds	-	-	(42,008)
Capital contributions	-	-	250,199
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(476,080)</u>	<u>(923,982)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	837	-	5,562
Net increase (decrease) in cash and cash equivalents	130,017	(667,241)	427,900
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	858,045	871,703	5,701,715
End of year - June 30	<u>\$ 988,062</u>	<u>\$ 204,462</u>	<u>\$ 6,129,615</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (181,178)	\$ (29,921)	\$ 252,673
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	35,571	1,009,362
(Increase) decrease in accounts receivable	-	(178)	(11,700)
(Increase) decrease in other assets	-	-	6,257
(Increase) decrease deferred outflows - pension	-	-	(15,439)
Increase (decrease) in net pension liability	-	-	18,488
Increase (decrease) deferred inflows - pension	-	-	(429)
Increase (decrease) in accounts payable	(12,972)	(10,747)	(75,330)
Increase (decrease) in accrued salaries	-	-	1,143
(Increase) decrease deferred outflows - OPEB	-	-	1
Increase (decrease) deferred inflows - OPEB	-	-	142,847
Increase (decrease) in other post-employment benefits	-	-	(142,375)
Increase (decrease) in landfill post-closure liability	148,330	-	148,330
Increase (decrease) in accrued vacation pay	-	-	2,450
Net cash provided (used) by operating activities	<u>\$ (45,820)</u>	<u>\$ (5,275)</u>	<u>\$ 1,336,278</u>

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

## ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 38,251
<b>Liabilities:</b>	
Accounts payable	\$ 37,884
Intergovernmental payable - State of North Carolina	367
Total liabilities	\$ 38,251

*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, 2019

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

#### Component Units

##### Discretely Presented Component Unit

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

##### Blended Component Unit

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

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

##### Measurement Focus – Basis of Accounting

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

*Fund Financial Statements.* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. 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, Emergency Telephone System Fund, Borealis Compounds Industrial Rail Project, CDBG Project #16-E-2931 Borealis Compounds Building Reuse, and Borealis Compounds, Inc. One NC Grant Project.

**Capital Project Funds.** Capital project funds are used to account for the acquisition and or construction of major governmental capital assets. The County has the following capital project funds: Capital Improvements Fund, County Capital Project Fund, Alexander County Office Complex Renovation Project, and Industrial Shell Building Fund.



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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: County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, Landfill Closure Fund, and Bethlehem Sewer Fund. The County has five enterprise fund – Capital Project Funds. The Shurtape Job Retention Wastewater Project, Alexander County Industrial Park Pump Station Replacement Project, Stony Point Elementary School Wastewater Project, and Water Line Extension Project are consolidated with the County Water and Sewer Fund for reporting purposes. The Sewer Collection Line Extension and Pump Station Upgrade Project is consolidated with the Bethlehem 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. The County reports the following fiduciary fund types:

**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, 2019.

*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. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, environmental protection, economic and physical development, human services, cultural and recreation, and education services.

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*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.

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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*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 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 Borealis Compounds Industrial Rail Project, CDBG Project Number 16-E-2931 Borealis Compounds Building Reuse Project, and Borealis Compounds Inc. One NC Grant Project), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for all capital project funds, enterprise capital project funds and those special revenue funds noted above.

## **ALEXANDER COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

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 \$15,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$15,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### **D. Estimates**

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

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

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

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

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

The County's investments are carried at fair value. The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 government money market fund, and the NCCMT Term Portfolio's securities are valued at fair value.

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

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

#### Restricted Assets

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

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 73,493	
Human services	Adoption services	36,066	
Economic and physical development	Cooperative extension services	6,807	
General government	PEG Channel	78,464	
Total General Fund			\$ 194,830
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 542,226	
Total other governmental funds			<u>542,226</u>
Total governmental activities			<u>\$ 737,056</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, 2018.

#### 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 ten years.

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. Prepaid items for the County's governmental funds are treated using the consumption method.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical value. The County has elected not to capitalize those interest costs which are incurred during the construction period of capital assets.

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

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

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Infrastructure	25 years
Other improvements	10-40 years
New vehicles	3-5 years
Equipment and used vehicles	3 years
Furniture and fixtures	3 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 criterion - pension and OPEB related deferrals. In addition

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

#### **Compensated Absences**

The vacation policy of the County provides for the accumulation of up to two hundred forty (240) hours earned vacation leave, with such leave being fully vested when earned. In the County's governmental and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a FIFO method of using accumulated compensation time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Net Position/Fund Balances

#### Net Position

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

#### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Non-Spendable Fund Balance.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

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

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

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as Sheriff, fire protection, and Emergency Telephone System Fund.



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*Restricted for Public Safety – Federal Shared Asset Program* – portion of fund balance restricted by revenue source for Federal Shared Asset program.

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

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

Restricted fund balance at June 30, 2019, 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	\$ 15,179	\$ -	\$ -
General government	78,464	-	-
Education	420,000	1,569,000	-
Human services	36,066	-	-
Economic and physical development	6,807	-	-
Public safety	-	-	427,835
Public safety - Federal Shared Asset program	19,998	-	-
Public safety - state unauthorized substance	53,495	-	-
Total	<u>\$ 630,009</u>	<u>\$ 1,569,000</u>	<u>\$ 427,835</u>

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to restricted for Register of Deeds pension plan of \$57,121.

**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 various future capital projects.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Committed fund balance at June 30, 2019, is as follows:

<b>Purpose</b>	<b>Capital Improvements Fund</b>	<b>Other Governmental Funds</b>
Tax revaluation	\$ -	\$ 539,537
Future capital projects	2,055,886	1,704,324
Total	<u>\$ 2,055,886</u>	<u>\$ 2,243,861</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 \$15,000 between departments within a fund.

<b>Purpose</b>	<b>General Fund</b>
Subsequent year's expenditures	<u>\$ 1,844,636</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 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	\$ 17,047,761
Less:	
Prepays	(651,501)
Stabilization for state statute	<u>(3,809,401)</u>
Fund balance available for appropriation	<u>\$ 12,586,859</u>

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **Defined Benefit Cost-Sharing Plans**

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

## **2. Detail Notes on All Funds**

### **A. Assets**

#### **Deposits**

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the County's deposits had a carrying amount of \$4,725,808 and a bank balance of \$5,196,946. Of the bank balance, \$500,000 was covered by federal depository insurance and \$4,696,946 by collateral held under the Pooling Method. Cash on hand was \$4,130 at June 30, 2019.

### Investments

At June 30, 2019, 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>	<u>Maturity</u>	<u>Rating</u>
N.C. Capital Management Trust - Term Portfolio*	Fair Value - Level 1	\$ 3,150,859	\$ 3,150,859	N/A	N/A	AAAm
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	18,993,312	N/A	N/A	.11 years	Unrated
Total investments		<u>\$ 22,144,171</u>	<u>\$ 3,150,859</u>	<u>\$ -</u>		

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

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

*Level of Fair Value Hierarchy:* Level 1: debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

*Credit Risk.* The County has no formal policy regarding credit risk. The County's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. 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, 2019

### 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>
2016	\$ 2,016,350	\$ 524,251	\$ 2,540,601
2017	2,029,217	344,967	2,374,184
2018	2,059,566	164,765	2,224,331
2019	2,181,609	-	2,181,609
Total	<u>\$ 8,286,742</u>	<u>\$ 1,033,983</u>	<u>\$ 9,320,725</u>

### Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2019 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	\$ 436,467	\$ 1,370,654	\$ 2,734,771	\$ 4,541,892
Other governmental	225,000	75,787	26,561	327,348
Total receivables	661,467	1,446,441	2,761,332	4,869,240
Allowance for doubtful accounts	(87,851)	(315,000)	-	(402,851)
Total governmental activities	<u>\$ 573,616</u>	<u>\$ 1,131,441</u>	<u>\$ 2,761,332</u>	<u>\$ 4,466,389</u>
<b>Business-Type Activities:</b>				
County Water and Sewer	\$ 184,958	\$ -	\$ -	\$ 184,958
Bethlehem Water	167,123	-	-	167,123
Solid Waste	134,411	-	-	134,411
Nonmajor funds	5,873	-	-	5,873
Total receivables	492,365	-	-	492,365
Allowance for doubtful accounts	(14,349)	-	-	(14,349)
Total business-type activities	<u>\$ 478,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,016</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Due from other governments consisted of the following:

Local option sales tax	\$ 1,487,283
DSS revenues	447,169
Sales tax refund	252,628
Motor vehicle taxes	201,294
Medicaid hold harmless	120,095
Other	252,863
Total	<u>\$ 2,761,332</u>

### Capital Assets

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

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 4,395,204	\$ -	\$ -	\$ -	\$ 4,395,204
Construction in progress	213,721	1,847,844	-	-	2,061,565
Total non-depreciable assets	<u>4,608,925</u>	<u>1,847,844</u>	<u>-</u>	<u>-</u>	<u>6,456,769</u>
<b>Depreciable Assets:</b>					
Buildings	20,761,286	-	-	-	20,761,286
Other improvements	419,075	-	-	-	419,075
Infrastructure	395,402	-	-	-	395,402
Equipment and machinery	4,705,426	298,198	(127,739)	-	4,875,885
Vehicles	3,747,230	697,332	(176,765)	(19,170)	4,248,627
Furniture and fixtures	7,724	11,504	-	-	19,228
Total depreciable assets	<u>30,036,143</u>	<u>1,007,034</u>	<u>(304,504)</u>	<u>(19,170)</u>	<u>30,719,503</u>
Total assets	<u>34,645,068</u>	<u>2,854,878</u>	<u>(304,504)</u>	<u>(19,170)</u>	<u>37,176,272</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(6,722,483)	(811,881)	-	-	(7,534,364)
Other improvements	(351,330)	(27,515)	-	-	(378,845)
Infrastructure	(158,161)	(79,080)	-	-	(237,241)
Equipment and machinery	(3,827,387)	(524,256)	127,739	-	(4,223,904)
Vehicles	(2,890,582)	(539,332)	176,765	19,170	(3,233,979)
Furniture and fixtures	(7,724)	(959)	-	-	(8,683)
Total accumulated depreciation	<u>(13,957,667)</u>	<u>(1,983,023)</u>	<u>304,504</u>	<u>19,170</u>	<u>(15,617,016)</u>
Capital assets, net	<u>\$ 20,687,401</u>	<u>\$ 871,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,559,256</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

General government	\$ 556,414
Public safety	903,976
Environmental protection	24,747
Human services	107,338
Cultural and recreation	48,746
Economic and physical development	75,019
Education	266,783
Total	<u>\$ 1,983,023</u>

### Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2019 are as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Business-Type Activities:</b>					
<b>County Water and Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Construction in progress	<u>\$ 1,828,576</u>	<u>\$ 285,629</u>	<u>\$ -</u>	<u>\$ (1,943,911)</u>	<u>\$ 170,294</u>
<b>Depreciable Assets:</b>					
Infrastructure	16,814,632	-	(302,887)	1,943,911	18,455,656
Equipment and machinery	8,500	-	-	-	8,500
Furniture and fixtures	1,603	-	(1,603)	-	-
Total depreciable assets	<u>16,824,735</u>	<u>-</u>	<u>(304,490)</u>	<u>1,943,911</u>	<u>18,464,156</u>
Total assets	<u>18,653,311</u>	<u>285,629</u>	<u>(304,490)</u>	<u>-</u>	<u>18,634,450</u>
<b>Less Accumulated Depreciation:</b>					
Infrastructure	(7,043,696)	(646,172)	126,834	-	(7,563,034)
Equipment and machinery	(8,500)	-	-	-	(8,500)
Furniture and fixtures	(1,603)	-	1,603	-	-
Total accumulated depreciation	<u>(7,053,799)</u>	<u>\$ (646,172)</u>	<u>\$ 128,437</u>	<u>\$ -</u>	<u>(7,571,534)</u>
County Water and Sewer capital assets, net	<u>11,599,512</u>				<u>11,062,916</u>
<b>Bethlehem Water District Fund:</b>					
<b>Depreciable Assets:</b>					
Infrastructure	<u>6,491,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,491,808</u>
<b>Less Accumulated Depreciation:</b>					
Infrastructure	<u>(2,809,442)</u>	<u>\$ (236,148)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,045,590)</u>
Bethlehem Water capital assets, net	<u>3,682,366</u>				<u>3,446,218</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Business-Type Activities (cont):</b>					
<b>Solid Waste Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	<u>240,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>240,573</u>
<b>Depreciable Assets:</b>					
Buildings	651,404	-	-	-	651,404
Infrastructure	217,411	-	-	-	217,411
Vehicles	316,417	6,070	-	19,170	341,657
Equipment and machinery	<u>636,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>636,168</u>
Total depreciable assets	<u>1,821,400</u>	<u>6,070</u>	<u>-</u>	<u>19,170</u>	<u>1,846,640</u>
Total assets	<u>2,061,973</u>	<u>6,070</u>	<u>-</u>	<u>19,170</u>	<u>2,087,213</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	(337,776)	(16,632)	-	-	(354,408)
Infrastructure	(216,642)	(35)	-	-	(216,677)
Vehicles	(316,417)	(843)	-	(19,170)	(336,430)
Equipment and machinery	<u>(412,343)</u>	<u>(73,961)</u>	<u>-</u>	<u>-</u>	<u>(486,304)</u>
Total accumulated depreciation	<u>(1,283,178)</u>	<u>\$ (91,471)</u>	<u>\$ -</u>	<u>\$ (19,170)</u>	<u>(1,393,819)</u>
Solid Waste capital assets, net	<u>778,795</u>				<u>693,394</u>
<b>Bethlehem Sewer Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Construction in progress	<u>-</u>	<u>\$ 476,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>476,080</u>
<b>Depreciable Assets:</b>					
Infrastructure	<u>1,422,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,422,797</u>
<b>Less Accumulated Depreciation:</b>					
Infrastructure	<u>(741,761)</u>	<u>\$ (35,571)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(777,332)</u>
Bethlehem Sewer capital assets, net	<u>681,036</u>				<u>1,121,545</u>
Total business-type activities capital assets, net	<u>\$ 16,741,709</u>				<u>\$ 16,324,073</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, 2019, were \$714,665 for the County Water and Sewer Fund and \$703,576 for the Bethlehem Water District.



## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

#### Summary Disclosure of Significant Commitments

The County has active construction projects at June 30, 2019. The County's commitments with contractors are listed as follows for the following projects:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
County Office Complex Renovation	\$ 1,707,213	\$ 94,720
Water Line Extension Project	126,410	244,300
Sewer System Extension & Pump Station Upgrade Project	461,580	200,386
Industrial Shell Building Project	87,465	186,270
Stony Point Elementary School Wastewater Project	14,500	94,645
Total	<u>\$ 2,397,168</u>	<u>\$ 820,321</u>

#### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019, is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 21,559,256	\$ 16,324,073
Long-term debt	(5,479,097)	(4,430,064)
Long-term debt for assets not owned by the County	812,430	-
Net investment in capital assets	<u>\$ 16,892,589</u>	<u>\$ 11,894,009</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### B. Liabilities

#### Payables

Payables at the government-wide level (Exhibit A) at June 30, 2019 were as follows:

	<b>Vendors</b>	<b>Salaries and Benefits</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 709,497	\$ 577,767	\$ 1,287,264
Other governmental	372,519	2,522	375,041
Total governmental activities	<u>\$ 1,082,016</u>	<u>\$ 580,289</u>	<u>\$ 1,662,305</u>
<b>Business-Type Activities:</b>			
County Water and Sewer	\$ 26,279	\$ -	\$ 26,279
Solid Waste	77,815	11,418	89,233
Landfill Closure	9,633	-	9,633
Total business-type activities	<u>\$ 113,727</u>	<u>\$ 11,418</u>	<u>\$ 125,145</u>

#### 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).

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**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 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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$986,192 for the year ended June 30, 2019.

*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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

At June 30, 2019, the County reported a liability of \$4,321,696 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was 0.18217%, which was a decrease of 0.00411% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,211,918. At June 30, 2019, 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	\$ 666,735	\$ 22,372
Changes of assumptions	1,146,811	-
Net difference between projected and actual earnings on pension plan investments	593,240	-
Changes in proportion and differences between County contributions and proportionate share of contributions	9,480	108,218
County contributions subsequent to the measurement date	986,192	-
Total	<u>\$ 3,402,458</u>	<u>\$ 130,590</u>

\$986,192 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, 2020. 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>
2020	\$ 1,119,737
2021	717,480
2022	110,519
2023	337,940
Total	<u>\$ 2,285,676</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**Actuarial Assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	\$ 10,381,087	\$ 4,321,696	\$ (741,627)

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

#### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the Plan.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>37</u>
Total	<u><u>41</u></u>

#### Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 nor does the Plan provide pay related benefits.

#### Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by the employees. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$31,973 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$831,550. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$64,433.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,064	\$ 921
Changes of assumptions	35,982	37,104
County benefit payments and plan administrative expense made subsequent to the measurement date	15,986	-
Total	<u>\$ 56,032</u>	<u>\$ 38,025</u>



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County paid \$15,986 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2020	\$ 1,522
2021	1,522
2022	1,522
2023	164
2024	(2,709)
Thereafter	-
<b>Total</b>	<b>\$ 2,021</b>

*Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.* The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	\$ 900,356	\$ 831,550	\$ 768,527

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

	<b>2019</b>
Beginning balance	\$ 828,599
Service cost	36,574
Interest on the total pension liability	25,679
Difference between expected and actual experience in the measurement of the total pension liability	4,957
Changes of assumptions or other inputs	(32,286)
Benefit payments	(31,973)
Ending balance of the total pension liability	<b>\$ 831,550</b>

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**Changes of Assumptions.** Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County contributed \$111,718 for the reporting year. No amounts were forfeited.

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

**Plan Description.** The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer 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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 \$2,452 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$47,226 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was 0.28513%, which was an increase of 0.00813% from its proportion measured as of June 30, 2017.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For the year ended June 30, 2019, the County recognized pension expense of \$9,025. At June 30, 2019, 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	\$ 416	\$ 2,156
Changes in assumptions	2,221	-
Net difference between projected and actual earnings on pension plan investments	7,527	-
Changes in proportion and differences between County contributions and proportionate share of contributions	607	1,172
County contributions subsequent to the measurement date	2,452	-
Total	<u>\$ 13,223</u>	<u>\$ 3,328</u>

\$2,452 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, 2020. 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>
2020	\$ 4,075
2021	(18)
2022	2,218
2023	1,168
2024	-
Thereafter	-
Total	<u>\$ 7,443</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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, 2018 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	<b>1% Decrease (2.75%)</b>	<b>Discount Rate (3.75%)</b>	<b>1% Increase (4.75%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ (37,235)</u>	<u>\$ (47,226)</u>	<u>\$ (55,652)</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.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate share of net pension liability (asset)	\$ 4,321,696	\$ (47,226)	\$ -	\$ 4,274,470
Proportion of the net pension liability (asset)	0.18217%	0.28513%	n/a	-
Total pension liability	-	-	831,550	831,550
Pension expense	1,211,918	9,025	64,433	1,285,376

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>				
Pensions - difference between expected and actual experience	\$ 666,735	\$ 416	\$ 4,064	\$ 671,215
Pensions - difference between projected and actual investment earnings	593,240	7,527	-	600,767
Changes of assumptions	1,146,811	2,221	35,982	1,185,014
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	9,480	607	-	10,087
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	986,192	2,452	15,986	1,004,630
Total	<u>\$ 3,402,458</u>	<u>\$ 13,223</u>	<u>\$ 56,032</u>	<u>\$ 3,471,713</u>

### Deferred Inflows of Resources:

Pensions - difference between expected and actual experience	\$ 22,372	\$ 2,156	\$ 921	\$ 25,449
Changes of assumptions	-	-	37,104	37,104
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	108,218	1,172	-	109,390
Total	<u>\$ 130,590</u>	<u>\$ 3,328</u>	<u>\$ 38,025</u>	<u>\$ 171,943</u>

### Other Post-Employment Benefits

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

Employees who have at least fifteen (15) years of consecutive service with Alexander County, were hired before July 1, 2008, retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS), and are actively employed with the County at the time of retirement are eligible to participate in the County's retiree health care benefits plan upon retirement.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Employees who have at least thirty (30) years of consecutive service with Alexander County, were hired on and after July 1, 2008 but before July 1, 2009, retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS), and are actively employed with the County at the time of retirement are eligible to participate in the County's retiree health care benefits plan upon retirement.

Employees hired on or after July 1, 2009 are not eligible to participate in the County's retiree health care benefits plan upon retirement.

The County will contribute to the cost of retiree insurance premiums based on the years of service with Alexander County at retirement using the following schedule:

<u>Date of Hire with County</u>	<u>Years of County Service at Retirement</u>	<u>County Contribution</u>
On or After July 1, 2009	Any	Not Eligible
July 1, 2008 to June 30, 2009	30 or more	100%
July 1, 2008 to June 30, 2009	Less than 30	Not Eligible
Before July 1, 2008	20 or more	100%*
Before July 1, 2008	15 – 19	0%
Before July 1, 2008	Less than 15	Not Eligible

\*For qualified retirees who occupy a part-time with benefits position (50% or greater) and are paying a pro-rated share of insurance at retirement, the retiree will continue to pay the pro-rated share.

Qualified retirees (those receiving 100% County Contribution in the table above) will be provided with Medicare Supplement insurance upon Medicare eligibility age. Health care and prescription drugs are provided in the County's retiree health care plan. Dependents are offered COBRA coverage for 18 months after retirement, and the coverage must be paid in full by the retiree. COBRA benefits were deemed to be de minimis and were not valued.

A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Funding Policy.** 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. The County has chosen to fund the benefits on a pay-as-you-go basis.



## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Membership of the Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	45
Active plan members	111
Total	<u>156</u>

#### Total OPEB Liability

The County's total OPEB liability of \$18,919,608 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 to 7.75 percent
Firefighters	3.50 to 7.75 percent
Law enforcement officers	3.50 to 7.35 percent
Municipal bond index rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.25 percent for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38 percent for 2018 decreasing to an ultimate rate of 4.75% by 2022

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2018</b>	\$ 21,096,276
<b>Changes for the year:</b>	
Service cost	614,532
Interest	746,404
Differences between expected and actual experience	(2,026,704)
Changes of assumptions or other inputs	(1,248,862)
Benefit payments	(262,038)
<b>Net changes</b>	<b>(2,176,668)</b>
<b>Balance at June 30, 2019</b>	<b>\$ 18,919,608</b>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index as of the measurement date.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2018 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<b>1% Decrease (2.89%)</b>	<b>Current Discount Rate (3.89%)</b>	<b>1% Increase (4.89%)</b>
Total OPEB liability	\$ 22,541,124	\$ 18,919,608	\$ 16,081,334

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 15,834,271</u>	<u>\$ 18,919,608</u>	<u>\$ 22,912,674</u>

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$409,793. At June 30, 2019, the County reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 220	\$ 1,652,082
Changes of assumptions	-	2,577,247
Benefit payments and plan administrative expense made subsequent to the measurement date	385,677	-
Total	<u>\$ 385,897</u>	<u>\$ 4,229,329</u>

\$385,677 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date and an estimated implicit subsidy credit, will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>	<b>Total</b>
2020	\$ (951,143)
2021	(951,143)
2022	(951,143)
2023	(951,143)
2024	(424,537)
Thereafter	-
Total	<u>\$ (4,229,109)</u>

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **Other Employment Benefits**

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

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

### **Closure and Post-Closure Care Costs – Landfill Facility**

Federal and state laws and regulations require the County to place a final cover on its current operating cell at the landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County also has a closed cell at the landfill facility for which the entire amount of the closure and post-closure costs has been recognized as the cell capacity was used. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,445,050 reported as landfill closure and post-closure care liability at June 30, 2019, represents a cumulative amount reported to date based on the use of 50% of the total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,445,033 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 2019. 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.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 \$175,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2019. The Landfill Closure Fund has \$988,062 in cash at June 30, 2019.

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.

### Deferred Outflows and Inflows of Resources

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience (Pensions, OPEB)	\$ 671,435	\$ 1,677,531
Changes of assumptions (Pensions, OPEB)	1,185,014	2,614,351
Net difference between projected and actual earnings on pension plan investments (Pensions, OPEB)	600,767	-
Changes in proportion and differences between County contributions and proportionate share of contributions (Pensions)	10,087	109,390
Benefit payments for the OPEB plan paid subsequent to the measurement date	385,677	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	15,986	-
County contributions subsequent to the measurement date (LGERS & ROD)	988,644	-
Taxes receivable, net (General Fund and Special Revenue Fund)	-	1,131,441
Unavailable revenues (Governmental Activities)	-	225,000
Health department receivables, net (General Fund)	-	13,727
Prepaid taxes (General Fund)	-	123,769
Total	<u>\$ 3,857,610</u>	<u>\$ 5,895,209</u>

# **ALEXANDER COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **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 Argonaut Great Central Insurance Company equal to replacement cost values of owned property subject to a limit of \$45 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$1 million per occurrence; auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost); and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through MedCost. The County uses a third-party administrator to manage the group medical and dental insurance plans.

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

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

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

### **Contingent Liabilities**

At June 30, 2019, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Long-Term Obligations

#### Direct Placement Notes Payable

Notes payable at June 30, 2019, are comprised of the following individual agreements:

**Governmental Funds (notes payable from direct placement):**

\$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. \$ 812,430

\$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. 4,666,667

Total governmental funds 5,479,097

The County's outstanding note from direct placement related to Ellendale Elementary School of \$812,430 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

- (a) Declare the unpaid portion of the then outstanding principal component of the installment payments immediately due and payable without notice or demand to the County;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or to recover for the breach thereof;
- (c) Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the state with respect to the enforcement of the security interest granted or reserved under the contract including, without limitation, to the extent permitted by law, reenter and take possession of the building without any court order or other process of law and without liability for entering the premises and lease, sublease the building or sell or make other disposition of the building in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the contract and, thereafter, shall pay any remaining proceeds to the County; or
- (d) Enforce its security interest or direct the Deed of Trust Trustee to institute foreclosure proceedings under the Deed of Trust and sell the building.

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Furthermore, tax covenants and representation of this note is as follows: If, as a result of any action or failure to take any action of the County, the interest component on the installment payments received by the Bank shall be deemed to be taxable income to the Bank by any governmental agency, then, at the sole option of the Bank, the Bank may declare the remaining installment payments to be immediately due and payable.

Alternatively, in the event a Taxable Date (as defined in the contract) occurs, in addition to (but not in duplication of) the amounts required to be paid pursuant to the contract, the County agrees to pay to the Bank, on demand therefor, a fee equal to (i) an amount equal to the difference between (A) the amount of the interest component of installment payments payable to the Bank during the period (the "Taxable Period") in which the interest component on the installment payments is includable in the gross income of the Bank beginning on the Taxable Date and (B) the amount of the interest component of the installment payments that would have been payable to the Bank during such Taxable Period had the interest component on the installment payments borne the Taxable Rate (as defined in the contract), and (ii) an amount equal to any interest, penalties, or charges owed by the Bank as a result of the interest component of the installment payments becoming includable in the gross income of the Bank, together with any and all attorneys' fees, court costs, or other out of pocket costs incurred by the Bank in connection therewith.

The County's outstanding note from direct placement related to the Law Enforcement and Detention Center and Courthouse of \$4,666,667 is secured by a deed of trust. This borrowing contain provisions that in the event of a default, the bank may, without any further demand or notice, exercise any one or more of the following remedies:

- (a) Declare the unpaid principal components of the installment payments, and the accrued interest thereon, immediately due and payable;
- (b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the contract or the Deed of Trust or to recover for the breach thereof; and
- (c) Avail itself of all available remedies under the Deed of Trust, including foreclosure on the mortgaged property and recovery of attorneys' fees, and other expenses, and of all other remedies available at law or in equity.

#### **Proprietary Funds (notes payable from direct borrowing):**

\$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.	1,800,323
\$3,287,176 February 2015 Drinking Water State Revolving Fund agreement to construct a water system improvement project payments beginning May 2016 in annual installments of \$165,439, with 0% interest payable through May 2035, unsecured.	<u>2,629,741</u>
Total proprietary funds	<u>4,430,064</u>
Total all funds	<u>\$ 9,909,161</u>



# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County's outstanding notes from direct borrowings related to construction of a water system and construction of water system improvement project of \$1,800,323 and \$2,629,741, respectively, contain provisions that the County may be required by NC Department of Environmental Quality to prepay the promissory note in whole and any further commitment of funds be withdrawn if the County fails to adopt on or before completion of Project, place into effect, and agree to maintain until the principal sum is paid, a schedule of fees, charges and other available funds, that will adequately provide for proper operation, maintenance, and administration of the project and for repayment of all principal and interest on the loans. Additionally, any monies due to the County from the state may be withheld by the state and applied to the payment of the obligation whenever the County fails to pay any payment of principal or interest on the note when due.

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

### Governmental Activities:

#### Governmental Funds:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 1,067,522	\$ 162,006	\$ 1,229,528
2021	1,078,243	130,039	1,208,282
2022	666,667	101,017	767,684
2023	666,667	79,750	746,417
2024	666,666	58,483	725,149
2025-2026	1,333,332	53,167	1,386,499
Total governmental funds	<u>5,479,097</u>	<u>584,462</u>	<u>6,063,559</u>

### Business-Type Activities:

#### Proprietary Funds:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 364,395	\$ 37,807	\$ 402,202
2021	364,395	33,606	398,001
2022	364,395	29,405	393,800
2023	364,395	25,205	389,600
2024	364,395	21,004	385,399
2025-2029	1,621,937	42,007	1,663,944
2030-2034	821,794	-	821,794
2035	164,358	-	164,358
Total proprietary funds	<u>4,430,064</u>	<u>189,034</u>	<u>4,619,098</u>
Total notes payable	<u>\$ 9,909,161</u>	<u>\$ 773,496</u>	<u>\$ 10,682,657</u>

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

A summary of changes in long-term obligations follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Notes payable - direct placements	\$ 6,883,656	\$ -	\$ 1,404,559	\$ 5,479,097	\$ 1,067,522
Compensated absences	1,141,405	786,631	739,485	1,188,551	739,000
Total OPEB liability	20,583,077	1,334,204	3,368,497	18,548,784	-
Total pension liability (LEOSSA)	828,599	34,924	31,973	831,550	-
Net pension obligation (LGERS)	<u>2,779,779</u>	<u>1,457,364</u>	<u>-</u>	<u>4,237,143</u>	<u>-</u>
Total	<u>\$ 32,216,516</u>	<u>\$ 3,613,123</u>	<u>\$ 5,544,514</u>	<u>\$ 30,285,125</u>	<u>\$ 1,806,522</u>
<b>Business-Type Activities:</b>					
<b>County Water and Sewer Fund:</b>					
Notes payable - direct borrowings	\$ 4,794,458	\$ -	\$ 364,394	\$ 4,430,064	\$ 364,395
<b>Solid Waste Fund:</b>					
Total OPEB liability	513,199	26,732	169,107	370,824	-
Compensated absences	14,901	7,937	5,487	17,351	5,400
Net pension obligation (LGERS)	<u>66,065</u>	<u>18,488</u>	<u>-</u>	<u>84,553</u>	<u>-</u>
Total	<u>594,165</u>	<u>53,157</u>	<u>174,594</u>	<u>472,728</u>	<u>5,400</u>
<b>Landfill Closure Fund:</b>					
Accrued landfill post-closure costs	<u>2,296,720</u>	<u>181,178</u>	<u>32,848</u>	<u>2,445,050</u>	<u>-</u>
Total business-type activities	<u>\$ 7,685,343</u>	<u>\$ 234,335</u>	<u>\$ 571,836</u>	<u>\$ 7,347,842</u>	<u>\$ 369,795</u>

At June 30, 2019, the County had a legal debt margin of \$201,210,460.

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

# ALEXANDER COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### C. Interfund Balances and Activity

Transfers for the year ended June 30, 2019, are summarized below:

	Transfers		
	From	To	Purpose
<b>Transfers From/to Other Funds:</b>			
General Fund	\$ 3,118,702	\$ -	
Major Capital Project (Capital Improvements) Fund	-	1,247,374	School sales tax hold harmless funds; Resources for school construction
Special Revenue (Emergency Telephone System) Fund	-	1,702	Repayment for FY 2018 ineligible use of 911 funds
Capital Project (Industrial Shell Building Project) Fund	-	1,500,000	Local funds for economic development grant project
Enterprise (County Water and Sewer Capital Project Fund Stony Point Elementary School Wastewater Project) Fund	-	91,000	Local match for economic development grant project
Enterprise (Bethlehem Sewer Fund Sewer Collection Line Extension and Pump Station Upgrade Project) Fund	-	103,626	Preliminary costs of project that is local match
Enterprise (Landfill Closure Fund) Fund	-	175,000	Resources for landfill closure and post-closure
Capital Project (County Capital Project) Fund	7,960	-	Closed 2 NCCMT investment accounts
Capital Project (County Capital Project) Fund	122,167	-	Use unspent loan proceeds to pay current year debt service interest
General Fund	-	130,127	
Enterprise (Bethlehem Sewer) Fund	661,966	-	Return unused local funds to General Fund due to approval of NCDEQ loan for project
General Fund	-	661,966	
Enterprise (County Water and Sewer) Fund	99,427	-	Preliminary costs of project that is local match
Enterprise (County Water and Sewer Capital Project Fund Waterline Extension Project) Fund	-	99,427	
Enterprise (Bethlehem Water) Fund	123,269	-	Resources for debt service on a project that benefits both water funds
Enterprise (County Water and Sewer) Fund	-	123,269	
Total transfers	<u>\$ 4,133,491</u>	<u>\$ 4,133,491</u>	

## ALEXANDER COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2019:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
Capital Improvements Fund	General Fund	\$ 36,728	Sales tax hold harmless amount due to schools
General Fund	County Water and Sewer Fund	22,883	Time lag for when
	Bethlehem Sewer Fund	372,454	reimbursable expenditures
	Borealis Compounds Industrial Rail Project Fund	225,000	are received
General Fund	Solid Waste Fund	88,000	Interfund capital loan
General Fund	Solid Waste Fund	31,404	Allocation of cash in central depository checking account
Total		<u>\$ 776,469</u>	

### 3. Summary Disclosure of Significant Contingencies

#### Federal and State-Assisted Programs

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 \$40,645 and administrative and other fees of \$102,647 to the Council during the fiscal year ended June 30, 2019.

Vaya Health is the MH/DD/SAS area program for the following 23 counties: Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes, and Yancey. The County Commissioners are responsible for appointing two of the 46 members of the Board of Directors of Vaya Health for MH/DD/SAS. The County Commissioners also appoint one at-large member to the Vaya Health Board, but this member has no voting power. The County's accountability for this organization does not extend beyond making these appointments.

## **ALEXANDER COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

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 \$35,980 as a special appropriation to the RTA during the fiscal year ended June 30, 2019.

#### **5. Subsequent Events**

On August 19, 2019, the Board of Commissioners approved a resolution for a revision to the state bond NCDEQ loan funding the Water Line Extension Project. The water project increased by \$465,193, which was a 9% overall increase from the original loan amount.

On October 7, 2019, the Board of Commissioners approved additional funding for the Bethlehem Sewer Extension Project from the General Fund in the amount of \$907,050. This is an increase to the local match for the sewer project due to revised construction cost estimates. After project bids are opened the County could also apply for an additional 10% in loan funding from the NC Division of Water Infrastructure, but the bids have not been received at this time.

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## ALEXANDER COUNTY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

<b>Other Post-Employment Benefits</b>		
	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 21,096,276	\$ 22,281,113
Service cost	614,532	701,420
Interest on TOL and cash flows	746,404	666,149
Differences between expected and actual experience	(2,026,704)	318
Changes of assumptions or other inputs	(1,248,862)	(2,250,682)
Benefit payments	(262,038)	(302,042)
Ending balance of the total pension liability	<u>\$ 18,919,608</u>	<u>\$ 21,096,276</u>
Covered payroll	\$ 4,844,429	\$ 5,395,422
Total OPEB liability as a percentage of covered payroll	390.54%	391.00%

**Notes to Schedule:**

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

<b>Fiscal Year</b>	<b>Rate</b>
2019	3.89%
2018	3.56%

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

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

	<b>Local Governmental Employees' Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Alexander County's proportion of the net pension liability (asset) (%)	0.18217%	0.18628%	0.19470%	0.19330%	0.19219%	0.17920%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ 4,321,696	\$ 2,845,844	\$ 4,132,187	\$ 867,519	\$ (1,133,437)	\$ 2,160,048
Alexander County's covered payroll	\$ 11,840,407	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503	\$ 9,947,711
Alexander County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.50%	25.24%	36.93%	7.75%	-10.49%	21.71%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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



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

<b>Local Governmental Employees' Retirement System</b>						
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 986,192	\$ 905,906	\$ 843,491	\$ 771,344	\$ 800,901	\$ 767,041
Contributions in relation to the contractually required contribution	<u>986,192</u>	<u>905,906</u>	<u>843,491</u>	<u>771,344</u>	<u>800,901</u>	<u>767,041</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered payroll	\$12,478,024	\$11,840,407	\$11,273,216	\$11,190,724	\$11,199,058	\$10,804,503
Contributions as a percentage of covered payroll	7.90%	7.65%	7.48%	6.89%	7.15%	7.10%

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

## ALEXANDER COUNTY, NORTH CAROLINA

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

<b>Register of Deeds' Supplemental Pension Fund</b>						
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Alexander County's proportion of the net pension liability (asset) (%)	0.28513%	0.27700%	0.28472%	0.28474%	0.29199%	0.26106%
Alexander County's proportion of the net pension liability (asset) (\$)	\$ (47,226)	\$ (47,281)	\$ (53,232)	\$ (65,986)	\$ (66,171)	\$ (55,762)
Alexander County's covered payroll	\$ 54,734	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583	\$ 53,532
Alexander County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-86.28%	-87.98%	-99.15%	-123.03%	-123.49%	-104.17%
Plan fiduciary net position as a percentage of the total pension liability**	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

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

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

<b>Register of Deeds' Supplemental Pension Fund</b>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,452	\$ 2,440	\$ 2,407	\$ 2,326	\$ 2,278	\$ 2,384
Contributions in relation to the contractually required contribution	<u>2,452</u>	<u>2,440</u>	<u>2,407</u>	<u>2,326</u>	<u>2,278</u>	<u>2,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered payroll	\$ 51,258	\$ 54,734	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583
Contributions as a percentage of covered payroll	4.78%	4.46%	4.48%	4.33%	4.25%	4.45%

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

**ALEXANDER COUNTY, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST THREE FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 828,599	\$ 736,944	\$ 703,068
Service cost	36,574	36,484	42,066
Interest on the total pension liability	25,679	27,937	24,851
Differences between expected and actual experience in the measurement of the total pension liability	4,957	(1,409)	-
Changes of assumptions or other inputs	(32,286)	55,020	(19,122)
Benefit payments	(31,973)	(26,377)	(13,919)
Ending balance of the total pension liability	<u>\$ 831,550</u>	<u>\$ 828,599</u>	<u>\$ 736,944</u>

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

This schedule is intended to show information for ten years.

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

**ALEXANDER COUNTY, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 831,550	\$ 828,599	\$ 736,944
Covered payroll	1,390,740	1,580,388	1,652,773
Total pension liability as a percentage of covered payroll	59.79%	52.43%	44.59%

**Notes to the Schedules:**

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

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

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes	\$ 19,975,500	\$ 20,502,705	\$ 527,205	\$ 20,248,718
Penalties and interest	162,000	158,877	(3,123)	169,894
Total	20,137,500	20,661,582	524,082	20,418,612
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	2,181,000	2,294,740	113,740	2,104,704
Article 40 one-half of one percent	2,741,000	2,788,787	47,787	2,635,106
Article 42 one-half of one percent	1,230,000	1,282,977	52,977	1,187,922
Article 44 one-half of one percent	-	13	13	789
Article 46 one-fourth of one percent	505,000	534,274	29,274	490,119
Article 44*524	1,521,750	1,522,965	1,215	1,447,663
Medicaid Hold Harmless	1,057,935	1,176,557	118,622	980,130
Total	9,236,685	9,600,313	363,628	8,846,433
<b>Other Taxes and Licenses:</b>				
ABC \$.05 per bottle	3,300	4,094	794	3,710
Alcoholic beverage tax distribution	156,000	155,809	(191)	156,008
Video programming distribution	166,000	158,272	(7,728)	163,371
Total	325,300	318,175	(7,125)	323,089
<b>Restricted Intergovernmental Revenues:</b>				
Federal and state grants	4,806,429	4,217,634	(588,795)	4,099,572
Controlled substance tax	1,000	9,393	8,393	26,635
Court facility fees	35,000	35,129	129	33,400
Total	4,842,429	4,262,156	(580,273)	4,159,607
<b>Permits and Fees:</b>				
Register of Deeds	230,000	266,830	36,830	243,622
Building inspections	250,000	288,532	38,532	274,454
Gun and concealed weapon permits	22,500	34,565	12,065	43,305
Other fees	85,092	92,277	7,185	67,104
Total	587,592	682,204	94,612	628,485
<b>Sales and Services:</b>				
Rents, concessions, and fees	95,001	142,513	47,512	109,065
Detention center fees	546,550	500,220	(46,330)	700,323
Ambulance fees	1,415,000	1,384,588	(30,412)	1,370,465
Recreation department	69,000	36,257	(32,743)	39,611
Health department	1,462,551	1,203,405	(259,146)	1,318,240
Information technology	34,100	3,995	(30,105)	2,369
Social services	78,700	38,834	(39,866)	116,374
Senior center	8,500	8,903	403	9,237
License plate agency	116,000	137,182	21,182	136,260
Library	7,000	5,618	(1,382)	7,851
Animal services	55,000	49,558	(5,442)	52,683
State payments - soil and water technical assistance	22,075	22,538	463	22,268
Rocky Face Park	16,600	24,669	8,069	17,082
Total	3,926,077	3,558,280	(367,797)	3,901,828

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Investment Earnings</b>	326,200	386,575	60,375	207,543
<b>Miscellaneous:</b>				
Insurance claim reimbursement	8,157	31,084	22,927	50,173
Donations	20,269	22,047	1,778	24,904
Grant	112,000	19,679	(92,321)	83,623
Sale of fixed assets	10,750	15,777	5,027	15,106
Other	95,491	102,156	6,665	28,419
Total	246,667	190,743	(55,924)	202,225
Total revenues	39,628,450	39,660,028	31,578	38,687,822
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body	409,830	328,555	81,275	287,174
Administration	418,794	372,852	45,942	294,792
Planning	226,872	193,298	33,574	-
Elections	249,326	217,310	32,016	184,256
Finance	749,329	676,014	73,315	585,782
Tax office	582,469	545,915	36,554	499,631
Information technology	1,117,784	1,104,955	12,829	1,060,230
Register of Deeds	281,550	257,681	23,869	238,520
License plate agency	164,093	147,035	17,058	142,308
Public buildings	1,335,630	1,307,251	28,379	1,285,788
Garage	470,271	453,786	16,485	406,635
Human resources	878,386	700,526	177,860	610,007
Court facilities	124,856	109,031	15,825	116,531
Engineering	101,592	81,433	20,159	107,836
Total	7,110,782	6,495,642	615,140	5,819,490
<b>Public Safety:</b>				
Sheriff's office	3,290,207	2,895,006	395,201	2,852,002
Detention center	3,149,602	2,733,725	415,877	2,276,695
Pre-trial release program	114,984	100,200	14,784	98,155
RRS program	97,547	93,068	4,479	86,480
Fire/emergency services	412,758	408,133	4,625	412,525
Emergency communications	1,067,661	899,795	167,866	750,956
Forestry	55,802	41,671	14,131	53,971
Inspections	498,337	489,923	8,414	497,927
Emergency medical services	3,308,443	3,138,224	170,219	3,000,445
Medical examiner	47,000	37,550	9,450	22,050
Total	12,042,341	10,837,295	1,205,046	10,051,206
<b>Environmental Protection:</b>				
Soil and water	131,873	129,717	2,156	164,115
Animal services	383,498	354,953	28,545	321,810
Total	515,371	484,670	30,701	485,925

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Economic and Physical Development:</b>				
Economic development	302,015	245,106	56,909	276,014
Agricultural extension	227,757	209,204	18,553	216,723
Total	529,772	454,310	75,462	492,737
<b>Human Services:</b>				
<b>Health Department:</b>				
Environmental health	369,381	408,193	(38,812)	395,333
General health	269,306	192,734	76,572	163,339
Maternal health	288,358	212,571	75,787	165,508
WIC program	148,917	143,517	5,400	141,970
Dental health	506,341	590,786	(84,445)	539,952
Family planning	292,797	264,961	27,836	266,481
Communicable disease	178,188	147,079	31,109	127,492
Health promotion	103,346	81,924	21,422	71,004
Child health	293,773	236,511	57,262	220,081
Adult health	96,961	97,310	(349)	120,486
Preparedness	47,044	34,874	12,170	32,659
Care coordination for children	67,733	68,524	(791)	67,437
Pregnancy care management	79,548	67,036	12,512	64,771
Behavioral health	100,130	10,179	89,951	-
Primary care	151,249	81,435	69,814	-
Total	2,993,072	2,637,634	355,438	2,376,513
<b>Veterans Service</b>	75,470	72,137	3,333	69,337
<b>Juvenile Crime Prevention</b>	140,841	140,736	105	114,854
<b>Social Services Department:</b>				
Administration	5,025,645	4,096,413	929,232	4,030,433
In-home services	115,256	88,153	27,103	76,893
Public assistance	132,699	131,166	1,533	127,332
Emergency assistance account	7,012	4,309	2,703	5,313
Medical assistance	115,000	28,968	86,032	36,285
General assistance	749,403	589,621	159,782	592,527
Foster care	546,892	329,396	217,496	443,078
Adoption Enhancement Fund	43,144	13,318	29,826	13,948
Work First	32,570	31,879	691	32,533
Aging nutrition	121,717	84,783	36,934	86,379
Total	6,889,338	5,398,006	1,491,332	5,444,721
Special appropriations	593,747	592,218	1,529	507,250
Senior center	235,840	183,268	52,572	154,867
Total human services	10,928,308	9,023,999	1,904,309	8,667,542
<b>Cultural and Recreation:</b>				
Recreation	336,934	301,168	35,766	303,782
Rocky Face Park	246,523	207,130	39,393	185,376
Library	563,037	538,948	24,089	489,142
Total	1,146,494	1,047,246	99,248	978,300



ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Education:</b>				
<b>Alexander County Board of Education:</b>				
Current expenses	6,520,851	6,520,851	-	6,031,900
21st Century Program	40,000	40,000	-	40,000
Total	6,560,851	6,560,851	-	6,071,900
<b>CVCC - Alexander County:</b>				
Current expenses	46,200	45,360	840	44,562
Adult Basic Education Academy	22,000	22,000	-	22,000
Capital outlay	11,700	11,297	403	12,639
Total	79,900	78,657	1,243	79,201
Total education	6,640,751	6,639,508	1,243	6,151,101
<b>Debt Service:</b>				
Principal retirement	1,406,000	1,404,559	1,441	1,522,380
Interest and fees	204,000	202,433	1,567	246,733
Total	1,610,000	1,606,992	3,008	1,769,113
<b>Contingency</b>	182,137	-	182,137	-
Total expenditures	40,705,956	36,589,662	4,116,294	34,415,414
Revenues over (under) expenditures	(1,077,506)	3,070,366	4,147,872	4,272,408
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
Capital project funds	130,137	130,127	(10)	337,874
Enterprise funds	661,966	661,966	-	-
Transfers out:				
Special revenue funds	(15,233)	(1,702)	13,531	(84,500)
Capital project funds	(2,778,000)	(2,747,374)	30,626	(3,372,421)
Enterprise funds	(369,626)	(369,626)	-	(1,274,913)
Appropriated fund balance	3,448,262	-	(3,448,262)	-
Total	1,077,506	(2,326,609)	(3,404,115)	(4,393,960)
Net change in fund balance	\$ -	743,757	\$ 743,757	(121,552)
<b>Fund Balance:</b>				
Beginning of year - July 1		16,304,004		16,425,556
End of year - June 30		\$ 17,047,761		\$ 16,304,004

## 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, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
State lottery revenue	\$ -	\$ -	\$ -	\$ 45,063
Investment earnings	20,000	90,268	70,268	42,737
Total revenues	20,000	90,268	70,268	87,800
<b>Expenditures:</b>				
Education	1,298,000	1,292,878	5,122	590,106
Revenues over (under) expenditures	(1,278,000)	(1,202,610)	75,390	(502,306)
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,278,000	1,247,374	(30,626)	1,031,921
Net change in fund balance	\$ -	44,764	\$ 44,764	529,615
<b>Fund Balance:</b>				
Beginning of year - July 1		3,616,850		3,087,235
End of year - June 30		\$ 3,661,614		\$ 3,616,850

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 457,943	\$ 1,769,700	\$ 2,227,643
Taxes receivable, net	66,337	-	66,337
Accounts receivable	225,000	-	225,000
Prepays	5,415	-	5,415
Due from other governments	26,561	-	26,561
Cash and investments, restricted	542,226	-	542,226
Total assets	<u>\$ 1,323,482</u>	<u>\$ 1,769,700</u>	<u>\$ 3,093,182</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 19,944	\$ 78,229	\$ 98,173
Due to other funds	225,000	-	225,000
Total liabilities	<u>244,944</u>	<u>78,229</u>	<u>323,173</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	66,337	-	66,337
Unavailable revenues	225,000	-	225,000
Total deferred inflows of resources	<u>291,337</u>	<u>-</u>	<u>291,337</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	5,415	-	5,415
Restricted:			
Stabilization for state statute	26,561	-	26,561
Restricted, all other	427,835	-	427,835
Committed	552,390	1,691,471	2,243,861
Unassigned	(225,000)	-	(225,000)
Total fund balances	<u>787,201</u>	<u>1,691,471</u>	<u>2,478,672</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,323,482</u>	<u>\$ 1,769,700</u>	<u>\$ 3,093,182</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,367,578	\$ -	\$ 1,367,578
Other taxes and licenses	190,406	-	190,406
Intergovernmental revenues	175,000	-	175,000
Miscellaneous revenues	70,000	-	70,000
Investment earnings	5,716	150	5,866
Total revenues	<u>1,808,700</u>	<u>150</u>	<u>1,808,850</u>
<b>Expenditures:</b>			
Public safety	1,242,482	-	1,242,482
General government	128,621	1,847,843	1,976,464
Economic and physical development	578,747	87,465	666,212
Total expenditures	<u>1,949,850</u>	<u>1,935,308</u>	<u>3,885,158</u>
Revenues over (under) expenditures	<u>(141,150)</u>	<u>(1,935,158)</u>	<u>(2,076,308)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,702	1,500,000	1,501,702
Transfers out	-	(130,127)	(130,127)
Total other financing sources (uses)	<u>1,702</u>	<u>1,369,873</u>	<u>1,371,575</u>
Net change in fund balances	(139,448)	(565,285)	(704,733)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>926,649</u>	<u>2,256,756</u>	<u>3,183,405</u>
End of year - June 30	<u>\$ 787,201</u>	<u>\$ 1,691,471</u>	<u>\$ 2,478,672</u>

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ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

	Special Revenue Funds		
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund
<b>Assets:</b>			
Cash and investments	\$ 56,394	\$ -	\$ 371,549
Taxes receivable, net	66,337	-	-
Accounts receivable	-	-	-
Prepays	-	1,483	3,932
Due from other governments	10,694	-	15,867
Cash and investments, restricted	-	542,226	-
Total assets	<u>\$ 133,425</u>	<u>\$ 543,709</u>	<u>\$ 391,348</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 2,689	\$ 108
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>2,689</u>	<u>108</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	66,337	-	-
Unavailable revenues	-	-	-
Total deferred inflows of resources	<u>66,337</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	-	1,483	3,932
Restricted:			
Stabilization for state statute	10,694	-	15,867
Restricted, all other	56,394	-	371,441
Committed	-	539,537	-
Unassigned	-	-	-
Total fund balances	<u>67,088</u>	<u>541,020</u>	<u>391,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 133,425</u>	<u>\$ 543,709</u>	<u>\$ 391,348</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019

	<u>Special Revenue Funds</u>		
	<u>Borealis Compounds Industrial Rail Project</u>	<u>CDBG Project #16-E-2931 Borealis Compounds Building Reuse</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets:</b>			
Cash and investments	\$ -	\$ 30,000	\$ 457,943
Taxes receivable, net	-	-	66,337
Accounts receivable	225,000	-	225,000
Prepays	-	-	5,415
Due from other governments	-	-	26,561
Cash and investments, restricted	-	-	542,226
Total assets	<u>\$ 225,000</u>	<u>\$ 30,000</u>	<u>\$ 1,323,482</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 17,147	\$ 19,944
Due to other funds	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total liabilities	<u>225,000</u>	<u>17,147</u>	<u>244,944</u>
<b>Deferred Inflows of Resources:</b>			
Taxes receivable	-	-	66,337
Unavailable revenues	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total deferred inflows of resources	<u>225,000</u>	<u>-</u>	<u>291,337</u>
<b>Fund Balances:</b>			
Non-spendable:			
Prepaid items	-	-	5,415
Restricted:			
Stabilization for state statute	-	-	26,561
Restricted, all other	-	-	427,835
Committed	-	12,853	552,390
Unassigned	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Total fund balances	<u>(225,000)</u>	<u>12,853</u>	<u>787,201</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 225,000</u>	<u>\$ 30,000</u>	<u>\$ 1,323,482</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, 2019

	Special Revenue Funds		
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,061,578	\$ 306,000	\$ -
Other taxes and licenses	-	-	190,406
Intergovernmental revenues	-	-	-
Miscellaneous revenues	-	-	-
Investment earnings	-	2,814	2,902
Total revenues	<u>1,061,578</u>	<u>308,814</u>	<u>193,308</u>
<b>Expenditures:</b>			
Public safety	1,047,936	-	194,546
General government	-	128,621	-
Economic and physical development	-	-	-
Total expenditures	<u>1,047,936</u>	<u>128,621</u>	<u>194,546</u>
Revenues over (under) expenditures	13,642	180,193	(1,238)
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	1,702
Net change in fund balances	13,642	180,193	464
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>53,446</u>	<u>360,827</u>	<u>390,776</u>
End of year - June 30	<u>\$ 67,088</u>	<u>\$ 541,020</u>	<u>\$ 391,240</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, 2019

	Special Revenue Funds		
	Borealis Compounds Industrial Rail Project	CDBG Project #16-E-2931 Borealis Compounds Building Reuse	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 1,367,578
Other taxes and licenses	-	-	190,406
Intergovernmental revenues	175,000	-	175,000
Miscellaneous revenues	70,000	-	70,000
Investment earnings	-	-	5,716
Total revenues	<u>245,000</u>	<u>-</u>	<u>1,808,700</u>
<b>Expenditures:</b>			
Public safety	-	-	1,242,482
General government	-	-	128,621
Economic and physical development	<u>561,600</u>	<u>17,147</u>	<u>578,747</u>
Total expenditures	<u>561,600</u>	<u>17,147</u>	<u>1,949,850</u>
Revenues over (under) expenditures	(316,600)	(17,147)	(141,150)
<b>Other Financing Sources (Uses):</b>			
Transfers in	<u>-</u>	<u>-</u>	<u>1,702</u>
Net change in fund balances	(316,600)	(17,147)	(139,448)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>91,600</u>	<u>30,000</u>	<u>926,649</u>
End of year - June 30	<u>\$ (225,000)</u>	<u>\$ 12,853</u>	<u>\$ 787,201</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, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,037,624	\$ 1,061,578	\$ 23,954	\$ 1,050,170
<b>Expenditures:</b>				
Public safety:				
Bethlehem Fire District	240,981	240,981	-	240,338
Wittenburg Fire District	168,209	168,209	-	170,423
Hiddenite Fire District	135,740	135,740	-	133,261
East Alexander Fire District	113,482	113,482	-	114,685
Ellendale Fire District	110,264	110,264	-	110,000
Sugarloaf Fire District	102,149	102,149	-	100,828
Central Alexander Fire District	112,057	112,057	-	112,555
Vashti Fire District	65,054	65,054	-	63,185
Total expenditures	1,047,936	1,047,936	-	1,045,275
Revenues over (under) expenditures	(10,312)	13,642	23,954	4,895
<b>Other financing sources (uses):</b>				
Appropriated fund balance	10,312	-	(10,312)	-
Net change in fund balance	\$ -	13,642	\$ 13,642	4,895
<b>Fund Balance:</b>				
Beginning of year - July 1		53,446		48,551
End of year - June 30		\$ 67,088		\$ 53,446

## ALEXANDER COUNTY, NORTH CAROLINA

## REVALUATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes	\$ 306,000	\$ 306,000	\$ -	\$ 308,000
Investment earnings	-	2,814	2,814	1,548
Total revenues	<u>306,000</u>	<u>308,814</u>	<u>2,814</u>	<u>309,548</u>
<b>Expenditures:</b>				
General government	<u>306,000</u>	<u>128,621</u>	<u>177,379</u>	<u>126,468</u>
Net change in fund balance	<u>\$ -</u>	180,193	<u>\$ 180,193</u>	183,080
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>360,827</u>		<u>177,747</u>
End of year - June 30		<u>\$ 541,020</u>		<u>\$ 360,827</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, 2019**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	<b>2019</b>			<b>2018</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>	<b>Actual</b>
<b>Revenues:</b>				
Other taxes and licenses	\$ 190,406	\$ 190,406	\$ -	\$ 140,901
Investment earnings	-	2,902	2,902	1,742
Total revenues	<u>190,406</u>	<u>193,308</u>	<u>2,902</u>	<u>142,643</u>
<b>Expenditures:</b>				
Implemental functions	15,000	2,233	12,767	2,284
Telephone	71,352	41,586	29,766	45,788
Furniture	5,000	-	5,000	3,565
Software and software maintenance	53,126	34,487	18,639	30,908
Hardware and hardware maintenance	134,700	114,395	20,305	118,366
Training	3,000	745	2,255	2,185
ECaTS expense - 911	1,600	1,100	500	1,080
Total expenditures	<u>283,778</u>	<u>194,546</u>	<u>89,232</u>	<u>204,176</u>
Revenues over (under) expenditures	<u>(93,372)</u>	<u>(1,238)</u>	<u>92,134</u>	<u>(61,533)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,703	1,702	(1)	-
Appropriated fund balance	<u>91,669</u>	<u>-</u>	<u>(91,669)</u>	<u>-</u>
Total other financing sources (uses)	<u>93,372</u>	<u>1,702</u>	<u>(91,670)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>464</u>	<u>\$ 464</u>	<u>(61,533)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>390,776</u>		<u>452,309</u>
End of year - June 30		<u>\$ 391,240</u>		<u>\$ 390,776</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**BOREALIS COMPOUNDS INDUSTRIAL RAIL PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

		<b>Actual</b>		
	<b>Budget</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
NC DOT Rail Division	\$ 175,000	\$ -	\$ 175,000	\$ 175,000
NC Railroad Company	225,000	-	-	-
Industry contribution	61,600	41,600	20,000	61,600
Alexander Railroad Company contribution	50,000	-	50,000	50,000
Total revenues	<u>511,600</u>	<u>41,600</u>	<u>245,000</u>	<u>286,600</u>
<b>Expenditures:</b>				
Construction	<u>561,600</u>	<u>-</u>	<u>561,600</u>	<u>561,600</u>
Revenues over (under) expenditures	(50,000)	41,600	(316,600)	(275,000)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 91,600</u>	<u>\$ (316,600)</u>	<u>\$ (225,000)</u>

## ALEXANDER COUNTY, NORTH CAROLINA

**CDBG PROJECT NUMBER 16-E-2931 BOREALIS COMPOUNDS BUILDING REUSE**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

		Actual		
	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Community Development Block Grant	\$ 740,000	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Assistance to business	740,000	-	-	-
Planning	5,000	-	5,000	5,000
Administration	25,000	-	12,147	12,147
Total expenditures	770,000	-	17,147	17,147
Revenues over (under) expenditures	(30,000)	-	(17,147)	(17,147)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	30,000	30,000	-	30,000
Net change in fund balance	\$ -	\$ 30,000	\$ (17,147)	\$ 12,853

## ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2019

	<b>Capital Project Funds</b>			
	<b>County Capital Project Fund</b>	<b>Alexander County Office Complex Renovation Project</b>	<b>Industrial Shell Building Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Assets:</b>				
Cash and investments	\$ -	\$ 357,165	\$ 1,412,535	\$ 1,769,700
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 78,229	\$ -	\$ 78,229
<b>Fund Balances:</b>				
Committed	-	278,936	1,412,535	1,691,471
Total liabilities and fund balances	\$ -	\$ 357,165	\$ 1,412,535	\$ 1,769,700

## ALEXANDER COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECT FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Capital Project Funds</b>			
	<b>County Capital Project Fund</b>	<b>Alexander County Office Complex Renovation Project</b>	<b>Industrial Shell Building Project Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>Revenues:</b>				
Investment earnings	\$ 150	\$ -	\$ -	\$ 150
<b>Expenditures:</b>				
General government	-	1,847,843	-	1,847,843
Economic and physical development	-	-	87,465	87,465
Total expenditures	-	1,847,843	87,465	1,935,308
Revenues over (under) expenditures	150	(1,847,843)	(87,465)	(1,935,158)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	1,500,000	1,500,000
Transfers out	(130,127)	-	-	(130,127)
Total other financing sources (uses)	(130,127)	-	1,500,000	1,369,873
Net change in fund balances	(129,977)	(1,847,843)	1,412,535	(565,285)
<b>Fund Balances:</b>				
Beginning of year - July 1	129,977	2,126,779	-	2,256,756
End of year - June 30	\$ -	\$ 278,936	\$ 1,412,535	\$ 1,691,471



## 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, 2019**

		<b>Actual</b>		
	<b>Budget</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings	\$ 34,897	\$ 34,737	\$ 150	\$ 34,887
<b>Expenditures:</b>				
Capital outlay:				
Jail/courthouse administration	31,805	31,805	-	31,805
Jail construction	8,424,241	8,424,241	-	8,424,241
Courthouse renovations	44,105	44,105	-	44,105
Total expenditures	8,500,151	8,500,151	-	8,500,151
Revenues over (under) expenditures	(8,465,254)	(8,465,414)	150	(8,465,264)
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	10,000,000	10,000,000	-	10,000,000
Transfers in:				
General Fund	742,056	742,056	-	742,056
Transfers (out):				
General Fund	(2,276,802)	(2,146,665)	(130,127)	(2,276,792)
Total other financing sources (uses)	8,465,254	8,595,391	(130,127)	8,465,264
Net change in fund balance	\$ -	\$ 129,977	(129,977)	\$ -
<b>Fund Balance:</b>				
Beginning of year - July 1			129,977	
End of year - June 30			\$ -	

## ALEXANDER COUNTY, NORTH CAROLINA

**ALEXANDER COUNTY OFFICE COMPLEX RENOVATION PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budget</b>	<b>Actual</b>		
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Expenditures:</b>				
Construction/renovation costs	\$ 2,000,000	\$ 213,721	\$ 1,603,505	\$ 1,817,226
Professional/technical services	125,000	-	29,409	29,409
Technology	215,500	-	214,929	214,929
Total expenditures	<u>2,340,500</u>	<u>213,721</u>	<u>1,847,843</u>	<u>2,061,564</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	<u>2,340,500</u>	<u>2,340,500</u>	<u>-</u>	<u>2,340,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,126,779</u>	<u>\$ (1,847,843)</u>	<u>\$ 278,936</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## INDUSTRIAL SHELL BUILDING PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Budget	Prior Years	Current Year	Total to Date
<b>Expenditures:</b>				
Professional/technical services	\$ 2,250,000	\$ -	\$ 87,465	\$ 87,465
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
General Fund	2,250,000	-	1,500,000	1,500,000
Net change in fund balance	\$ -	\$ -	\$ 1,412,535	\$ 1,412,535

## 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, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water revenues	\$ 1,443,000	\$ 1,429,330	\$ (13,670)	\$ 1,388,443
Non-operating revenues:				
Investment earnings	700	2,034	1,334	1,119
Total revenues	<u>1,443,700</u>	<u>1,431,364</u>	<u>(12,336)</u>	<u>1,389,562</u>
<b>Expenditures:</b>				
Water and distribution	1,054,000	732,320	321,680	757,839
Contingency	2,023	-	2,023	-
Budgetary appropriations:				
Debt principal	368,000	364,394	3,606	364,395
Interest and fees paid	44,000	42,008	1,992	46,208
Total expenditures	<u>1,468,023</u>	<u>1,138,722</u>	<u>329,301</u>	<u>1,168,442</u>
Revenues over (under) expenditures	<u>(24,323)</u>	<u>292,642</u>	<u>316,965</u>	<u>221,120</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from Bethlehem Water	123,750	123,269	(481)	123,269
Transfer to Water Capital Projects Fund	(99,427)	(99,427)	-	-
Total other financing sources (uses)	<u>24,323</u>	<u>23,842</u>	<u>(481)</u>	<u>123,269</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 316,484</u>	<u>\$ 316,484</u>	<u>\$ 344,389</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 316,484		
Reconciling items:				
Capital contributions - capital project grants		250,199		
Capital project transfer from General Fund		91,000		
Capital project transfer from County W&S Fund		99,427		
Debt principal		364,394		
Depreciation		(646,172)		
Change in accrued interest		700		
Loss on disposal of asset		(176,053)		
Change in net position		<u>\$ 299,979</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)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>Shurtape Job Retention Wastewater Project:</b>				
<b>Revenues:</b>				
Appalachian Regional Commission	\$ 278,640	\$ 220,268	\$ 58,372	\$ 278,640
Golden Leaf Foundation	930,560	774,448	156,112	930,560
Total revenues	<u>1,209,200</u>	<u>994,716</u>	<u>214,484</u>	<u>1,209,200</u>
<b>Expenditures:</b>				
Wastewater (ARC)	278,640	261,951	16,689	278,640
Wastewater (GLF)	930,560	930,560	-	930,560
Wastewater and administration (County)	<u>185,000</u>	<u>30,898</u>	<u>48,497</u>	<u>79,395</u>
Total expenditures	<u>1,394,200</u>	<u>1,223,409</u>	<u>65,186</u>	<u>1,288,595</u>
Revenues over (under) expenditures	(185,000)	(228,693)	149,298	(79,395)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	<u>185,000</u>	<u>185,000</u>	<u>-</u>	<u>185,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (43,693)</u>	<u>\$ 149,298</u>	<u>\$ 105,605</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## COUNTY WATER AND SEWER CAPITAL PROJECT FUND

## ALEXANDER COUNTY INDUSTRIAL PARK PUMP STATION REPLACEMENT PROJECT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>Industrial Park Pump Station Replacement Project:</b>				
<b>Revenues:</b>				
Appalachian Regional Commission	\$ 298,348	\$ 273,133	\$ 25,215	\$ 298,348
<b>Expenditures:</b>				
Construction	597,440	556,504	29,563	586,067
Engineering & inspection fees	44,750	43,016	234	43,250
Contingencies	5,147	-	-	-
Utilities	12,000	1,000	-	1,000
Grant administration	25,000	4,647	20,353	25,000
Total expenditures	684,337	605,167	50,150	655,317
Revenues over (under) expenditures	(385,989)	(332,034)	(24,935)	(356,969)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	385,989	385,989	-	385,989
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 53,955	\$ (24,935)	\$ 29,020

## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 STONY POINT ELEMENTARY SCHOOL WASTEWATER PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Stony Point Elementary School Wastewater Project:</b>				
<b>Revenues:</b>				
Community Development Block Grant	\$ 894,750	\$ -	\$ 10,500	\$ 10,500
<b>Expenditures:</b>				
Sewer	894,750	-	10,500	10,500
Administration	91,000	-	33,384	33,384
Total expenditures	985,750	-	43,884	43,884
Revenues over (under) expenditures	(91,000)	-	(33,384)	(33,384)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	91,000	-	91,000	91,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 57,616	\$ 57,616

## ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND  
 WATER LINE EXTENSION PROJECT  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Water Line Extension Project:</b>				
<b>Expenditures:</b>				
Engineering design, ER/Environmental preparation	\$ 311,800	\$ -	\$ 125,410	\$ 125,410
Funding administration/other	52,500	-	1,000	1,000
Loan fee	99,427	-	-	-
Water line construction and administration	4,378,159	-	-	-
Contingencies	228,876	-	-	-
Total expenditures	<u>5,070,762</u>	<u>-</u>	<u>126,410</u>	<u>126,410</u>
Revenues over (under) expenditures	<u>(5,070,762)</u>	<u>-</u>	<u>(126,410)</u>	<u>(126,410)</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	4,971,335	-	-	-
Transfer from County W&S Fund	99,427	-	99,427	99,427
Total other financing sources (uses)	<u>5,070,762</u>	<u>-</u>	<u>99,427</u>	<u>99,427</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,983)</u>	<u>\$ (26,983)</u>



## ALEXANDER COUNTY, NORTH CAROLINA

## MAJOR ENTERPRISE FUND

## BETHLEHEM WATER DISTRICT

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 1,434,000	\$ 1,407,152	\$ (26,848)	\$ 1,369,717
Non-operating revenues:				
Investment earnings	1,200	2,691	1,491	1,709
Total revenues	<u>1,435,200</u>	<u>1,409,843</u>	<u>(25,357)</u>	<u>1,371,426</u>
<b>Expenditures:</b>				
Administration				
Water and distribution	1,272,500	721,288	551,212	687,566
Budgetary appropriations:				
Capital outlay	-	-	-	2,304
Debt principal	-	-	-	135,867
Interest and fees paid	-	-	-	1,690
Contingency	38,950	-	38,950	-
Total expenditures	<u>1,311,450</u>	<u>721,288</u>	<u>590,162</u>	<u>827,427</u>
Revenues over (under) expenditures	123,750	688,555	564,805	543,999
<b>Other Financing Sources (Uses):</b>				
Transfer to County Water and Sewer Fund	<u>(123,750)</u>	<u>(123,269)</u>	<u>481</u>	<u>(123,269)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 565,286</u>	<u>\$ 565,286</u>	<u>\$ 420,730</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 565,286		
Reconciling items:				
Depreciation and amortization		<u>(236,148)</u>		
Change in net position		<u>\$ 329,138</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, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Landfill	\$ 1,390,000	\$ 1,441,374	\$ 51,374	\$ 1,298,159
Convenience center	260,500	256,225	(4,275)	254,497
Non-operating revenues:				
Intergovernmental revenues	96,000	104,723	8,723	108,538
Miscellaneous revenue	5,000	-	(5,000)	21,738
Total revenues	<u>1,751,500</u>	<u>1,802,322</u>	<u>50,822</u>	<u>1,682,932</u>
<b>Expenditures:</b>				
Convenience centers	207,977	184,596	23,381	187,390
Landfill operations	1,502,182	1,452,771	49,411	1,340,659
Capital outlay	15,000	6,070	8,930	168,600
Contingency	26,341	-	(26,341)	-
Total expenditures	<u>1,751,500</u>	<u>1,643,437</u>	<u>55,381</u>	<u>1,696,649</u>
Revenues over (under) expenditures	-	158,885	158,885	(13,717)
<b>Other Financing Sources (Uses):</b>				
Transfers - General Fund	-	-	-	102,000
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 158,885</u>	<u>\$ 158,885</u>	<u>\$ 88,283</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 158,885		
Reconciling items:				
Capital outlay capitalized		6,070		
Change in deferred outflows of resources - pension		15,439		
Change in net pension liability		(18,488)		
Change in deferred inflows of resources - pension		429		
Change in compensated absences		(2,450)		
Change in OPEB liability		142,375		
Change in deferred outflows of resources - OPEB		(1)		
Change in deferred inflows of resources - OPEB		(142,847)		
Depreciation		<u>(91,471)</u>		
Change in net position		<u>\$ 67,941</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, 2019

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

	2019			2018
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Non-operating revenues:				
Investment earnings	\$ 175	\$ 837	\$ 662	\$ 336
<b>Expenditures:</b>				
Monitoring	173,000	32,848	140,152	62,173
Contingencies	2,175	-	2,175	-
Total expenditures	<u>175,175</u>	<u>32,848</u>	<u>142,327</u>	<u>62,173</u>
Revenues over (under) expenditures	(175,000)	(32,011)	142,989	(61,837)
<b>Other Financing Sources (Uses):</b>				
Transfer in - General Fund	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>150,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 142,989</u>	<u>\$ 142,989</u>	<u>\$ 88,163</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 142,989		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		<u>(148,330)</u>		
Change in net position		<u>\$ (5,341)</u>		

## ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES**  
**NONMAJOR ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Bethlehem Sewer</b>
<b>Assets:</b>	
Current assets:	
Cash and investments	\$ 204,462
Accounts receivable, net	5,873
Total current assets	<u>210,335</u>
Non-current assets:	
Land and other non-depreciable assets	476,080
Depreciable assets, net	645,465
Total non-current assets	<u>1,121,545</u>
Total assets	<u>1,331,880</u>
<b>Liabilities:</b>	
Current liabilities:	
Due to other funds	<u>372,454</u>
<b>Net Position:</b>	
Net investment in capital assets	1,121,545
Unrestricted	<u>(162,119)</u>
Total net position	<u>\$ 959,426</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, 2019**

	<b>Bethlehem Sewer</b>
<b>Operating Revenues:</b>	
Sewer capital reserve fees	\$ 22,697
<b>Operating Expenses:</b>	
Water and sewer operations	17,047
Depreciation and amortization	35,571
Total operating expenses	52,618
Operating income (loss)	(29,921)
<b>Transfers:</b>	
To General Fund	(661,966)
From General Fund	103,626
Total transfers in (out)	(558,340)
Change in net position	(588,261)
<b>Net Position:</b>	
Beginning of year - July 1	1,547,687
End of year - June 30	\$ 959,426

## ALEXANDER COUNTY, NORTH CAROLINA

**PROPRIETARY FUND TYPES**  
**NONMAJOR ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Bethlehem Sewer</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 22,519
Cash paid for goods and services	<u>(27,794)</u>
Net cash provided (used) by operating activities	<u>(5,275)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Change in due to/from other funds	372,454
Transfers from (to) other funds	<u>(558,340)</u>
Net cash provided (used) by non-capital financing activities	<u>(185,886)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	<u>(476,080)</u>
Net increase (decrease) in cash and cash equivalents	(667,241)
<b>Cash and Cash Equivalents - Beginning of Year - July 1</b>	<u>871,703</u>
<b>Cash and Cash Equivalents - End of Year - June 30</b>	<u><u>\$ 204,462</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (29,921)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,571
(Increase) decrease in accounts receivable	(178)
Increase (decrease) in accounts payable	<u>(10,747)</u>
Net cash provided (used) by operating activities	<u><u>\$ (5,275)</u></u>

## ALEXANDER COUNTY, NORTH CAROLINA

## NONMAJOR ENTERPRISE FUND

## BETHLEHEM SEWER FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2019

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

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Sewer capital reserve fee	\$ 20,000	\$ 22,697	\$ 2,697	\$ 21,901
<b>Expenditures:</b>				
Operations	67,522	17,047	50,475	75,785
Revenues over (under) expenditures	(47,522)	5,650	53,172	(53,884)
<b>Other Financing Sources (Uses):</b>				
Transfer out - General Fund	(661,966)	(661,966)	-	-
Transfer in - General Fund	-	-	-	785,273
Appropriated fund balance	709,488	-	(709,488)	-
Total other financing sources (uses)	47,522	(661,966)	(709,488)	785,273
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (656,316)	\$ (656,316)	\$ 731,389
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (656,316)		
Reconciling items:				
Capital project transfer from General Fund		103,626		
Depreciation		(35,571)		
Change in net position		\$ (588,261)		

## ALEXANDER COUNTY, NORTH CAROLINA

**BETHLEHEM SEWER CAPITAL PROJECT FUND**  
**SEWER COLLECTION LINE EXTENSION AND PUMP STATION UPGRADE PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		<b>Actual</b>		
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Sewer Collection Line Ext and Pump Station Upgrade Project:</b>				
<b>Expenditures:</b>				
Engineering design/report preparation	\$ 492,713	\$ -	\$ 461,580	\$ 461,580
Easement acquisition	100,000	-	14,500	14,500
Funding administration/other	45,000	-	-	-
Loan fee	103,626	-	-	-
Sewer line construction and administration	4,352,450	-	-	-
Contingencies	191,137	-	-	-
Total expenditures	<u>5,284,926</u>	<u>-</u>	<u>476,080</u>	<u>476,080</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	5,181,300	-	-	-
Transfer from General Fund	103,626	-	103,626	103,626
Total other financing sources (uses)	<u>5,284,926</u>	<u>-</u>	<u>103,626</u>	<u>103,626</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (372,454)</u>	<u>\$ (372,454)</u>



## ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2019

	<u>Social Services Fund</u>	<u>Sheriff's Civil Executions Fund</u>	<u>Deed of Trust Fees Fund</u>	<u>Fines and Forfeitures</u>	<u>Totals June 30, 2019</u>
<b>Assets:</b>					
Cash and investments	<u>\$ 21,110</u>	<u>\$ 4,346</u>	<u>\$ 367</u>	<u>\$ 12,428</u>	<u>\$ 38,251</u>
<b>Liabilities:</b>					
Accounts payable	\$ 21,110	\$ 4,346	\$ -	\$ 12,428	\$ 37,884
Intergovernmental payable - State of North Carolina	<u>-</u>	<u>-</u>	<u>367</u>	<u>-</u>	<u>367</u>
Total liabilities	<u>\$ 21,110</u>	<u>\$ 4,346</u>	<u>\$ 367</u>	<u>\$ 12,428</u>	<u>\$ 38,251</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and investments:				
Client services	\$ <u>20,349</u>	\$ <u>134,180</u>	\$ <u>133,419</u>	\$ <u>21,110</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>20,349</u>	\$ <u>134,180</u>	\$ <u>133,419</u>	\$ <u>21,110</u>
<b>Sheriff's Civil Executions Fund:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>3,553</u>	\$ <u>30,376</u>	\$ <u>29,583</u>	\$ <u>4,346</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>3,553</u>	\$ <u>30,376</u>	\$ <u>29,583</u>	\$ <u>4,346</u>
<b>Deed of Trust Fees:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>337</u>	\$ <u>4,358</u>	\$ <u>4,328</u>	\$ <u>367</u>
<b>Liabilities:</b>				
Intergovernmental payable:				
State of North Carolina	\$ <u>337</u>	\$ <u>4,358</u>	\$ <u>4,328</u>	\$ <u>367</u>
<b>Fines and Forfeitures:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>7,588</u>	\$ <u>132,013</u>	\$ <u>127,173</u>	\$ <u>12,428</u>
<b>Liabilities:</b>				
Accounts payable	\$ <u>7,588</u>	\$ <u>132,013</u>	\$ <u>127,173</u>	\$ <u>12,428</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and investments	\$ <u>31,827</u>	\$ <u>300,927</u>	\$ <u>294,503</u>	\$ <u>38,251</u>
<b>Liabilities:</b>				
Accounts payable	\$ 31,490	\$ 296,569	\$ 290,175	\$ 37,884
Intergovernmental payable:				
State of North Carolina	<u>337</u>	<u>4,358</u>	<u>4,328</u>	<u>367</u>
Total liabilities	\$ <u>31,827</u>	\$ <u>300,927</u>	\$ <u>294,503</u>	\$ <u>38,251</u>

## ALEXANDER COUNTY, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2019

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2018</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2019</b>
2019	\$ -	\$ 20,867,691	\$ 20,329,344	\$ 538,347
2018	604,530	-	287,997	316,533
2017	305,041	-	116,724	188,317
2016	158,694	-	49,496	109,198
2015	80,008	-	23,999	56,009
2014	62,210	-	14,702	47,508
2013	49,931	-	8,648	41,283
2012	34,670	-	5,120	29,550
2011	26,044	-	3,227	22,817
2010	23,272	-	2,180	21,092
2009	24,678	-	24,678	-
Total	<u>\$ 1,369,078</u>	<u>\$ 20,867,691</u>	<u>\$ 20,866,115</u>	1,370,654

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund 305,550

Ad valorem taxes receivable, net:

General Fund \$ 1,065,104**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund \$ 20,661,582

Ad valorem taxes - Revaluation Fund 306,000

Penalties collected on ad valorem taxes - Agency Fund 19,463Total ad valorem taxes 20,987,045

Reconciling items:

Interest and penalties collected (158,877)

Tax refunds 10,548

Miscellaneous adjustments 2,721

Amounts written off for tax year 2009 per Statute of Limitations 24,678Total collections and credits \$ 20,866,115

## ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2019

				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	\$ 2,638,321,715	\$ 0.790	\$ 20,842,742	\$ 18,438,001	\$ 2,404,741
Late list penalties	-		19,628	19,628	-
Total original levy	<u>2,638,321,715</u>		<u>20,862,370</u>	<u>18,457,629</u>	<u>2,404,741</u>
<b>Discoveries</b>	<u>6,415,063</u>		<u>50,679</u>	<u>50,679</u>	<u>-</u>
<b>Abatements and Discounts</b>	<u>(5,741,519)</u>		<u>(45,358)</u>	<u>(45,358)</u>	<u>-</u>
Total property valuation	<u>\$ 2,638,995,259</u>				
<b>Net Levy</b>			20,867,691	18,462,950	2,404,741
Uncollected taxes at June 30, 2019			<u>538,347</u>	<u>538,347</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 20,329,344</u>	<u>\$ 17,924,603</u>	<u>\$ 2,404,741</u>
<b>Current Levy Collection Percentage</b>			97.42%	97.08%	100.00%