



BURKE COUNTY, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

BURKE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Johnnie S. Carswell	Chairman
Scott Mulwee	Vice-Chairman
Wayne Abele	Commissioner
Jeffrey Brittain	Commissioner
Maynard Taylor	Commissioner
Kay H. Draughn	Clerk to the Board

COUNTY OFFICIALS

Kenneth B. Steen	County Manager
Margaret Pierce	Deputy County Manager/Finance Director
Scott Carpenter	Deputy County Manager/Planning Director
Brock Hall	Communications Director
Spring Williams-Byrd	Cooperative Extension Director
Korey Fisher-Wellman	DSS Director
Debbie Mace	Board of Elections Director
Greg Curry	Emergency Medical Services Director
Michael Willis	Fire Marshal/Emergency Services Director
Miles Champion	General Services Director
Rebecca McLeod	Health Director
Rhonda Lee	Human Resources Director
Steve Bennett	Information Technology Director
Jim Wilson	Library Director
Treg McGee	Recreation Director
Stephanie Norman	Register of Deeds
Roxanne Powell	Senior Services Director
Steve Whisenant	Sheriff
Danny Isenhour	Tax Administrator

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FINANCIAL SECTION

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

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Independent Auditors' Report

To the Board of Commissioners of
Burke County
Morganton, North Carolina

Report on the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Burke County Tourism Development Authority, which represent .33 percent, 1.01 percent, and .55 percent, respectively, of the assets, net position, and revenues of Burke County, North Carolina. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Burke County Tourism Development Authority, 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 Burke County Tourism Development Authority 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 the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Burke 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 and the School One Cent Sales Tax 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 Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and 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 the Other Postemployment Benefits Schedule of Changes in the Net OPEB Liability and Related Ratios, on pages 4-10 and 54-60, 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burke County, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and State awards 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 the other auditor. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditor, the combining and individual fund financial statements, the budgetary schedules, other schedules, and the schedule of expenditures of federal and State awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2020 on our consideration of Burke County, North Carolina'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 the report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Burke County, North Carolina'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 Burke County, North Carolina's internal control over financial reporting and compliance.

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 24, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Burke County

Year Ended June 30, 2019

As management of Burke County, we offer readers of Burke County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage users to read the information presented here in conjunction with additional information we have furnished in the County's financial statements and notes which follow this narrative.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$33,851,476.
- The County's total net position increased by \$1,210,946 primarily due to an increase in cash assets from revenues, particularly sales tax, exceeding budget projections and a reduction in outstanding liabilities coupled with operating expenditures below expected levels.
- The County's unassigned fund balance for the General Fund was \$16,987,127 at the end of the year, representing 20.96% of total General Fund expenditures. This is an increase of \$1,762,156 in unassigned fund balance over the previous year.
- Total fund balance increased by \$2,400,481 bringing it to \$25,539,185.
- Total County debt decreased by \$6,367,134 outstanding principal with governmental debt decreasing by \$6,355,000.
- Construction on the new jail continued with completion expected by December 2019.
- The County began a project to renovate and expand the Valdese Library. This project was assisted by a \$280,000 donation from the Library Foundation during the fiscal year.

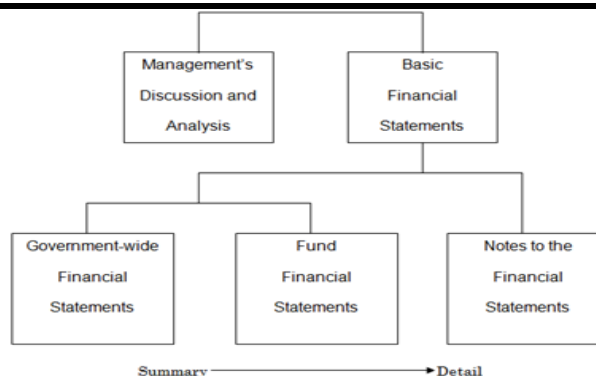
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Burke 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.

The basic financial statements present two different views of the County's finances 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 Burke 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 I) 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 fund statements, 2) the budgetary comparison statements 3) the proprietary fund statements and 4) the fiduciary fund statements.

The next sections of the basic financial statements are the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Directly following the notes is the **supplemental information**. This section first contains **required supplemental information** about the County's pension plans and the other postemployment benefits plan, followed by additional **supplemental information**. This **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

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 the net position has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

Government-wide financial statements may be divided into as many as three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general 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. This includes water, sewer and solid waste services offered by Burke County. The final category is the component units. The Burke County Tourism Development Authority (TDA) is a separate governmental entity created to administer occupancy tax funds collected to promote tourism in the County. The nine voting members of the Authority Board are appointed by the County Board of Commissioners.

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. Burke County, like all 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 County funds 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 activities 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 which focuses on current financial resources. 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.

The 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 three columns: 1) the final budget as amended by the board, 2) the actual resources, charges to appropriations, and ending balances in the General Fund, and 3) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds - Burke County has three proprietary funds, the Water and Sewer Fund, the Water and Sewer Capital Fund, and the Solid Waste Fund. Enterprise funds are used to report the same functions presented as business-like activities in the government-wide financial statements. Burke County uses enterprise funds to account for its water, sewer and solid waste

operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Burke County has four fiduciary funds, all of 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 on page 22 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Burke County's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits. Required supplementary information can be found beginning on page 55 of this report.

Government-Wide Financial Analysis

Burke County's Net Position

Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 61,735,066	\$ 77,226,327	\$ 3,182,052	\$ 2,891,931	\$ 64,917,118	\$ 80,118,258
Net capital assets	53,339,613	42,070,171	17,607,248	18,123,618	70,946,861	60,193,789
Total assets	115,074,679	119,296,498	20,789,300	21,015,549	135,863,979	140,312,048
Total deferred outflows of resources	8,988,951	6,983,058	208,554	124,961	9,197,505	7,108,019
Long-term liabilities outstanding	64,848,080	94,559,810	189,013	5,866,882	65,037,093	100,426,692
Other liabilities	37,803,041	12,165,703	6,837,577	812,184	44,640,618	12,977,889
Total liabilities	102,651,121	106,725,513	7,026,590	6,679,066	109,677,711	113,404,581
Total deferred inflows of resources	1,461,132	1,351,654	71,165	23,303	1,532,297	1,374,957
Net position:						
Net investment in capital assets	39,335,032	30,475,792	17,473,775	17,978,011	56,808,807	48,453,803
Restricted	25,017,233	44,031,117	-	-	25,017,233	44,031,117
Unrestricted	(44,400,888)	(56,304,520)	(3,573,676)	(3,539,869)	(47,974,564)	(59,844,389)
Total net position	\$ 19,951,377	\$ 18,202,389	\$ 13,900,099	\$ 14,438,142	\$ 33,851,476	\$ 32,640,531

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$33,851,476 at June 30, 2019. The County's net position increased by a total of \$1,210,946 for the fiscal year. Net position is reported in three categories: Net investment in capital assets of \$56,808,807; restricted net position of \$25,017,233; and unrestricted net position of \$(47,974,564).

The net investment in capital assets is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment), less any related debt still outstanding that was issued to acquire those items. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding 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. At June 30, 2019, the increase in this category of net position correlates to reduced outstanding debt along with increased capital assets such as the construction in progress on the jail and library projects.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used. The County has restricted assets due to statutory requirements for Register of Deeds Automation Enhancement Funds, DSS, Health Department, Public Safety, Environmental Protection, and Stabilization by State Statutes. Special revenues funds and Register of Deeds pension assets account for the balance of the restricted net position.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Several particular aspects of the County's financial operations affected the reporting of total unrestricted net position:

- Liabilities for school debt of \$41,660,000 are reported with no offsetting assets creating a negative unrestricted net position;
- Increases for pension liabilities will decrease unrestricted net position and are partially outside the County's control.

Burke County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 6,494,966	\$ 6,454,959	\$ 6,914,316	\$ 6,663,581	\$ 13,409,282	\$ 13,118,540
Operating grants and contributions	16,887,957	12,185,007	118,986	-	17,006,943	12,185,007
Capital grants	6,179,146	3,880,964	-	64,785	6,179,146	3,945,749
General revenues:						
Property taxes	50,774,360	49,453,349	-	-	50,774,360	49,453,349
Other taxes	11,593,447	16,285,051	-	-	11,593,447	16,285,051
Grant and contributions not restricted to specific programs	2,486,153	-	-	-	2,486,153	
Other	704,417	2,662,206	41,271	77,671	745,688	2,739,877
Total revenues	95,120,446	90,921,536	7,074,573	6,806,037	102,195,019	97,727,573
<u>Expenses</u>						
General government	9,661,377	9,625,513			9,661,377	9,625,513
Public safety	26,027,584	23,154,608			26,027,584	23,154,608
Transportation	67,566	53,173			67,566	53,173
Economic & physical development	3,085,936	2,769,354			3,085,936	2,769,354
Environment protection	539,363	162,446			539,363	162,446
Humans services	20,535,142	19,850,366			20,535,142	19,850,366
Cultural and recreation	2,261,645	2,989,309			2,261,645	2,989,309
Education	24,964,134	36,000,244			24,964,134	36,000,244
Interest on long-term debt	2,426,744	1,994,615			2,426,744	1,994,615
Water/Sewer			2,087,220	1,776,450	2,087,220	1,776,450
Solid Waste			5,427,254	4,666,253	5,427,254	4,666,253
Total expenses	89,569,491	96,599,628	7,514,474	6,442,703	97,083,965	103,042,331
Increase (decrease) in net position before transfers and special items	5,550,955	(5,678,092)	(439,901)	363,333	5,111,054	(5,314,759)
Transfers	98,141	(95,518)	(98,141)	95,518	-	-
Increase (decrease) in net position after transfer and special items	5,649,096	(5,773,610)	(538,042)	458,851	5,111,054	(5,314,759)
Net position, beginning, previously reported	18,202,389	37,241,485	14,438,141	14,246,768	32,640,530	514,488,253
Restatement	(3,900,108)	(13,265,486)	-	(267,479)	(3,900,108)	(13,532,965)
Net position, beginning, restated	14,302,281	23,975,999	14,438,141	13,979,289	28,740,422	37,955,288
Net position, ending	\$19,951,377	\$18,202,389	\$13,900,099	\$14,438,140	\$ 33,851,476	\$ 32,640,529

Governmental activities: Governmental activities increased the County's net position by \$1,748,988, thereby accounting for the growth in the net position of Burke County. Key elements of this increase are as follows:

- Sales tax increases due to the improved economic factors particularly in the tourism industry, resulted in revenues above projection;
- Continued high property tax collections at a rate of 98.20% for the current fiscal year;
- Increase in net capital assets due to the jail and library projects;
- Close monitoring of expenditures throughout the year with actual expenditures below budget.

Business-type activities: Business-type activities decreased Burke County's net position by \$(538,042). Key elements of this decrease are as follows:

- Revenues for recycling down due to market conditions lower than projected;
- Expenses for solid waste hauling above projections due to higher volume of collections than anticipated;
- Expenses for purchased water in excess of anticipated amounts due to increased prices from vendors.

Financial Analysis of the County's Funds

Burke County uses fund accounting to ensure and demonstrate compliance with finance-related legal and accounting requirements.

Governmental Funds – The focus of Burke County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the 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 the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund increased to \$16,987,127 while total fund balance increased to \$25,539,185. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.96% of total General Fund expenditures (\$81,059,361), while total fund balance represents 31.51 percent of that same amount.

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 more 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 revenues, transfers and expenditures by \$4,105,593 with approximately \$2,853,575 of the amendments related to appropriations of fund balance. Of this amount, \$1.233 million was appropriated for the Courthouse Sallyport project, \$82,000 for Fonta Flora bathroom project, \$25,155 for renovations to the Animal Services Center, \$18,110 from Register of Deeds Automation restricted funds, \$10,725 from Health Department restricted funds and the balance was for projects carried forward for completion. The actual operating revenues for the General Fund were \$2,230,043 more than the budgeted amount. Actual operating expenses were less than budgeted by \$4,938,848. Unfinished projects which are budgeted but not completed account for approximately \$1,750,917 (35.45%) and DSS expenditures below budget are \$1,156,618 (23.42%) of the total amount under budget for expenditures.

Proprietary Funds - Burke County's proprietary funds are used to provide information on the water and sewer and solid waste enterprises. Total net position of the proprietary funds at the end of the fiscal year amounted to \$13,900,099. The total change in proprietary net position was a decrease of \$538,043. The Water and Sewer Fund (including Capital Fund) accounted for \$670,987 of the decrease with the Solid Waste Fund showing an increase of \$132,944. Fees for services are in the process of evaluation to determine if they are set appropriately to fund capital replacement in future years. Charges for services are sufficient to fund daily operations but not capital replacement accounted for through depreciation expenses. Capital purchases for the Solid Waste Fund are currently funded by General Fund transfers.

Capital Asset and Debt Administration

Capital Assets: Burke County's investment in capital assets for its governmental and business type activities as of June 30, 2019, totals \$70,946,861 (net of depreciation). These assets include buildings, land, equipment, improvements, and vehicles. Major capital asset transactions during the year include:

- Purchased 20 new vehicles and numerous pieces of equipment for County governmental departments;
- Progress on the new jail and renovations on the Valdese Library.

Burke County's Capital Assets, Net of Depreciation

Figure 4

	Governmental Activities	Business Activities	Total
	2019	2019	2019
Land	\$ 2,539,390	\$ 457,270	\$2,996,660
Buildings	23,503,567	12,851,002	36,354,569
Other improvements	3,256,660	1,592,192	4,848,852
Equipment	2,482,429	1,470,460	3,952,889
Vehicles	2,587,103	378,198	2,965,301
Construction in progress	18,970,464	858,126	19,828,590
Total	\$ 53,339,613	\$ 17,607,248	\$ 70,946,861

Additional information on the County's capital assets can be found in note 3.A.5 of this report.

Long-term Debt. As of June 30, 2019, Burke County had \$1,020,000 in bonded debt outstanding with no bonds authorized but not issued.

Burke County's Outstanding Debt

Figure 5

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
General Obligation	\$ 1,020,000	\$ 1,425,000
Installment purchase	<u>62,118,473</u>	<u>68,080,607</u>
Total:	<u>\$ 63,138,473</u>	<u>\$ 69,505,607</u>

Burke County's total debt decreased by \$6,367,134 or (9.16%) during the past fiscal year due to scheduled debt service payments. Governmental debt is \$63,005,000 of the total outstanding debt. There is \$133,473 in debt associated with the business activities. No new debt was issued. The State of North Carolina limits the amount of debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries less outstanding debt principal. The legal debt margin for Burke County as of June 30, 2019 is \$473,688,703 Additional information regarding Burke County's long-term debt can be found in Note 3.B.6. of this report.

Economic Factors

The following key economic factors reflect the fiscal environment the County is working in:

- The County continues to experience growth in employment with 278 new positions being created through economic development incentive agreements;
- The County's unemployment rate of 4.3% as of August 2019 is slightly higher than the state average of 4.2% and slightly higher than the federal rate of 3.7% which is consistent with the trends seen before the economic recession;
- Construction and real estate sales have continued to show increases, consistent with state and national trends.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental activities – Revenues are projected to increase primarily due to a 3 percent increase based on state projections. Other revenues are expected to maintain current levels with minor increases.

Budgeted expenditures in the General Fund are projected to increase. 40 new positions are authorized in the budget for DSS (14) and the Jail (26). The new Jail is projected to open in December 2019. There is a 3 percent cost of living increase for all staff along with the third year of the pay plan review. Vehicle replacement is a primary portion of the allocation for capital purchases. Also, a new data center project for the IT department is included, which is budgeted at \$379,475. Several other departments received funding for smaller projects.

Businesses-type activities – Water and sewer rates in the County were increased slightly to cover anticipated increases in cost, such as the previously mentioned cost of living increase, along with the authorization of a new \$95,000 excavator. Solid waste expenditures are also projected to increase due to the cost of living increase along with capital purchases. Solid waste is authorized to purchase a dump truck, skid steer, and a bulldozer.

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 should be directed to the Burke County Finance Director, PO Box 219, Morganton, NC 28680. The report can also be found on our website www.burkenc.org under the Finance Department.

BASIC FINANCIAL STATEMENTS

Burke County, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Burke County Tourism Development Authority
ASSETS				
Cash and cash equivalents	\$ 5,930,191	\$ 293,393	\$ 6,223,584	\$ 296,143
Cash held by fiscal agents	7,330,420	-	7,330,420	-
Investments	35,593,335	2,037,619	37,630,954	-
Restricted cash and cash equivalents	408,976	103,608	512,584	8,983
Receivables (net)	1,893,089	678,356	2,571,445	-
Due from other governments	7,301,243	69,076	7,370,319	95,679
Net pension asset - ROD	215,625	-	215,625	-
Prepaid expense	-	-	-	500
Loan receivable	500,000	-	500,000	-
Net investment in joint venture	2,562,187	-	2,562,187	-
Capital assets:				
Land, intangible, and construction in progress	21,509,854	1,315,396	22,825,250	-
Other capital assets, net of depreciation	31,829,759	16,291,852	48,121,611	52,818
Total capital assets	53,339,613	17,607,248	70,946,861	52,818
Total assets	115,074,679	20,789,300	135,863,979	454,123
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding debt	1,900,787	-	1,900,787	-
Pension deferrals	7,088,164	208,554	7,296,718	28,050
Total deferred outflows of resources	8,988,951	208,554	9,197,505	28,050
LIABILITIES				
Accounts payable and accrued expenses	5,649,282	725,350	6,374,632	72,118
Accrued interest payable	570,902	-	570,902	-
Due to other governments	95,678	-	95,678	-
Unearned revenues	-	-	-	150
Liabilities payable from restricted assets	1,610,582	-	1,610,582	-
Unamortized liability on debt premiums	3,688,623	-	3,688,623	-
Net pension liability - LGERS	7,757,590	297,223	8,054,813	-
Net pension liability - LEOSSA	1,921,887	-	1,921,887	-
Net pension liability - OPEB	16,508,497	632,503	17,141,000	-
Landfill closure and post closure costs	-	5,182,501	5,182,501	-
Long-term liabilities:				
Due within one year	6,210,000	12,134	6,222,134	-
Due in more than one year	58,638,080	176,879	58,814,959	53,188
Total liabilities	102,651,121	7,026,590	109,677,711	125,456
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	1,275,564	71,165	1,346,729	684
Prepaid taxes	185,568	-	185,568	-
Total deferred inflows of resources	1,461,132	71,165	1,532,297	684
NET POSITION				
Net investment in capital assets	39,335,032	17,473,775	56,808,807	52,818
Restricted for:				
Stabilization by State Statute	6,804,197	-	6,804,197	96,179
Register of Deeds' pension plan	215,625	-	215,625	-
Public safety	1,360,743	-	1,360,743	-
Register of Deeds Automation/Enhancement	87,202	-	87,202	-
Health Department	83,981	-	83,981	-
DSS	224,799	-	224,799	-
Education	15,285,128	-	15,285,128	-
Environmental Protection	11,503	-	11,503	-
Economic and Physical Development	944,055	-	944,055	-
Tourism promotion	-	-	-	207,036
Unrestricted (deficit)	(44,400,888)	(3,573,676)	(47,974,564)	-
Total net position	\$ 19,951,377	\$ 13,900,099	\$ 33,851,476	\$ 356,033

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position				Burke County Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total		
					Governmental Activities	Business-type Activities			
Primary government:									
Governmental Activities:									
General government	\$ 9,661,377	\$ 729,051	\$ 352,751	\$ -	\$ (8,579,575)	\$ -	\$ (8,579,575)	\$	
Public safety	26,027,584	4,687,337	2,511,258	277,934	(18,551,055)	-	(18,551,055)		
Transportation	67,566	-	-	-	(67,566)	-	(67,566)		
Economic and physical development	3,085,936	263,291	725,683	-	(2,096,962)	-	(2,096,962)		
Environmental protection	539,363	21,413	31,494	-	(486,456)	-	(486,456)		
Human services	20,535,142	683,988	12,472,558	-	(7,378,596)	-	(7,378,596)		
Cultural and recreational	2,261,645	109,886	460,357	408,466	(1,282,936)	-	(1,282,936)		
Education	24,964,134	-	333,856	5,492,746	(19,137,532)	-	(19,137,532)		
Interest on long-term debt	2,426,744	-	-	-	(2,426,744)	-	(2,426,744)		
Total governmental activities	89,569,491	6,494,966	16,887,957	6,179,146	(60,007,422)	-	(60,007,422)		
Business-type activities:									
Water/Sewer	2,087,220	1,675,684	54,760	-	-	(356,776)	(356,776)		
Solid waste	5,427,254	5,238,632	64,226	-	-	(124,396)	(124,396)		
Total business-type activities	7,514,474	6,914,316	118,986	-	-	(481,172)	(481,172)		
Total primary government	\$ 97,083,965	\$ 13,409,282	\$ 17,006,943	\$ 6,179,146	\$ (60,007,422)	\$ (481,172)	\$ (60,488,594)		
Component unit:									
Burke County Tourism Development Authority	\$ 565,529	\$ 7,540	\$ -	\$ -				(557,989)	
General revenues:									
Taxes:									
Property taxes, levied for general purpose					50,774,360	-	50,774,360	-	
Local option sales tax					7,516,853	-	7,516,853		
Other taxes and licenses					4,076,594	-	4,076,594	555,913	
Grants and contributions not restricted to specific programs					2,486,153	-	2,486,153	-	
Investment earnings, unrestricted					626,920	32,178	659,098	220	
Miscellaneous, unrestricted					77,497	9,093	86,590	11,967	
Transfers in/(out)					98,141	(98,141)	-	-	
Total general revenues, special items, and transfers					65,656,518	(56,870)	65,599,648	568,100	
Change in net position					5,649,096	(538,042)	5,111,054	10,111	
Net position, beginning previously reported					18,202,389	14,438,141	32,640,530	345,922	
Restatement					(3,900,108)	-	(3,900,108)	-	
Net position, beginning restated					14,302,281	14,438,141	28,740,422	345,922	
Net position, ending					\$ 19,951,377	\$ 13,900,099	\$ 33,851,476	\$ 356,033	

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina
Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Grant and Capital Projects Fund	School One cent Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,198,575	\$ 372,513	\$ 1,321,778	\$ 1,037,325	\$ 5,930,191
Cash held by fiscal agents	-	7,330,420	-	-	7,330,420
Investments	23,106,303	-	7,493,304	4,993,728	35,593,335
Restricted cash and cash equivalents	408,976	-	-	-	408,976
Taxes receivable, net	640,161	-	-	210,897	851,058
Due from other governments	3,870,134	-	2,027,882	1,403,227	7,301,243
Due from other funds	202,197	-	-	-	202,197
Loan receivable	500,000	-	-	-	500,000
Accounts receivable, net	984,375	-	-	-	984,375
Total assets	<u>\$ 32,910,721</u>	<u>\$ 7,702,933</u>	<u>\$ 10,842,964</u>	<u>\$ 7,645,177</u>	<u>\$ 59,101,795</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 5,649,282	\$ -	\$ -	\$ -	\$ 5,649,282
Due to other governments	95,678	-	-	-	95,678
Due to other funds	-	-	-	202,197	202,197
Liabilities to be paid from restricted assets	6,021	1,117,949	-	486,612	1,610,582
Total liabilities	<u>5,750,981</u>	<u>1,117,949</u>	<u>-</u>	<u>688,809</u>	<u>7,557,739</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes receivable	640,161	-	-	209,107	849,268
EMS receivable, net	796,616	-	-	-	796,616
Prepaid taxes	183,778	-	-	1,790	185,568
Total deferred inflows of resources	<u>1,620,555</u>	<u>-</u>	<u>-</u>	<u>210,897</u>	<u>1,831,452</u>
FUND BALANCES					
Restricted for:					
Stabilization for State Statute	6,804,197	-	-	-	6,804,197
Public safety	1,491	-	-	1,359,252	1,360,743
Register of Deeds Automation/Enhancement	87,202	-	-	-	87,202
Health Department	83,981	-	-	-	83,981
DSS	224,799	-	-	-	224,799
Education	-	-	10,842,964	4,442,164	15,285,128
Environmental Protection	11,503	-	-	-	11,503
Economic and Physical Development	-	-	-	944,055	944,055
Committed for:					
Capital projects	-	6,584,984	-	-	6,584,984
Assigned for:					
Subsequent year's budget	1,338,885	-	-	-	1,338,885
Unassigned	16,987,127	-	-	-	16,987,127
Total fund balances	<u>25,539,185</u>	<u>6,584,984</u>	<u>10,842,964</u>	<u>6,745,471</u>	<u>49,712,604</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,910,721</u>	<u>\$ 7,702,933</u>	<u>\$ 10,842,964</u>	<u>\$ 7,645,177</u>	<u>\$ 59,101,795</u>

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

Total Fund Balance, Governmental Funds	49,712,604
Net pension asset - ROD	215,625
Net investment in a joint venture is not a current financial resource in the funds.	2,562,187
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	53,339,613
Due to and from other governmental funds are not reported on the Statement of Net Position.	202,197
Other long-term assets are not available to pay for current period expenditures and are unavailable in the funds.	(144,541)
Deferred inflows of resources for taxes and EMS receivables	1,645,884
Pension related deferrals-all plans	5,812,600
Some liabilities, including net pension liabilities, debt related payables and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	(93,394,792)
Net position of governmental activities	<u>\$ 19,951,377</u>

Burke County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds				
	General Fund	Grant and Capital Projects Fund	School One cent Sales Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 46,429,066	\$ -	\$ -	\$ 3,934,604	\$ 50,363,670
Other taxes and licenses	8,766,383	-	-	2,827,064	11,593,447
Unrestricted intergovernmental	2,486,153	-	-	-	2,486,153
Restricted intergovernmental	14,283,526	125,056	5,294,239	2,020,645	21,723,466
Permits and fees	1,997,693	-	-	-	1,997,693
Sales and services	4,136,183	-	-	-	4,136,183
Investment earnings	626,920	332,851	153,284	129,640	1,242,695
Donations	289,505	-	-	-	289,505
Miscellaneous	477,460	(6,284)	-	-	471,176
Total revenues	<u>79,492,889</u>	<u>451,623</u>	<u>5,447,523</u>	<u>8,911,953</u>	<u>94,303,988</u>
EXPENDITURES					
Current:					
General government	8,635,213	-	-	-	8,635,213
Public safety	19,978,284	12,570,364	-	4,717,038	37,265,686
Transportation	67,566	-	-	-	67,566
Economic and physical development	2,138,607	-	-	945,674	3,084,281
Environmental protection	488,206	-	-	-	488,206
Human services	19,791,351	-	-	-	19,791,351
Cultural and recreational	2,662,599	425,199	-	-	3,087,798
Education	18,511,629	3,783,994	-	2,668,511	24,964,134
Debt service:					
Principal	6,355,000	-	-	-	6,355,000
Interest	2,430,906	-	-	-	2,430,906
Total expenditures	<u>81,059,361</u>	<u>16,779,557</u>	<u>-</u>	<u>8,331,223</u>	<u>106,170,141</u>
Excess (deficiency) of revenues over expenditures	<u>(1,566,472)</u>	<u>(16,327,934)</u>	<u>5,447,523</u>	<u>580,730</u>	<u>(11,866,153)</u>
OTHER FINANCING SOURCES (USES)					
Gain/(loss) on disposal of assets	83,876	-	-	-	83,876
Transfers from other funds	7,052,001	322,000	2,362,705	250,000	9,986,706
Transfers to other funds	(3,168,924)	-	(6,579,569)	(140,072)	(9,888,565)
Total other financing sources and uses	<u>3,966,953</u>	<u>322,000</u>	<u>(4,216,864)</u>	<u>109,928</u>	<u>182,017</u>
Net change in fund balance	2,400,481	(16,005,934)	1,230,659	690,658	(11,684,136)
Fund balances, beginning of year	23,138,704	22,590,918	9,612,304	6,054,814	61,396,740
Fund balances, end of year	<u>\$ 25,539,185</u>	<u>\$ 6,584,984</u>	<u>\$ 10,842,963</u>	<u>\$ 6,745,472</u>	<u>\$ 49,712,604</u>

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	(11,684,136)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 14,844,423		
Net of sale of assets not fully depreciated	2,273		
Depreciation expense for governmental assets	<u>(3,572,709)</u>		
			11,273,987

Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.

1,809,594

Contributions to the OPEB in the current fiscal year are not included on the Statement of Activities.

514,573

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax and EMS revenues	<u>410,690</u>		
			410,690

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense-LGERS, LEOSSA, OPEB and ROD	(3,030,647)		
Compensated absences	175,666		
Deferred charges on refunding of debt	(240,191)		
Amortization of bond premiums	<u>211,485</u>		
Combined adjustment			(2,883,687)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long term debt	6,355,000		
Increase in accrued interest payable	<u>(146,925)</u>		
			<u>6,208,075</u>

Total changes in net position of governmental activities	\$	<u><u>5,649,096</u></u>
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Burke County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund and School One Cent Sales Tax Fund
For the Year Ended June 30, 2019

General Fund				
	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 45,883,000	\$ 45,953,989	\$ 46,429,066	\$ 475,077
Other taxes and licenses	8,205,700	8,555,700	8,766,383	210,683
Unrestricted intergovernmental	1,334,935	1,659,848	2,486,153	826,305
Restricted intergovernmental	13,514,197	14,592,045	14,283,526	(308,519)
Permits and fees	1,644,210	1,658,160	1,997,693	339,533
Sales and services	4,001,176	4,009,576	4,136,183	126,607
Investment earnings	270,000	270,000	626,920	356,920
Donations	4,000	286,400	289,505	3,105
Miscellaneous	371,486	277,128	477,460	200,332
Total revenues	<u>75,228,704</u>	<u>77,262,846</u>	<u>79,492,889</u>	<u>2,230,043</u>
Expenditures:				
General government	10,683,050	11,036,677	8,635,213	2,401,464
Public safety	18,828,542	20,563,020	19,978,284	584,736
Transportation	67,567	67,567	67,566	1
Economic and Physical Development	1,478,795	2,259,499	2,138,607	120,892
Environmental Protection	481,366	488,441	488,206	235
Human Services	20,880,020	21,176,194	19,791,351	1,384,843
Cultural and Recreation	2,407,872	3,048,645	2,662,599	386,046
Education	18,279,453	18,572,215	18,511,629	60,586
Debt service:				
Principal retirement	6,355,000	6,355,000	6,355,000	-
Interest and other charges	2,430,951	2,430,951	2,430,906	45
Total expenditures	<u>81,892,616</u>	<u>85,998,209</u>	<u>81,059,361</u>	<u>4,938,848</u>
Revenues over (under) expenditures	<u>(6,663,912)</u>	<u>(8,735,363)</u>	<u>(1,566,472)</u>	<u>7,168,891</u>
Other financing sources (uses):				
Gain/(loss) on disposal of assets	25,000	30,000	83,876	53,876
Transfers from other funds	7,052,001	7,052,001	7,052,001	-
Transfers to other funds	(2,627,000)	(3,414,124)	(3,168,924)	245,200
Fund balance appropriated	2,213,911	5,067,486	-	(5,067,486)
Total other financing sources (uses)	<u>6,663,912</u>	<u>8,735,363</u>	<u>3,966,953</u>	<u>(4,768,410)</u>
Net change in fund balance	-	-	2,400,481	2,400,481
Fund balance, beginning of year			23,138,704	
Fund balance, end of year			<u>\$ 25,539,185</u>	

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund and School One Cent Sales Tax Fund
For the Year Ended June 30, 2019

	School One Cent Sales Tax Fund			
	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	4,866,750	4,866,750	5,294,239	427,489
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	153,284	153,284
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,866,750</u>	<u>4,866,750</u>	<u>5,447,523</u>	<u>580,773</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic and Physical Development	-	-	-	-
Environmental Protection	-	-	-	-
Human Services	-	-	-	-
Cultural and Recreation	-	-	-	-
Education	239,031	239,031	-	239,031
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>239,031</u>	<u>239,031</u>	<u>-</u>	<u>239,031</u>
Revenues over (under) expenditures	<u>4,627,719</u>	<u>4,627,719</u>	<u>5,447,523</u>	<u>819,804</u>
Other financing sources (uses):				
Gain/(loss) on disposal of assets	-	-	-	-
Transfers from other funds	1,951,850	1,951,850	2,362,705	410,855
Transfers to other funds	(6,579,569)	(6,579,569)	(6,579,569)	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>(4,627,719)</u>	<u>(4,627,719)</u>	<u>(4,216,864)</u>	<u>410,855</u>
Net change in fund balance	-	-	1,230,659	1,230,659
Fund balance, beginning of year			9,612,304	
Fund balance, end of year			<u>\$ 10,842,963</u>	

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina

Statement of Net Position

Proprietary Funds

June 30, 2019

	Water/Sewer Fund	Water/Sewer Capital Fund	Solid Waste Fund	Proprietary Funds Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 37,101	\$ 36,776	\$ 219,516	\$ 293,393
Investments	795,429	-	1,242,190	2,037,619
Restricted cash	103,608	-	-	103,608
Receivables, net	168,049	-	510,307	678,356
Due from other governments	22,389	-	46,687	69,076
Total current assets	<u>1,126,576</u>	<u>36,776</u>	<u>2,018,700</u>	<u>3,182,052</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	378,756	-	936,640	1,315,396
Other capital assets, net of depreciation	12,967,659	-	3,324,193	16,291,852
Subtotal capital assets	<u>13,346,415</u>	<u>-</u>	<u>4,260,833</u>	<u>17,607,248</u>
Total non-current assets	<u>13,346,415</u>	<u>-</u>	<u>4,260,833</u>	<u>17,607,248</u>
Total assets	<u>14,472,991</u>	<u>36,776</u>	<u>6,279,533</u>	<u>20,789,300</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>49,867</u>	<u>-</u>	<u>158,687</u>	<u>208,554</u>
Total deferred outflows of resources	<u>49,867</u>	<u>-</u>	<u>158,687</u>	<u>208,554</u>
LIABILITIES				
Current liabilities:				
Accounts payable	88,803	3,952	490,709	583,464
Accrued salaries	5,429	-	32,849	38,278
Customer deposits	103,608	-	-	103,608
ARRA loan payable, current portion	<u>12,134</u>	<u>-</u>	<u>-</u>	<u>12,134</u>
Total current liabilities	<u>209,974</u>	<u>3,952</u>	<u>523,558</u>	<u>737,484</u>
Non-current liabilities:				
Net pension liability	71,688	-	225,535	297,223
Other post employment benefits liability	152,555	-	479,948	632,503
Landfill closure and post closure costs	-	-	5,182,501	5,182,501
Accrued compensated absences	5,243	-	50,297	55,540
ARRA loan payable	<u>121,339</u>	<u>-</u>	<u>-</u>	<u>121,339</u>
Total non-current liabilities	<u>350,825</u>	<u>-</u>	<u>5,938,281</u>	<u>6,289,106</u>
Total liabilities	<u>560,799</u>	<u>3,952</u>	<u>6,461,839</u>	<u>7,026,590</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>17,165</u>	<u>-</u>	<u>54,000</u>	<u>71,165</u>
Total deferred inflows of resources	<u>17,165</u>	<u>-</u>	<u>54,000</u>	<u>71,165</u>
NET POSITION				
Net investment in capital assets	13,212,942	-	4,260,833	17,473,775
Unrestricted	<u>731,952</u>	<u>32,824</u>	<u>(4,338,452)</u>	<u>(3,573,676)</u>
Total net position	<u>\$ 13,944,894</u>	<u>\$ 32,824</u>	<u>\$ (77,619)</u>	<u>\$ 13,900,099</u>

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

				Total
	Water/Sewer Fund	Water/Sewer Capital Fund	Solid Waste Fund	Proprietary Funds
OPERATING REVENUES:				
Charges for services	\$ 1,675,684	\$ -	\$ 5,238,632	\$ 6,914,316
Total operating revenues	<u>1,675,684</u>	<u>-</u>	<u>5,238,632</u>	<u>\$6,914,316</u>
OPERATING EXPENSES:				
Water/sewer operations	1,336,657	57,854	-	1,394,511
Solid waste disposal operations	-	-	4,482,268	4,482,268
Solid waste collection operations	-	-	629,237	629,237
Depreciation	692,710	-	315,749	1,008,459
Total operating expenses	<u>2,029,367</u>	<u>57,854</u>	<u>5,427,254</u>	<u>7,514,475</u>
Operating income (loss)	<u>(353,683)</u>	<u>(57,854)</u>	<u>(188,622)</u>	<u>(\$600,159)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest and investment revenue	8,790	463	22,925	32,178
Miscellaneous revenues	8,897	-	196	9,093
Gain/(loss) on disposal of assets	-	-	9,100	9,100
Restricted intergovernmental revenues	54,760	-	55,126	109,886
Total nonoperating revenues (expenses)	<u>72,447</u>	<u>463</u>	<u>87,347</u>	<u>160,257</u>
Income (loss) before transfers	(281,236)	(57,391)	(101,275)	(439,902)
Transfers from/(to) other funds	(365,040)	32,680	234,219	(98,141)
Change in net position	(646,276)	(24,711)	132,944	(538,043)
Total net position, beginning	14,591,170	57,535	(210,563)	14,438,142
Total net position, ending	<u>\$ 13,944,894</u>	<u>\$ 32,824</u>	<u>\$ (77,619)</u>	<u>\$ 13,900,099</u>

The notes to the financial statements are an integral part of this statement.

Burke County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Water/Sewer Fund	Water/Sewer Capital Fund	Solid Waste Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from customers	\$ 1,623,043	\$ -	\$ 5,185,578	\$ 6,808,621
Cash paid for goods and services	(1,129,629)	-	(1,037,105)	(2,166,734)
Cash paid to employees for services	(168,788)	(87,473)	(3,763,118)	(4,019,379)
Net cash provided by operating activities	<u>324,626</u>	<u>(87,473)</u>	<u>385,355</u>	<u>622,508</u>
Cash flows from noncapital financing activities:				
Restricted intergovernmental revenues	54,761	-	62,450	117,211
Miscellaneous revenues	8,897	-	196	9,093
Transfer in/(out)	(365,040)	32,680	234,219	(98,141)
Net cash provided by noncapital financing activities	<u>(301,382)</u>	<u>32,680</u>	<u>296,865</u>	<u>28,163</u>
Cash flows from capital and related financing activities:				
Proceeds received from sale of fixed assets	-	-	9,100	9,100
Principal and interest paid on debt	(12,134)	-	-	(12,134)
Acquisition and construction of capital assets	-	-	(492,572)	(492,572)
Net cash used by capital and related financing activities	<u>(12,134)</u>	<u>-</u>	<u>(483,472)</u>	<u>(495,606)</u>
Cash flows from investing activities:				
Interest on investments	8,790	463	22,925	32,178
Net cash provided by investing activities	<u>8,790</u>	<u>463</u>	<u>22,925</u>	<u>32,178</u>
Net increase (decrease) in cash and cash equivalents	19,900	(54,330)	221,673	187,243
Cash and cash equivalents/investments, July 1	<u>916,238</u>	<u>91,106</u>	<u>1,240,033</u>	<u>2,247,377</u>
Cash and cash equivalents/investments, June 30	<u>\$ 936,138</u>	<u>\$ 36,776</u>	<u>\$ 1,461,706</u>	<u>\$ 2,434,620</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (353,683)	\$ (57,854)	\$ (188,622)	\$ (600,159)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	692,710	-	315,749	1,008,459
Increase in landfill closure and post-closure costs	-	-	111,562	111,562
Changes in assets, liabilities, deferred outflows and inflows of resources:				
(Increase) in deferred outflow of resources-pensions/OPEB	(31,572)	-	(52,021)	(83,593)
Increase in net pension liability	47,921	-	34,770	82,691
Increase in net OPEB liability	78,825	-	86,429	165,254
Increase in deferred inflow of resources-pensions/OPEB	13,092	-	121,992	135,084
(Increase)/decrease in accounts receivable	(56,666)	-	(53,054)	(109,720)
Increase/(decrease) in customer deposits	4,025	-	-	4,025
Increase/(decrease) in payables and accrued liabilities	(63,250)	(29,619)	2,008	(90,861)
Increase/(decrease) in accrued compensated absences	(6,776)	-	6,542	(234)
Total adjustments	<u>678,309</u>	<u>(29,619)</u>	<u>573,977</u>	<u>1,222,667</u>
Net cash provided by operating activities	<u>\$ 324,626</u>	<u>\$ (87,473)</u>	<u>\$ 385,355</u>	<u>\$ 622,508</u>

Burke County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds
Assets	
Cash and cash equivalents	\$ 69,084
Accounts receivable	<u>141,536</u>
	<u><u>210,620</u></u>
Liabilities and Net Position	
Liabilities:	
Beneficiaries	\$ 54,044
Accounts payable and accrued liabilities	<u>156,576</u>
	<u><u>210,620</u></u>
Net position:	\$ <u>-</u>
	<u><u>-</u></u>

The notes to the financial statements are an integral part of this statement.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies:

The accounting policies of Burke County and its component units conform to generally accepted accounting principles as applicable 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 discretely presented component units presented below are reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

Burke County Industrial Facility and Pollution Control Financing Authority

Burke County Industrial Facility and Pollution Control Financing Authority operates within Burke County's boundaries to issue and service revenue bond debt of private businesses for economic development purposes. The Burke County's Board of Commissioners appoints the seven voting members of the Authority. The Authority has no financial transactions or account balances.

Burke County Tourism Development Authority

The North Carolina General Legislation enacted a law which authorized Burke County to levy a room occupancy tax; and the Burke County Commissioners adopted a resolution levying this tax and created the Burke County Tourism Development Authority. The Authority operates within Burke County's boundaries for the promotion and development of tourism, and the County provides room occupancy tax proceeds as their main source of revenue to the Authority, but the County is not responsible for the debts and is not entitled to the surpluses of the Authority. The Burke County's Board of Commissioners appoints the nine voting members of the Authority. The Burke County Tourism Development Authority has a June 30 year end and is presented as if it is a governmental fund. Complete financial statements may be obtained from the entity's administrative offices at Burke County Tourism Development Authority, 110 East Meeting St., Morganton, NC 28655.

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and 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. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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 reports the following major governmental funds:

General Fund – This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund – This is a capital projects fund. It accounts for the County's major capital projects.

School One Cent Sales Tax Fund – This fund is used to account for sales tax and other revenue that is designated to assist with payments relating to school capital and debt.

The County reports the following major enterprise funds:

Water and Sewer Fund – This fund is used to account for the water and sewer operations of the County.

Water and Sewer Capital Fund – This fund is used to account for the water and sewer capital projects.

Solid Waste Fund – This fund accounts for the operation, maintenance, and development of the County's transfer station, landfill and disposal sites.

The County reports the following other 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 the following agency funds: the Social Security Trust Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Municipal Tax Fund, which accounts for property taxes that are collected by the County for various municipalities within the County but are not revenues to the County; the Inmate Commissary Fund, which accounts for monies deposited with the County's Detention Center for the benefit of certain individuals; and the Fine and Forfeitures Fund, which accounts for various fines and forfeitures that the County is required to remit to the Burke County Board of Education.

Non-major Funds – The County maintains five legally budgeted special revenue funds. The Law Enforcement Restricted Fund, Emergency Telephone System Fund, Fire Districts Fund, Community Development Block Grant Projects Fund and Substance Abuse Grants Fund are reported as nonmajor, special revenue funds. The Capital Projects Fund and the School One-Half Cent Sales Tax Fund are reported as capital projects funds.

Measurement Focus and Basis of Accounting

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 fund 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 are 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

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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 provided services and producing and delivering goods in connecting with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that 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 90 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. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they 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 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 are both restricted and unrestricted net positions 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 School Sales Tax Funds, all Special Revenue Funds, and Enterprise Funds. All annual appropriations lapse at the fiscal year-end. 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 has authority, to transfer funds from one appropriation to another per the following guidelines (1) Amendments to receive and expend State, Federal and other non-tax revenues so long

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

as the action does not commit additional local tax dollars, create additional positions or initiate a new County function, (2) Adjustments to pass through actual Fire Tax revenues received to respective Fire Departments, (3) Permit transfer of funds within and between departments so long as the action does not commit additional local tax dollars, create additional positions or initiate a new County function, (4) For construction projects, to negotiate and process change orders up to \$25,000, so long as such change orders do not alter scope or definition of the project, or exceed budgeted funds, (5) Capital purchases, service, or maintenance efforts approved within current budget, so long as the purchase or contract is secured in a manner according to State and Federal procurement regulation. The exception to this shall be those procurements in which Board action is mandated by a State or Federal requirement. During the year, several immaterial amendments to the original budget were necessary.

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. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the County and the Burke County Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, and the Authority 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 and the Authority to invest in obligations of the United States of 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 as determined by quoted market prices. The NCCMT is a SEC registered money market mutual fund allowable by NCGS 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAA rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

2. 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. The Authority considers all cash and investments to be cash and cash equivalents.

3. Restricted Cash

Money for the Register of Deeds Automation Enhancement Fund is restricted by NC General Statute 161-50 to pay for automation, preservation and technology needs for the Register of Deeds' office. Federal regulations require equitable sharing funds be used for approved law enforcement needs. Unexpended funds received on behalf of the Health Department for CC4C and OBCM are restricted per the State Agreement. Unexpended funds received on behalf of the DSS for adoption promotion are restricted to be used only for authorized purposes. Unexpended funds received for Cooperative Extension are restricted for programming.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Burke County Restricted Cash

Governmental Activities:

General Fund:		
Health Dept.	CC4C & OBMC	\$ 83,981
Law Enforcement	Law Enforcement	1,491
DSS	Adopt Promotion	224,799
Register of Deeds	Automation/Enhancements	87,202
Environmental Protection	Unexpended program funds	11,503
Total Governmental Activities		<u>\$ 408,976</u>

Business-type Activities:

Water and Sewer Fund	Customer deposits	<u>\$ 103,608</u>
Total Business-type Activities		<u>\$ 103,603</u>

4. 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, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received on or about July 1, 2015, are recorded at their acquisition value. Minimum capitalization is \$5,000 for all governmental fund assets. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

	Years
Buildings	30
Plant and distribution systems	40-50
Improvements	15-30
Furniture and equipment	7
Vehicles	5-15
Office Equipment	5-7

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

	Years
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows 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 the following items that meet this criterion – pension related deferral and a charge on debt refunding. In addition to liabilities, the statement of financial 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 the following items that meet the criterion for this category – prepaid taxes, taxes receivable, EMS fees receivable and pension related deferrals.

8. 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 on the Statement of Net Position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

9. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty day earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement with the County may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made by the County or the Authorities.

10. Net Positions/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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statutes.

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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:

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law. The County has the following restricted items:

Restricted for Stabilization by State Statute – portion of fund balance restricted under State Statute [G.S. 159-8(a)]. This statute prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the NC State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in GS 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Register of Deeds – portion of fund balance restricted by revenue source for automation and technology enhancements in the Register of Deeds' office [G.S. 161-11.3].

Restricted for Department of Social Services – portion of fund balance available for appropriation for expenditures related to adoption promotion.

Restricted for Health Department – portion of fund balance available for appropriation for expenditures related to CC4C and OBMC programs.

Restricted for Register of Deeds Pension Plan – portion of fund balance for non-cash asset for pension plan.

Restricted for Education – portion of fund balance available for appropriation for expenditures related to debt service and other capital needs for the Burke County Public Schools.

Restricted for Economic and Physical Development – portion of fund balance available for appropriation for expenditures related to capital projects related to business expansion.

Restricted for Environmental Protection – portion of fund balance available for appropriation for expenditures related to Cooperative Extension programs.

Restricted for Public Safety – portion of fund balance representing the aggregate of net positions for four special revenue funds: The Emergency Telephone System Fund, Substance Abuse Grant Fund, and Fire Tax Fund and Law Enforcement Restricted Fund plus other law enforcement funds.

Committed Fund Balance – portion of fund balance which can only be used for a specific purpose by a majority vote of Burke County's governing board (highest body of decision-making authority). Any change or removal of specific purpose requires majority action by the governing board.

Committed for Capital Projects – portion of fund balance available for appropriation for expenditures related to specific capital projects.

Assigned Fund Balance – portion of fund balance that the governing board decides to use for a specific purpose.

Subsequent year's expenditures- the 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.

Unassigned Fund Balance – portion of the total fund balance that has not been restricted, committed, or assigned to specific purposes or other funds at year-end.

Burke County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, and county funds. For the 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.

11. Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System (LGERS), the Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For the 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

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined 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 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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

The net position of the governmental activities was restated to account for net premiums received with the 2017 LOBs and the 2018 LOBs did not get reported in the appropriate fiscal years. The amount of total premiums is \$3,900,108 which is a material amount and required a prior year adjustment to correct the records.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's and the Authority'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 and the Authority's agents in these units' names. 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 and the Authority, these deposits are considered to be held by their agents in the entities' names. 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 the Authority. Because of the inability to measure the exact amount of collateral pledged for the County or the Authority, 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 and the Authority rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any financial institution 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 and the Authority have no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$14,128,747 and a bank balance of \$14,873,776. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$1,065,916 in non-interest-bearing deposits and \$12,807,860 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2019, Burke County had \$6,925 cash on hand.

At June 30, 2019, the Authority's deposits had a carrying amount of \$305,126 and a bank balance of \$308,048. Of the balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Authority had no cash on hand.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

2. Investments

As of June 30, 2019, the County had the following investments and maturities:

Investments by Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months
Commercial Paper	Fair Value Level 2	\$1,950,979	\$1,950,979	\$ -
Government Agencies	Fair Value Level 2	4,000,000	2,000,000	2,000,000
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	1,011,754	1,011,754	-
NC Capital Management Trust – Term Portfolio*	Fair Value Level 1	30,668,221	30,668,221	-
Total:		<u>\$37,630,954</u>	<u>\$35,630,954</u>	<u>\$2,000,000</u>

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

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Ratings are from Standard and Poor's scale.

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

Interest Rate Risk. The County has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's internal investment procedure limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's internal management policy recommends purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. The County has no formal policy regarding credit risk but has internal management procedures that limits the County's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, the County's investments in commercial paper were rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The County's investment in the NC 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 U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies with United States Treasury are rated Aaa by Moody's Investors Service. The County does have an elevated credit risk due to safekeeping held in a third-party arrangement.

3. 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.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Tax Year Levied	Tax	Interest	Total
2019	\$1,357,343	\$ -	\$1,357,343
2018	1,325,415	135,855	1,461,270
2017	1,323,894	254,850	1,578,744
2016	1,271,000	359,086	1,630,186
Total	<u>\$5,277,752</u>	<u>\$749,791</u>	<u>\$6,027,543</u>

4. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes Receivable	Interest Receivable	Total
Governmental Activities:				
General	\$1,531,250	\$ 1,855,339	\$ 57,656	\$ 3,444,245
Other Governmental	-	210,897	-	210,897
Total receivables	1,531,250	2,066,236	57,656	3,655,142
Allowance for doubtful accounts	(546,875)	(1,215,178)	-	(1,762,053)
Total-governmental activities	<u>\$ 984,375</u>	<u>\$ 851,058</u>	<u>\$ 57,656</u>	<u>\$1,893,089</u>
Business-type Activities				
Water/Sewer	\$ 282,753	\$ -	\$ -	\$ 282,753
Solid Waste	515,162	-	-	515,162
Total	797,915	-	-	797,915
Allowance for doubtful accounts	(119,559)	-	-	(11,559)
Total-business-type activities	<u>678,356</u>	<u>-</u>	<u>-</u>	<u>678,356</u>
Total	<u>\$1,662,731</u>	<u>\$ 851,058</u>	<u>\$ 57,656</u>	<u>\$ 2,571,445</u>

The due from other governments that is owed to the County consists of the following:

NC DOR	\$5,568,317
NC DOT	463,706
NC DA	3,345
City of Morganton ABC	897
US EPA	15,115
NC DPS	115,294
NC DEQ	479,355
Emergency Telephone System	53,957
Town of Valdese ABC	318
NC AOC	374
USDA Forestry Services	495
Burke County Clerk of Court	17,005
Catawba County Clerk of Court	9
NC DHHS	477,920
DSS TRUST	3,017
City of Morganton	32,934
US DOH	34,624
WPCC	11,883
Town of Hildebran	16,749
Town of Connelly Springs	17,585
E911	57,420
Total	<u>\$7,370,319</u>

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

5. Capital Assets

Primary Government:

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,513,737	\$ 25,653	\$ -	\$ 2,539,390
Construction in progress	5,672,083	13,298,381	-	18,970,464
Total capital assets not being depreciated	8,185,820	13,324,034	-	21,509,854
Capital assets being depreciated:				
Buildings	41,750,271	248,064	-	41,998,335
Improvements	7,669,262	321,306	-	7,990,568
Equipment	15,797,199	131,795	-	15,928,994
Vehicles	8,496,098	819,224	758,385	8,556,937
Total capital assets being depreciated	73,712,830	1,520,389	758,385	74,474,834
Less accumulated depreciation for:				
Buildings	17,251,126	1,243,642	-	18,494,768
Improvements	4,370,206	363,702	-	4,733,908
Equipment	12,426,346	1,020,219	-	13,446,565
Vehicles	5,780,801	945,146	756,113	5,969,834
Total accumulated depreciation	39,828,479	3,572,709	756,113	42,645,075
Total capital assets being depreciated, net	33,884,351			31,829,759
Governmental activity capital assets, net	<u>\$ 42,070,171</u>			<u>\$ 53,339,613</u>

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

General government	\$1,168,633
Public safety	1,829,017
Environmental protection	45,108
Human services	429,595
Cultural and recreational	100,356
Total depreciation expense	<u>\$3,572,709</u>

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

	Beginning Balances	Increases	Decreases	Ending Balances
Business type activities:				
Water and Sewer:				
Capital assets not being depreciated:				
Land	\$ 378,756	\$ -	\$ -	\$ 378,756
Total capital assets not being depreciated	378,756	-	-	378,756
Capital assets being depreciated:				
Buildings and distribution systems	25,769,440	-	-	25,769,440
Equipment	966,414	-	-	966,414
Vehicles	226,122	-	-	226,122
Total capital assets being depreciated	26,961,976	-	-	26,961,976
Less accumulated depreciation for:				
Buildings	12,496,708	619,465	-	13,116,173
Equipment	609,179	57,201	-	666,380
Vehicles	195,720	16,044	-	211,764
Total accumulated depreciation	13,301,607	692,710	-	13,994,317
Total capital assets being depreciated, net	13,660,369			12,967,659
Water and Sewer capital assets, net	\$14,039,125			\$13,346,415

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste:				
Capital assets not being depreciated:				
Land	\$ 78,514	\$ -	\$ -	\$ 78,514
Construction in progress	660,337	197,789	-	858,126
Total capital assets not being depreciated	738,851	197,789	-	936,640
Capital assets being depreciated:				
Buildings	782,155	-	-	782,155
Improvements and Infrastructure	5,149,352	-	-	5,149,352
Equipment	2,072,411	234,219	13,500	2,293,130
Vehicles	862,793	60,564	-	923,357
Total capital assets being depreciated	8,866,711	294,783	13,500	9,147,994
Less accumulated depreciation for:				
Buildings	561,199	23,221	-	584,420
Improvements and Infrastructure	3,468,500	88,660	-	3,557,160
Equipment	997,466	138,256	13,018	1,122,704
Vehicles	493,905	65,612	-	559,517
Total accumulated depreciation	5,521,070	315,749	13,018	5,823,801
Total capital assets being depreciated, net	3,345,641			3,324,193
Solid Waste capital assets, net	\$4,084,492			\$4,260,833

Construction commitments

The County has seven active construction projects as of June 30, 2019. At June 30, 2019, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Jail	\$ 18,242,447	\$ 4,542,594
Valdese Library	574,926	315,847
Recreation Storage Building	28,675	26,325
Fonta Flora	64,195	152,100
Building Security	6,405	79,385
Sallyport at Courthouse	53,815	1,245,085
Landfill Gas Extraction System	221,154	137,094
Total	\$ 19,191,617	\$ 6,498,430

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Capital asset activity for the Authority for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Vehicles	\$ 61,000	\$ -	\$ -	\$ 61,000
Furniture & equipment	12,987	1,545	-	14,532
Website	-	2,901	-	2,901
Total capital assets being depreciated	73,987	4,446	-	78,433
Less accumulated depreciation:				
Vehicles	9,150	3,050	-	12,200
Furniture & equipment	12,987	283	-	13,270
Website	-	145	-	145
Total capital assets being depreciated	22,137	3,478	-	25,615
Capital assets, net	<u>\$ 51,850</u>			<u>\$ 52,818</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental activities:				
General	\$1,282,921	\$4,372,382	\$ -	\$5,655,303
Other governmental	1,604,561	-	-	1,604,561
Total-governmental activities	2,881,461	4,372,382	-	7,259,864
Business-type activities:				
Solid Waste	490,709	32,849	-	523,558
Water/Sewer	88,803	5,429	103,608	201,792
Total business-type activities:	<u>\$583,463</u>	<u>\$ 38,278</u>	<u>\$103,608</u>	<u>\$725,350</u>

Due to other governments that is owed by the County consists of the following:

Burke County TDA, occupancy taxes	\$95,678
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2. Pension Plan Obligations

a. 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 government entities. Article 3 of G.S. Chapter 128 assigns the County 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.org.

BURKE 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 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 7.82% for general employees and firefighters, actuarially determined as an amount that, when combined with employees contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,786,202 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.

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 \$8,054,813 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, 2019, the County's proportion was 0.33953%, which was an increase of 0.00250% from its proportion share measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$2,263,629. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,242,666	\$ 41,698
Changes of assumptions	2,137,436	-
Net difference between projected and actual earnings on pension plan investments	1,105,687	-
Changes in proportion and differences between County contributions and proportionate share of contributions	100,745	132,068
County contributions subsequent to the measurement date	1,786,202	-
Total	<u>\$ 6,372,736</u>	<u>\$ 173,766</u>

\$1,786,202 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 of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,988,438
2021	1,277,430
2022	215,403
2023	590,459
2024	-
Thereafter	-
Total	<u>\$ 4,412,768</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%
Salary increases	3.50%
Investment rate of return	7.00% net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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 as of 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 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

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 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 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension asset calculated using the discount rate of 7.00% , as well as what the proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 19,348,358	\$ 8,054,813	\$ (1,382,250)

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.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description

Burke 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.

Benefits Provided. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

All full-time County law enforcement officers are covered by the Separation Allowance. The following table summarizes the membership of the Plan as of December 31, 2017, the valuation date:

Retirees receiving benefits	13
Active plan members	86
Total	<u>99</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 which are outlined in GASB Statement 73.

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

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

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

Mortality Rate:

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 Disables Retiree base rates projected to 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 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 \$136,569 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LEOSA Pension Plan

At June 30, 2019, the County reported a total pension liability of \$1,921,887. The total pension liability was measured as of December 31, 2018 based on December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$168,505.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,112	\$ 3,470
Changes of assumptions	81,978	85,880
County contributions subsequent to the measurement date	80,134	-
Total	<u>\$ 188,224</u>	<u>\$ 89,350</u>

The County paid \$79,277 in benefit payments and \$857 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 6,083
2021	6,083
2022	6,083
2023	11,513
2024	(11,022)
Thereafter	-

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% , as well as what the County's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.64%) or one percentage point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
County's proportionate share of The net pension liability (asset)	\$2,086,369	\$1,921,887	\$1,772,328

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

Beginning balance	\$1,978,110
Service cost	101,215
Interest on the total pension liability	60,350
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of total pension liability	(4,188)
Changes of assumptions or other inputs	(77,031)
Benefit payments	(136,569)
Other changes	-
Ending balance of the total pension liability	<u>\$1,921,887</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

Changes in Benefit Terms: There are no changes in benefit terms since the prior Measurement Date.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (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 required the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

Contributions for the year ended June 30, 2019 were \$244,668, which consisted of \$190,102 from the County and \$54,565 from the law enforcement officers. No amounts were forfeited.

d. Supplemental Retirement Income Plans for General Employees

The County also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Employees other than law enforcement have the choice of participating in a 401(k) plan or a 457 deferred compensation plan. The County contributes up to 2 percent matching funds to the plan of their choice. Employees may make elective deferrals to each plan. Contributions for the year ended June 30, 2019 to these plans were \$618,829, which consisted of \$194,308 from the County and \$424,521 from employees. No amounts were forfeited.

e. Register of Deeds' Supplemental Pension Fund

Plan Description. Burke County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 28699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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 \$9,169 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$215,625 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, 2019, the County's proportion was 1.3019%, which was an increase of .1969% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$6,007. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,901	\$ 9,842
Changes of assumptions	10,141	-
Net difference between projected and actual earnings on pension plan investments	34,369	-
Changes in proportion and differences between County contributions and proportionate share of contributions		37,367
County contributions subsequent to the measurement date	9,169	-
Total	\$ 55,580	\$ 47,209

\$9,169 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 of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (4,633)
2021	(11,631)
2022	10,128
2023	5,338
2024	
Thereafter	-
Total	\$ (798)

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	3.00 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of investment expense, including inflation

BURKE 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 as of December 31, 2016.

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, 2017 is 1.4%.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. 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 employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, 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%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$(170,009)	\$(215,625)	\$(254,095)

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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.

f. Pension 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:

	LGERS	ROD	LEOSSA	TOTAL
Proportionate Share of Net Pension Liability (Asset)	\$ 8,054,813	\$ (215,625)	-	\$ 7,839,188
Proportion of the Net Pension Liability (Asset)	.33953%	1.3019%	-	-
Total Pension Liability			\$1,921,887	\$ 1,921,887
Pension Expense	\$ 2,263,629	\$ 6,007	\$ 168,505	\$ 2,438,141

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

	LGERS	ROD	LEOSSA	TOTAL
Deferred Outflows of Resources				
Differences between expected and actual experience	\$1,242,666	\$ 1,901	\$ 26,112	\$1,270,679
Changes of assumptions	\$2,137,436	10,141	81,978	\$2,229,555
Net difference between projected and actual earnings on pension plan investments	\$1,105,687	34,369	-	\$1,140,056
Changes in proportion and differences between County contributions and proportionate share of contributions	\$ 100,745	-	-	\$ 100,745
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	\$1,786,202	9,169	80,134	\$1,875,505
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 41,698	\$ 9,842	\$ 3,470	\$ 55,010
Changes of assumptions	\$ -	-	85,880	\$ 85,880
Changes in proportion and differences between County contributions and proportionate share of contributions	\$ 132,068	37,367	-	\$ 169,435

g. Other Postemployment Benefit

Health Care Benefits

Plan Description – Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the CHB Plan). This plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Government Employees' Retirement System (the System) and have at least five years of creditable service with the County. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County provides a portion of the total cost of coverage for these benefits for individual retirees based on years of service at retirement. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Plan Membership. At June 30, 2018 and June 30, 2019, the HCB membership consisted of the following:

	2018	2019
Retirees receiving benefits	80	82
Inactive members entitled to but not receiving benefits	-	-
Active plan members	<u>536</u>	<u>584</u>
Total	<u>616</u>	<u>666</u>

Contributions. The Board of Commissioners established the contribution requirements of plan members and these requirements may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2019, per month the County contributed \$695 per active employee and up to \$695 per retired employee. The County's contribution is dependent on the employee's number of years of creditable service with the County at retirement. Retirees with ten to twenty-five years of creditable service pay a monthly premium. Retirees with more than twenty-five years of creditable do not contribute to the plan. The Board of Commissioners may amend the benefit provisions.

County contributions to HCB Plan based on creditable years of service

Years of Creditable service	
5-9	20%
10-14	45%
15-19	60%
20-24	75%
25+	100%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Salary increases	3.50 to 7.75%, including inflation and productivity factor
Discount rate	3.56%
Healthcare cost trend rates	7.50% for 2017, decreasing to an ultimate rate of 5% by 2023

The discount rate was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014.

Total OPEB liabilities were then rolled forward to June 30, 2018 for the employer and the plan, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For general employees, rates are adjusted by 115% (male) and 79% (female) for ages under 78 and by 135% (male) and 116% (female) for ages 78 and older. For law enforcement officers, rates are adjusted by 104 % (male) and 100% (female).

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Net OPEB Liability of the County

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

	1% Decrease (2.89 %)	Discount Rate (3.89 %)	1% Increase (4.89 %)
Net OPEB liability (asset)	\$ 18,749,461	\$ 17,141,000	\$ 15,696,032

Sensitivity of the net OPEB liability to changes in the healthcare trend rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were to calculate healthcare trend rates that are 1-percentage-point lower (3.9%) or 1-percentage-point higher (5.9%) than the current healthcare trend rate:

	1% Decrease (2.89%)	Healthcare Cost Trend Rate	1% Increase (4.89%)
Net OPEB liability (asset)	\$ 15,204,810	\$ 17,141,000	\$ 19,435,367

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2018, the County reported a net OPEB liability of \$17,141,000. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing the update procedures incorporating the actuarial assumptions.

At June 30, 2018, the components of the net OPEB liability of the County, measured as of June 30, 2017:

Balance at June 30, 2016	\$16,997,821
Changes for the year	
Service cost	932,000
Interest	589,390
Differences between expected and actual	25,502
Changes of assumptions	(512,077)
Benefit payments	(891,636)
Net changes	143,179
Balances at June 30, 2017	<u>\$17,141,000</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% in 2017 to 3.89% in 2018.

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,349,773. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,388	\$ -
Changes of assumptions	70,000	1,036,404
County contributions subsequent to the measurement date	534,790	-
Total	<u>\$680,178</u>	<u>\$1,036,404</u>

\$534,790 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended June 30	
2020	\$ (179,657)
2021	(179,657)
2022	(179,657)
2023	(179,657)
2024	(175,273)
Thereafter	(67,115)

h. Other Employment Benefits Death Benefits

The County has elected to provide death benefits to all eligible employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (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 System, or who die within 180 days after retirement or termination of service have at least one year of contributing membership service in the System 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. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers.

For the fiscal year ended June 30, 2019, the County made contributions to the State for death benefits of \$20,676 for general employees and \$5,323 for law enforcement employees. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represents 0.11% and 0.14% of covered payroll, respectively.

3. Closure and Post closure Care Costs – Burke County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. 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 \$5,182,501 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 100% of the total estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post closure care in 2019. The County closed the facility in 1998 to household waste material but continues to accept construction and demolition materials. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and Federal Laws and regulations that help determine if a unit is financially able to meet closure and post closure care requirements.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

4. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources as of June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources Statement of Net Position	Governmental Funds Balance Sheet
Changes in assumptions	\$ 2,299,555	\$ 1,122,284	\$ -
Pensions – difference between expected and actual experience	1,346,067	55,010	-
Pensions – difference between projected and actual investment earnings	1,140,056	-	-
Pensions – change in proportion and difference between employer contributions and proportionate share of contributions	100,745	169,435	-
Contributions to pension plans in current year	2,410,295		
Deferred charges on refunding debt	1,900,787		
EMS fees receivable, net	-	-	796,616
Prepaid taxes not yet earned (General)	-	183,778	183,778
Prepaid taxes not yet earned (Special Revenue)	-	1,790	1,790
Taxes receivable, net (General)	-	-	640,161
Taxes Receivable, net (Special Revenue)	-	-	209,107
Total	<u>\$ 9,197,505</u>	<u>\$ 1,532,297</u>	<u>\$ 1,831,452</u>

5. 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 participates in three self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$106,796,733 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2,000,000 per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. The County provides employee health, dental and life insurance benefits through commercial carriers.

The County has additional insurance for flooding on the Wamsutta Mill Road Building.

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 covered by a blanket bond for \$250,000. The Finance Officer, Tax Administrators and Register of Deeds, are each individually bonded for \$50,000 each. The Sheriff is bonded for \$25,000.

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.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

6. Long-term Obligations

a. Capital Leases

The County has no capital lease agreements as a lessee.

b. Installment Financing

The County's indebtedness at June 30, 2019 is comprised of the following individual issues:

Serviced by the County's General Fund:

\$6,885,000 2013 current refunding contract, due on October 1,
10 installments of various principal amounts and interest at 2.15%
Final payment due 2023. Western Piedmont Community College
property is pledged as collateral for this loan. \$ 2,990,000

\$16,285,000 Refunding Certificate of Participation, Series 2013A,
Due on April 1 and October 1, 25 installments of various principal
amounts and interest at 2.41% Final payment due 2026. Patton High
School is pledged as collateral for this loan. 10,665,000

\$15,820,000 Refunding Certificate of Participation, Series 2013B,
Due on April 1 and October 1, 25 installments of various principal
amounts and interest at 2.41% Final payment due 2026. Draughn High
School is pledged as collateral for this loan. 10,320,000

\$21,075,000 Limited Obligation Bonds, Series 2017
Due on April 1 and October 1, 20 installments of various principal
amounts and interest at 3.00% to 5.00%. Final payment due 2037.
County Jail is pledged as collateral for this loan. 18,975,000

\$20,010,000 Limited Obligation Bonds, Series 2018
Due on March 26 and September 25, 20 installments of various principal
amounts and interest at 3.00% to 5.00%. Final payment due 2038.
Mountain View Elementary is pledged as collateral for this loan. \$19,035,000

Total governmental activities 61,985,000

Serviced by the Water and Sewer Fund:

\$242,679 note payable with a principal payment for \$12,134 due
on May 1; interest free. Final payment due May 2030. 133,473

Total business -type activities 133,473

Total County debt outstanding \$62,118,473

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

For Burke County, the future minimum payments as of June 30, 2019, including \$17,303,265 of interest, are:

Year Ending June 30	Governmental Activities		Business Activities	
	Bonds	Notes from Direct Borrowings and Direct Placements	Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 295,000	\$ 19,584	\$ 5,915,000	\$ 2,165,741
2021	250,000	13,920	5,825,000	1,982,545
2022	240,000	9,120	5,755,000	1,801,263
2023	235,000	4,512	5,675,000	1,673,053
2024	-	-	5,440,000	1,495,715
2025-2029	-	-	15,940,000	4,405,004
2030-2034	-	-	10,275,000	2,503,240
2035-2038	-	-	7,165,000	572,739
Total payments	\$1,020,000	\$ 47,136	\$ 61,985,000	\$ 17,303,265

c. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Burke County issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the General Fund, are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement.

The County's indebtedness at June 30, 2019 is comprised of the following individual issues:

Serviced by the County's General Fund

\$3,735,000 2013 Advanced Refunding Bonds, due on October 1 and April 1, 10 installments of various principal amounts and interest at 1.92%. Final payments due 2023.	<u>\$1,020,000</u>
Total governmental activities	<u>\$1,020,000</u>

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

Year ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$295,000	\$ 19,584
2021	250,000	13,920
2022	240,000	9,120
2023	<u>235,000</u>	<u>4,512</u>
Total	<u>\$1,020,000</u>	<u>\$ 47,136</u>

The legal debt margin of the County at June 20, 2019 was \$473,688,703.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

d. Current Refunding

On September 24, 2013, the County issued \$6,885,000 in an installment financing contract bearing an average coupon rate of 2.15%. This contract was executed and delivered to provide funds to refinance all the remaining principal components of the County's installment financing contracts ("IFCs") Series 2000, Series 2007 and Series 2008.

As a result of the current refunding, the County reduced its annual debt service payments over the next 10 years by \$600,237, which resulted in an economic gain of \$290,629

e. Advance Refunding

In September 24, 2013, the County issued \$16.285,000 and \$15.820,000 certificate of participation advanced refunding bonds to provide resources to purchase U. S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$28,955,000 to certificate of participation bonds. As a result, the refunded bonds are considered to be deceased, and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,000,108. This amount is being netted against the new debt and amortized over the life of the old debt. These advanced refunding's were undertaken to reduce total debt service payments of the next 13 years by \$2,944,984 and resulted in an economic gain of approximately \$1.785,000.

On September 23, 2013 the County issued \$3,735,000 in a general obligation advanced refunding bonds to provide resources to purchase U. S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$3,735,000 to general obligation bonds. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceed the reacquisition price by \$40,527. This amount is being netted against the new debt and amortized over the life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$310,511 and resulted in an economic gain of \$289,644.

f. Debt related to Capital Activities

Of the total Governmental Activities debt listed \$14,004,580 relates to assets the County holds title. There is unspent restricted cash of \$6,544,738 related to this debt plus unspent restricted cash of \$785,682 on school construction debt. Unspent restricted cash is held by fiscal agents There are school and community college related debt in the amount of \$41,670,000 and the County does not report an asset balance for school properties, which are the collateral for these loans. The loans outstanding balance of \$41,670,000 and the restricted cash of \$7,330,420 is deducted from the total debt balance of \$63,005,000 leaving \$14,004,580 as debt related to capital activities.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<u>Governmental activities:</u>					
General obligation debt	\$ 1,425,000	\$ -	\$ 405,000	\$ 1,020,000	\$ 295,000
Notes from direct borrowings and direct placements	67,935,000	-	5,950,000	61,985,000	5,915,000
Premium on debt issues	3,900,108	-	211,485	3,688,623	
Other post-employment benefits	16,566,135	-	57,638	16,508,497	-
Net pension liability (LGERS)	4,988,151	2,769,439	-	7,757,590	-
Net pension liability (LEOSSA)	1,978,110	-	56,223	1,921,887	-
Compensated absences	1,667,414	2,966,550	2,790,885	1,843,080	-
Total governmental activities	\$ 94,559,810	\$ 5,735,989	\$ 9,259,746	\$ 94,724,677	\$ 6,210,000
<u>Business-type activities:</u>					
Notes from direct borrowings and direct placements	\$ 145,607	\$ -	\$ 12,134	\$ 133,473	\$ 12,134
Accrued landfill closure and post closure care cost	5,070,940	111,561	-	5,182,501	-
Net pension liability (LGERS)	162,873	134,350	-	297,223	-
Other post-employment benefits	431,686	200,817	-	632,503	-
Compensated absences	55,775	93,162	93,397	55,540	-
Total business-type activities	\$ 5,866,881	\$ 539,890	\$ 105,531	\$ 6,301,240	\$ 12,134

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of \$61,985,000 contain a provision that in the event of default, outstanding amounts become immediately due if the County is unable to make payment.

The County's outstanding notes from direct borrowings related to business-type activities of \$133,473 are unsecured. The outstanding notes from direct borrowings related to business-type activities of \$133,473 contain a provision that in the event of default, the State may withhold any funds due to the County from other State revenue sources.

Compensated absences for governmental activities typically have been liquidated in the General fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

During the year ended June 30, 2006 the County entered into an interlocal agreement with five other Local governments relating to the debt of the Burke County Partnership for Economic Development as part of the agreement, the local governments are required to set aside, reserve, budget, and make available to the Partnership individual sums, which on a combined basis, would be sufficient to pay the scheduled principle and interest payment of the debt. Debt payments of \$81,829 are required quarterly by the Partnership until May 2020. Outstanding debt of the Partnership was \$300,989 at June 30, 2019.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019, consisted of the following:

Interfund loan - On June 30, 2019, the Substance Abuse Grants Fund borrowed \$23,173 and the CDBG Grant Fund borrowed \$179,024 from the General Fund (\$202,197 total) to fund programs and grant requirements. Both grant funds will return the funds upon receipt of grant funds from the State.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Transfers to/from other funds consist of the following:

General Fund to School One-Half Cent Sales Tax Fund for annual appropriation for school capital outlay	\$ 250,000
General Fund to School One Cent Sales Tax Fund for school projects	2,362,705
School One Cent Sales Tax Fund to General Fund for school debt service	5,472,569
Water and Sewer Fund to General Fund for bond debt service	332,360
School One Cent Sales Tax Fund to General Fund for school projects	1,107,000
General Fund to Solid Waste Fund for capital expenditures	234,219
General Fund to Grant and Capital Projects Fund for capital expenditures	322,000
Law Enforcement Restricted Fund to General Fund for drug prevention costs	140,072
Water and Sewer Fund to the Water and Sewer Capital Fund	32,680
Total	<u>\$10,253,605</u>

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 53,339,613	\$ 17,607,248
Less long-term debt	63,005,000	133,473
Add unexpended proceeds	7,330,420	
Add debt for assets not on County's books	41,670,000	
Net investment in capital assets	<u>\$ 39,335,033</u>	<u>\$ 17,473,775</u>

E. Fund Balance

Burke County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-county funds, county funds. For the purposes 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.

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

Total fund balance – General Fund	\$25,539,185
Less:	
Stabilization by State Statute	6,804,197
Appropriated Fund Balance in 2020 budget	1,338,885
Restricted	408,976
Remaining Fund Balance	<u>\$16,987,127</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end:

<u>General Fund</u>	<u>Other Major and Non-Major Funds</u>
\$2,004,107	\$1,008,939

Note 4 -

Joint Ventures

The County, in conjunction with the state of North Carolina and the Burke County Board of Education, participates in a joint venture to operate the Western Piedmont Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government services as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

providing funding for the facilities of the community college and also provides some financial support for the community college's operations.

In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed to the community college \$2,480,000 for the fiscal year ended June 30, 2019. The participating governments do not have any equity interest in the joint venture, there, no equity interest has been reflected in the County's financial statements at June 30, 2019. Complete financial statements for the community college can be obtained from the community college's offices in Morganton, North Carolina.

The County, in conjunction with five other local governments, operates the Burke Partnership for Economic Development, Inc. The County appoints three members of the 24-member board. The County has an ongoing financial responsibility for the joint venture because the Partnership's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Partnership, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$365,492 to the Partnership to supplement its activities. The County also signed an interlocal Agreement relating to long-term debt of the Partnership. Complete financial Statements for the Partnership can be obtained from the Partnership's offices in Morganton North Carolina.

The County, in conjunction with Caldwell County, participates in Blue Ridge Community Action, A non-profit organization whose function is to address problems relating to poverty in Burke and Caldwell Counties. Burke county appoints three members of the 18-member board. No equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements can be obtained from the Organization's administrative office in Morganton, North Carolina. Burke County made payments of \$12,100 to Blue Ridge Community Action during the fiscal year ended June 30, 2019.

The County, in conjunction with Catawba County, operates the Burke-Catawba Regional Jail Agency. The Jail Agency is a joint venture formed to provide an economic means to house County inmates, as well as other approved inmate populations. The board is composed of the County Manager and the sheriff of each county. Participating counties advance funds to the to the facility as needed. The County reports a net asset of \$2,562,187 for the joint venture. The County's portion of income for the year ended June 30, 2019 was \$(4,106). Complete financial statements for the Agency can be obtained from the Agency's office in Morganton, North Carolina. The County had the following transactions with the Jail Agency:

Contributions by the County	\$1,277,000
Medical reimbursements	327,375
Additional bed rentals and other payments	92,517

Note 5 -

Jointly Governed Organization

Western Piedmont Council of Governments (WPCOG) is a regional planning organization. It consists of twenty-four municipalities and four counties within western North Carolina. WPCOG's governing board is comprised of one elected official from each of these local governments and seven at-large citizen members. Each local government has one vote. The County paid \$153,342 to the WPCOG during fiscal year ended June 30, 2019. Payments consisted of \$64,714 in dues and \$88,628 for services.

Western Piedmont Regional Transit Authority (WPRTA) is the first regional public transportation authority with consolidated urban-rural transit service in North Carolina. Alexander, Burke, Caldwell and Catawba Counties, in conjunction with the municipalities of Conover, Hickory and Newton, each appoint one member to the governing board of the WPRTA. The County paid \$68,774 to WPRTA during fiscal year ended June 30, 2019. Payments consisted of \$67,566 in contributions and \$1,208 for services.

BURKE COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 6 - Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families	\$ 1,066,637	\$ -
Energy Assistance	-	388,123
Title IV-E Adoption Assistance	1,052,152	257,804
Food stamp program	14,743,092	-
WIC	1,403,774	-
State foster care benefits program	-	754,887
Foster Care	1,611,146	483,720
North Carolina Health Choice	2,589,856	-
Medicaid	89,229,311	45,921,474
SG/SA domiciliary care	-	594,702
	<u>\$ 111,695,968</u>	<u>\$ 48,400,710</u>

Note 7 - Summary Disclosure of Significant Commitments and 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 moneys 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 moneys.

Note 8 - Commitments

The County had outstanding construction commitments relating to projects of approximately \$6,361,336 at June 30, 2019.

Note 9 - Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in the fiscal year ended June 30, 2019. The implementation of the statement required the County to make changes to note disclosures related to debt.

Note 10 - Prior year adjustment

Net position for governmental activities decreased by \$3,900,108 to reflect unamortized premiums for debt issued in two prior fiscal years and not reported.

Note 11 - Subsequent Events

For the year ended June 30, 2019, management has evaluated subsequent events for potential recognition and disclosure through January 24, 2020 – the date the financial statements were available to be issued. No events were determined to require recognition or disclosure.

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.
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Schedule

- 1 Schedule of County's Proportionate Share of Net Pension Liability/(Asset) - Local Government Employees' Retirement System (LGERS)
- 2 Schedule of County's Contributions (LGERS)
- 3 Schedule of County's Proportionate Share of Net Pension Liability/(Asset) - Register of Deeds' Supplemental Pension Fund (RODSPF)
- 4 Schedule of County's Contributions (RODSPF)
- 5 Schedule of Changes in the Total Pension Liability - Law Enforcement Officers' Special Separation Allowance (LEOSSA)
- 6 Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEOSSA)
- 7 Schedule of Changes in the Total Pension Liability and Related Ratios - Other Post Employment Benefits (OPEB)

Burke County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Local Government Employees' Retirement System (LGERS)
 Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.33953%	0.33700%	0.33800%	0.33000%	0.32%	0.31200%
County's proportionate share of the net pension liability (asset) \$	\$ 8,054,813	\$ 5,151,024	\$ 7,170,158	\$ 1,480,842	\$ (1,880,464)	\$ 3,757,182
County's covered employee payroll	\$ 21,500,564	\$ 20,167,767	\$ 19,749,501	\$ 17,498,524	\$ 17,939,641	\$ 17,098,689
County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	37.46%	25.54%	36.31%	8.46%	(10.48%)	21.97%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	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.

**Burke County, North Carolina
County's Contributions**

Local Governmental Employees' Retirement System
Last Six Fiscal Years

		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$	1,786,202	\$ 1,648,938	\$ 1,504,918	\$ 1,350,003	\$ 1,248,357	\$ 1,279,616
Contributions in relation to the contractually required contribution		1,786,202	1,648,938	1,504,918	1,350,003	1,248,357	1,279,616
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered employee payroll	\$	22,598,798	\$ 21,500,564	\$ 20,167,767	\$ 19,749,501	\$ 17,498,524	\$ 17,939,641
Contributions as a percentage of covered employee payroll		7.90%	7.67%	7.46%	6.84%	7.13%	7.13%

Burke County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Register of Deeds' Supplemental Pension Fund (RODSPF)
 Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.3019	1.1050%	1.0700%	0.8360%	0.7680%	0.6960%
County's proportionate share of the net pension liability (asset) \$	\$ (215,625)	\$ (188,558)	\$ (199,982)	\$ (193,630)	\$ (174,018)	\$ (148,651)
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.

Burke County, North Carolina
County's Contributions

Register of Deeds' Supplemental Pension Fund (RODSPF)
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,169	\$ 10,090	\$ 9,598	\$ 8,738	\$ 6,686	\$ 6,268
Contributions in relation to the contractually required contribution	9,169	10,090	9,598	8,738	6,686	6,268
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Burke County, North Carolina
Law Enforcement Officers' Special Separation Allowance

Schedule of the Changes in the Total Pension Liability*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 101,215	\$ 87,844	\$ 89,864
Interest	60,350	66,610	62,773
Change of benefit terms	-	-	-
Difference between expected and actual experience	(4,188)	39,102	-
Changes of assumptions and other inputs	(77,031)	122,762	(42,681)
Benefit payments, including refunds of member contributions	(136,569)	(127,722)	(157,560)
Net change in total pension liability	\$ (56,223)	\$ 188,596	\$ (47,604)
Total pension liability-beginning	\$ 1,978,110	\$ 1,789,514	\$ 1,837,118
Total pension liability-ending	\$ <u>1,921,887</u>	\$ <u>1,978,110</u>	\$ <u>1,789,514</u>

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

Burke County, North Carolina
Law Enforcement Officers' Special Separation Allowance

Covered Payroll

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability (TPL)	\$ 1,921,887	\$ 1,978,110	\$ 1,789,514
Covered-employee payroll	3,789,936	3,678,138	3,605,083
Total pension liability as a percentage of covered-employee payroll	50.71%	53.78%	49.64%

Burke County, North Carolina
Other Post Employment Benefits-Healthcare Benefits Plan

Schedule of the Changes in the Net OPEB Liability and Related Ratios

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 932,000	\$ 997,857
Interest	589,390	502,801
Benefit changes	-	-
Difference between expected and actual experience	25,502	75,144
Changes of assumptions and other inputs	(512,077)	(838,989)
Benefit payments*	(891,636)	(880,155)
Net change in total OPEB liability	<u>\$ 143,179</u>	<u>\$ (143,342)</u>
Total OPEB liability-beginning	<u>\$ 16,997,821</u>	<u>\$ 17,141,163</u>
Total OPEB liability-ending	<u><u>\$ 17,141,000</u></u>	<u><u>\$ 16,997,821</u></u>
Covered employee payroll	\$ 19,792,401	\$ 19,792,401
Total OPEB Liability as percentage of covered employee payroll	86.60%	85.88%

**Benefit payments shown above include the implicit subsidy, if there is any for the given year.*

Notes to Schedule

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

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

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

Burke County, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

Statement 1
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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Taxes - ad valorem:			
Current year	\$	\$ 45,998,431	\$
Discounts		(495,347)	
Prior years		627,499	
Advertising and interest		298,483	
Total Taxes - ad valorem	<u>45,953,989</u>	<u>46,429,066</u>	<u>475,077</u>
Taxes - other:			
Local option sales taxes		7,516,853	
Real estate transfer tax		302,953	
Occupancy tax		582,542	
ABC Bottle tax		14,008	
NC Unauthorized substance abuse tax		63,928	
Gross receipts tax		37,534	
Franchise tax		248,565	
Total Taxes - other	<u>8,555,700</u>	<u>8,766,383</u>	<u>210,683</u>
Unrestricted Intergovernmental:			
Medicaid hold harmless		827,061	
EMS cost settlement		536,383	
ABC distributions		256,454	
Payments in lieu of taxes		139,344	
Other unrestricted intergovernmental		726,911	
Total Unrestricted Intergovernmental	<u>1,659,848</u>	<u>2,486,153</u>	<u>826,305</u>
Restricted Intergovernmental:			
Grants-Federal and State		14,172,724	
Court facilities fees		110,802	
Total Restricted Intergovernmental	<u>14,592,045</u>	<u>14,283,526</u>	<u>(308,519)</u>
Permits and Fees:			
Sheriff's office permits and fees		304,855	
Animal Control		26,892	
Planning and zoning fees		103,290	
Register of deeds fees		402,191	
Building Inspections		332,246	
Health Department services		643,239	
Library		41,316	
Recreation fees		68,570	
DSS fees		40,748	
Other permits and fees		34,346	
Total Permits and Fees	<u>1,658,160</u>	<u>1,997,693</u>	<u>339,533</u>
Sales and Service:			
EMS ambulance charges		3,505,200	
Reimbursement for inmates		139,074	
Rent		478,534	
Other sales and services		13,375	
Total Sales and Service	<u>4,009,576</u>	<u>4,136,183</u>	<u>126,607</u>
Investment earnings:	<u>270,000</u>	<u>626,920</u>	<u>356,920</u>
Miscellaneous:			
Other		477,460	
Donations		289,505	
Total Miscellaneous	<u>563,528</u>	<u>766,965</u>	<u>203,437</u>
TOTAL REVENUES	<u>77,262,846</u>	<u>79,492,889</u>	<u>2,230,043</u>

Burke County, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

Statement 1
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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
General Government			
Governing Body:			
Salaries and benefits	\$	\$ 129,168	\$
Operating expenses		31,725	
Total Governing Body	<u>171,679</u>	<u>160,893</u>	<u>10,786</u>
County Manager's Office:			
Salaries and benefits		272,406	
Operating expenses		7,778	
Total Administration	<u>426,437</u>	<u>280,184</u>	<u>146,253</u>
Finance:			
Salaries and benefits		458,673	
Operating expenses		59,509	
Total Finance	<u>518,709</u>	<u>518,182</u>	<u>527</u>
Tax Administration:			
Salaries and benefits		772,797	
Operating expenses		489,280	
Capital outlay		24,876	
Total Tax Administration	<u>1,305,038</u>	<u>1,286,953</u>	<u>18,085</u>
Tax Revaluation:			
Salaries and benefits		178,847	
Operating expenses		48,146	
Total Tax Revaluation	<u>239,631</u>	<u>226,993</u>	<u>12,638</u>
Human Resources:			
Salaries and benefits		277,549	
Operating expenses		198,145	
Total Human Resources	<u>502,625</u>	<u>475,694</u>	<u>26,931</u>
Legal and Courts:			
Legal expenses		145,958	
Court expenses		14,804	
Total Legal and Courts	<u>161,140</u>	<u>160,762</u>	<u>378</u>
Board of Elections:			
Salaries and benefits		249,192	
Operating expenses		122,340	
Total Board of Elections	<u>376,339</u>	<u>371,532</u>	<u>4,807</u>
Register of Deeds:			
Salaries and benefits		285,792	
Operating expenses		126,815	
Total Register of Deeds	<u>418,341</u>	<u>412,607</u>	<u>5,734</u>
Non Departmental:			
Operating expenses		1,857,835	
Capital outlay		25,653	
Total Public Buildings	<u>2,362,053</u>	<u>1,883,488</u>	<u>478,565</u>
Information Technologies:			
Salaries and benefits		728,165	
Operating expenses		559,906	
Total Information Technologies	<u>1,365,083</u>	<u>1,288,071</u>	<u>77,012</u>

Burke County, North Carolina

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

Statement 1

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Services:			
Salaries and benefits	\$	\$ 440,632	\$
Operating expenses		60,535	
Capital outlay		34,917	
Total General Services	<u>732,147</u>	<u>536,084</u>	<u>196,063</u>
Buildings:			
Operating expenses		973,550	
Capital outlay		60,220	
Total Public Buildings	<u>2,457,455</u>	<u>1,033,770</u>	<u>1,423,685</u>
Total General Government	<u>11,036,677</u>	<u>8,635,213</u>	<u>2,401,464</u>
Public Safety			
Sheriff's Office:			
Salaries and benefits		4,754,136	
Operating expenses		892,542	
Capital outlay		368,647	
Total Sheriff's Office	<u>6,353,616</u>	<u>6,015,325</u>	<u>338,291</u>
Jail:			
Salaries and benefits		1,434,035	
Operating expenses		2,203,598	
Total Jail	<u>3,637,933</u>	<u>3,637,633</u>	<u>300</u>
Animal Control:			
Salaries and benefits		265,787	
Operating expenses		82,007	
Capital outlay		38,352	
Total Animal Control	<u>422,484</u>	<u>386,146</u>	<u>36,338</u>
Emergency Services:			
Salaries and benefits		237,783	
Operating expenses		66,378	
Capital outlay		248,064	
Total Emergency Services	<u>569,663</u>	<u>552,225</u>	<u>17,438</u>
Communications/911 Center:			
Salaries and benefits		1,731,868	
Operating expenses		411,313	
Total Communications/911 Center	<u>2,310,664</u>	<u>2,143,181</u>	<u>167,483</u>
Emergency Management Services:			
Salaries and benefits		4,558,503	
Operating expenses		950,693	
Capital outlay		307,933	
Total Emergency Management Services	<u>5,821,208</u>	<u>5,817,129</u>	<u>4,079</u>
Community Development:			
Salaries and benefits		454,100	
Operating expenses		57,777	
Capital outlay		24,876	
Total Community Development	<u>536,754</u>	<u>536,753</u>	<u>1</u>
Building Inspections:			
Salaries and benefits		222,217	
Operating expenses		18,124	
Capital outlay		24,876	
Total Building Inspections	<u>266,257</u>	<u>265,217</u>	<u>1,040</u>
Other Public Safety:	<u>576,677</u>	<u>558,208</u>	<u>18,469</u>

Burke County, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

Statement 1
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	Final Budget	Actual	Variance
Forestry:	\$ 67,764	\$ 66,467	\$ 1,297
Total Public Safety	20,563,020	19,978,284	584,736
Transportation			
Transportation:	67,567	67,566	1
Economic and Physical Development			
Economic development		1,325,469	
Aids and donations		256,756	
Occupancy tax		556,382	
Total Economic and Physical Development	2,259,499	2,138,607	120,892
Environmental Protection			
Cooperative Extension:			
Salaries and benefits		318,054	
Operating expenses		54,583	
Total Cooperative Extension	372,650	372,637	13
Soil and Water Conservation:			
Salaries and benefits		105,187	
Operating expenses		10,382	
Total Soil and Water Conservation	115,791	115,569	222
Total Environmental Protection	488,441	488,206	235
Human Services			
Public Health			
Salaries and benefits		2,509,736	
Operating and program expenses		677,443	
Capital outlay		24,876	
Total Public Health	3,367,132	3,212,055	155,077
Mental Health:	265,000	265,000	-
Social Services:			
Salaries and benefits		8,764,237	
Operating expenses		6,928,940	
Capital outlay		101,665	
Total Social Services	16,951,460	15,794,842	1,156,618
Senior Services			
Salaries and benefits		259,092	
Operating expenses		219,524	
Total Senior Services	550,272	478,616	71,656
Veterans Services:			
Salaries and benefits		38,103	
Operating expenses		2,735	
Total Veterans Services	42,330	40,838	1,492
Total Human Services	21,176,194	19,791,351	1,384,843
Education			
Public Schools - current		15,699,453	
Community College - current		2,480,000	
Community College - capital outlay		332,176	
Total Education	18,572,215	18,511,629	60,586

Burke County, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

Statement 1
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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Cultural and Recreational			
Library:			
Salaries and benefits	\$	\$ 1,109,742	\$
Operating expenses		363,759	
Capital outlay		574,926	
Total Library	<u>2,396,762</u>	<u>2,048,427</u>	<u>348,335</u>
Recreation:			
Salaries and benefits		371,225	
Operating expenses		214,272	
Capital outlay		28,675	
Total Recreation	<u>651,883</u>	<u>614,172</u>	<u>37,711</u>
Total Cultural and Recreational	<u>3,048,645</u>	<u>2,662,599</u>	<u>386,046</u>
Debt Service			
Principal retirement		6,355,000	
Interest and fees		2,430,906	
Total Debt Service	<u>8,785,951</u>	<u>8,785,906</u>	<u>45</u>
TOTAL EXPENDITURES	<u>85,998,209</u>	<u>81,059,361</u>	<u>4,938,848</u>
Excess (deficiency) of revenues over expenditures	<u>(8,735,363)</u>	<u>(1,566,472)</u>	<u>7,168,891</u>
OTHER FINANCING SOURCES (USES):			
Gain/(loss) on disposal of assets	30,000	83,876	53,876
Transfer from Water/Sewer Fund	332,360	332,360	-
Transfer from School One Cent Sales Tax Fund	5,472,569	5,472,569	-
Transfer from School One Cent Sales Tax Fund	1,107,000	1,107,000	-
Transfer from Law Enforcement Restricted Fund	140,072	140,072	-
Transfer to CDBG Fund	(225,124)	-	225,124
Transfer to School One-Half Cent Sales Tax Fund	(250,000)	(250,000)	-
Transfer to School One Cent Sales Tax Fund	(2,367,000)	(2,362,705)	4,295
Transfer to Solid Waste Fund	(250,000)	(234,219)	15,781
Transfer to Grants and Capital Projects Fund	(322,000)	(322,000)	-
Fund Balance Appropriated	<u>5,067,486</u>	<u>-</u>	<u>(5,067,486)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,735,363</u>	<u>3,966,953</u>	<u>(4,768,410)</u>
Net change in fund balance	\$ <u>-</u>	2,400,481	<u>2,400,481</u>
Fund balance, beginning of year		<u>23,138,704</u>	
Fund balance, end of year		\$ <u>25,539,185</u>	

Statement 2

Burke County, North Carolina
 BCPS One Cent Sales Tax Capital Project Fund (Major Fund)
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental	\$	\$ 5,294,239	\$
Investment Earnings		153,284	
Total revenues	<u>4,866,750</u>	<u>5,447,523</u>	<u>580,773</u>
Expenditures:			
Equipment	<u>239,031</u>	<u>-</u>	<u>239,031</u>
Total expenditures	<u>239,031</u>	<u>-</u>	<u>239,031</u>
Excess (deficiency) of revenues over expenditures	<u>4,627,719</u>	<u>5,447,523</u>	<u>819,804</u>
Other financing sources (uses):			
Transfer from General Fund	1,951,850	2,362,705	410,855
Transfer to General Fund	<u>(6,579,569)</u>	<u>(6,579,569)</u>	<u>-</u>
Total Other Financing sources (uses):	<u>(4,627,719)</u>	<u>(4,216,864)</u>	<u>410,855</u>
Net change in fund balance	\$ <u><u>-</u></u>	1,230,659	\$ <u><u>1,230,659</u></u>
Fund balance, beginning of year		<u>9,612,304</u>	
Fund balance, end of year		\$ <u><u>10,842,963</u></u>	

Burke County, North Carolina
Grant and Capital Projects Fund (Major Fund)
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual	Total to Date	Variance Favorable (Unfavorable)
<u>Mountain View Elementary School</u>					
Revenues:					
Transfer from School One Cent Sales Tax Fund	\$ 1,178,147	\$ -	\$ -	\$ -	\$ (1,178,147)
Proceeds of financing	23,200,853	21,075,000	-	21,075,000	(2,125,853)
Original issue premium	-	2,125,852	-	2,125,852	2,125,852
Interest	-	169,423	51,507	220,930	220,930
Miscellaneous	-	6,284	(6,284)	-	-
Total revenues	24,379,000	23,376,559	45,223	23,421,782	(957,218)
Expenditures:					
Professional Services	225,000	116,629	107,886	224,515	485
Buildings	19,774,000	16,801,572	2,070,493	18,872,065	901,935
Engineering-Geotechnical	185,000	158,770	15,834	174,604	10,396
Furniture and equipment	2,042,000	360,676	1,379,600	1,740,276	301,724
Architectural services	1,400,000	1,182,702	210,181	1,392,883	7,117
Land	140,750	131,082	-	131,082	9,668
Surveying	112,250	112,229	-	112,229	21
Financing cost	310,000	307,546	-	307,546	2,454
Property clearance	190,000	189,300	-	189,300	700
Total expenditures	24,379,000	19,360,506	3,783,994	23,144,500	1,234,500
Subtotal revenues over/(under) expenditures	-	4,016,053	(3,738,771)	277,282	277,282
<u>Jail/Justice Center</u>					
Revenues:					
Transfer from General Fund	2,322,517	2,322,517	-	2,322,517	-
Proceeds of financing	20,010,000	20,010,000	-	20,010,000	-
Original issue premium	1,774,257	1,774,256	-	1,774,256	(1)
Interest	-	80,905	277,934	358,839	358,839
Total revenues	24,106,774	24,187,678	277,934	24,465,612	358,838
Expenditures:					
Engineering-Geotechnical	44,455	29,082	-	29,082	15,373
Buildings	21,965,000	4,649,089	12,330,051	16,979,140	4,985,860
Architectural services	1,441,500	1,281,574	146,142	1,427,716	13,784
Property clearance	5,000	4,709	-	4,709	291
Inspection services	156,774	56,701	94,171	150,872	5,902
Permits	26,195	20,287	-	20,287	5,908
Non capital supplies	75,000	-	-	-	75,000
Equipment	100,000	-	-	-	100,000
Financing cost	260,000	259,196	-	259,196	804
Surveying	32,850	32,311	-	32,311	539
Total expenditures	24,106,774	6,332,949	12,570,364	18,903,313	5,203,461
Subtotal revenues over/(under) expenditures	-	17,854,729	(12,292,430)	5,562,299	5,562,299

Burke County, North Carolina
Grant and Capital Projects Fund (Major Fund)
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

Overmountain Victory Trail**Revenues:**

Contributions	656,600	656,600	-	656,600	-
Total revenues	656,600	656,600	-	656,600	-

Expenditures:

Engineering	83,670	-	51,330	51,330	32,340
Design services	48,100	44,000	2,000	46,000	2,100
Planning services	80,000	15,000	14,000	29,000	51,000
Advertising	1,000	860	-	860	140
Program supplies	10,000	2,523	2,045	4,568	5,432
Surveying	15,000	-	-	-	15,000
Land	51,330	-	-	-	51,330
Easements	10,000	-	54	54	9,946
Buildings	70,000	-	-	-	70,000
Improvements other than buildings	270,600	325	5,000	5,325	265,275
Equipment	16,900	17,120	-	17,120	(220)
Total expenditures	656,600	79,828	74,429	154,257	502,343

Subtotal revenues over/(under) expenditures	-	576,772	(74,429)	502,343	502,343
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Fonta Flora County Park and Trail**Revenues:**

Transfer from General Fund	611,000	289,000	322,000	611,000	-
State grants	135,443	35,443	125,056	160,499	25,056
Contributions	550,000	547,099	-	547,099	(2,901)
Interest	-	-	3,410	3,410	3,410
Total revenues	1,296,443	871,542	450,466	1,322,008	25,565

Expenditures:

Engineering	93,000	91,900	-	91,900	1,100
Design services	43,800	43,800	-	43,800	-
Planning services	35,000	25,000	-	25,000	10,000
Other purchased services	500	295	-	295	205
Advertising	3,000	729	-	729	2,271
Program supplies	10,000	4,341	-	4,341	5,659
Surveying	10,000	4,582	-	4,582	5,418
Easements	4,500	256	-	256	4,244
Improvements other than buildings	1,086,643	651,110	350,770	1,001,880	84,763
Equipment	10,000	6,117	-	6,117	3,883
Total expenditures	1,296,443	828,130	350,770	1,178,900	117,543

Subtotal revenues over/(under) expenditures	-	43,412	99,696	143,108	143,108
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Closed project	-	99,952	-	99,952	99,952
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Total revenues over/(under) expenditures	\$ -	\$ 22,590,918	\$ (16,005,934)	\$ 6,584,984	\$ 6,584,984
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Fund balance, beginning of year 22,590,918

Fund balance, end of year \$ 6,584,984

Burke County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Nonmajor Special Revenue Funds					Nonmajor Capital Project Funds				
	Law Enforcement Restricted Fund	Emergency Telephone System Fund	Fire Districts Fund	Community Development Block Grant Fund	Substance Abuse Grants Fund	Total Nonmajor Special Revenue Funds	Capital Projects Fund	School One-Half Cent Sales Tax Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS:										
Cash and cash equivalents	\$ 16,975	\$ 190,613	\$ 156,459	\$ -	\$ -	\$ 364,047	\$ 125,462	\$ 547,816	\$ 673,278	\$ 1,037,325
Investments	96,234	1,080,607	-	-	-	1,176,841	711,259	3,105,628	3,816,887	4,993,728
Due from other governments	-	53,957	41,329	479,355	34,624	609,265	5,242	788,720	793,962	1,403,227
Taxes receivable, net	-	-	210,897	-	-	210,897	-	-	-	210,897
Total assets	<u>\$ 113,209</u>	<u>\$ 1,325,177</u>	<u>\$ 408,685</u>	<u>\$ 479,355</u>	<u>\$ 34,624</u>	<u>\$ 2,361,050</u>	<u>\$ 841,963</u>	<u>\$ 4,442,164</u>	<u>\$ 5,284,127</u>	<u>\$ 7,645,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:										
Liabilities:										
Accounts payable/accrued liabilities	-	77,928	198,994	198,239	11,451	486,612	-	-	-	486,612
Due to other funds	-	-	-	179,024	23,173	202,197	-	-	-	202,197
Total Liabilities	<u>-</u>	<u>77,928</u>	<u>198,994</u>	<u>377,263</u>	<u>34,624</u>	<u>688,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>688,809</u>
Deferred Inflows of Resources:										
Taxes paid in advance	-	-	1,790	-	-	1,790	-	-	-	1,790
Taxes receivable	-	-	209,107	-	-	209,107	-	-	-	209,107
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>210,897</u>	<u>-</u>	<u>-</u>	<u>210,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,897</u>
Fund Balances:										
Restricted for:										
Economic and Physical Development	-	-	-	102,092	-	102,092	841,963	-	841,963	944,055
Education	-	-	-	-	-	-	-	4,442,164	4,442,164	4,442,164
Public Safety	113,209	1,247,249	(1,206)	-	-	1,359,252	-	-	-	1,359,252
Total fund balances	<u>113,209</u>	<u>1,247,249</u>	<u>(1,206)</u>	<u>102,092</u>	<u>-</u>	<u>1,461,344</u>	<u>841,963</u>	<u>4,442,164</u>	<u>5,284,127</u>	<u>6,745,471</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,209</u>	<u>\$ 1,325,177</u>	<u>\$ 408,685</u>	<u>\$ 479,355</u>	<u>\$ 34,624</u>	<u>\$ 2,361,050</u>	<u>\$ 841,963</u>	<u>\$ 4,442,164</u>	<u>\$ 5,284,127</u>	<u>\$ 7,645,177</u>

Burke County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Nonmajor Special Revenue Funds					Nonmajor Capital Project Funds				
	Law Enforcement Restricted Fund	Emergency Telephone System Fund	Fire Districts Fund	Community Development Block Grant Fund	Substance Abuse Grants Fund	Total Nonmajor Special Revenue Funds	Capital Projects Fund	School One-Half Cent Sales Tax Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES										
Ad valorem taxes	\$ -	\$ -	\$ 3,934,604	\$ -	\$ -	\$ 3,934,604	\$ -	\$ -	\$ -	\$ 3,934,604
Other taxes and licenses	-	-	-	-	-	-	-	2,827,064	2,827,064	2,827,064
Restricted intergovernmental	256,931	647,483	-	945,674	34,624	1,884,712	19,142	116,791	135,933	2,020,645
Investment earnings	-	21,028	-	1,074	-	22,102	15,169	92,369	107,538	129,640
Total revenues	256,931	668,511	3,934,604	946,748	34,624	5,841,418	34,311	3,036,224	3,070,535	8,911,953
EXPENDITURES										
Public safety	3,650	744,175	3,934,589	-	34,624	4,717,038	-	-	-	4,717,038
Education	-	-	-	-	-	-	-	2,668,511	2,668,511	2,668,511
Economic and physical development	-	-	-	945,674	-	945,674	-	-	-	945,674
Total expenditures	3,650	744,175	3,934,589	945,674	34,624	5,662,712	-	2,668,511	2,668,511	8,331,223
OTHER FINANCING SOURCES/(USES)										
Transfer from other funds	-	-	-	-	-	-	-	250,000	250,000	250,000
Transfer to other funds	(140,072)	-	-	-	-	(140,072)	-	-	-	(140,072)
Total other financing sources/uses	(140,072)	-	-	-	-	(140,072)	-	250,000	250,000	109,928
Net change in fund balances	113,209	(75,664)	15	1,074	-	38,634	34,311	617,713	652,024	690,658
Fund balances, beginning of year	-	1,322,913	(1,221)	101,019	-	1,422,711	807,652	3,824,451	4,632,103	6,054,814
Fund balances, end of year	\$ 113,209	\$ 1,247,249	\$ (1,206)	\$ 102,093	\$ -	\$ 1,461,345	\$ 841,963	\$ 4,442,164	\$ 5,284,127	\$ 6,745,472

Burke County, North Carolina
 Law Enforcement Restricted Fund
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental	\$	\$ 256,931	\$
Investment Earnings	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>256,931</u>	<u>256,931</u>
Expenditures:			
Public Safety	<u>3,650</u>	<u>3,650</u>	<u>-</u>
Total expenditures	<u>3,650</u>	<u>3,650</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(3,650)</u>	<u>253,281</u>	<u>256,931</u>
Other financing sources (uses):			
Appropriated Fund Balance	143,722	-	(143,722)
Transfer to General Fund	<u>(140,072)</u>	<u>(140,072)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,650</u>	<u>(140,072)</u>	<u>(143,722)</u>
Net change in fund balance	\$ <u>-</u>	113,209	\$ <u>113,209</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 113,209</u>	

Burke County, North Carolina
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental:			
Emergency Telephone Surcharge funds	\$	\$ 647,483	\$
Investment earnings		21,028	
Total revenues	<u>647,483</u>	<u>668,511</u>	<u>21,028</u>
Expenditures:			
Public safety:			
Functions		69,420	
Software		49,318	
Training		28,434	
Telephones		317,766	
Hardware		279,237	
Hosted Solutions		-	
Total expenditures	<u>891,193</u>	<u>744,175</u>	<u>147,018</u>
Excess (deficiency) of revenues over expenditures	<u>(243,710)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Appropriated fund balance	<u>243,710</u>	<u>-</u>	<u>(243,710)</u>
Total Other Financing sources (uses):	<u>243,710</u>	<u>-</u>	<u>(243,710)</u>
Net change in fund balance	\$ <u>-</u>	(75,664)	\$ <u>(75,664)</u>
Fund balance, beginning of year		<u>1,322,913</u>	
Fund balance, end of year		\$ <u><u>1,247,249</u></u>	

Burke County, North Carolina
 Fire Districts Funds
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes and interest	\$ 3,940,595	\$ 3,934,604	\$ (5,991)
Total revenues	<u>3,940,595</u>	<u>3,934,604</u>	<u>(5,991)</u>
Expenditures:			
Public safety:			
Brendleton Fire Department	225,000	226,781	(1,781)
Carbon City Fire Department	11,000	10,163	837
Chesterfield Fire Department	143,000	147,952	(4,952)
Drowning Creek Fire Department	74,000	73,218	782
Enola Fire Department	107,000	105,815	1,185
George Hildebran Fire Department	250,000	254,642	(4,642)
Glen Alpine Fire Department	22,000	21,608	392
Icard Fire Department	595,000	591,814	3,186
Jonas Ridge Fire Department	159,000	159,646	(646)
Lake James Fire Department	276,000	272,707	3,293
Longtown Fire Department	123,000	124,344	(1,344)
Lovelady Fire Department	468,000	468,748	(748)
North Catawba Fire Department	23,500	21,118	2,382
Oak Hill Fire Department	390,000	386,139	3,861
Salem Fire Department	309,000	309,968	(968)
South Mountain Fire Department	95,000	92,770	2,230
Triple Community Fire Department.	344,200	342,633	1,567
West End Fire Department	<u>325,895</u>	<u>324,523</u>	<u>1,372</u>
Total expenditures	<u>3,940,595</u>	<u>3,934,589</u>	<u>6,006</u>
Net change in fund balance	\$ <u>-</u>	15	\$ <u>15</u>
Fund balance, beginning of year		<u>(1,221)</u>	
Fund balance, end of year		<u>\$ (1,206)</u>	

Burke County, North Carolina
Community Development Block Grant Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental	\$ 2,000,000	\$ 87,578	\$ 945,674	\$ 1,033,252	\$ (966,748)
Interest earnings	-	883	1,074	1,957	1,957
Total revenues	<u>2,000,000</u>	<u>88,461</u>	<u>946,748</u>	<u>1,035,209</u>	<u>(964,791)</u>
Expenditures:					
Economic and Physical Development					
Grant administration	190,000	58,138	54,710	112,848	77,152
Water improvements	<u>2,035,124</u>	<u>29,440</u>	<u>890,964</u>	<u>920,404</u>	<u>1,114,720</u>
Total expenditures	<u>2,225,124</u>	<u>87,578</u>	<u>945,674</u>	<u>1,033,252</u>	<u>1,191,872</u>
Excess (deficiency) of revenues over expenditures	<u>(225,124)</u>	<u>-</u>	<u>1,074</u>	<u>1,957</u>	<u>227,081</u>
Other financing sources (uses):					
Transfers from other funds	-	29,500	-	29,500	29,500
Closed projects	-	70,636	-	70,636	70,636
Transfer from General Fund	<u>225,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,124)</u>
Total other financing sources (uses)	<u>225,124</u>	<u>-</u>	<u>-</u>	<u>100,136</u>	<u>(124,988)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>883</u>	1,074	\$ <u>102,093</u>	\$ <u>102,093</u>
Fund balance, beginning of year			<u>101,019</u>		
Fund balance, end of year		\$	<u>102,093</u>		

Burke County, North Carolina
Substance Abuse Prevention Grants Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental	\$ <u> </u>	\$ <u> 34,624 </u>	\$ <u> </u>
Total revenues	<u> 500,000 </u>	<u> 34,624 </u>	<u> (465,376) </u>
Expenditures:			
Public Safety	<u> </u>	<u> 34,624 </u>	<u> </u>
Total expenditures	<u> 500,000 </u>	<u> 34,624 </u>	<u> 465,376 </u>
Excess (deficiency) of revenues over expenditures	<u> - </u>	<u> - </u>	<u> - </u>
Net change in fund balance	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>
Fund balance, beginning of year		<u> - </u>	
Fund balance, end of year		\$ <u> - </u>	

Burke County, North Carolina
Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Crescent South Point fees	\$ 292,000	\$ 304,825	\$ -	\$ 304,825	\$ 12,825
Morganton Surcharge	90,100	330,987	19,142	350,129	260,029
Interest earnings	<u>171,500</u>	<u>205,506</u>	<u>15,169</u>	<u>220,675</u>	<u>49,175</u>
Total revenues	<u>553,600</u>	<u>841,318</u>	<u>34,311</u>	<u>875,629</u>	<u>322,029</u>
Expenditures:					
General government	38,200	-	-	-	38,200
Economic and physical development	<u>1,402,400</u>	<u>900,000</u>	<u>-</u>	<u>900,000</u>	<u>502,400</u>
Total expenditures	<u>1,440,600</u>	<u>900,000</u>	<u>-</u>	<u>900,000</u>	<u>540,600</u>
Excess (deficiency) of revenues over expenditures	<u>(887,000)</u>	<u>(58,682)</u>	<u>34,311</u>	<u>(24,371)</u>	<u>862,629</u>
Other financing sources (uses):					
Transfers from other funds	237,000	247,334	-	247,334	10,334
Transfer from General Fund	<u>650,000</u>	<u>619,000</u>	<u>-</u>	<u>619,000</u>	<u>(31,000)</u>
Total other financing sources (uses)	<u>887,000</u>	<u>866,334</u>	<u>-</u>	<u>866,334</u>	<u>(20,666)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>807,652</u>	34,311	\$ <u>841,963</u>	\$ <u>841,963</u>
Fund balance, beginning of year			<u>807,652</u>		
Fund balance, end of year		\$	<u>841,963</u>		

Burke County, North Carolina
BCPS One-Half Cent Sales Tax Capital Project Fund
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental			
Other taxes and licenses-Sales tax	\$ 2,703,000	\$ 2,827,064	\$
ABC Profits	88,000	116,791	
	<u>2,791,000</u>	<u>2,943,855</u>	<u>152,855</u>
Interest earnings		92,369	92,369
Total revenues	<u>2,791,000</u>	<u>3,036,224</u>	<u>245,224</u>
Expenditures:			
Equipment	3,041,000	2,668,511	372,489
Total expenditures	<u>3,990</u>	<u>2,668,511</u>	<u>(2,664,521)</u>
Excess (deficiency) of revenues over expenditures	<u>(250,000)</u>	<u>367,713</u>	<u>617,713</u>
Other financing sources (uses):			
Transfer from General Fund	250,000	250,000	-
Total Other Financing sources (uses):	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	617,713	\$ <u>617,713</u>
Fund balance, beginning of year		<u>3,824,451</u>	
Fund balance, end of year		\$ <u>4,442,164</u>	

Burke County, North Carolina
Water and Sewer Fund
Statement of Revenues and Expenditures Budget and Actual (NON-GAAP)
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating revenues:			
Charges for services	\$ 1,658,123	\$ 1,675,684	\$ 17,561
Total	<u>1,658,123</u>	<u>1,675,684</u>	<u>17,561</u>
Non-operating revenues:			
Miscellaneous revenue		8,897	
Investment earnings		8,790	
Restricted intergovernmental revenues		54,760	
Total	<u>-</u>	<u>72,447</u>	<u>72,447</u>
Total revenues	<u>1,658,123</u>	<u>1,748,131</u>	<u>90,008</u>
Expenditures:			
Operations:			
Salaries and employee benefits		168,788	
Other operating expenditures		1,066,379	
Total operations	<u>1,280,949</u>	<u>1,235,167</u>	<u>45,782</u>
Debt service			
Principal on debt		12,134	
Total debt service	<u>12,134</u>	<u>12,134</u>	<u>-</u>
Total expenditures	<u>1,293,083</u>	<u>1,247,301</u>	<u>45,782</u>
Revenues under/(over) expenditures	<u>365,040</u>	<u>500,830</u>	<u>135,790</u>
Other financing sources (uses):			
Transfer to General Fund for debt payment	(332,360)	(332,360)	-
Transfer to Water/sewer Capital Project Fund	-	(32,680)	-
Appropriated fund balance	(32,680)	-	32,680
Total other financing sources (uses)	<u>(365,040)</u>	<u>(365,040)</u>	<u>-</u>
Revenues over expenditures and other sources (uses)	<u>\$ -</u>	135,790	<u>\$ 135,790</u>

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Increase in deferred outflow of resources - pensions and OPEB	31,572
Increase in deferred inflow of resources - pensions and OPEB	(13,092)
Increase in net pension liability	(47,921)
Increase in OPEB liability	(78,825)
Depreciation	(692,710)
Principal payment on debt	12,134
Decrease in accrued compensated absences	6,776
Total reconciling items	<u>(782,066)</u>

Change in net position \$ (646,276)

Burke County, North Carolina
 Eckard Creek Water/Sewer Project Fund
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental	\$ 1,634,000	\$ -	\$ -	\$ -	\$ (1,634,000)
Interest earnings	<u>-</u>	<u>-</u>	<u>463</u>	<u>463</u>	<u>463</u>
Total revenues	<u>1,634,000</u>	<u>-</u>	<u>463</u>	<u>463</u>	<u>(1,633,537)</u>
Expenditures:					
Grant administration	57,680	12,700	653	13,353	44,327
Infrastructure	1,471,500	-	-	-	1,471,500
Engineering	<u>137,500</u>	<u>20,871</u>	<u>57,201</u>	<u>78,072</u>	<u>59,428</u>
Total expenditures	<u>1,666,680</u>	<u>33,571</u>	<u>57,854</u>	<u>91,425</u>	<u>1,575,255</u>
Excess (deficiency) of revenues over expenditures	<u>(32,680)</u>	<u>(33,571)</u>	<u>(57,391)</u>	<u>(90,962)</u>	<u>(3,208,792)</u>
Other financing sources (uses):					
Transfers from other funds	32,680	-	32,680	32,680	-
Transfer from General Fund	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>
Total other financing sources (uses)	<u>32,680</u>	<u>90,000</u>	<u>32,680</u>	<u>122,680</u>	<u>90,000</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>56,429</u>	(24,711)	\$ <u>31,718</u>	\$ <u>(3,118,792)</u>
Fund balance, beginning of year			<u>57,535</u>		
Fund balance, end of year		\$	<u><u>32,824</u></u>		

Burke County, North Carolina
Solid Waste Fund
Statement of Revenues and Expenditures Budget and Actual (NON-GAAP)
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating revenues:			
Charges for services	\$	\$ 5,238,632	\$
Total operating revenues	<u>5,626,231</u>	<u>5,238,632</u>	<u>(387,599)</u>
Non-operating revenues:			
Miscellaneous revenue		196	
Investment earnings		22,925	
Restricted intergovernmental revenues		55,126	
Total non-operating revenues	<u>49,060</u>	<u>78,247</u>	<u>29,187</u>
Total revenues	<u>5,675,291</u>	<u>5,316,879</u>	<u>(358,412)</u>
Expenditures:			
Disposal operations:			
Salaries and employee benefits		612,812	
Other operating expenditures		3,560,182	
Total disposal operations	<u>4,707,192</u>	<u>4,172,994</u>	<u>534,198</u>
Collection operations:			
Salaries and employee benefits		426,301	
Other operating expenses		202,936	
Total collection operations	<u>779,361</u>	<u>629,237</u>	<u>150,124</u>
Capital outlay:			
Capital outlay		492,572	
Total capital outlay	<u>691,000</u>	<u>492,572</u>	<u>198,428</u>
Total expenditures	<u>6,177,553</u>	<u>5,294,803</u>	<u>882,750</u>
Revenues over/(under) expenditures	<u>(502,262)</u>	<u>22,076</u>	<u>524,338</u>
Other financing sources (uses):			
Sale of fixed assets	685	9,100	8,415
Transfer from General Fund	250,000	234,219	(15,781)
Appropriated fund balance	251,577	-	(251,577)
Total other financing sources (uses)	<u>502,262</u>	<u>243,319</u>	<u>(258,943)</u>
Revenues over expenditures and other sources (uses)	<u>\$ -</u>	<u>265,395</u>	<u>\$ 265,395</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Increase in deferred outflow of resources - pensions and OPEB		52,021	
Increase in deferred inflow of resources - pensions and OPEB		(34,770)	
Increase in net pension liability		(86,429)	
Increase in OPEB liability		(121,992)	
Capital outlay		492,572	
Depreciation		(315,749)	
Increase in closure and post-closure accrual		(111,562)	
Increase in accrued compensated absences		(6,542)	
Total reconciling items		<u>(132,451)</u>	
Change in net position		<u>\$ 132,944</u>	

Burke County, North Carolina
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance July 1, 2019
Social Services Trusts:				
Assets:	\$ <u>80,897</u>	\$ <u>275,682</u>	\$ <u>309,414</u>	\$ <u>47,165</u>
Liabilities:	\$ <u>80,897</u>	\$ <u>275,682</u>	\$ <u>309,414</u>	\$ <u>47,165</u>
Municipal Taxes:				
Assets:	\$ <u>237,561</u>	\$ <u>2,244,166</u>	\$ <u>2,349,186</u>	\$ <u>132,541</u>
Liabilities:	\$ <u>237,561</u>	\$ <u>2,244,166</u>	\$ <u>2,349,186</u>	\$ <u>132,541</u>
Inmate Commissary Trust:				
Assets:	\$ <u>5,490</u>	\$ <u>88,105</u>	\$ <u>86,716</u>	\$ <u>6,879</u>
Liabilities:	\$ <u>5,490</u>	\$ <u>88,105</u>	\$ <u>86,716</u>	\$ <u>6,879</u>
Fines and Forfeitures:				
Assets:	\$ <u>-</u>	\$ <u>425,828</u>	\$ <u>401,793</u>	\$ <u>24,035</u>
Liabilities:	\$ <u>-</u>	\$ <u>425,828</u>	\$ <u>401,793</u>	\$ <u>24,035</u>
Total - All Agency Funds				
Assets:	\$ <u>323,948</u>	\$ <u>3,033,781</u>	\$ <u>3,147,109</u>	\$ <u>210,620</u>
Liabilities:	\$ <u>323,948</u>	\$ <u>3,033,781</u>	\$ <u>3,147,109</u>	\$ <u>210,620</u>

Burke County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2019

<u>Fiscal year:</u>	<u>Uncollected Balance 6/30/2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6/30/2019</u>
2018 - 2019	\$ -	\$ 46,841,472	\$ 45,998,431	\$ 843,041
2017 - 2018	707,852	-	450,850	257,002
2016 - 2017	237,402	-	83,323	154,079
2015 - 2016	141,318	-	30,530	110,788
2014 - 2015	111,225	-	16,749	94,476
2013 - 2014	116,821	-	10,870	105,951
2012 - 2013	86,027	-	6,344	79,683
2011 - 2012	62,887	-	2,520	60,367
2010 - 2011	62,554	-	1,782	60,772
2009 - 2010	49,056	-	1,385	47,672
2008 - 2009	51,150	-	51,150	-
	<u>\$ 1,626,292</u>	<u>\$ 46,841,472</u>	<u>\$ 46,653,934</u>	<u>1,813,831</u>
Plus: 2019 - 2020 receivable				41,508
Less: Allowance for uncollectible accounts General Fund				<u>(1,215,178)</u>
Ad valorem taxes receivable - net General Fund				<u>\$ 640,161</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund		\$ 45,998,431
Reconciling items:		
Advertising and interest collected	298,483	
Discounts	(495,347)	
Prior year collections	627,499	
Taxes written off	49,824	
Prior year releases	175,044	
Total reconciling items		<u>655,503</u>
Total collections and credits		<u>\$ 46,653,934</u>

Burke County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2019

				Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current year's rate	\$ 6,050,215,515	\$ 0.695	\$ 42,159,247	\$ 42,159,247	\$ -
Motor vehicles	686,992,180	0.695	4,774,687	-	4,774,687
Penalties	-		105,866	105,866	-
Total	<u>6,737,207,695</u>		<u>47,039,800</u>	<u>42,265,113</u>	<u>4,774,687</u>
Discoveries:					
Property taxed at current year's rate	43,286,475	0.695	300,841	300,841	-
Abatements:	<u>(71,822,878)</u>		<u>(499,169)</u>	<u>(499,169)</u>	<u>-</u>
Total property valuation	<u>\$ 6,708,671,292</u>				
Net levy			46,841,472	42,066,785	4,774,687
Uncollected taxes at June 30, 2019			<u>843,041</u>	<u>843,041</u>	<u>-</u>
Current year's taxes collected			<u>\$ 45,998,431</u>	<u>\$ 41,223,744</u>	<u>\$ 4,774,687</u>
Current levy collection percentage			<u>98.20%</u>	<u>98.00%</u>	<u>100.00%</u>

Burke County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2019

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio	100%
Real Property	\$ 5,767,661,364
Personal Property	680,452,235
Public Service Companies	260,557,693
Total Assessed Valuation	\$ 6,708,671,292
Tax Rate per \$100	0.695
Net Levy (Includes penalties, discoveries, releases and abatements)	\$ 46,841,472

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2019:

Fire Protection District	Tax Rate per \$100	Net Levy
Brendleton Fire District	0.080	\$ 227,029
Carbon City Fire District	0.080	9,993
Chesterfield Fire District	0.090	148,129
Drowning Creek Fire District	0.120	73,327
Enola Fire District	0.105	103,990
George Hildebran Fire District	0.110	256,978
Glen Alpine Fire District	0.080	106,848
Icard Fire District	0.080	592,916
Jonas Ridge Fire District	0.080	159,426
Lake James Fire District	0.100	187,541
Longtown Fire District	0.135	122,970
Lovelady Fire District	0.080	468,216
Oak Hill Fire District	0.120	387,360
Salem Fire District	0.105	308,098
Smokey Creek Fire District	0.118	28,765
South Mountain Fire District	0.136	95,512
Triple Community Fire District.	0.078	336,313
West End Fire District	0.100	325,193
		<hr/>
Total Net Fire Protection District Levies		\$ 3,938,604

Burke County, North Carolina
 Ten Largest Taxpayers
 For the Year Ended June 30, 2019

Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation	
Duke Energy Corp	Utility	\$ 147,681,906	2.20	%
Continental Automotive Systems	Manufacturing	109,594,997	1.63	
Rutherford Electric Membership Corp	Utility	37,273,322	0.56	
SGL Carbon LLC	Manufacturing	37,056,270	0.55	
ARCP MT Morganton NC LLC	Retail	30,686,556	0.46	
Case Farms	Food Processing	30,299,545	0.45	
Piedmont Natural Gas Company	Utility	26,728,032	0.40	
Sieren North America, LLC	Manufacturing	26,345,045	0.39	
Leviton Manufacturing Co LLC	Manufacturing	25,639,534	0.38	
Grace Hospital Properties	Real Estate	23,447,044	0.35	
		<hr/>		
		\$ 494,752,251	7.37	%
		<hr/>		

Burke County, North Carolina
 Analysis of Current Tax Levy
 Fire Districts
 For the Year Ended June 30, 2019

	Brendleton Fire District	Carbon City District	Chesterfield Fire District	Drowning Creek Fire District	Enola Fire District	George Hildebran Fire District
Tax rate	<u>0.08</u>	<u>0.08</u>	<u>0.09</u>	<u>0.12</u>	<u>0.105</u>	<u>0.11</u>
Net levy	\$ 227,029	\$ 9,993	\$ 148,129	\$ 73,327	\$ 103,990	\$ 256,978
Uncollected taxes at June 30, 2019	<u>4,716</u>	<u>1</u>	<u>4,339</u>	<u>2,316</u>	<u>2,139</u>	<u>8,262</u>
Current year's taxes collected	<u>\$ 222,313</u>	<u>\$ 9,992</u>	<u>\$ 143,790</u>	<u>\$ 71,011</u>	<u>\$ 101,851</u>	<u>\$ 248,716</u>
Current levy collection percentage	<u>97.92%</u>	<u>99.99%</u>	<u>97.07%</u>	<u>96.84%</u>	<u>97.94%</u>	<u>96.78%</u>

	Glen Alpine District	Icard Fire District	Jonas Ridge Fire District	Lake James District	Longtown District	Lovelady Fire District
Tax rate	<u>0.08</u>	<u>0.10</u>	<u>0.135</u>	<u>0.08</u>	<u>0.12</u>	<u>0.105</u>
Net levy	\$ 106,848	\$ 592,916	\$ 159,426	\$ 187,541	\$ 122,970	\$ 468,216
Uncollected taxes at June 30, 2019	<u>737</u>	<u>13,068</u>	<u>2,768</u>	<u>2,294</u>	<u>1,298</u>	<u>8,422</u>
Current year's taxes collected	<u>\$ 106,111</u>	<u>\$ 579,848</u>	<u>\$ 156,658</u>	<u>\$ 185,247</u>	<u>\$ 121,672</u>	<u>\$ 459,794</u>
Current levy collection percentage	<u>99.31%</u>	<u>97.80%</u>	<u>98.26%</u>	<u>98.78%</u>	<u>98.94%</u>	<u>98.20%</u>

	Oak Hill District	Salem District	Smokey Creek Fire District	South Mountain Fire District	Triple Community Fire District	West End Fire District
Tax rate	<u>0.09</u>	<u>0.07</u>	<u>0.118</u>	<u>0.136</u>	<u>0.078</u>	<u>0.10</u>
Net levy	\$ 387,360	\$ 308,098	\$ 28,765	\$ 95,512	\$ 336,313	\$ 325,193
Uncollected taxes at June 30, 2019	<u>8,236</u>	<u>6,196</u>	<u>548</u>	<u>8,352</u>	<u>7,471</u>	<u>7,681</u>
Current year's taxes collected	<u>\$ 379,124</u>	<u>\$ 301,902</u>	<u>\$ 28,217</u>	<u>\$ 87,160</u>	<u>\$ 328,842</u>	<u>\$ 317,512</u>
Current levy collection percentage	<u>97.87%</u>	<u>97.99%</u>	<u>98.09%</u>	<u>91.26%</u>	<u>97.78%</u>	<u>97.64%</u>

STATISTICAL SECTION

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Table

Financial Trends

1-4

These schedules contain trend information to help the reader understand how the government's financial performance and well-being has changed over time.

Revenue Capacity

5-8

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

9-11

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

12

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

13-14

This schedule contains service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Table 1

BURKE COUNTY, NORTH CAROLINA
Net Position by Component of Government
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	Fiscal Year 2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ (665,056)	\$ 13,306	\$ (131,445)	\$ 1,716	\$ 8,914,569	\$28,877,694	\$23,700,967	\$29,414,660	\$30,475,792	\$39,335,032
Restricted	5,908,630	6,593,045	11,657,246	9,832,150	17,298,374	14,416,622	16,950,142	39,835,828	44,031,117	25,017,233
Unrestricted	(30,304,510)	(31,705,070)	(31,347,877)	(26,218,548)	(25,465,159)	(22,512,116)	(9,531,498)	(32,009,003)	(56,304,520)	(44,400,888)
Total governmental activities net position	<u><u>\$(25,060,936)</u></u>	<u><u>\$(25,098,719)</u></u>	<u><u>\$(19,822,076)</u></u>	<u><u>\$(16,384,682)</u></u>	<u><u>\$ 747,784</u></u>	<u><u>\$20,782,200</u></u>	<u><u>\$31,119,611</u></u>	<u><u>\$37,241,485</u></u>	<u><u>\$18,202,389</u></u>	<u><u>\$19,951,377</u></u>
Business-type activities										
Net investment in capital assets	21,305,978	20,741,377	20,081,255	19,643,017	18,863,966	18,716,461	18,870,527	18,303,046	17,978,011	17,473,775
Unrestricted	(1,958,718)	(2,324,008)	(2,214,790)	(2,077,455)	(2,337,457)	(3,117,615)	(4,261,873)	(4,056,278)	(3,539,869)	(3,573,676)
Total business-type activities	<u><u>\$ 19,347,260</u></u>	<u><u>\$ 18,417,369</u></u>	<u><u>\$ 17,866,465</u></u>	<u><u>\$ 17,565,562</u></u>	<u><u>\$16,526,509</u></u>	<u><u>\$15,598,846</u></u>	<u><u>\$14,608,654</u></u>	<u><u>\$14,246,768</u></u>	<u><u>\$14,438,142</u></u>	<u><u>\$13,900,099</u></u>
Primary government										
Net investment in capital assets	20,640,922	20,754,683	19,949,810	19,644,733	27,778,535	47,594,155	42,571,494	47,717,706	48,453,803	56,808,807
Restricted	5,908,630	6,593,045	11,657,246	9,832,150	17,298,374	14,416,622	16,950,142	39,835,828	44,031,117	25,017,233
Unrestricted	(32,263,228)	(34,029,078)	(33,562,667)	(28,296,003)	(27,802,616)	(25,629,731)	(13,793,371)	(36,065,281)	(59,844,389)	(47,974,564)
Total primary government net position	<u><u>\$ (5,713,676)</u></u>	<u><u>\$ (6,681,350)</u></u>	<u><u>\$ (1,955,611)</u></u>	<u><u>\$ 1,180,880</u></u>	<u><u>\$17,274,293</u></u>	<u><u>\$36,381,046</u></u>	<u><u>\$45,728,265</u></u>	<u><u>\$51,488,253</u></u>	<u><u>\$32,640,531</u></u>	<u><u>\$33,851,476</u></u>

BURKE COUNTY, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 7,876,128	\$ 7,532,126	\$ 7,714,712	\$ 8,603,392	\$ 8,612,488	\$ 6,833,477	\$ 9,158,876	\$ 9,353,345	\$ 9,625,513	\$ 9,661,377
Public safety	17,470,631	17,610,515	17,675,525	18,552,637	19,016,754	15,016,283	21,943,196	22,806,814	23,154,608	26,027,584
Transportation	260,437	255,650	36,871	36,058	32,902	47,048	42,462	33,986	53,173	67,566
Economic and physical development	2,607,348	2,397,235	4,506,914	2,467,326	2,403,200	2,794,816	2,420,451	2,144,022	2,769,354	3,085,936
Environmental protection	135,275	114,818	245,439	116,207	114,927	57,180	91,475	69,458	162,446	539,363
Human services	19,774,032	19,219,907	18,742,962	18,324,701	18,295,759	20,162,722	18,428,394	21,477,512	19,850,366	20,535,142
Cultural and recreation	1,902,857	1,940,618	1,814,636	2,067,025	1,852,201	1,419,663	1,969,715	2,146,219	2,989,309	2,261,645
Education	23,477,416	20,273,151	18,431,125	17,820,570	18,050,716	19,698,669	19,948,678	23,300,034	36,000,244	24,964,134
Interest on long term debt	3,000,818	2,809,851	2,601,862	2,248,359	2,000,040	1,448,943	1,258,353	1,265,300	1,994,615	2,426,744
Total governmental activities	76,504,942	72,153,871	71,770,046	70,236,275	70,378,987	67,478,801	75,261,600	82,596,690	96,599,628	89,569,491
Business-type activities:										
Water and Sewer	2,461,225	2,063,218	1,737,958	1,833,137	1,850,076	1,767,771	1,842,328	1,797,462	1,776,450	2,087,220
Solid Waste	3,710,133	3,839,500	3,991,111	3,974,264	4,370,609	4,319,326	4,521,716	5,503,959	4,666,253	5,427,254
Interest on long term debt	6,377	5,155	4,296	14,489	10,384	6,279	2,173	-	-	-
Total business-type activities	6,177,735	5,907,873	5,733,365	5,821,890	6,231,069	6,093,376	6,366,217	7,301,421	6,442,703	7,514,474
Total primary government expenses	\$ 82,682,677	\$ 78,061,744	\$ 77,503,411	\$ 76,058,165	\$ 76,610,056	\$ 73,572,177	\$ 81,627,817	\$ 89,898,111	\$ 103,042,331	\$ 97,083,965
Program Revenues										
Governmental activities:										
Charges for services:										
General government	974,960	648,877	732,325	904,261	1,086,041	1,257,864	1,630,055	1,695,598	1,074,020	729,051
Public safety	3,909,994	4,392,464	4,383,468	3,798,048	4,538,319	4,201,356	4,308,446	4,263,138	3,971,435	4,687,337
Economic and physical development	-	-	-	-	-	-	-	-	-	263,291
Environmental protection	63,472	90,649	79,032	77,832	79,004	94,008	85,969	109,984	101,828	21,413
Human services	3,028,829	3,051,656	1,408,450	1,341,262	1,271,222	934,318	1,068,701	1,318,335	1,208,862	683,988
Cultural and recreation	122,561	137,102	140,385	118,410	92,422	95,861	93,355	98,252	98,814	109,886
Operating grants and contributions:										
General government	34,266	5,875	4,920	6,198	38,496	308,070	69,180	106,679	12,836	352,751
Public safety	-	-	-	-	-	-	-	-	-	2,511,258
Transportation	263,048	220,184	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	725,683
Environmental protection	-	-	-	-	-	24,650	-	-	-	31,494
Human services	12,182,500	11,877,817	12,413,532	12,844,453	11,882,418	13,706,435	12,266,560	15,043,204	12,162,765	12,472,558
Cultural and recreation	-	-	-	-	-	-	547,099	694,527	-	460,357
Education	84,431	75,946	75,946	69,402	67,592	63,202	66,759	10,747	9,406	333,856
Capital grants and contributions:										
General government	-	38,471	198,973	69,880	40,149	-	297,572	291,338	280,309	-
Public safety	33,603	1,013,592	561,109	659,181	6,492,601	1,268,009	913,547	130,751	726,725	277,934
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and physical development	771,269	563,485	1,979,363	522,266	286,824	896,996	503,420	562,433	483,449	-
Environmental protection	503,145	82,406	136,864	-	-	-	-	-	-	-
Cultural and recreation	429,318	459,596	628,638	266,727	426,070	409,209	467,037	629,251	695,481	408,466
Education	-	-	3,569,077	1,489,176	1,167,134	-	1,069,626	-	1,695,000	5,492,746
Total governmental activities program revenues	22,401,396	22,658,120	26,312,082	22,167,096	27,468,292	23,259,978	23,387,326	24,954,237	22,520,930	29,562,069

BURKE COUNTY, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues (Continued)										
Business-type activities:										
Charge for services	5,243,883	5,313,568	5,658,703	5,935,834	5,591,903	5,635,323	5,740,022	6,023,037	6,663,581	6,914,316
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	118,986
Capital grants and contributions	-	-	-	-	-	-	-	333,328	64,785	-
Total business-type activities program revenues	5,243,883	5,313,568	5,658,703	5,935,834	5,591,903	5,635,323	5,740,022	6,356,365	6,728,366	7,033,302
Total primary government program revenues	27,645,279	27,971,688	31,970,785	28,102,930	33,060,195	28,895,301	29,127,348	31,310,602	29,249,296	36,595,371
Net (Expense)/Revenue										
Governmental activities	(54,103,546)	(49,495,751)	(45,457,970)	(48,069,179)	(42,910,695)	(44,218,823)	(51,874,274)	(57,642,453)	(57,642,453)	(58,984,834)
Business-type activities	(933,852)	(594,305)	(74,663)	113,944	(639,166)	(458,053)	(626,195)	(945,056)	(945,056)	(481,172)
Total primary government net (expense)/revenue	(55,037,398)	(50,090,056)	(45,532,633)	(47,955,235)	(43,549,861)	(44,676,876)	(52,500,469)	(58,587,509)	(58,587,509)	(59,466,006)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	38,307,162	37,975,208	37,979,191	38,551,628	47,140,118	46,814,869	47,493,525	48,277,055	49,453,349	50,774,360
Local option sales tax	9,633,629	9,452,308	9,945,486	10,402,633	10,383,066	11,206,100	12,423,005	13,440,643	14,487,614	7,516,853
Other taxes and licenses	467,638	406,289	536,955	502,339	592,661	1,405,309	1,529,053	1,805,203	1,797,437	4,076,594
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	2,486,153
Permits and fees	-	-	1,357,749	1,598,811	1,565,556	87,587	86,807	-	-	-
Investment earnings	67,444	37,114	(38,533)	12,425	19,283	13,788	77,857	201,304	721,510	626,920
Miscellaneous	1,710,047	1,178,369	478,443	20,095	(74,115)	283,831	180,020	1,722,039	1,940,696	77,497
Transfers	252,680	408,680	475,322	418,642	416,591	400,906	421,418	(539,678)	(95,518)	98,141
Total governmental activities:	50,438,600	49,457,968	50,734,613	51,506,573	60,043,160	60,212,390	62,211,685	64,906,566	68,305,088	65,656,518
Business-type activities:										
Investment earnings	8,483	5,242	2,912	2,930	2,725	2,286	4,896	10,569	23,146	32,178
Miscellaneous	53,224	67,853	(3,829)	866	13,977	6,493	52,523	32,922	54,525	9,093
Transfers	(252,680)	(408,680)	(475,322)	(418,642)	(416,591)	(400,906)	(421,418)	539,678	95,518	(98,141)
Total business-type activities	(190,973)	(335,585)	(476,239)	(414,846)	(399,889)	(392,127)	(363,999)	583,169	173,189	(56,870)
Total primary government	50,247,627	49,122,383	50,258,374	51,091,727	59,643,271	59,820,263	61,847,686	65,489,735	68,478,277	65,599,648
Change in Net Position										
Governmental activities	(3,664,946)	(37,783)	5,276,643	3,437,394	17,132,465	15,993,567	10,337,411	7,264,113	(5,773,610)	5,649,096
Business-type activities	(1,124,826)	(929,891)	(550,903)	(300,902)	(1,039,053)	(850,178)	(990,194)	(361,887)	458,851	(538,042)
Total primary government	\$ (4,789,772)	\$ (967,674)	\$ 4,725,740	\$ 3,136,492	\$ 16,093,412	\$ 15,143,389	\$ 9,347,217	\$ 6,902,226	\$ (5,314,759)	\$ 5,111,054

BURKE COUNTY, NORTH CAROLINA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019
General Fund										
Reserved for:										
State statute	\$ 4,360,355									
Register of deeds technology enhancements	86,666									
Total reserved	<u>\$ 4,447,021</u>									
Unreserved										
designated for:										
Subsequent year's budget	\$ 2,395,990									
Law enforcement	4,237									
Department of social services	9,852									
Health department	603									
Cooperative extension	21,667									
Emergency management	407									
Soil and water	164									
Community development	39,561									
Unreserved										
Undesignated	9,893,896									
Total General Fund	<u>\$ 16,813,398</u>									
General Fund										
Non-spendable										
Prepaid expenses	\$ 20,633	\$ 52,938	\$ 61,351	\$ 41,038	\$ 58,671	\$ 77,571	\$ 90,490	\$ 115,331	\$ -	
State statute	3,796,810	4,012,526	4,100,602	8,048,183	4,431,848	4,286,681	4,619,898	4,617,019	6,804,197	
Restricted, all others	251,551	413,226	458,594	534,922	793,703	781,742	641,232	683,725	408,976	
Committed	28,823	23,947	15,476	43,705	35,075	39,195	51,182	283,747	-	
Assigned	2,391,850	2,927,527	241,180	1,702,220	433,400	2,682,400	979,769	2,213,911	1,338,885	
Unassigned	9,039,855	6,742,503	10,564,782	7,197,076	12,351,795	13,673,602	15,874,461	15,224,971	16,987,127	
Total General Fund	<u>\$ 15,529,522</u>	<u>\$ 14,172,667</u>	<u>\$ 15,441,985</u>	<u>\$ 17,567,144</u>	<u>\$ 18,104,492</u>	<u>\$ 21,541,191</u>	<u>\$ 22,257,032</u>	<u>\$ 23,138,704</u>	<u>\$ 25,539,185</u>	
All Other Governmental Funds										
Unreserved, designated for:										
Emergency 911	\$ 455,422									
Capital projects funds	5,282,096									
CDBG projects	84,446									
Total all other governmental funds	<u>\$ 5,821,964</u>									
All Other Governmental Funds										
Non-spendable										
State statute	\$ 2,020,827	\$ 3,126,519	\$ 1,778,452	\$ 1,753,591	\$ 2,174,649	\$ 1,952,691	\$ 1,916,204	\$ 3,410,584	\$ -	
Restricted, all others	523,857	4,104,975	3,479,026	6,917,973	6,174,877	8,378,967	30,703,589	17,359,447	17,588,435	
Committed	-	-	-	-	815,733	1,514,283	1,712,451	17,488,037	6,584,984	
Unassigned	1,076,399	(290,782)	851,744	-	-	-	-	-	-	
Total all other governmental funds	<u>\$ 3,621,083</u>	<u>\$ 6,940,712</u>	<u>\$ 6,109,222</u>	<u>\$ 8,671,564</u>	<u>\$ 9,165,259</u>	<u>\$ 11,845,941</u>	<u>\$ 34,332,244</u>	<u>\$ 38,258,068</u>	<u>\$ 24,173,419</u>	

Note: GASB 54 implemented in FY 2011

BURKE COUNTY, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes:										
Ad valorem taxes	\$ 38,395,665	\$ 38,022,328	\$ 37,977,423	\$ 38,513,260	\$ 47,188,565	\$ 46,792,188	\$ 47,451,409	\$ 48,236,424	\$ 49,453,349	\$ 50,363,670
Other taxes and licenses	10,072,565	9,963,131	10,482,441	10,904,972	10,975,727	11,887,592	13,147,669	14,297,959	15,496,685	11,593,447
Total taxes	48,468,230	47,985,459	48,459,864	49,418,232	58,164,292	58,679,780	60,599,078	62,534,383	64,950,034	61,957,117
Intergovernmental	14,401,349	14,423,248	19,468,841	15,858,648	20,478,502	16,434,286	15,333,084	16,415,876	14,594,961	24,349,691
Permits and fees	7,335,450	7,621,864	7,402,154	6,968,380	7,366,719	6,362,705	6,740,814	7,026,985	6,939,431	1,997,693
Sales and services	681,070	866,865	986,966	1,012,714	1,060,083	1,711,033	2,022,702	2,216,557	2,168,914	4,136,183
Investment earnings	67,444	37,114	(38,533)	14,110	19,284	13,788	77,856	201,307	721,510	1,242,695
Other revenues	657,479	133,595	78,601	780	84,331	4,113	547,099	2,826,663	1,774,256	760,681
Total Revenues	71,611,022	71,068,145	76,357,893	73,272,864	87,173,211	83,205,705	85,320,633	91,221,771	91,149,106	94,444,060
Expenditures										
General Government	5,412,055	5,160,061	5,093,550	6,385,176	8,530,902	6,902,064	6,439,674	6,321,221	6,925,833	8,635,213
Public Safety	17,163,137	16,678,057	16,909,932	17,918,323	25,172,906	22,207,984	21,773,827	21,898,933	28,737,879	37,265,686
Transportation	255,941	252,396	32,212	32,212	32,212	42,631	50,075	41,599	54,582	67,566
Economic and physical development	2,530,557	2,342,461	4,422,695	2,390,529	2,367,984	2,725,553	2,400,436	2,125,886	2,771,483	3,084,281
Environmental protection	131,791	126,074	241,283	115,999	120,574	104,461	105,047	108,873	112,978	488,206
Human services	19,460,320	18,943,702	18,691,357	18,066,581	18,273,999	20,283,094	18,983,962	21,734,490	19,653,152	19,791,351
Cultural and recreational	1,798,895	1,794,555	1,681,714	1,929,893	1,772,233	2,339,972	2,077,150	5,313,207	2,943,451	3,087,798
Education	23,477,416	20,273,151	18,431,125	17,820,570	18,050,716	19,853,068	19,948,677	23,300,034	36,000,244	24,964,134
Aids and donations	244,268	276,009	265,545	255,134	253,182	280,585	282,884	477,042	281,705	-
Other expenses	1,879,228	1,803,424	2,011,018	1,796,117	1,716,744	1,487,955	1,469,788	1,611,686	1,630,814	-
Debt Service:										
Principal	5,659,999	4,891,824	4,552,465	4,399,933	11,472,731	5,060,490	5,011,167	4,761,167	5,543,333	6,355,000
Interest and other charges	3,131,548	2,880,469	2,676,041	2,481,213	2,211,632	1,287,714	1,081,981	890,807	1,570,638	2,430,906
Total Expenditures	81,145,155	75,422,183	75,008,937	73,591,680	89,975,815	82,575,571	79,624,669	88,584,946	106,226,093	106,170,141
Excess of revenues over (under) expenditures	(9,534,133)	(4,354,038)	1,348,956	(318,816)	(2,802,604)	630,134	5,695,964	2,636,825	(15,076,987)	(11,726,081)
Other Financing Sources (Uses)										
Gain/(loss) on disposal of assets										83,876
Transfers in	14,008,938	7,583,348	8,728,455	10,127,511	6,273,153	7,491,127	6,170,460	8,595,007	8,510,561	9,846,634
Transfers out	(13,756,258)	(7,174,666)	(8,253,133)	(9,708,867)	(5,856,563)	(7,090,221)	(5,749,042)	(9,134,685)	(8,606,078)	(9,888,565)
Issuance of debt	250,000	-	-	338,000	7,073,517	-	-	21,075,000	20,010,000	-
Lease principal payments	466,044	460,600	138,495	-	-	-	-	-	-	-
Total other financing sources (uses)	968,724	869,282	613,817	756,644	7,490,107	400,906	421,418	20,535,322	19,914,483	41,945
Net change in fund balances	\$ (8,565,409)	\$ (3,484,756)	\$ 1,962,773	\$ 437,828	\$ 4,687,503	\$ 1,031,040	\$ 6,117,382	\$ 23,172,147	\$ 4,837,496	\$ (11,684,136)

BURKE COUNTY, NORTH CAROLINA
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Companies (1)	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Market Value (3)
2010	5,335,105,069	1,208,914,394	183,828,229	6,727,847,692	0.520	6,727,847,692
2011	5,381,184,035	1,204,799,876	181,207,434	6,767,191,345	0.520	6,476,400,943
2012	5,413,307,614	1,122,129,705	201,007,104	6,736,444,423	0.520	5,865,428,318
2013	5,451,446,487	1,203,039,254	228,510,412	6,882,996,153	0.520	6,846,708,597
2014	(4) 4,878,822,675	(5) 1,155,969,001	215,312,709	6,250,104,385	0.680	6,142,608,732
2015	4,953,868,463	(5) 1,085,185,781	222,954,856	6,262,009,100	0.680	6,296,640,623
2016	4,980,609,649	1,260,195,412	243,102,733	6,483,907,794	0.680	6,759,703,705
2017	5,238,103,946	1,168,827,778	248,533,718	6,655,465,442	0.680	7,068,251,319
2018	5,296,190,556	1,604,352,580	262,245,785	7,162,788,921	0.695	7,607,042,912
2019	5,767,661,364	680,452,235	260,557,693	6,708,671,292	0.695	7,124,763,998

Source: Annual County Report of Valuation and Property Tax Levies

Notes:

(1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.

(1) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

(2) Per \$100 of value.

(3) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

(4) Property in Burke County is on a four year cycle for reappraisal. However, the Board of Commissioners have postponed the reappraisal by two years which has resulted in a 6 year reappraisal. The last reappraisal was on January 1, 2019 and was the basis for fiscal year 2020 taxes.

(5) Corrected valuation due to exemptions included in the original reported amounts.

BURKE COUNTY, NORTH CAROLINA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018	2019
County Direct Rates										
Burke County	\$0.5200	\$0.5200	\$0.5200	\$0.5200	\$0.6800	\$0.6800	\$0.6800	\$0.6800	\$0.6950	\$0.6950
Municipality Rates:										
City of Hickory	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5665	0.5665	0.5665	0.5875
City of Morganton	0.4600	0.4600	0.4600	0.4800	0.5300	0.5300	0.5300	0.5300	0.5700	0.5700
Special Downtown Morganton	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400	0.1400
Town of Connelly Springs	0.1300	0.1300	0.1300	0.1300	0.1300	0.0500	0.0500	0.0500	0.0500	0.0500
Town of Drexel	0.3200	0.3200	0.3200	0.3200	0.3800	0.3800	0.3800	0.3800	0.3800	0.3800
Town of Glen Alpine	0.2700	0.2700	0.2700	0.3000	0.3000	0.3000	0.4050	0.4050	0.3700	0.3500
Town of Hildebran	0.2220	0.2220	0.2220	0.2220	0.2220	0.1500	0.1500	0.1500	0.1500	0.1500
Town of Long View	0.4000	0.4000	0.4000	0.4000	0.4200	0.4200	0.4200	0.5200	0.5700	0.5700
Town of Rhodhiss	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500	0.5500
Town of Rutherford College	0.1800	0.1800	0.1800	0.1800	0.1800	0.1000	0.1000	0.1000	0.1000	0.1200
Town of Valdese	0.4000	0.4000	0.4000	0.4000	0.4850	0.4850	0.4850	0.5450	0.5450	0.5450
Fire Districts:										
Brendletown	0.0660	0.0660	0.0660	0.0660	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Carbon City	0.0740	0.0740	0.0740	0.0740	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Chesterfield	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900
Drowning Creek	0.1020	0.1020	0.1020	0.1020	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200
Enola	0.0920	0.0920	0.0920	0.0920	0.1050	0.1050	0.1050	0.1050	0.1050	0.1050
George Hildebran	0.0680	0.0680	0.0680	0.0680	0.0900	0.0900	0.0900	0.0900	0.1100	0.1100
Glen Alpine	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0800	0.0800	0.0800	0.0800
Icard	0.0720	0.0720	0.0720	0.0720	0.0880	0.0880	0.0880	0.0880	0.1000	0.1000
Jonas Ridge	0.1200	0.1200	0.1200	0.1200	0.1350	0.1350	0.1350	0.1350	0.1350	0.1350
Lake James	0.0600	0.0600	0.0600	0.0600	0.0800	0.0800	0.0800	0.0800	0.0800	0.0800
Longtown	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1200	0.1200	0.1200
Lovelady	0.0800	0.0800	0.0800	0.0800	0.0950	0.0950	0.0950	0.0950	0.1050	0.1050
Oak Hill	0.0800	0.0800	0.0800	0.0800	0.0800	0.0900	0.0900	0.0900	0.0900	0.0900
Salem	0.0580	0.0580	0.0580	0.0580	0.0650	0.0650	0.0650	0.0650	0.0700	0.0700
Smokey Creek	0.0880	0.0880	0.0880	0.0880	0.0880	0.1180	0.1180	0.1180	0.1180	0.1180
South Mountain	0.1130	0.1130	0.1130	0.1130	0.1360	0.1360	0.1360	0.1360	0.1360	0.1360
Triple Community	0.0710	0.0710	0.0710	0.0710	0.0780	0.0780	0.0780	0.0780	0.0780	0.0780
West End	0.0700	0.0700	0.0700	0.0700	0.1000	0.1000	0.1000	0.1000	0.1000	0.1100

(1) Revaluation years.

(2) The rates are shown per \$100 of taxable value. All taxable property is subject to the county-wide tax. Real property is reappraised at 100% of

Table 7

BURKE COUNTY, NORTH CAROLINA
Principal Property Tax Payers,
Current Year and Ten Years Ago

Taxpayer	Type of Business	Fiscal Year 2019		Percentage of Total Assessed Valuation	Fiscal Year 2010		Percentage of Total Assessed Valuation
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Duke Energy Corp	Electric utility	\$ 147,681,906	1	2.20%	\$ 88,891,638	1	1.32%
Continental Automotive Systems	Tire manufacturing	109,594,997	2	1.63%	85,267,238	2	1.27%
Rutherford EMC	Electric membership co-op	37,273,322	3	0.56%	32,771,005	5	0.49%
SGL Carbon LLC	Carbon manufacturing	37,056,270	4	0.55%	38,441,993	4	0.57%
ARCP MT Morganton NC LLC	Retail	30,686,556	5	0.46%	-		0.00%
Case Farms Processing Inc.	Poultry processing	30,299,545	6	0.45%	-		0.00%
Piedmont Natural Gas Company, Inc.	Gas utility	26,728,032	7	0.40%	-		0.00%
Sieren North America LLC	Manufacturing	26,345,045	8	0.39%	-		0.00%
Leviton Mfg. Co. Inc.	Manufacturing	25,639,534	9	0.38%	20,308,536	10	0.30%
Grace Hospital Properties	Real Estate	23,447,044	10	0.35%	-		0.00%
Carolina Centers LLC	Land development	-		0.00%	41,114,408	3	0.61%
Sypris Technologies Inc.	Manufacturing	-		0.00%	25,827,138	7	0.38%
HDM Furniture Industries, Inc.	Furniture manufacturing	-		0.00%	24,303,536	8	0.36%
Viscotec	Automotive parts manufacturing	-		0.00%	27,872,498	6	0.41%
Bellsouth Telephone Company	Telephone utility	-		0.00%	21,917,116	9	0.33%
Totals		<u>\$ 494,752,251</u>		<u>7.37%</u>	<u>\$ 406,715,106</u>		<u>6.05%</u>

BURKE COUNTY, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2010	35,047,688	33,877,694	96.66%	1,122,322	35,000,016	99.86%
2011	34,917,206	33,723,870	96.58%	1,132,564	34,856,434	99.83%
2012	35,089,376	33,948,471	96.75%	1,080,538	35,029,009	99.83%
2013	35,791,580	34,511,075	96.42%	1,200,822	35,711,897	99.78%
2014	43,900,065	42,807,902	97.51%	986,212	43,794,114	99.76%
2015	44,127,461	43,203,344	97.91%	829,641	44,032,985	99.79%
2016	44,151,751	43,289,007	98.05%	751,956	44,040,963	99.75%
2017	45,340,513	44,465,034	98.07%	721,400	45,186,434	99.66%
2018	49,861,915	49,154,063	98.58%	450,850	49,604,913	99.48%
2019	46,841,472	45,998,431	98.20%	-	45,998,431	98.20%

Source: Burke County Tax Department

Table 9

BURKE COUNTY, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Certificates of Participation	Installment Loans	Installment Loans			
2010	4,765,000	46,395,000	12,208,883	415,941	63,784,824	703	2.60%
2011	4,375,000	43,490,000	10,612,058	374,077	58,851,135	649	2.36%
2012	3,975,000	40,585,000	9,434,821	332,214	54,327,035	604	2.10%
2013	3,570,000	37,680,000	8,682,888	290,350	50,223,238	562	1.95%
2014	3,235,000	37,720,000	7,705,157	248,487	48,908,644	551	1.83%
2015	2,770,000	34,350,000	6,470,667	211,739	43,802,406	493	1.57%
2016	2,305,000	30,985,000	5,289,500	169,875	38,749,375	436	1.34%
2017	1,840,000	48,670,000	4,383,333	157,741	55,051,074	611	1.81%
2018	1,425,000	64,290,000	3,645,000	145,607	69,505,607	776	2.20%
2019	1,020,000	58,995,000	2,990,000	133,473	63,138,473	*	*

* Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population the prior calendar year.

BURKE COUNTY, NORTH CAROLINA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Premiums/ Discounts	Total General Obligation Debt	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2010	4,765,000	0	4,765,000	0.19%	0.19%	176
2011	4,375,000	0	4,375,000	0.18%	0.18%	162
2012	3,975,000	0	3,975,000	0.15%	0.15%	145
2013	3,570,000	0	3,570,000	0.14%	0.14%	124
2014	3,235,000	0	3,235,000	0.12%	0.12%	112
2015	2,770,000	0	2,770,000	0.10%	0.10%	92
2016	2,305,000	0	2,305,000	0.08%	0.08%	73
2017	1,840,000	0	1,840,000	0.06%	0.04%	57
2018	1,425,000	0	1,425,000	0.05%	0.02%	42
2019	1,020,000	0	1,020,000	*	0.02%	29

Notes: Details regarding the County's outstanding debt can be found in the Notes to the Financial Statements.

(1) See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See Table 5 for property value data.

* not available

BURKE COUNTY, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 6,727,847,692	\$ 6,767,191,345	\$ 6,736,444,423	\$ 6,882,996,153	\$ 6,445,976,324	\$ 6,477,527,647	\$ 6,483,907,794	\$ 6,655,465,442	\$ 7,162,788,921	\$ 6,708,671,292
Debt Limit, 8% of Assessed Value (Statutory Limitation)	538,227,815	541,375,308	538,915,554	550,639,692	515,678,106	518,202,212	518,712,624	532,437,235	573,023,114	536,693,703
Amount of Debt Applicable to Limit										
General obligation debt	4,765,000	4,375,000	3,975,000	3,570,000	3,235,000	2,770,000	2,305,000	1,840,000	1,425,000	1,020,000
Installment Purchases	58,603,883	54,102,058	50,019,821	46,362,888	45,425,157	40,820,667	36,274,500	53,053,333	67,935,000	61,985,000
Total net debt applicable to limit	63,368,883	58,477,058	53,994,821	49,932,888	48,660,157	43,590,667	38,579,500	54,893,333	69,360,000	63,005,000
Legal Debt Margin	\$ 474,442,991	\$ 482,506,170	\$ 484,583,402	\$ 495,729,145	\$ 437,469,463	\$ 474,399,806	\$ 479,452,837	\$ 477,543,902	\$ 503,663,114	\$ 473,688,703
Total net debt applicable to the limit as a percentage of debt limit	11.77%	10.80%	10.02%	9.07%	9.44%	8.41%	7.44%	10.31%	12.10%	11.74%

Note: NC Statute GS 159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the County's legal borrowing authority.

BURKE COUNTY, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (1) (thousands of dollars)	Per Capita Personal Income (1)	Median Age (2)	Public School Enrollment (3)	Unemployment Rate (4)
2010	90,687	2,450,364	27,020	40.9	13,918	13.40%
2011	90,712	2,492,065	27,472	41.4	13,742	12.70%
2012	89,995	2,584,080	28,714	41.7	13,389	10.80%
2013	89,386	2,571,128	28,764	42.1	13,266	9.50%
2014	88,807	2,676,314	30,136	42.4	13,404	6.80%
2015	88,842	2,794,772	31,458	42.7	13,180	5.80%
2016	88,851	2,891,036	32,538	42.9	12,360	5.00%
2017	90,127	3,041,519	33,747	43.3	12,113	4.00%
2018	89,519	3,156,887	35,265	40.1	12,497	3.57%
2019	90,912	*	*	43.7	12,140	3.56%

* Information not available.

Notes:

(1) Information obtained from U. S. Bureau of Economic Analysis

(2) Information obtained from N. C. State Data Center

(3) Information obtained from N. C. Department of Public Instruction.

(4) Information obtained from N. C. Employment Security Commission

Table 13

BURKE COUNTY, NORTH CAROLINA
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	55.3	52.3	51.3	45.3	47.3	51.3	52.3	53.3	53.3	53.3
Public safety	182	186	187	182	193	211	213	216	208	217
Transportation	0	0	0	0	0	0	0	0	0	0
Human services	202	195	188	193	192	187	206	215	220	224
Cultural and Recreational	27	27	26	25	25	26	26	26	26	27
Environmental Protection	2	2	2	2	2	2	2	2	2	2
Economic and Physical Development	17	18	11	12	11	10	12	9	9	9
Enterprise	19.7	18.7	18.7	18.7	19.7	18.7	18.7	19.7	19.7	19.7
Total	505	499	484	478	490	506	530	541	538	552

Table 14

BURKE COUNTY, NORTH CAROLINA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
County Government buildings	22	22	22	22	22	24	25	25	26	26
Public Safety										
Sheriff										
Centers	1	1	1	1	1	1	1	1	1	1
Squad Cars	61	76	76	84	87	97	100	87	87	87
Downtown jail										
Sq footage	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Total bed count	60	60	60	60	60	60	60	60	60	60
Emergency medical service										
Quick response vehicles	3	3	3	1	3	1	4	4	4	4
Advanced life support vehicles	14	16	16	14	14	13	14	15	16	16
Stations	6	6	6	6	6	7	7	7	8	8
Human services										
Health Department Locations	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Total acreage-all parks	176	176	176	164	164	164	164	164	474	474
Number of parks	5	5	5	4	4	4	4	4	4	6
Solid waste disposal facility										
Number of collection sites	5	5	5	5	6	6	6	6	6	6

Source: Various County departments.

COMPLIANCE SECTION

**Independent Auditors' Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

To the Board of Commissioners of
Burke County
Morganton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Burke County, North Carolina as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Burke County, North Carolina's basic financial statements, and have issued our report thereon dated January 24, 2020. Our report includes a reference to other auditors who audited the financial statements of Burke County Tourism Development Authority, as described in our report on Burke County, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Burke County Tourism Development Authority were not audited in accordance with Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burke County, North Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Burke County, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Burke County, North Carolina's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Burke County, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2019-002.

Burke County, North Carolina's Response to Findings

Burke County, North Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Burke County, North Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 24, 2020

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 N. Sterling Street
Morganton, North Carolina 28655
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Fax: (828) 433-1230

**Independent Auditors' Report On Compliance For Each Major Federal Program
And On Internal Control Over Compliance Required By The Uniform Guidance
And the State Single Audit Implementation Act**

To the Board of Commissioners of
Burke County
Morganton, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Burke County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Burke County, North Carolina's major federal programs for the year ended June 30, 2019. Burke County, North Carolina's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Burke County, North Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Burke County, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Burke County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

Burke County, North Carolina's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Burke County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be significant deficiencies.

Burke County, North Carolina's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Burke County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 24, 2020

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

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**Independent Auditors' Report On Compliance For Each Major State Program
And On Internal Control Over Compliance Required By The Uniform Guidance
And The State Single Audit Implementation Act**

To the Board of Commissioners of
Burke County
Morganton, North Carolina

Report on Compliance for Each Major State Program

We have audited Burke County, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Burke County, North Carolina's major State programs for the year ended June 30, 2019. Burke County, North Carolina's major State programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of State statutes, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Burke County, North Carolina's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the applicable sections of Title 2 *U.S. Code of State Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, and the Uniform Guidance and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Burke County, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Burke County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
January 24, 2020

BURKE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

I. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency identified that is not considered to be material weaknesses X Yes None reported

Noncompliance material to financial statements noted X Yes No

Federal Awards

Internal control over major Federal programs:

Material weakness identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses X Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major Federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Community Development Block Grants	14.228
Medicaid Assistance Program - Administration	93.778
Foster Care and Adoption Cluster	93.658 & 93.659
TANF	93.558

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee X Yes No

State Awards

Internal control over major State programs:

Material weakness identified? Yes X No

Significant deficiency identified that is not considered to be material weaknesses Yes X None reported

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

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

Identification of major State programs:

State Foster Care Benefits Program
Foster Care and Adoption Cluster
Rural Center Development Grant

BURKE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

II. Financial Statement Findings

Finding 2019-001

Criteria: GAAP reporting requires premium received on installment debt be amortized in the government-wide financial

Condition: In the current year it was discovered that the premiums received with the 2017 LOBs and the 2018 LOBs did not get reported. The amount of total premiums is \$3,900,108 which is a material amount and required a prior year adjustment to correct the records.

Context: While performing internal control procedures, staff noted the condition.

Effect: Government-wide liabilities were understated.

Cause: Finance Director failed to properly review financial statements for FY 16-17 and 17-18.

Recommendation: Additional review of financial statements should be performed.

Name of Contact Person: Margaret Pierce, Deputy County Manager/Finance Director

Corrective Action/Management's Response: Management concurs. Management has since added review process on new loans to insure all information is reported correctly in the appropriate fiscal year.

III. Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed Through the NC Department of Health and Human Services

Program Name: Title IV-E Adoption Assistance - Direct Benefit Payment

CFDA # 93.659

Grant Number: 1901NCFOST

Finding 2019-002

Significant Deficiency/Non-compliance

Criteria: In accordance with 45 CFR 1355-1356 and in the State law NCGS 180-A-49, the requirement applicable in this case, applicant files should contain certain eligibility forms.

Condition: One case did not include all of the required forms.

Questioned Costs: \$6,972. This amount was determined by totaling all the aid received by the case.

Context: Of the 240 case files, we examined 24 and determined one case file did not contain a signed adoption assistance agreement.

Effect: One applicant received assistance for which they may not have been eligible.

Cause: Adoption assistance agreements are currently scanned into a paperless system. Accordingly, the County's system of review did not detect these errors in a timely manner.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit - 2018-001.

Recommendation: Procedures should continue to ensure all required forms are completed and are included in the scanning

Name of Contact Person: Korey Wellman-Fisher, DSS Director

Views of responsible officials and planned corrective actions: The County agrees with the finding and will implement adequate checks and balances to ensure this problem does not recur.

IV. State Award Findings and Questioned Costs

None reported.



**Corrective Action Plan
For the Year Ended June 30, 2019**

Section II. Financial Statement Findings

Finding 2019-1

Name of Contact Person: Margaret Pierce, Burke County Finance Director

Corrective Action: Process for including premium amortization in financial report has been reviewed with staff. New review procedures have been implemented for future debt issues to insure inclusion of necessary data in government-wide financial reporting.

Proposed Completion
Date: January 17, 2020

Section III. Federal Award Findings and Questioned Costs

Finding 2019-2

Name of Contact Person: Korey Fisher- Wellman, Burke County Department of Social Services Director
Kathy Craig, Service Program Administrator

Corrective Action: The DSS Director will review the case file with error with the Service Program Administrator to ensure clear understanding of finding. The Service Program Administrator will conduct periodic reviews on a selection of case files to ensure all required procedures are followed in a timely basis.

Proposed Completion
Date: January 23, 2020

Section IV. State Award Findings and Questioned Costs

None reported.

BURKE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2019

Finding 2018-001

Status: Document review has improved with 5 cases cited previously. Staff will continue review of procedures.

Burke County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program/Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Federal Awards:						
U.S. Department of Agriculture						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 710,131	\$ 672	\$ -	\$ 710,131
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for Women, Infants, & Children (Note 5)	10.557		470,522	-	-	-
Total U.S. Department of Agriculture			<u>1,180,653</u>	<u>672</u>	<u>-</u>	<u>710,131</u>
U.S. National Endowment for the Arts						
Passed-through the Office of Library Services						
Library Services and Technology Act Program	45.100		19,572	-	-	-
U.S. Environmental Protection Agency						
Brownfield Assessment and Cleanup Cooperative Agreements	68.818	00D61017	140,071	-	-	-
U.S. Department of Housing and Urban Development						
Passed-through N.C. Department of Commerce						
Community Development Block Grants	14.228	18-00526	945,674	-	-	-
U.S. Department of Homeland Security						
Passed-through the N.C. Department of Public Safety:						
WNS Search and Rescue Exercise Grant	97.067	EMW-2017-SS-0085-S01	13,500	-	-	-
Emergency Management Performance Grant	97.042	EMA-2016-EP-00002-S01	54,899	-	-	54,899
Total U.S. Department of Homeland Security			<u>68,399</u>	<u>-</u>	<u>-</u>	<u>54,899</u>
U.S. Department of Justice						
Burke County Recovery Court Implementation						
	16.585	2018-DC-BX-0060	34,624	-	34,624	-
Passed-through the N.C. Department of Public Safety:						
Replacement and Surveillance Equipment	17.738	2017-DJ-BX-0130	24,497	-	-	-
Total U.S. Department of Justice			<u>59,121</u>	<u>-</u>	<u>34,624</u>	<u>-</u>
U.S. Department of Health & Human Services						
Administration on Aging						
Aging Cluster:						
Passed-through Western Piedmont Council of Governments:						
Home and Community Care Block Grant (HCCBG) -						
Title III B - Access Services	93.044	18/19 AANCT3SS	10,961	645	-	20,336
90% State Funds						
Title III C1 - Congregate Nutrition	93.045	18/19 AANCT3CM	125,264	7,368	-	1,290
Title III C2 - Home Delivered Meals	93.045	18/19 AANCT3HD	-	39,511	-	14,737
Senior Center				38,782	-	-
Nutrition Services Incentive Program (NSIP)	93.053	18/19 AANCNSIP	20,667	-	-	-
Total Aging Cluster			<u>156,892</u>	<u>86,306</u>	<u>-</u>	<u>36,363</u>
Passed-through N.C. Department of Insurance:						
Seniors Health Insurance Information Program	93.779	90SAPG0027-03-01	2,596	-	-	-
Medicare Improvements for Patients and Providers Act	93.779	1801NCMISH-00	1,792	-	-	-
Administration for Children and Families						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
Family Reunification	93.556	1701NCFPSS & 1801NCFPSS	65,354	-	-	-
Temporary Assistance for Needy Families						
Administration	93.558	1802NCTANF & 1902NCTANF	765,754	-	-	694,626
Special Childrens Adoption	93.558	1801NCTANF & 1901NCTANF	44,360	-	-	-
Child Support Enforcement	93.563		649,742	-	-	334,715
Low-Income Home Energy Assistance Block Grant						
Administration	93.568	G18B1NCLIEA & G19B1NCLIEA	71,592	-	-	-
Direct Benefit Payments	93.568	G18B1NCLIEA & G19B1NCLIEA	388,123	-	-	-
Crisis Intervention Payments	93.568	G18B1NCLIEA & G19B1NCLIEA	435,920	-	-	-
Permanency Planning	93.645	G1601NCCWSS & G1701NCCWSS	18,467	-	-	6,156
Social Services Block Grant	93.667	G1801NCSOSR & G1801NCSOSR	526,566	3,743	-	166,448
Total Division of Social Services			<u>2,965,878</u>	<u>3,743</u>	<u>-</u>	<u>1,201,945</u>

Burke County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program/Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Foster Care and Adoption Cluster (Note 3)						
Title IV-E Foster Care	93.658	1801NCFOST	595,710	73,920	-	518,915
Adoption Assistance - Direct Benefit Payments	93.659	1801NCADPT	1,052,152	257,804	-	263,617
Adoption/Foster Care Special Provision	93.658	1801NCFOST	215,436	-	-	6,850
Total Foster Care and Adoption Cluster (Note 3)			1,863,298	331,724	-	789,382
Subsidized Child Care (Note 5)						
Child Care Development Fund Cluster						
Division of Social Services						
Child Care Development Fund - Administration	93.596		99,953	40,000	-	-
Total Subsidized Child Care Cluster			99,953	40,000	-	-
Health Care Financing Administration						
Passed-through the N.C. Department of Health and Human Services:						
Division of Social Services:						
Medical Assistance Program (Note 5)						
Administration	93.778	XIX-MAP19	2,323,272	16,240	-	845,151
Health Choice	93.767	CHIP19	65,209	-	-	-
Chafee Foster Care Independence Program	93.674	G1701NC1420 & G1801NC1420	30,090	4,837	-	-
Total Division of Medical Assistance			2,418,571	21,077	-	845,151
Passed-through the N.C. Department of Health and Human Services						
Division of Public Health:						
Project Grants for TB Control	93.116		50	-	-	-
HPP & PHEP	93.074		34,176	-	-	-
Immunization Grant	93.268		25,408	-	-	-
Maternal and Child Health Services Block Grant	93.994		55,467	-	-	-
Preventive Health and Health Service Block Grant	93.758		14,053	-	-	-
Sexually Transmitted Diseases Control Grant	93.977		100	-	-	-
Family Planning Services	93.217		39,171	-	-	-
Healthy Communities Activities	93.991		35,809	-	-	-
Temporary Assistance for Needy Families	93.558		12,588	-	-	-
Total Division of Public Health			216,822	-	-	-
Total U.S. Department of Health & Human Services			7,725,802	482,850	-	2,872,841
US Forestry Service						
Passed-through the N.C. Department of Public Instruction:		FY 2018 SRS				
Timber Receipts			124,697	-	124,697	-
Total Federal Awards			10,263,989	483,522	159,321	3,637,871
State Awards:						
N.C. Department of Health and Human Services						
Division of Social Services						
Adoption Subsidy			-	415,761	-	92,614
Extended Foster Care Maximization			-	78,348	-	-
State Foster Home Maximization			-	464,613	-	464,613
State Foster Care Benefits Program			-	177,918	-	177,918
Total Division of Social Services			-	1,136,640	-	735,145
Division of Public Health:						
General						
HIV/STD SSBG Aid			-	500	-	-
Gonorrhea Partner Services			-	1,251	-	-
Tuberculosis			-	18,741	-	-
Communicable Diseases			-	1,610	-	-
Child Health			-	279	-	-
Family Planning			-	36,455	-	-
Maternal Health			-	36,396	-	-
WHSF			-	9,815	-	-
School Nurse Funding Incentive			-	100,000	-	-
STD Drugs			-	250	-	-
General Aid to Counties			-	114,459	-	-
Food and Lodging Fees			-	8,283	-	-
Total Division of Public Health			-	328,039	-	-
Total N.C. Department of Health and Human Services			-	1,464,679	-	735,145

Burke County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program/Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
N.C. Department of Public Safety						
Division of Emergency Management						
Hurricane Florence reimbursement			-	93,875	16,186	-
Division of Administration, Community Programs						
Juvenile Crime Prevention Council Programs		012-XXXX	-	317,894	317,894	108,073
Total N.C. Department of Public Safety			-	411,769	334,080	108,073
N.C. Department of Commerce						
Rural Center Development Grant - Project Rampart		2018-117-3201-2587	-	500,000	-	500,000
N.C. Department of Cultural and Natural Resources						
Recreational trails program		RTP2017-06P001	-	100,000	-	-
Recreational trails program		RTP2016-03P001	-	25,056	-	-
Division of State Library:						
Aid to Public Libraries Fund			-	142,529	-	-
Total N.C. Department of Cultural and Natural Resources			-	267,585	-	-
N.C. Department of Agriculture and Consumer Services						
Soil Conservation Assistance			-	3,600	-	-
Soil Conservation Technician Cost Sharing				26,820	-	26,820
Spay and Neuter Grant			-	13,351	13,351	-
Total N.C. Department of Agriculture and Consumer Services			-	43,771	13,351	26,820
N.C. Department of Environmental Quality						
Abandoned Mobile Home Grant		Contract 6885	-	2,500	-	250
Total State Awards			-	2,690,304	347,431	1,370,288
Total Federal and State Awards			\$ 10,263,989	\$ 3,173,826	\$ 506,752	\$ 5,008,159

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

1. Basis of Presentation:

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State award activity of Burke County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Burke County, it is not intended to and does not present the financial position, changes in net position or cash flows of Burke County.

2. Summary of Significant Account Policies:

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate:

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

4. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Subsidized Child Care
Foster Care and Adoption

5. Benefit Payments Issued by the State:

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	470,522	-
Supplemental Nutrition Assistance Program	10.551	710,131	672
Temporary Assistance for Needy Families	93.558	1,066,637	(15)
Adoption Assistance	93.659	1,052,152	257,804
Child Care and Development Block Grant	93.575	188,428	-
Child Care and Development Fund Mandatory/Match	93.596	260,690	87,052
Foster Care - Title IV-E	93.658	1,611,146	483,720
Medical Assistance Program	93.778	89,229,311	45,921,479
Children's Health Insurance Program	93.767	2,589,856	-
Child Welfare Services Adoption		-	415,761
State / County Special Assistance program		-	594,702