

**Rutherford County, North Carolina**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**



**Prepared By**  
**Rutherford County Finance Department**



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# **INTRODUCTORY SECTION**

**BRYAN KING**  
Chairman  
**ALAN TONEY**  
Vice Chairman  
**MICHAEL BENFIELD**  
Commissioner  
**GREG LOVELACE**  
Commissioner  
**EDDIE HOLLAND**  
Commissioner

**STEVE GARRISON**  
County Manager  
**HAZEL S. HAYNES**  
Clerk to the Board  
**PAULA ROACH**  
Finance Director

# Rutherford County

**289 North Main Street**  
**Rutherfordton, NC 28139**  
**(828) 287-6060**  
**(828) 287-6262 FAX**

November 15, 2019

Rutherford County Board of Commissioners  
County of Rutherford  
289 North Main Street  
Rutherfordton, North Carolina 28139

Dear Commissioners:

In compliance with the General Statutes of the State of North Carolina, the Comprehensive Annual Financial Report (CAFR) of the County of Rutherford, North Carolina, is submitted for the fiscal year ended June 30, 2019. The responsibility for the accuracy, completeness, and clarity of the report rests with the County Finance Director. We believe the data presented is accurate in all material respects; that it is presented in a manner to fairly represent the financial position and the results of operations of the County of Rutherford as measured by the financial activities of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.



## REPORTING ENTITY AND ITS SERVICES

The County has a commissioner/manager form of government with five commissioners elected for four-year staggered terms. The Board of Commissioners approves all tax and budget issues by a majority vote. An organizational chart is presented in this introductory section.

The financial reporting entity consists of the primary government, organizations for which a primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body; and (1) is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The following agencies have been included in the reporting entity as component units:

Rutherford County Airport Authority  
Rutherford County Transit Authority  
Rutherford County Tourism Development Authority  
Rutherford County Economic Development Association

Based on the foregoing criteria, it was not considered appropriate to include the following entities in the County of Rutherford reporting entity:

Rutherford County Board of Education  
Region C Council of Governments  
Fire and Sanitary Districts  
Isothermal Community College  
Rutherford/Polk/McDowell Public Health District  
Vaya Health (formerly Smoky Mountain Center)

The financial statements of these entities are audited and available at the office of each entity.

The County provides, in total or in part, a full range of governmental services including General Government, Public Safety, Environmental Protection, Human Services, Economic and Physical Development, Education, and Cultural Activities.

## ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

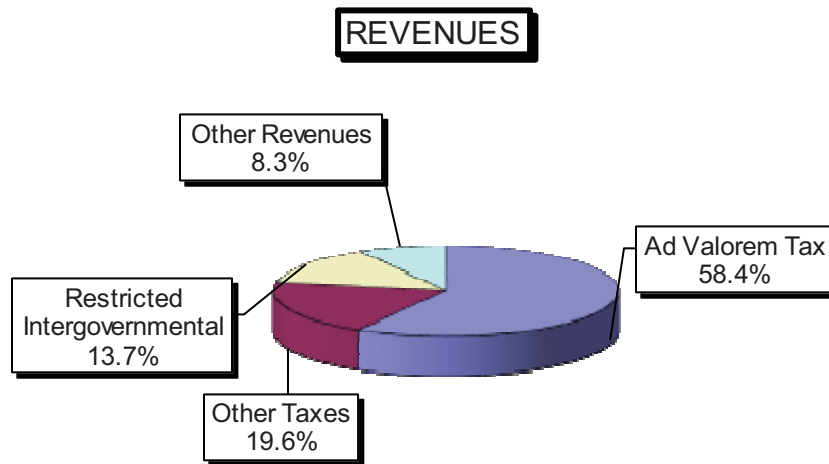
The County's accounting and financial systems have been designed to provide adequate internal accounting controls and to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or dispositions and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. The County believes that the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary or other control is exercised over all funds. Appropriations are made at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project and Debt Service Funds. The Governing Board amends appropriations as necessary. The budget shown in the financial statements is the budget ordinance as amended through June 30, 2019. The County's budget ordinance is prepared on a modified accrual basis for all governmental fund types. The budgets for the General Fund, Special Revenue Funds with the exception of the Debt Service and Grant Fund, and Enterprise Funds are prepared on an annual basis, and the budgets for the Capital Project and Grant Funds are authorized for the life of the grant/project.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues for annual general governmental functions come primarily from ad valorem taxes, the two and one-half-cent optional sales tax, and intergovernmental revenues (primarily state and federal). These governmental functions include the general, special revenue and debt service funds. Revenues in the General Fund are the sources used to carry out the general operations of the County. Special revenue funds are monies that are restricted by law or administrative action for specific purposes such as emergency telephone system fund, school capital projects and the fire districts tax distribution.

The following graph illustrates the County’s general governmental sources of revenue for the general, special revenue and debt service funds only:

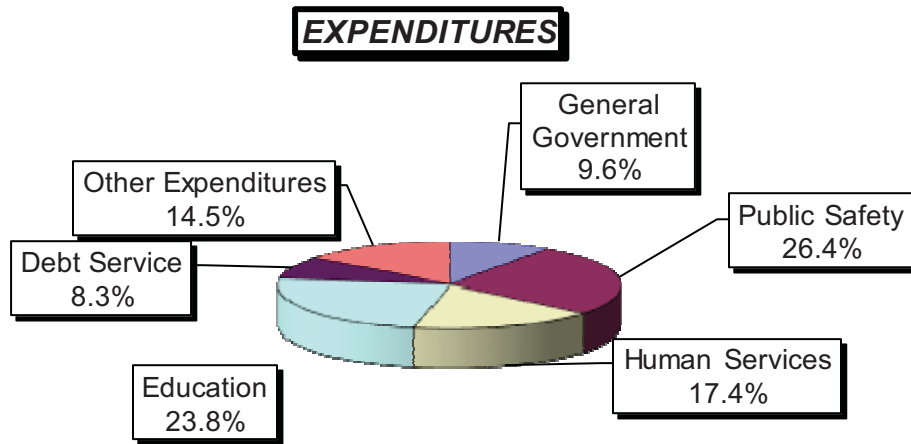


Rutherford County’s general governmental sources of revenue increased by approximately .97%, or \$754,723, attributable to growth in ad valorem tax collections and sales tax, including the new article 46 quarter-cent sales tax that was effective October 2018.

Ad valorem and other tax revenues are the largest source of revenues for the County accounting for 78.0% of total revenues. Ad valorem taxes account for 58.4% of revenues and increased by \$1,663,133 or 3.78% due to growth in the commercial tax base with the continued expansion at Andale and Everest Textiles. The fiscal year 2018-2019 budget was adopted based on a tax rate of 60.7 cents per \$100 of value. Other taxes increased by 19.43% or \$2,496,677. Sales tax revenues with new commercial construction including the Hampton Inn, American Zinc and the

continued expansion at Andale using local contractors helped to allow overall sales tax growth to keep pace with previous years. The local economy has also been positively influenced by the development of the Tryon International Equestrian Center located just outside the County which was the site for the 2018 World Equestrian Games, as well as, Jellystone Campground and Resort. Sales tax and occupancy taxes have been positively impacted with these activities. The County experienced increases in the areas of permits and fees during FY 2018-2019 with increased building permits and commercial construction.

Management recognizes that local sources of revenue must be used to provide basic services instead of relying on the uncertainty of federal and state funding. Education, human services, and public safety continue to be the largest of County government expenditures representing 67.6% of all expenditures. The following graph illustrates the County's general governmental expenditures in the general, special revenue and debt service funds only:



Total expenditures increased 4.71% as compared to FY 2017-2018. This increase was largely a result of implementing the second phase of the pay classification study and increased capital improvement projects such as the Emergency Training Facility, the Comprehensive Applied Sciences project and planning/engineering costs for the RS Middle School. Debt service expenditures and Human Services expenditures were essentially flat.

The County's fund balance available for appropriation as of June 30, 2019 of approximately \$23.98 million or 37.52% of general fund expenditures remains comparable to the State-wide average of 30.43% and that of other North Carolina counties in our population group of 37.72%. One of the many reasons that governments retain fund balances is for unforeseen events. The current recession, being described by many as the worst recession since the Great Depression, is one instance where a healthy fund balance for a government can be useful in weathering the economy while still providing the services to its citizens that they have come to expect.

THE ECONOMY OF RUTHERFORD COUNTY

Rutherford County's population is estimated to be 66,826 with a work force of 25,029. The population has decreased by 1.54% since the 2010 census. The goods-producing industry employment has declined over the last decade, while the service industry employment has

increased. The median age has increased to 43.58 as compared to 40.08 a decade ago. The County trend in jobs and population seems to be following the national trends in rural America.

Sixty-plus manufacturing firms are located in Rutherford County, and there is a more diverse industrial base than was previously experienced led by valve manufacturing, plastics, and textiles. While utility company employees are the highest paid sector, the telecommunications subsector is a close second. Manufacturing sectors also continue to be the leaders in employment wages. Recent trends closely resemble the national trend of an overall slowdown in manufacturing and textiles.

In recent years, the industrial base in the County has become more diversified with the introduction of composites and automotive components. Current targets for growth include emerging technologies (such as data centers and call centers), alternative energy sources (such as solar farm and wind farm component manufacturing), plastics and composites, and metal working along with a continued focus on traditional manufacturing that is now being performed to advanced standards and with new technologies. Andale (Facebook) has expanded their operations the past few years, continuing to make investments to their facility that opened in 2012, and is the County's largest taxpayer making up 14% of the tax base.

Other recent announcements included the location of Everest Textiles, Cardinal Tissue LLC, as well as, industry expansions at Manual Woodworkers and Weavers. American Zinc Products is working diligently to restart the recycling facility early 2020 with almost 300 employees when fully operational. Unfortunately, the County has not had immunity from the nationwide trend of increased unemployment brought on by plant slowdowns and layoffs. Unemployment in Rutherford County peaked at 17.9% in January 2010 and has been in decline each month since that time with 5.6% being the rate in June 2019.

The outlook, however, remains optimistic. In addition to current targets of recruitment that have been previously mentioned, a strong Existing Industry team, through a liaison with the NC Department of Commerce, the NC Community College System, the Rutherford County School system, and Rutherford County government, has been assembled to address current manufacturing issues on a local level. Efforts to seek new commercial growth opportunities are ongoing. A commercial development team comprised of strategic municipal and County personnel is working on several programs to strengthen and grow existing downtown and commercially viable areas in the County. Several projects have looked at Rutherford County during the past 12 months; however, most are indicating wanting to see the overall national economy improve before taking the next step of announcing and committing to spending significant sums of money and job creation.

Another significant industry in the County is travel and tourism. The County tourism industry employs 1,300 people and generates over \$189 million in revenues. Over 1,500 rentable units are available to visitors for overnight stays. In addition to traditional hotels, rental cabins, rental cottages and rental houses – B&Bs are here, as well. Utilizing the 6% occupancy tax revenue (increased to 6% effective January 1, 2018) to promote the area as a travel, tourism, retirement and convention destination, the Rutherford County Tourism Development Authority (TDA) is the destination management organization for Rutherford County. The TDA invites visitors who are longing to live more simply to come “revisit their senses” here, where “remembered

pleasures thrive in abundance.” As the TDA says in its advertising, “With great food, great things to do, and great things to see, the lake may lure you – the rest will keep you.”

### INDEPENDENT AUDIT

The General Statutes of North Carolina require an independent financial audit of all local governments in the state. Gould Killian CPA Group, P.A., a firm of independent certified public accountants, has examined the financial records of the County and their opinion is included in this report. Their audit was made in accordance with generally accepted auditing standards and accordingly, included tests of the County's records and any other auditing procedures as they considered necessary. Their unmodified opinion indicates that the accompanying financial statements have been prepared by the County in conformity with generally accepted accounting principles.

### AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rutherford County for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the thirtieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ACKNOWLEDGMENT

Deserving special recognition are the skilled, talented, and dedicated employees - the work force of the County of Rutherford. We also express sincere appreciation to the Board of County Commissioners for their leadership in providing responsible government.

### USE OF REPORT

A copy of this report will be made available to various departments of the County, the Local Government Commission, bond rating agencies, state and federal grant agencies and such other institutions expressing an interest in Rutherford County's financial affairs. A copy of this report will also be placed on the County's website at [www.rutherfordcountync.gov](http://www.rutherfordcountync.gov).

Respectfully submitted,



Steve Garrison  
County Manager



Paula Roach  
Finance Director



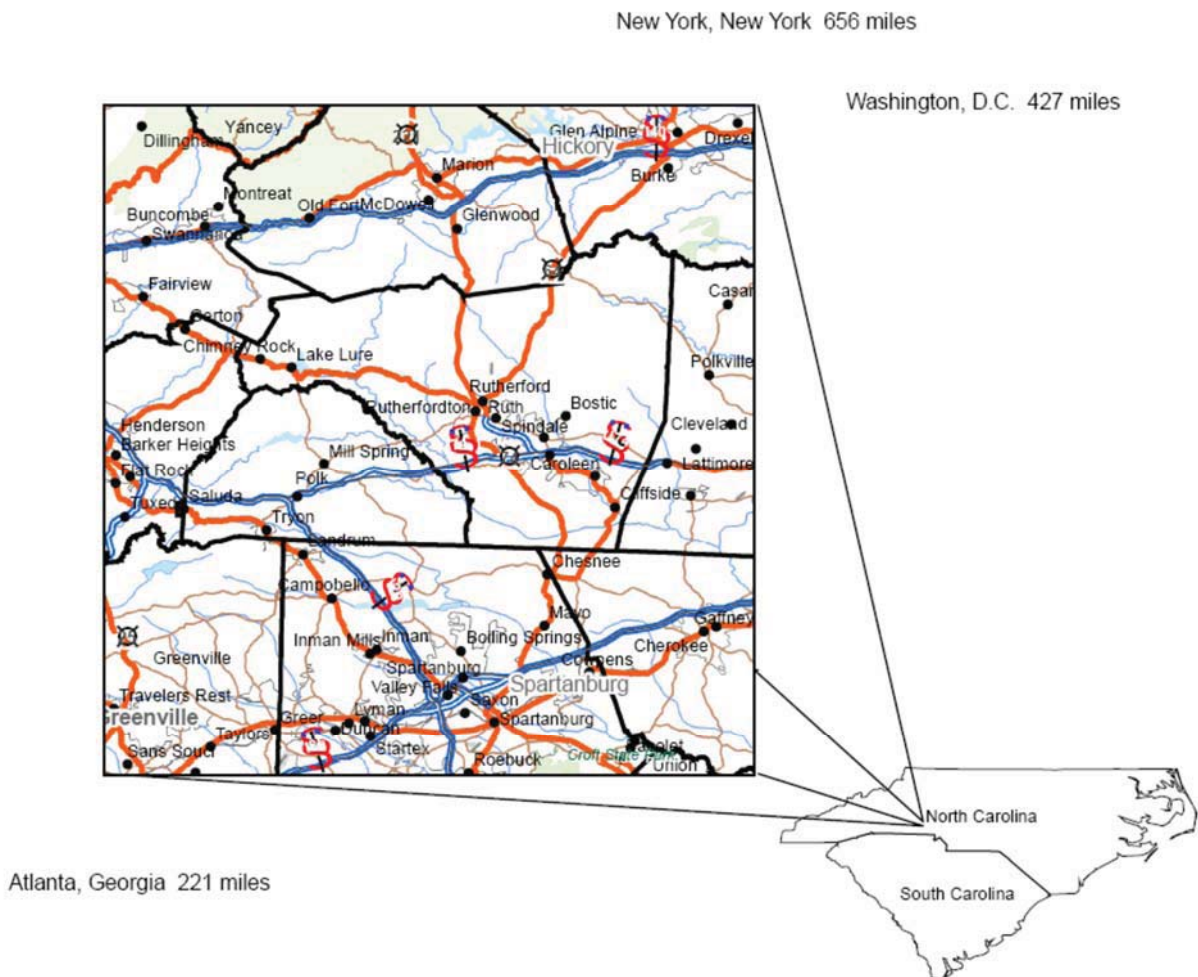
## THE COUNTY

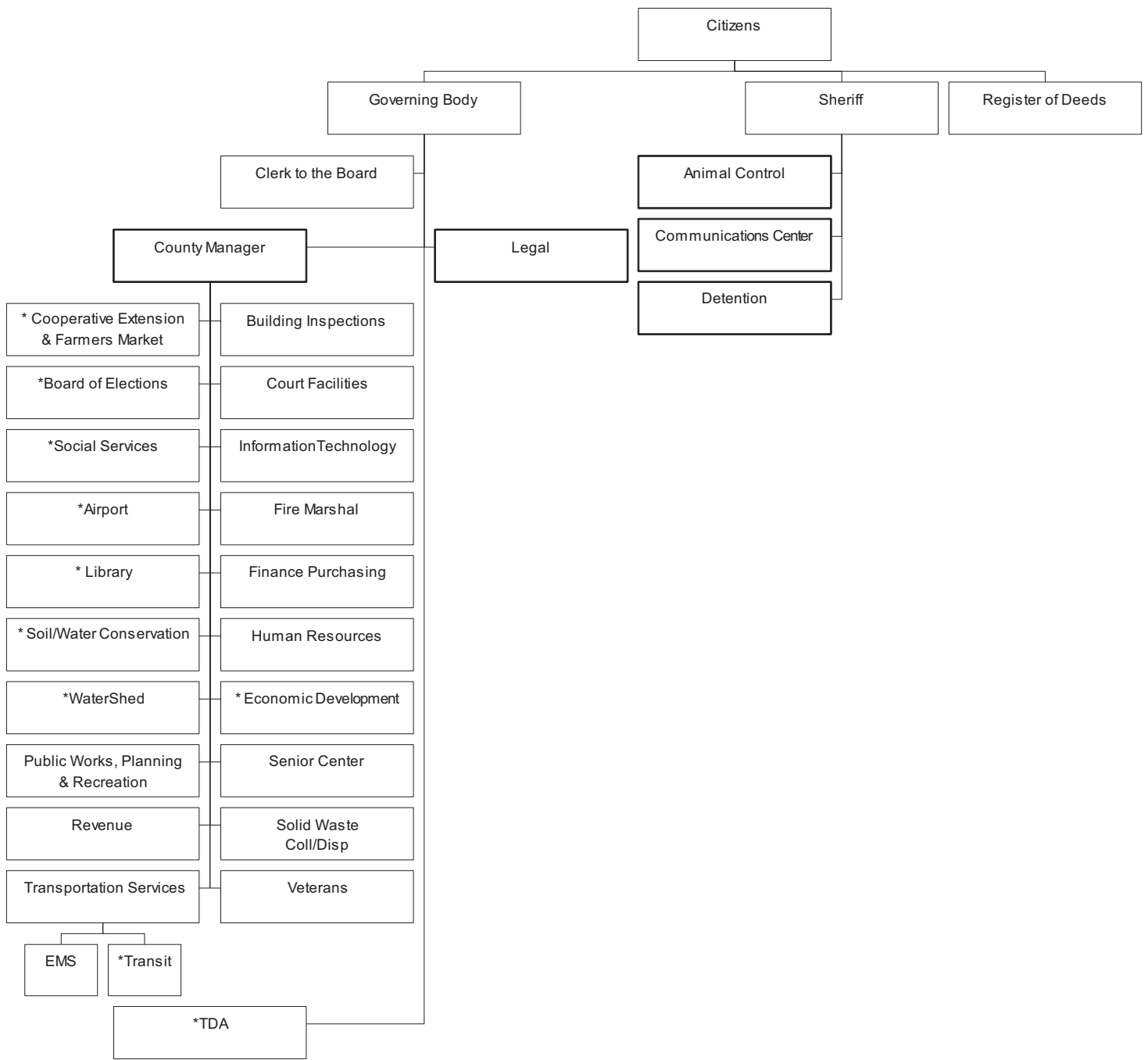
### General Description

The County was formed in 1779 from Tryon and named for General Griffith B. Rutherford. The County comprises approximately 566 square miles and is nestled in the rolling foothills of the Blue Ridge Mountains in the heart of the Thermal Belt. These mountain ranges provide shelter from extreme weather conditions in winter, but have cooling mountain breezes in summer. This moderation of weather and temperatures contribute greatly to the pleasant and peaceful living conditions enjoyed by the County residents.

Located in an urban triangle comprised of Charlotte, North Carolina – 70 miles; Asheville, North Carolina – 45 miles; and Spartanburg, South Carolina – 30 miles, the residents of the County enjoy suburban living while having access to urban facilities.

### 50 MILE RADIUS





Note: \* Appointed in whole or in part by others



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Rutherford  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



**RUTHERFORD COUNTY, NORTH CAROLINA**

**June 30, 2019**

**Board of County Commissioners**

Bryan King, Chairman

Alan Toney, Vice Chairman

Greg Lovelace

Michael Benfield

Eddie Holland

**County Manager**

Steve Garrison

**Finance Director**

Paula Roach

# **FINANCIAL SECTION**



## **Independent Auditors' Report**

Board of Commissioners  
Rutherford County  
Rutherfordton, 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 Rutherford County, North Carolina, as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rutherford County's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, and the Retiree Health Benefit Fund Schedules of the County's Proportionate Share of the Net OPEB Liability and County Contributions on pages 69 through 75, respectively, 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.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Rutherford County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost, Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, 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. In our opinion, based on our audit and the procedures performed as described above, the combining and individual fund financial statements, 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 introductory and statistical sections have 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 them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of Rutherford County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose 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 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 Rutherford County's internal control over financial reporting and compliance.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 15, 2019

## Management's Discussion and Analysis

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

### **Financial Highlights**

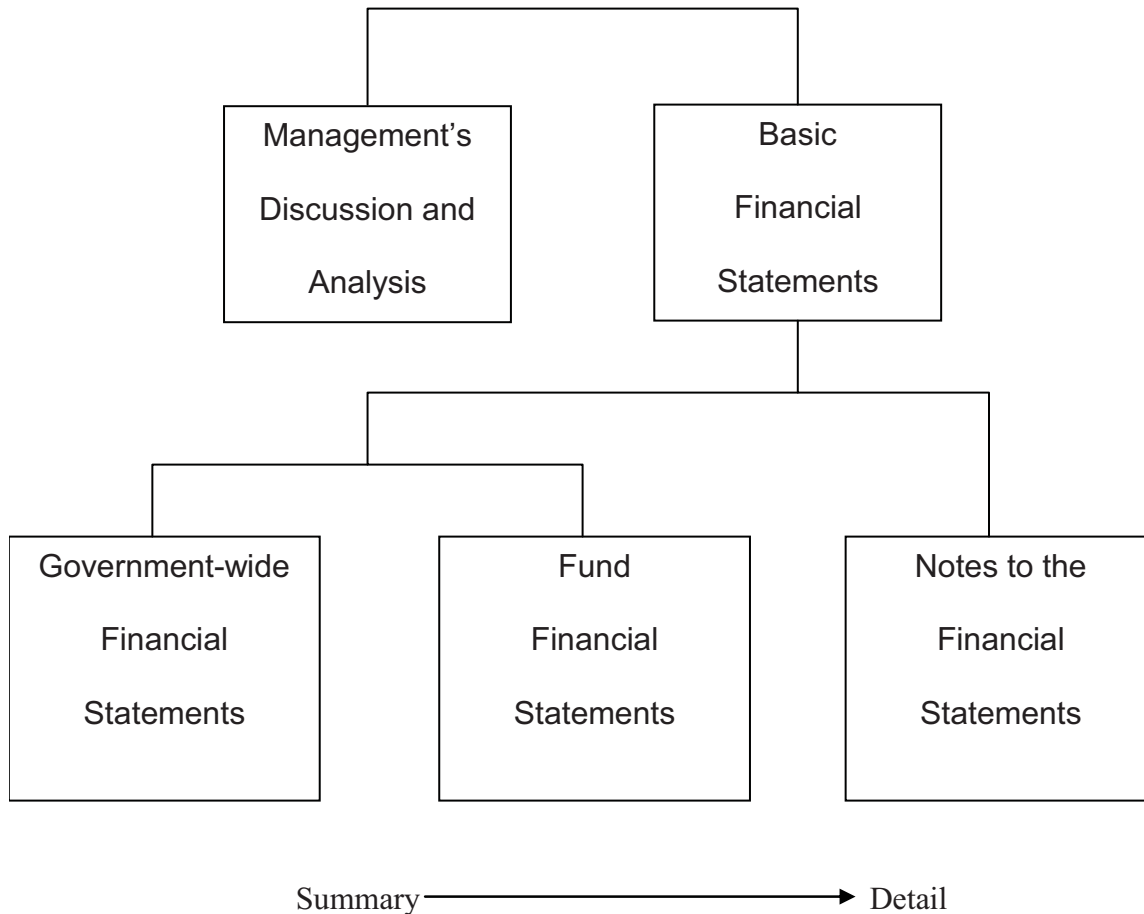
- As of the close of the current fiscal year, Rutherford County's governmental funds reported combined ending fund balances of \$44,782,027, a decrease of \$2,2137,719 in comparison with the prior year amount of \$46,919,746. The combined fund balance consisted of: general fund - \$31,037,162 compared to \$29,301,357 (2018); non-major special revenue funds \$5,035,950; non-major capital project funds - \$4,117,135 and debt service fund \$4,586,780.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,897,032, or 32.7% of total general fund expenditures.
- The assets and deferred outflows of resources of Rutherford County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,840,073 (*net position*). This compares to June 30, 2018 net position of \$21,336,854. In accordance with North Carolina law, liabilities of the County include \$8,806,162 in long-term debt associated with assets belonging to the Rutherford County Board of Education and Isothermal Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported and due to pension and OPEB liabilities reported on the statement of net position, the County has reported a net deficit in unrestricted net position.
- The primary government's long-term debt, excluding pension liability, compensated absences and landfill post-closure accrual decreased by \$5,234,507.
- The primary government's total net position increased by \$3,141,596.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Rutherford County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. See Figure 1 below. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of Rutherford County.

## Required Components of Annual Financial Report

Figure 1



### **Basic Financial Statements**

The first two statements 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 3 through 10) are Fund Financial Statements. These statements focus on the activities of the County and provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The final section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds. Budgetary information required by North Carolina General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the various pension and other postemployment benefits plans the County participates in.

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

The government-wide financial statements are divided into the following three categories:

**Governmental activities** – These activities of the County include general government, public safety, human services, environmental protection, economic and physical development, education, cultural and recreation, and debt service. Property taxes, the local option sales taxes and state and federal grant funds finance most of these activities.

**Business-type activities** – The County charges fees to recover the costs associated with providing certain services. These activities include solid waste collection and disposal.

**Component units** – The government-wide financial statements include not only the County of Rutherford itself (known as the primary government), but also a legally separate airport, a legally separate tourism development authority, and a legally separate transit authority for which the County of Rutherford is financially accountable. Although legally separate from the County, these agencies are important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County. The government-wide statements also include a legally separate Economic Development Association, which is economically dependent upon monetary and non-monetary contributions from the County. Financial information for these component units is reported separately from the financial information for the primary government itself.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

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



into three categories: governmental, proprietary and fiduciary funds.

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

Rutherford County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. 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* – Rutherford County has one type of proprietary fund – enterprise fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Rutherford County uses enterprise funds to account for its landfill operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

*Fiduciary Funds* – Agency funds are used to account for resources held for the benefit of parties outside the government. Rutherford County has five 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 are on pages 25 through 68 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Rutherford County’s progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 69 of this report.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,156,975 as of June 30, 2019. The County's net position increased by \$3,141,596 for the fiscal year ended June 30, 2019, compared to an increase of \$5,124,237 in 2018. One of the largest portions, \$30,542,515, reflects the County's net investment in capital assets (e.g. land, buildings, intangible assets, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Rutherford County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rutherford County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. A portion of Rutherford County's net position, \$19,911,412, represents resources that are subject to external restrictions on how they may be used. At June 30, 2019, total unrestricted deficit in the amount of \$(22,296,952) is attributable to the governmental activities unrestricted deficit of (\$24,480,919). This deficit is mostly attributable significant liabilities for pensions and other postemployment benefits. The County reports \$36,307,708 of these liabilities at June 30, 2019.

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$53,795,888	\$55,814,690	\$ 6,536,581	\$ 5,927,795	\$60,332,469	\$61,742,485
Capital assets	46,747,395	47,977,634	2,980,492	2,736,236	49,727,887	50,713,870
Total Assets	100,543,283	103,792,324	9,517,073	8,664,031	110,060,356	112,456,355
						-
Total deferred outflows of resources	10,502,692	9,405,355	125,266	142,548	10,627,958	9,547,903
						-
Long-term liabilities outstanding	59,792,280	69,405,806	4,278,421	4,343,985	64,070,701	73,749,791
Other liabilities	10,878,058	10,315,773	596,316	457,822	11,474,374	10,773,595
Total liabilities	70,670,338	79,721,579	4,874,737	4,801,807	75,545,075	84,523,386
						-
Total deferred inflows of resources	16,535,564	12,139,246	450,700	326,247	16,986,264	12,465,493
						-
Net position						
Net investment in capital assets	28,409,580	27,967,835	2,132,935	2,085,062	30,542,515	30,052,897
Restricted	19,911,412	24,698,803	-	-	19,911,412	24,698,803
Unrestricted	(24,480,919)	(31,329,784)	2,183,967	1,593,463	(22,296,952)	(29,736,321)
Total net position	\$23,840,073	\$21,336,854	\$ 4,316,902	\$ 3,678,525	\$28,156,975	\$25,015,379

Also, under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of county funds, general obligation debt and certificates of participation. The assets funded by the County, however, are owned and utilized by the School System. When the County, as the issuing government, acquires no capital assets, the County incurs a liability without a corresponding increase in assets. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, Business Sciences and Communication Buildings, and Rutherfordton Elementary are exceptions where the County

owns the building. At the end of the fiscal year, \$8,806,162 of the outstanding debt on the County's financial statements was related to assets included in the School System's financial statements. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

- Continued diligence in the collection of property taxes with the County's collection percentage of 98.04%.
- Continued efforts of all departments to minimize costs and efficiently serve our citizens.
- Continued low cost of debt due to the County's reaffirmed bond ratings and recent refinancings.

**Figure 3**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues:						
Program revenues:						
Charges for services	\$ 5,120,729	\$ 5,930,767	\$ 4,523,607	\$ 4,064,889	\$ 9,644,336	\$ 9,995,656
Operating grants and contributions	9,656,092	9,380,573	391,539	436,085	10,047,631	9,816,658
Capital grants and contributions	1,044,591	4,462,108	-	-	1,044,591	4,462,108
General revenues:						
Property taxes	45,278,842	44,832,190	-	-	45,278,842	44,832,190
Other taxes	15,717,212	13,380,448	-	-	15,717,212	13,380,448
Other	1,045,270	849,820	-	2,355	1,045,270	852,175
Total revenues	<u>77,862,736</u>	<u>78,835,906</u>	<u>4,915,146</u>	<u>4,503,329</u>	<u>82,777,882</u>	<u>83,339,235</u>
Expenses:						
General government	7,509,984	7,862,677	-	-	7,509,984	7,862,677
Public safety	20,947,285	19,224,486	-	-	20,947,285	19,224,486
Environmental protection	158,446	147,226	-	-	158,446	147,226
Economic and physical development	8,216,310	12,832,750	-	-	8,216,310	12,832,750
Human services	13,940,305	13,621,683	-	-	13,940,305	13,621,683
Cultural and recreation	3,354,411	661,114	-	-	3,354,411	661,114
Education	20,318,305	18,759,965	-	-	20,318,305	18,759,965
Interest on long-term debt	914,471	1,014,822	-	-	914,471	1,014,822
Landfill	-	-	4,276,769	4,090,275	4,276,769	4,090,275
Total expenses	<u>75,359,517</u>	<u>74,124,723</u>	<u>4,276,769</u>	<u>4,090,275</u>	<u>79,636,286</u>	<u>78,214,998</u>
Increase in net position before transfers	2,503,219	4,711,183	638,377	413,054	3,141,596	5,124,237
Transfers	-	(100,000)	-	100,000	-	-
Increase in net position	<u>2,503,219</u>	<u>4,611,183</u>	<u>638,377</u>	<u>513,054</u>	<u>3,141,596</u>	<u>5,124,237</u>
Net position, July 1,	<u>21,336,854</u>	<u>16,725,671</u>	<u>3,678,525</u>	<u>3,165,471</u>	<u>25,015,379</u>	<u>19,891,142</u>
Net position, June 30	<u>\$23,840,073</u>	<u>\$21,336,854</u>	<u>\$ 4,316,902</u>	<u>\$ 3,678,525</u>	<u>\$28,156,975</u>	<u>\$25,015,379</u>

**Governmental activities.** Governmental activities increased the County’s net position by \$2,503,219. This compares to an increase of \$4,611,183 in 2018. The key elements of this increase are an increase in property taxes and an increase in sales tax with the new quarter-cent sales tax levied beginning October 2018. The County building permits remained consistent with additional solar farms and commercial construction, including resort areas. The governmental activity’s long-term debt, excluding pension and OPEB liabilities, and compensated absences, decreased by \$5,430,890.

**Business-type activities.** Business-type activities increased Rutherford County’s net position by \$638,377. The key element of this increase in net position was increased tipping fees and household user fees while maintaining steady operating costs.

The County established an Enterprise Fund on July 1, 1992 to account for solid waste collection and disposal operations that are financed through solid waste fees. Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. In order to meet this requirement, the County constructed a transfer station and began transporting MSW to a lined landfill outside the County. Studies are currently being conducted on the feasibility of constructing a lined landfill adjacent to our Central Landfill. The County has obtained a site suitability determination (the initial stage of obtaining a permit) from the North Carolina Department of Environment and Natural Resources for this construction. The current contract for MSW transportation out of County expires June 30, 2020.

The County operates a Construction and Demolition (C&D) landfill. As of June 30, 2019 it is estimated that the County has used 94 percent of the total estimated capacity of the current phase of this landfill. The County is reviewing options for maximizing the space available for continued C&D landfill operations.

The County has established the following tipping fee system. The tipping fee for C&D is \$42 per ton and the tipping fee for all other municipal solid waste is \$62 per ton. There is also a \$42 per ton tipping fee for brush and \$45 per ton fee for metal. In addition, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. The County’s household fee is \$125 per household per year with a reduced homestead exemption fee of \$30 per household per year. Nine convenience centers and one manned green box site are now in operation throughout the County.

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

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

**Governmental Funds.** The focus of Rutherford County’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Rutherford 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 Rutherford County. At the end of the current fiscal year, Rutherford County's fund balance available in the General Fund was \$23,977,028, while total fund balance was \$31,037,162. The Governing Body of Rutherford County has an informal goal that the County should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 37.5% of adjusted General Fund expenditures, while total fund balance represents 48.57% of that same amount. The County's fund balance as of June 30, 2019 remains comparable to the state-wide average and that of other North Carolina counties in our population group.

At June 30, 2019, the governmental funds of Rutherford County reported a combined fund balance of \$44,782,027, a 4.56% decrease as compared to the prior year end. The primary reason for this decrease is largely due to activities within the capital projects funds. The majority of the infrastructure related to the surety bond settlements received for road and utility construction in the Queen's Gap have been completed. Also, the Isothermal Community College Applied Science Building and the Emergency Training Facility were substantially complete in the General Capital Projects Fund creating an overall decrease to governmental funds fund balance.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total budget amendments to the General Fund increased revenues by \$1,095,384 which represents an increase of 1.8% of the original revenue budgeted.

The main amended increases in the budget were in general government, public safety and education. Amendments in the areas of general government and public safety primarily due to capital expenditures that had been appropriated in the previous year but were unexpended in FY 2017-2018 and were therefore carried "re-budgeted" into FY 2018-2019 after the Budget Ordinance was adopted. Other amendments included additional funding for human services programs and educational capital for needed repairs. Expenditures in some functional areas experienced notable positive variances as compared to the budget due to expenditures being curtailed due to the economy. Growth in sales tax, ad valorem tax collections, interest earnings and consistent building permit fees helped to offset previously appropriated fund balance.

**Proprietary Funds.** Rutherford County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to a balance of \$2,183,967. The total increase in net position was \$638,377. Other factors concerning the finances of this fund have already been addressed in the discussion of Rutherford County's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** Rutherford County’s capital assets for its governmental and business – type activities as of June 30, 2019, totals \$49,727,887 (net of accumulated depreciation). These assets include buildings, land, intangible assets, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Purchase of new vehicles, equipment and software for Public Safety, General Government, Human Services and Solid Waste.

**Figure 4**  
**RUTHERFORD COUNTY’S CAPITAL ASSETS**  
**(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and CIP	\$ 5,962,599	\$ 5,982,429	\$ 716,875	\$ 716,875	\$ 6,679,474	\$ 6,699,304
Buildings and System	37,418,643	39,016,453	968,563	1,062,565	38,387,206	40,079,018
Improvements other than buildings	427,200	289,999	-	-	427,200	289,999
Machinery and equipment	1,050,228	692,094	772,697	583,616	1,822,925	1,275,710
Intangibles	555,798	609,517	-	-	555,798	609,517
Vehicle and motorized equipment	1,332,927	1,387,142	522,357	373,180	1,855,284	1,760,322
Total	<u>\$46,747,395</u>	<u>\$47,977,634</u>	<u>\$ 2,980,492</u>	<u>\$ 2,736,236</u>	<u>\$49,727,887</u>	<u>\$50,713,870</u>

Additional information on the County’s capital assets can be found in note 2(E) of the Basic Financial Statements beginning on page 39.

**Long-term Debt.** As of June 30, 2019, Rutherford County had total bonded debt outstanding of \$1,930,955 all of which is debt backed by the full faith and credit of the County. A comparative summary of general obligation bonds, capital leases, installment purchase and revolving fund debt outstanding is as follows:



**Figure 5**

**RUTHERFORD COUNTY'S OUTSTANDING DEBT**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General obligation bonds	\$ 1,930,955	\$ 2,272,955	\$ -	\$ -	\$ 1,930,955	\$ 2,272,955
Capital leases	1,325,125	1,758,732	847,557	651,174	2,172,682	2,409,906
Installment purchase	26,388,094	31,026,807	-	-	26,388,094	31,026,807
Revolving fund - NCDENR	132,560	149,130	-	-	132,560	149,130
<b>Total</b>	<b>\$29,776,734</b>	<b>\$35,207,624</b>	<b>\$ 847,557</b>	<b>\$ 651,174</b>	<b>\$30,624,291</b>	<b>\$35,858,798</b>

Rutherford County's total debt (excluding pension liability, accrued vacation and compensatory pay, landfill postclosure accruals and grant repayments) decreased \$5,234,507 during the past fiscal year.

The County bond rating for the outstanding general obligation debt is "Aa3" with Moody Investor Service, "A+" with Standard & Poors Corporation, and "A+" with Fitch Ratings. The rating for the Limited Obligation Bonds, Series 2011 is "A1" with Moody's Investor Service. The rating for the December 2007 COPS financing is "A1" with Moody Investor Service and "A-" with Standard and Poors Corporation. The rating for the September 2002 COPS financing is "A+" with Fitch Ratings. The rating process normally rates COPS issues one rate lower than General Obligation issues. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation 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. The legal debt margin for Rutherford County is approximately \$531,000,000. The County has no un-issued authorized bonds at June 30, 2019.

Additional information regarding Rutherford County's long-term debt can be found in note 4 beginning on page 59 of this Comprehensive Annual Financial Report.

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

The County has positioned itself for other business expansion opportunities. The County and private developers have developed industrial/business sites and buildings for sale. The County has completed a site-readiness program sponsored by Duke Energy for the shell building in Riverstone Business Park, Rutherford 221 Corporate Center, as well as the county-owned Gateway West site. The County also secured an infrastructure grant to provide public sewer to the Rutherford 221 Corporate Center which should be completed late calendar year 2020. The County continues to review other sites that offer opportunity for economic growth and sites marketed as a data center location. The County has been positively impacted by the recent construction of the Tryon International Equestrian Center located just outside the County.

## Budget Highlights for the Fiscal Year Ending June 30, 2012

**Governmental Activities:** The tax rate adopted for fiscal year 2019-2020 was 59.7 cents.

The FY 2019-20 General Fund budget anticipates slight increase in property values reflecting values following the completion of a full list and measure reappraisal, with the exception of Facebook and Everest Textiles, and budgeted at a collection rate of 97.68%. The County may only budget property tax revenues based upon the prior fiscal tax collection by State law as compared to the Fiscal Year 2017-18 actual collection rate of 97.26%. Sales tax revenues are projected to increase by 3%. Budgeted expenditures and transfers in the General Fund are \$69,522,828.

The County does not anticipate expending fund balance in the fiscal year ending June 30, 2020 following the revaluation completed January 2019. As of the fiscal year ended June 30, 2019, Rutherford County has fund balance available for appropriation of approximately \$23.9 million or 37.5% of general fund expenditures. On average, other North Carolina counties in our population group were at approximately 37.72% of FY 2017-2018 general fund expenditures and, on average state-wide, other North Carolina counties were at 30.43%.

**Business – Type Activities:** The County rates for landfill services were increased effective July 2019. The tipping fee structure was analyzed and adjusted in conjunction with the expected costs of operations. The current waste disposal contract expires June 30, 2020. Planning has begun on the Central Facility Construction and Demolition Landfill Lateral Expansion Project. Through conservative budgeting, the County anticipates replenishing reserves used for the construction.

As mentioned previously, the State established a fee of \$2 per ton on municipal solid waste and construction and demolition debris in FY 2008-2009 as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. The statewide solid waste disposal tax must be collected at the Landfill and submitted to the State. Once the State's costs of administration have been taken, the funds will be used for inactive hazardous sites cleanup and to fund grants to State agencies and units of local government to initiate or enhance local recycling programs to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. Since the FY 2016-17 budget the County has appropriated some of these funds to continue an extensive recycling program in the County public school system and throughout the County. This includes retaining a part-time recycling coordinator in addition to using these funds as a match to a grant which will be used to purchase an additional recycling compactor for the convenience centers.

### **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 Finance Director, Rutherford County, 289 North Main Street, Rutherfordton, NC 28139. You can also call (828) 287-6085 or visit our website at [www.rutherfordcountync.gov](http://www.rutherfordcountync.gov) for more information.



# **BASIC FINANCIAL STATEMENTS**

**Rutherford County, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 35,205,953	\$ 5,813,736	\$ 41,019,689
Receivables (net)	4,948,533	643,183	5,591,716
Due from other governments	5,790,333	79,342	5,869,675
Prepaid items and deposits	1,186,001	320	1,186,321
Inventories	481,527	-	481,527
Cash and cash equivalents - restricted	5,671,476	-	5,671,476
<b>Total current assets</b>	<b>53,283,823</b>	<b>6,536,581</b>	<b>59,820,404</b>
Noncurrent assets:			
Net pension asset (ROD)	112,070	-	112,070
Notes receivable	399,995	-	399,995
Capital assets:			
Land and construction in progress	5,962,599	716,875	6,679,474
Other capital assets, net of depreciation	40,784,796	2,263,617	43,048,413
<b>Total capital assets</b>	<b>46,747,395</b>	<b>2,980,492</b>	<b>49,727,887</b>
<b>Total noncurrent assets</b>	<b>47,259,460</b>	<b>2,980,492</b>	<b>50,239,952</b>
<b>Total assets</b>	<b>100,543,283</b>	<b>9,517,073</b>	<b>110,060,356</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,502,692</b>	<b>125,266</b>	<b>10,627,958</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	3,216,930	275,721	3,492,651
Accrued interest payable	147,562	-	147,562
Liabilities payable from restricted assets			
Accounts payable and accrued expenses	576,093	-	576,093
Long-term liabilities due within one year	6,937,473	320,595	7,258,068
<b>Total current liabilities</b>	<b>10,878,058</b>	<b>596,316</b>	<b>11,474,374</b>
Long-term liabilities:			
Net pension liability - LGERS	6,286,232	-	6,286,232
Total pension liability - LEOSSA	2,248,750	-	2,248,750
Net OPEB liability	27,008,976	763,750	27,772,726
Due in more than one year	24,248,322	3,514,671	27,762,993
<b>Total long-term debt</b>	<b>59,792,280</b>	<b>4,278,421</b>	<b>64,070,701</b>
<b>Total liabilities</b>	<b>70,670,338</b>	<b>4,874,737</b>	<b>75,545,075</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>16,535,564</b>	<b>450,700</b>	<b>16,986,264</b>
<b>NET POSITION</b>			
Net investment in capital assets	28,409,580	2,132,935	30,542,515
Restricted for:			
Stabilization by State statute	8,602,610	-	8,602,610
Debt service	4,437,181	-	4,437,181
Capital projects	5,075,914	-	5,075,914
Emergency communications	717,029	-	717,029
Register of deeds	474,274	-	474,274
Register of deeds pension plan	135,888	-	135,888
Economic development	468,516	-	468,516
Unrestricted (deficit)	(24,480,919)	2,183,967	(22,296,952)
<b>Total net position</b>	<b>\$ 23,840,073</b>	<b>\$ 4,316,902</b>	<b>\$ 28,156,975</b>

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

	Component Units		
	Tourism Development Authority	Rutherford County Airport Authority	Transit Administration
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,205,644	\$ 45,341	\$ 968,614
Receivables (net)	191,843	-	-
Due from other governments	-	63,055	93,291
Prepaid items and deposits	1,410	1,174	-
Inventories	-	45,284	-
Cash and cash equivalents - restricted	-	-	-
Total current assets	<u>1,398,897</u>	<u>154,854</u>	<u>1,061,905</u>
Noncurrent assets:			
Net pension asset (ROD)	-	-	-
Notes receivable	-	-	-
Capital assets:			
Land and construction in progress	-	925,804	-
Other capital assets, net of depreciation	96,747	7,674,995	964,780
Total capital assets	<u>96,747</u>	<u>8,600,799</u>	<u>964,780</u>
Total noncurrent assets	<u>96,747</u>	<u>8,600,799</u>	<u>964,780</u>
Total assets	<u>1,495,644</u>	<u>8,755,653</u>	<u>2,026,685</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	99,985	65,937	89,482
Accrued interest payable	-	-	-
Liabilities payable from restricted assets			
Accounts payable and accrued expenses	-	-	-
Long-term liabilities due within one year	7,903	-	-
Total current liabilities	<u>107,888</u>	<u>65,937</u>	<u>89,482</u>
Long-term liabilities:			
Net pension liability - LGERS	-	-	-
Total pension liability - LEOSSA	-	-	-
Net OPEB liability	-	-	-
Due in more than one year	-	-	-
Total long-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>107,888</u>	<u>65,937</u>	<u>89,482</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	96,747	8,600,799	964,780
Restricted for:			
Stabilization by State statute	191,843	63,055	93,291
Debt service	-	-	-
Capital projects	-	-	-
Emergency communications	-	-	-
Register of deeds	-	-	-
Register of deeds pension plan	-	-	-
Economic development	-	-	-
Unrestricted (deficit)	1,099,166	25,862	879,132
Total net position	<u>\$ 1,387,756</u>	<u>\$ 8,689,716</u>	<u>\$ 1,937,203</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Rutherford County Airport Authority	Transit Administration	
<b>Primary government:</b>											
Governmental activities:											
General government	\$ 7,509,984	\$ 426,861	\$ -	\$ 2,334	\$ (7,080,789)	\$ -	\$ (7,080,789)				
Public safety	20,947,285	4,334,145	557,822	16,147	(16,039,171)	-	(16,039,171)				
Environmental protection	158,446	780	36,490	-	(121,176)	-	(121,176)				
Economic and physical development	8,216,310	56,175	137,031	456,110	(7,566,994)	-	(7,566,994)				
Human services	13,940,305	298,638	8,922,249	-	(4,719,418)	-	(4,719,418)				
Cultural and recreation	3,354,411	4,130	2,500	-	(3,347,781)	-	(3,347,781)				
Education	20,318,305	-	-	570,000	(19,748,305)	-	(19,748,305)				
Interest on long-term debt	914,471	-	-	-	(914,471)	-	(914,471)				
Total governmental activities	<u>75,359,517</u>	<u>5,120,729</u>	<u>9,656,092</u>	<u>1,044,591</u>	<u>(59,538,105)</u>	<u>-</u>	<u>(59,538,105)</u>				
Business-type activities:											
Solid waste disposal	4,276,769	4,523,607	391,539	-	-	638,377	638,377				
Total business-type activities	<u>4,276,769</u>	<u>4,523,607</u>	<u>391,539</u>	<u>-</u>	<u>-</u>	<u>638,377</u>	<u>638,377</u>				
Total primary government	<u>\$ 79,636,286</u>	<u>\$ 9,644,336</u>	<u>\$ 10,047,631</u>	<u>\$ 1,044,591</u>	<u>(59,538,105)</u>	<u>638,377</u>	<u>(58,899,728)</u>				
Component units:											
Tourism Development Authority	\$ 1,199,571	\$ 15,495	\$ 26,125	\$ -				\$ (1,157,951)	\$ -	\$ -	
Rutherford County Airport Authority	814,639	418,651	139,210	1,835,969				-	1,579,191	-	
Transit Administration	1,304,920	835,234	485,763	338,028				-	-	354,105	
Total component units	<u>\$ 3,319,130</u>	<u>\$ 1,269,380</u>	<u>\$ 651,098</u>	<u>\$ 2,173,997</u>				<u>(1,157,951)</u>	<u>1,579,191</u>	<u>354,105</u>	
<b>General revenues:</b>											
Taxes:											
Property taxes, levied for general purpose					45,278,842	-	45,278,842	-	-	-	
Local option sales tax					15,348,484	-	15,348,484	-	-	-	
Other taxes and licenses					368,728	-	368,728	1,601,508	-	-	
Investment earnings, unrestricted					581,065	-	581,065	23,101	-	-	
Miscellaneous, unrestricted					464,205	-	464,205	1,200	-	-	
Total general revenues					<u>62,041,324</u>	<u>-</u>	<u>62,041,324</u>	<u>1,625,809</u>	<u>-</u>	<u>-</u>	
Change in net position					2,503,219	638,377	3,141,596	467,858	1,579,191	354,105	
Net position, beginning					21,336,854	3,678,525	25,015,379	919,898	7,110,525	1,583,098	
Net position, ending					<u>\$ 23,840,073</u>	<u>\$ 4,316,902</u>	<u>\$ 28,156,975</u>	<u>\$ 1,387,756</u>	<u>\$ 8,689,716</u>	<u>\$ 1,937,203</u>	

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

**Rutherford County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>Major</u>		<u>Non-major</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,855,898	\$ 4,437,181	\$ 1,783,309	\$ 35,076,388
Receivables, net	3,301,496	-	322,300	3,623,796
Due from other governments	5,489,534	149,599	151,200	5,790,333
Due from other funds	167,230	-	1,894,625	2,061,855
Prepaid items	571,416	-	614,585	1,186,001
Inventories	481,527	-	-	481,527
Notes receivable	-	-	399,995	399,995
Cash and cash equivalents - restricted	616,146	-	5,055,330	5,671,476
Total assets	<u>\$ 39,483,247</u>	<u>\$ 4,586,780</u>	<u>\$ 10,221,344</u>	<u>\$ 54,291,371</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,212,338	\$ -	\$ -	\$ 3,212,338
Due to other funds	1,748,792	-	161,500	1,910,292
Liabilities payable from restricted assets:				
Accounts payable and accrued liabilities	-	-	576,093	576,093
Total liabilities	<u>4,961,130</u>	<u>-</u>	<u>737,593</u>	<u>5,698,723</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	186,139	-	3,366	189,505
Property taxes and other receivables	3,298,816	-	322,300	3,621,116
Total deferred inflows of resources	<u>3,484,955</u>	<u>-</u>	<u>325,666</u>	<u>3,810,621</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories and prepaid items	1,052,943	-	614,585	1,667,528
Restricted:				
Stabilization by State statute	6,007,191	149,599	2,445,820	8,602,610
Debt service	-	4,437,181	-	4,437,181
Capital projects	569,219	-	4,506,695	5,075,914
Public safety	46,927	-	670,102	717,029
Register of deeds	-	-	474,274	474,274
Economic development	-	-	468,516	468,516
Assigned:				
Subsequent year's expenditures	1,779,276	-	-	1,779,276
HVAC replacement	343,749	-	-	343,749
Roof replacement	340,825	-	-	340,825
Unassigned (deficit)	20,897,032	-	(21,907)	20,875,125
Total fund balances	<u>31,037,162</u>	<u>4,586,780</u>	<u>9,158,085</u>	<u>44,782,027</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,483,247</u>	<u>\$ 4,586,780</u>	<u>\$ 10,221,344</u>	<u>\$ 54,291,371</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different:				
Total fund balances - total governmental funds				\$ 44,782,027
Reconciliation to full accrual basis of accounting (see Note 1)				(20,941,954)
Net position of governmental activities				<u>\$ 23,840,073</u>

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

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

	Major		Non-major	Total Governmental Funds
	General	Debt Service	Other Governmental Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 42,970,981	\$ -	\$ 2,657,500	\$ 45,628,481
Local option sales taxes	7,031,179	7,346,850	970,455	15,348,484
Restricted intergovernmental	8,994,954	570,000	1,167,672	10,732,626
Permits and fees	1,122,728	-	-	1,122,728
Sales and services	4,346,424	22,050	-	4,368,474
Investment earnings	560,983	3,746	16,336	581,065
Miscellaneous	279,496	-	138,655	418,151
Total revenues	<u>65,306,745</u>	<u>7,942,646</u>	<u>4,950,618</u>	<u>78,200,009</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,778,621	-	17,000	7,795,621
Public safety	15,629,159	-	5,640,753	21,269,912
Environmental protection	153,195	-	6,698	159,893
Economic and physical development	6,789,261	-	1,495,957	8,285,218
Human services	13,933,855	-	101,797	14,035,652
Cultural and recreational	633,887	-	2,681,796	3,315,683
Intergovernmental:				
Education	18,047,979	-	1,195,964	19,243,943
Debt service:				
Principal	904,607	4,846,570	-	5,751,177
Interest and other charges	33,105	964,578	-	997,683
Total expenditures	<u>63,903,669</u>	<u>5,811,148</u>	<u>11,139,965</u>	<u>80,854,782</u>
Revenues over (under) expenditures	<u>1,403,076</u>	<u>2,131,498</u>	<u>(6,189,347)</u>	<u>(2,654,773)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	422,852	81,700	3,394,324	3,898,876
Transfers to other funds	(607,177)	(2,791,699)	(500,000)	(3,898,876)
Proceeds from sale of assets	46,054	-	-	46,054
Capital lease obligations issued	471,000	-	-	471,000
Total other financing sources (uses)	<u>332,729</u>	<u>(2,709,999)</u>	<u>2,894,324</u>	<u>517,054</u>
Net changes in fund balances	1,735,805	(578,501)	(3,295,023)	(2,137,719)
Fund balances, beginning	<u>29,301,357</u>	<u>5,165,281</u>	<u>12,453,108</u>	<u>46,919,746</u>
Fund balances, ending	<u>\$ 31,037,162</u>	<u>\$ 4,586,780</u>	<u>\$ 9,158,085</u>	<u>\$ 44,782,027</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different				
Net changes in fund balances - total governmental funds				\$ (2,137,719)
Reconciliation to full accrual basis of accounting (see Note 1)				4,640,938
Total change in net position of governmental activities				<u>\$ 2,503,219</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 41,324,303	\$ 41,324,303	\$ 42,970,981	\$ 1,646,678
Local option sales taxes	5,868,402	5,868,402	7,031,179	1,162,777
Restricted intergovernmental	8,343,884	9,159,980	8,994,954	(165,026)
Permits and fees	905,700	905,700	1,122,728	217,028
Sales and services	4,619,557	4,804,286	4,346,424	(457,862)
Investment earnings	70,000	70,000	560,983	490,983
Miscellaneous	143,899	238,458	279,496	41,038
Total revenues	<u>61,275,745</u>	<u>62,371,129</u>	<u>65,306,745</u>	<u>2,935,616</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	8,329,676	9,458,895	7,778,621	1,680,274
Public safety	15,312,003	16,575,075	15,629,159	945,916
Environmental protection	158,320	174,620	153,195	21,425
Economic and physical development	6,991,336	7,038,550	6,789,261	249,289
Human services	13,201,275	14,471,485	13,933,855	537,630
Cultural and recreational	612,908	649,203	633,887	15,316
<b>Intergovernmental:</b>				
Education	17,458,436	18,068,507	18,047,979	20,528
Total current expenditures	<u>62,063,954</u>	<u>66,436,335</u>	<u>62,965,957</u>	<u>3,470,378</u>
<b>Debt service:</b>				
Principal retirement			904,607	
Interest and other charges			33,105	
Total debt service	<u>1,039,049</u>	<u>1,206,668</u>	<u>937,712</u>	<u>268,956</u>
Total expenditures	<u>63,103,003</u>	<u>67,643,003</u>	<u>63,903,669</u>	<u>3,739,334</u>
Revenues over (under) expenditures	<u>(1,827,258)</u>	<u>(5,271,874)</u>	<u>1,403,076</u>	<u>6,674,950</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	155,133	443,380	422,852	(20,528)
Transfers to other funds	(359,888)	(621,573)	(607,177)	14,396
Capital lease obligations issued	471,000	471,000	471,000	-
Sale of capital assets	30,000	30,000	46,054	16,054
Appropriated fund balances	1,531,013	4,949,067	-	(4,949,067)
Total other financing sources (uses)	<u>1,827,258</u>	<u>5,271,874</u>	<u>332,729</u>	<u>(4,939,145)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,735,805	<u>\$ 1,735,805</u>
Fund balance, beginning			<u>29,301,357</u>	
Fund balance, ending			<u>\$ 31,037,162</u>	

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

**Rutherford County, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Solid Waste Disposal Fund</b>	<b>County Technology Upgrade Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,813,736	\$ 129,565
Receivables, net	643,183	-
Due from other governments	79,342	-
Prepaid expenses	320	-
Total current assets	<u>6,536,581</u>	<u>129,565</u>
Capital assets:		
Land and improvements	716,875	-
Other capital assets, net of depreciation	2,263,617	-
Total capital assets	<u>2,980,492</u>	<u>-</u>
Total assets	<u>9,517,073</u>	<u>129,565</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>125,266</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	275,721	4,592
Current portion of long-term debt	320,595	-
Total current liabilities	<u>596,316</u>	<u>4,592</u>
Noncurrent liabilities:		
Advance from the general fund	-	151,563
Accrued landfill closure and postclosure care costs	2,949,286	-
Net OPEB liability	763,750	-
Long-term debt	565,385	-
Total long-term liabilities	<u>4,278,421</u>	<u>151,563</u>
Total liabilities	<u>4,874,737</u>	<u>156,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>450,700</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,132,935	-
Unrestricted	2,183,967	(26,590)
Total net position (deficit)	<u>\$ 4,316,902</u>	<u>\$ (26,590)</u>

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



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

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Solid Waste Disposal Fund</b>	<b>County Technology Upgrade Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,523,607	\$ 140,845
Miscellaneous	391,539	-
Total operating revenues	<u>4,915,146</u>	<u>140,845</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages, and fringe benefits	1,134,528	84,681
Maintenance and repairs	27,285	-
Other operating expenses	2,714,272	-
Landfill closure and postclosure care costs	98,699	-
Depreciation	284,226	-
Total operating expenses	<u>4,259,010</u>	<u>84,681</u>
Operating income	656,136	56,164
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and other charges	<u>(17,759)</u>	-
Change in net position	638,377	56,164
Total net position (deficit), beginning	<u>3,678,525</u>	<u>(82,754)</u>
Total net position (deficit), ending	<u>\$ 4,316,902</u>	<u>\$ (26,590)</u>

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

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

	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
	<b>Solid Waste Disposal Fund</b>	<b>County Technology Upgrade Fund</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 4,874,997	\$ 140,845
Cash paid to employees for services	(2,787,060)	(80,089)
Cash paid for goods and services	(1,157,258)	-
Net cash provided by operating activities	<u>930,679</u>	<u>60,756</u>
<b>Cash flows from noncapital financing activities:</b>		
Due to other funds	-	(60,625)
Net cash used by noncapital financing activities	<u>-</u>	<u>(60,625)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(528,482)	-
Proceeds from the issuance of long-term debt	395,000	-
Principal paid on long-term debt	(198,617)	-
Interest paid on long-term debt	(17,759)	-
Net cash used by capital and related financing activities	<u>(349,858)</u>	<u>-</u>
Net increase in cash and cash equivalents	580,821	131
Cash and cash equivalents, beginning of year	5,232,915	129,434
Cash and cash equivalents, end of year	<u>\$ 5,813,736</u>	<u>\$ 129,565</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 656,136	\$ 56,164
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	284,226	-
Landfill closure and postclosure care costs	32,069	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(27,645)	-
(Increase) decrease in deferred outflows of resources - OPEB	17,282	-
Increase (decrease) in accounts payable and accrued liabilities	8,624	4,592
Increase (decrease) in net OPEB liability	(175,173)	-
Increase (decrease) in accrued compensated absences	10,707	-
Increase (decrease) in deferred inflows of resources - OPEB	124,453	-
Total adjustments	<u>274,543</u>	<u>4,592</u>
Net cash provided by operating activities	<u>\$ 930,679</u>	<u>\$ 60,756</u>

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

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

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 270,573
Accounts receivable	48,144
Total assets	<u>318,717</u>
<b>LIABILITIES</b>	
Accounts payable	203,748
Due to other taxing units	114,969
Total liabilities	<u>318,717</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

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

## **RUTHERFORD 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 Rutherford County and its discretely presented 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 accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the basic financial statements.

##### **Rutherford County Industrial Facility and Pollution Control Financing Authority**

The Rutherford County Industrial Facility and Pollution Control Financing Authority ("Financing Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Financing Authority is governed by a seven-member board of commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Financing Authority with or without cause. The Financing Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Financing Authority does not issue separate financial statements.

The three discretely presented component units discussed below are reported in separate columns in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

##### **Rutherford County Airport Authority**

The County appoints a majority of the Board of Directors of the Rutherford County Airport Authority ("Authority"). Operations of the Authority are budgeted and administered as a part of the general fund. The Authority does not issue separate financial statements. The Statement of Net Position and Statement of Activities for this governmental activity component unit are discretely presented in separate columns in the government-wide financial statements.

##### **Rutherford County Transit Administration**

The Rutherford County Transit Administration, Inc. ("Transit Administration") is a non-profit corporation organized to coordinate and provide the most cost effective method of transportation services for Rutherford County. The County appoints a majority of the Board of Directors for the Transit Administration and is able to impose its will on the Transit Administration. The Transit Administration, which has a June 30 year-end, is presented as if it were a business activity component unit. The Transit Administration does not issue separate financial statements. The Statement of Net Position and Statement of Activities include a separate column for this business-type activity.

**Rutherford County Tourism Development Authority**

The Rutherford County Tourism Development Authority (“Development Authority”) was established as a component unit on June 9, 2011 when the North Carolina General Assembly passed Session Law 2011-115, House Bill 414, An Act to Modify the Rutherford County Occupancy Tax. As a result of this amendment, the Tourism Development Authority has issued separate financial statements as a discretely presented component unit of Rutherford County beginning with the fiscal year ended June 30, 2012. The Statement of Net Position and the Statement of Activities for this governmental activity component unit are discretely presented in the separate columns in the government-wide financial statements.

**Rutherford County Economic Development Association**

The Rutherford County Economic Development Association (“Association”) was established as a 501(c)(6) nonprofit association to support economic development efforts in the County. The Association is managed by a five member board of directors. The County provides financial assistance as well as operational staff and other non-monetary support. The Association is a blended component unit of Rutherford County. It is presented in the County’s basic financial statements as a governmental special revenue fund.

<b>Component Unit</b>	<b>Reporting Method</b>	<b>Separate Financial Statements</b>
Rutherford County Industrial Facility and Pollution Control Financing Authority	Discrete	None issued (no amounts have been presented because no financial transactions or account balances exist).
Rutherford County Airport Authority	Discrete	None issued.
Rutherford County Transit Administration	Discrete	None issued.
Rutherford County Tourism Development Authority	Discrete	Tourism Development Authority 146 North Main Street Rutherfordton, NC 28139
Rutherford County Economic Development Association	Blended	Economic Development Association 142 East Main Street, Suite 100 Forest City, NC 28139

(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 net position (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 or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

*Debt Service Fund.* This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The County reports the following major enterprise fund:

*Solid Waste Disposal Fund.* This fund accounts for the solid waste collection and disposal operations and is financed with user fees.

The County also reports the following fund types:

*County Technology Upgrade Fund.* This internal service fund is used to account for the accumulation and allocation of costs associated with the County's efforts to upgrade and improve certain areas of the technological infrastructure.

*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 Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Agriculture Department Advisory Council Fund, which accounts for monies deposited for the benefit of the Council; the Cities Tax Collection Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Detention Center Commissary Fund, which accounts for monies deposited with the County for the benefit of inmates; and the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

*Non-major Funds.* The County maintains eight legally budgeted non-major funds. The General Capital Project Fund, the School Capital Project Fund, Queen's Gap Capital Project Fund, and the ICC Capital Projects Fund are reported as capital projects funds. The Grant Fund, Emergency Telephone System Fund, the Fire Districts Fund, the Register of Deeds Automation Enhancement Fund, and the Economic Development Association, a blended component unit, are reported as non-major special revenue funds.

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 is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

*Enterprise Fund.* 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.

*Internal Service Fund.* The County has appropriated funds for the purpose of upgrading and improving various technologies used in County operations. A portion of these funds are also allocated to administrative support related to these systems.

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

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

The County considers all revenues available if they are collected within 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 the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not



measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

(C) **Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, Fire Districts Fund, Register of Deeds Automation Enhancement Fund, Isothermal Community College Capital Project Fund, the Grant Fund and Solid Waste Disposal Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the School Capital Project Fund, Queen's Gap Capital Project Fund, and the General Capital Projects Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the general fund, the special revenue funds, and proprietary funds, and at the object level for the capital projects funds. All amendments at the departmental level must be approved by the governing board. During the year, several 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, and Fund Equity**

(1) **Deposits and Investments**

The deposits of the County, Airport Authority, Transit Administration, and Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, Airport Authority, Transit Administration, and Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. The County, Airport Authority, Transit Administration, and Tourism Development Authority may also 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, Airport Authority, Transit Administration, and Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County, Airport Authority, Transit Administration, and Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NC Capital Management Trust Government Portfolio is a SEC-registered 2a-7 fund maintaining an AAAM rating from S&P. It is measured at fair value.



(2) **Cash and Cash Equivalents**

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

(3) **Restricted Assets**

The following table illustrates the breakdown of Rutherford County’s restricted cash:

Governmental Activities:	
General Fund	
Unspent loan proceeds	\$ 569,219
Drug forfeiture funds	46,927
Grant Fund	
Unexpended grant funds	1,213,928
Queen's Gap Capital Project Fund	
Unexpended surety bond settlement proceeds	1,858,442
General Capital Projects Fund	
Unexpended loan proceeds	209,023
Fire District Fund	
Taxes collected and held on behalf of County fire districts	819,301
Register of Deeds Automation Enhancement Fund	
Unexpended restricted Register of Deeds fees	474,613
Economic Development Association	
Unexpended economic development donations and contributions	480,023
Total restricted cash and cash equivalents	<u>\$ 5,671,476</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 July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

(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 and evaluating potential collectability issues for certain troubled receivables.

(6) **Inventories and Prepaid Items**

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The inventories are held for consumption and the costs are recorded as expenditure when consumed.

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

(7) **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 after July 1, 2015 are recorded at acquisition value. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Rutherford County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Rutherford County Board of Education. Sunshine Elementary, Dunbar Elementary, the Isothermal Community College Lifelong Learning Center, and Rutherfordton Elementary are exceptions in that the County owns the buildings.

Capital assets of the County, Airport Authority, and Transit Administration are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	20-50
Improvements	25-39
Intangibles	20
Furniture and equipment	5-7
Vehicles	5
Computer equipment	3

(8) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion - a charge on refunding, pension-related deferrals, OPEB-related deferrals, and contributions made to the pension and OPEB plans in the current fiscal year. 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 the acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criterion for this category: prepaid taxes, property taxes receivable, pension-related deferrals, OPEB-related deferrals, and other receivables.

(9) **Long-Term Obligations**

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

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

**(10) Compensated Absences**

The vacation policies of the County and its component units provide for the accumulation of up to thirty days 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 may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**(11) Net Position/Fund Balances****Net Position**

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

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The general fund is the only fund that reports a positive unassigned fund balance amount. The governmental fund types classify fund balances as follows:

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

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina 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 G.S. 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 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 Debt Service – portion of fund balance that can only be used for debt service payments.

Restricted for Capital Projects – portion of fund balance that is restricted by revenue sources for capital projects.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety purposes such as emergency communications, fire protection, or law enforcement.

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

Restricted for Economic Development – portion of fund balance that can only be used for economic development.

Assigned Fund Balance – portion of fund balance that the Rutherford County governing board has budgeted.

HVAC replacement – portion of fund balance that has been budgeted by the board for replacement of County HVAC systems throughout the County.

Roof replacement – portion of fund balance that has been budgeted by the board for replacement of various County building roofs throughout the County.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Rutherford County has an informal management goal to conduct the business of the County in such a manner that the General Fund available fund balance is at least 20% of annual expenditures. At this time, the Board has not adopted a formal fund balance policy.

#### (12) **Defined Benefit Pension and OPEB Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). The County also participates in a cost sharing, multiple employer plan providing certain retiree health benefits: the Retiree Health Benefit Fund (RHBF). For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEB, and pension/OPEB expense, information about the fiduciary net position of LGERS, RODSPF, and the RHBF, the additions

to/deductions from the respective fiduciary net positions have been determined on the same basis as they are reported by the respective benefit plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the when 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 LGERS, RODSPF, and RHBF. Investments are reported at fair value.

(E) **Reconciliation of Government-Wide and Fund Financial Statements**

- (1) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$20,941,954 consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in the governmental activities column)	\$ 85,058,697
Less accumulated depreciation	<u>(38,311,302)</u>
Net capital assets	46,747,395
Net pension asset	112,070
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,508,291
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	58,299
Contributions for OPEB are deferred outflows of resources on the Statement of Net Position	1,130,351
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements.	1,324,737
Net deficit of internal service fund	(26,590)
Net pension liability - LGERS	(6,286,232)
Total pension liability - LEOSSA	(2,248,750)
Net OPEB liability	(27,008,976)
Pension related deferrals	3,278,961
OPEB-related deferrals	(12,638,825)
Liabilities for deferred inflows of resources recorded in the fund statements but not the government-wide	3,621,116
Deferred charges related to advance refunding bonds issued recorded on the government-wide statement of net position but are not current financial resources	819,556

Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:

Bonds, leases, direct placement installment purchases, and direct borrowings	(29,776,734)
Compensated absences	(1,409,061)
Accrued interest payable	(147,562)
Total adjustment	<u>\$ (20,941,954)</u>

(2) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The net adjustment of \$4,640,938 consists of several elements as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	\$ 1,345,768
Depreciation expense, the allocation of those assets over their useful lives that is recorded on the statement of activities but not in the fund statements	(2,576,007)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(471,000)
Principal payments on debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements	5,751,177
Contributions to pension plans in the current fiscal year are not included on the statement of activities	1,508,291
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	1,130,351
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position.	58,299
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	37,014
Amortization of debt premiums	150,713
Amortization of refunding costs not recorded on fund statements	(104,515)



Pension expense	(1,814,333)
OPEB benefit	73,776
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(121,433)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	94,157
Increase of deferred inflows of resources – taxes receivable	(443,796)
Decrease of deferred inflows of resources – other receivable	(33,688)
Net income, including transfers, of internal funds determined to be governmental type	<u>56,164</u>
Total adjustment	<u>\$ 4,640,938</u>

**Note 2 – Assets****(A) Deposits**

All of the County's, Airport Authority's, Transit Administration's, and Tourism Development 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, Airport Authority, Transit Administration, and Tourism Development Authority's agents in those 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, Airport Authority, Transit Administration, and Tourism Development 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, Airport Authority, Transit Administration, Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

At June 30, 2019, the County's deposits had a carrying amount of \$22,150,538 and a bank balance of \$23,758,213. Of the bank balance, \$750,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

The County also had petty cash on hand at June 30, 2019 of \$2,480.

The Transit Administration's deposits had a carrying amount and bank balance of \$968,614, all of which was covered by collateral held under the pooling method.

The Tourism Development Authority's deposits had a carrying amount and bank balance of \$1,205,644, all of which was covered by collateral held under the pooling method.

The Airport Authority's deposits had a carrying amount and bank balance of \$45,341, all of which was covered by collateral held under the pooling method.

The Fiduciary Funds' deposits had a carrying amount and bank balance of \$270,573, all of which was covered by collateral held under the pooling method.

(B) **Investments**

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

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less than 6 months</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level I	\$24,538,147	\$24,538,147

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two: 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.

*Credit Risk.* The County's policy is to limit investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. In fiscal year ended June 30, 2019, the County only invested in North Carolina Capital Cash Management Trust's Government Portfolio and as of June 30, 2019, had no investment securities with a counterparty.

A reconciliation of deposits and investments to the government-wide financial statements is as follows:

	<u>Primary Government</u>	<u>Transit Administration</u>	<u>Tourism Development Authority</u>	<u>Airport Authority</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits	\$ 22,150,538	\$ 968,614	\$ 1,205,644	\$ 45,341	\$ 270,573	\$ 24,640,710
Cash on hand	2,480	-	-	-	-	2,480
Investments	24,538,147	-	-	-	-	24,538,147
	<u>\$ 46,691,165</u>	<u>\$ 968,614</u>	<u>\$ 1,205,644</u>	<u>\$ 45,341</u>	<u>\$ 270,573</u>	<u>\$ 49,181,337</u>

Reported on government-wide statement of net position:

	<u>Primary Government</u>	<u>Transit Administration</u>	<u>Tourism Development Authority</u>	<u>Airport Authority</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 41,019,689	\$ 968,614	\$ 1,205,644	\$ 45,341	\$ 270,573	\$ 43,509,861
Restricted cash	5,671,476	-	-	-	-	5,671,476
	<u>\$ 46,691,165</u>	<u>\$ 968,614</u>	<u>\$ 1,205,644</u>	<u>\$ 45,341</u>	<u>\$ 270,573</u>	<u>\$ 49,181,337</u>



(C) 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 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.

Year Levied	Tax	Interest	Total
2016	\$ 969,055	\$ 230,151	\$ 1,199,206
2017	977,972	144,251	1,122,223
2018	979,420	56,317	1,035,737
2019	944,248	-	944,248
Total	<u>\$ 3,870,695</u>	<u>\$ 430,719</u>	<u>\$ 4,301,414</u>

(D) Receivables

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

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	\$ 2,613,754	\$ 6,230,134	\$ 8,843,888
Other Governmental	-	322,300	322,300
Total receivables	2,613,754	6,552,434	9,166,188
Allowance for doubtful accounts	(2,275,655)	(1,942,000)	(4,217,655)
Total - governmental activities	<u>\$ 338,099</u>	<u>\$ 4,610,434</u>	<u>\$ 4,948,533</u>
Business-type Activities			
Solid waste	\$ 749,479	\$ -	\$ 749,479
Allowance for doubtful accounts	(106,296)	-	(106,296)
Total - business-type activities	<u>\$ 643,183</u>	<u>\$ -</u>	<u>\$ 643,183</u>

Amounts due from other governments at the government-wide level at June 30, 2019 consists of the following:

	Local Option Sales Tax	Other	Total
Governmental Activities:			
General	\$ 4,386,426	\$ 1,103,108	\$ 5,489,534
Other Governmental	-	300,799	300,799
Total - governmental activities	<u>\$ 4,386,426</u>	<u>\$ 1,403,907</u>	<u>\$ 5,790,333</u>
Business-type Activities			
Solid waste	<u>\$ -</u>	<u>\$ 79,342</u>	<u>\$ 79,342</u>

(E) **Capital Assets**

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	\$ 5,962,599	\$ -	\$ -	\$ 5,962,599
Construction in progress	19,830	-	19,830	-
Total capital assets not being depreciated	<u>5,982,429</u>	-	19,830	<u>5,962,599</u>
Capital assets being depreciated:				
Buildings	62,620,592	-	-	62,620,592
Other improvements	1,024,063	174,040	-	1,198,103
Intangibles	1,518,419	-	-	1,518,419
Equipment	7,110,083	681,504	180,062	7,611,525
Vehicles	6,477,745	510,054	840,340	6,147,459
Total capital assets being depreciated	<u>78,750,902</u>	<u>1,365,598</u>	<u>1,020,402</u>	<u>79,096,098</u>
Less accumulated depreciation for:				
Buildings	23,604,139	1,597,810	-	25,201,949
Other improvements	734,064	36,839	-	770,903
Intangibles	908,902	53,719	-	962,621
Equipment	6,417,989	323,370	180,062	6,561,297
Vehicles	5,090,603	564,269	840,340	4,814,532
Total accumulated depreciation	<u>36,755,697</u>	<u>2,576,007</u>	<u>1,020,402</u>	<u>38,311,302</u>
Capital assets being depreciated, net	<u>41,995,205</u>			<u>40,784,796</u>
Governmental Activities capital assets, net	<u>\$ 47,977,634</u>			<u>\$ 46,747,395</u>

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

Governmental activities:	
General government	\$ 244,242
Public safety	982,482
Economic and physical development	624
Human services	218,028
Cultural and recreational	56,269
Education	<u>1,074,362</u>
Total depreciation expense	<u>\$ 2,576,007</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 716,875	\$ -	\$ -	\$ 716,875
Total capital assets not being depreciated	716,875	-	-	716,875
Capital assets being depreciated:				
Buildings and improvements	4,052,000	-	-	4,052,000
Equipment	2,363,907	321,152	-	2,685,059
Vehicles	1,018,248	207,330	-	1,225,578
Total capital assets being depreciated	7,434,155	528,482	-	7,962,637
Less accumulated depreciation for:				
Buildings and improvements	2,989,435	94,002	-	3,083,437
Equipment	1,780,291	132,071	-	1,912,362
Vehicles	645,068	58,153	-	703,221
Total accumulated depreciation	5,414,794	284,226	-	5,699,020
Solid Waste Disposal capital assets, net	2,019,361			2,263,617
	<u>\$ 2,736,236</u>			<u>\$ 2,980,492</u>

### Construction commitments

The County has commitments with contractors for active construction projects at June 30, 2019 as follows:

Project	Spent-to-date	Remaining Commitment
McGill Associates - Rail Trail Paving	\$ 3,101,270	\$ 575,976
TK Utilities – Water	916,643	853,941
Rogers Group - Queens Gap Paving	446,256	824,629
Total	<u>\$ 4,464,169</u>	<u>\$ 2,254,096</u>

## Discretely presented component units

	Beginning Balances	Increases	Decreases	Ending Balances
Transit Administration:				
Capital assets being depreciated:				
Buildings and improvements	\$ 29,915	\$ -	\$ -	\$ 29,915
Equipment	25,617	7,452	-	33,069
Vehicles	1,830,505	519,786	469,916	1,880,375
Total capital assets being depreciated	1,886,037	527,238	469,916	1,943,359
Less accumulated depreciation for:				
Buildings and improvements	5,235	1,496	-	6,731
Equipment	19,139	2,932	-	22,071
Vehicles	1,185,678	234,015	469,916	949,777
Total accumulated depreciation	1,210,052	238,443	469,916	978,579
Transit Authority capital assets, net	675,985			964,780
	<u>\$ 675,985</u>			<u>\$ 964,780</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Airport Authority:				
Capital assets not being depreciated				
Land	\$ 925,804	\$ -	\$ -	\$ 925,804
Construction in progress	3,187,180	2,017,464	5,204,644	-
Total capital assets not being depreciated	4,112,984	2,017,464	5,204,644	925,804
Capital assets being depreciated:				
Land improvements	93,355	-	-	93,355
Equipment	4,906,440	4,481,369	-	9,387,809
Vehicles	299,751	723,275	-	1,023,026
Total capital assets being depreciated	5,299,546	5,204,644	-	10,504,190
Less accumulated depreciation for:				
Equipment	2,237,040	265,880	-	2,502,920
Vehicles	293,972	32,303	-	326,275
Total accumulated depreciation	2,531,012	298,183	-	2,829,195
Airport Authority capital assets, net	2,768,534			7,674,995
	<u>\$ 6,881,518</u>			<u>\$ 8,600,799</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Tourism Development Authority (TDA):				
Capital assets being depreciated:				
Buildings and improvements	\$ 241,867	\$ -	\$ -	\$ 241,867
Less accumulated depreciation for:				
Buildings and improvements	120,934	24,186	-	145,120
TDA capital assets, net	<u>\$ 120,933</u>			<u>\$ 96,747</u>

**Note 3 – Liabilities****(A) Payables**

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

	Vendors	Salaries and Accrued Benefits	Total
Governmental Activities			
General	\$ 2,017,180	\$ 1,195,158	\$ 3,212,338
Other Governmental	576,093	-	576,093
Internal service fund	4,592	-	4,592
Total - governmental activities	<u>\$ 2,597,865</u>	<u>\$ 1,195,158</u>	<u>\$ 3,793,023</u>
Business-type Activities			
Solid Waste	<u>\$ 195,378</u>	<u>\$ 80,343</u>	<u>\$ 275,721</u>

**(B) Pension Plan Obligations**North Carolina Local Governmental Employees' Retirement System

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,502,541 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 \$6,286,232 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was .26498%, which was a decrease of .02209% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,701,613. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 969,816	\$ 32,542
Changes of assumptions	1,668,123	-
Net difference between projected and actual earnings on plan investments	862,912	-
Changes in proportion and differences between County contributions and proportionate share of contributions	13,234	206,313
County contributions subsequent to the measurement date	1,502,541	-
Total	<u>\$ 5,016,626</u>	<u>\$ 238,855</u>

\$1,502,541 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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	\$ 1,632,781
2021	1,037,683
2022	149,693
2023	455,073
Thereafter	-
Total	<u>\$ 3,275,230</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	3.00 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary 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 for the period January 1, 2010 through December 31, 2014.

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



The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

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 County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$15,100,073	\$6,286,232	(1,078,752)

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



Law Enforcement Officers' Special Separation Allowance

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

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

Retirees receiving benefits	11
Active plan members	<u>77</u>
Total	<u>88</u>

*Summary of Significant Accounting Policies:*

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statement 73.

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

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

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

*Contributions.* The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$126,944 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$2,248,750. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$163,079.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 58,271	\$ 65,206
Changes of assumptions	89,012	96,413
Benefit payments and administrative costs subsequent to the measurement date	58,299	-
Total	<u>\$ 205,582</u>	<u>\$ 161,619</u>

The County paid \$57,444 in benefit payments and \$855 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year 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	\$ (4,910)
2021	(4,910)
2022	(4,910)
2023	2,417
2024	(2,023)
Thereafter	-
Total	<u>\$ (14,336)</u>

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

	<b>1% Decrease (2.64%)</b>	<b>Discount (3.64%)</b>	<b>1% Increase (4.64%)</b>
County's proportionate share of the total pension liability	\$2,433,074	\$2,248,750	\$2,080,071

**Changes in the Total Pension Liability**

	<u>2019</u>
Beginning Balance	\$ 2,221,777
Service cost	98,933
Interest on the total pension liability	68,244
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	70,591
Changes of assumptions or other inputs	(86,469)
Benefit payments	<u>(124,326)</u>
Ending balance of the total pension liability	<u>\$ 2,248,750</u>

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

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

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 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. The County's Contributions for the year ended June 30, 2019 were \$177,752. No amounts were forfeited.

**Supplemental Retirement Income Plan for General Employees**

*Plan Description:* The County, Rutherford County Transit Administration and Rutherford County Tourism Development Authority voluntarily contribute to the Supplemental Retirement Income Plan of North Carolina, often referred to as the State's 401(k) Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees, for all full-time non-law enforcement employees. The Plan provides retirement benefits to employees of the County who are members of the Local Government Employees' Retirement System. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy.* The County, Rutherford County Airport Authority, Rutherford County Transit Administration, and Rutherford County Tourism Development Authority contribute each month an amount equal to 3.25% of each full-time non-law enforcement employee's salary. Employee contributions are voluntary. An additional amount equal to one percent of an employee's salary is

contributed by the County, Rutherford County Transit Administration, and Tourism Development Authority each month for those employees who have chosen to contribute at least one percent themselves. All amounts are vested immediately. The County's contributions for the fiscal year ended June 30, 2019 were \$444,117. Contributions from Rutherford County Transit Administration for its employees for the fiscal year ended June 30, 2019 were \$8,232. Contributions from Tourism Development Authority for its employees for the fiscal year ended June 30, 2019 were \$5,726. Contributions from Airport Authority for its employees were \$2,294. No amounts were forfeited.

***Other Postemployment Benefits:***

*Postemployment Healthcare Benefits*

*Plan Description.* The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/report>.

*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree Revised August 2018 35-K-57 medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021, will not be eligible to receive retiree medical benefits.

RHBF’s benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

*Contribution.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees’ health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 6.27% of covered payroll which amounted to \$1,210,874.

At June 30, 2019, County reported a liability of \$27,722,726 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB 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 OPEB liability was based on a projection of the County’s present value of future salary, actuarially determined. At June 30, 2019 (measured as of June 30, 2018), the County’s proportion was 0.09749%, a decrease of .0067% compared to its proportion as of June 30, 2018 (measured as of June 30, 2017).

*Actuarial assumptions.* The following actuarial assumptions were used to measure the total OPEB liability for the RHBF.

Inflation	2.75%
Salary increases	3.50-8.10% include 3.5% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate – medical	5.00-6.50%
Healthcare cost trend rate – prescription drug	5.00-7.25%
Healthcare cost trend rate – Medicare advantage	4.00-5.00%
Healthcare cost trend rate – administrative	3.00%

The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, 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 mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.87%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan’s fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

*Sensitivity of the County’s proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the County’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Discount (3.87%)</u>	<u>1% Increase (4.87%)</u>
County’s proportionate share of the net OPEB liability	\$32,813,756	\$27,772,726	\$23,731,800

*Sensitivity of the County’s proportionate share of the net OPEB liability to changes in the healthcare trend rates.* The following presents the County’s proportionate share of the net OPEB liability, as well as what the County’s proportionate share of the net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease (Medical - 5.50%, Pharmacy - 6.25%, Administrative - 2.00%)</u>	<u>Healthcare Trend Rates (Medical -6.50%, Pharmacy - 7.25%, Administrative - 3.00%)</u>	<u>1% increase (Medical - 7.50%, Pharmacy - 8.25%, Administrative - 4.00%)</u>
County’s proportionate share of the Net OPEB liability	\$ 22,911,776	\$ 27,772,726	\$ 34,154,201

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended June 30, 2019, the County recognized an OPEB benefit of \$26,691. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,899,221
Changes of assumptions	-	12,031,786
Net difference between projected and actual earnings on plan investments	2,987	2,458,050
Changes in proportion and differences between County contributions and proportionate share of contributions	3,341,288	-
County contributions subsequent to the measurement date	1,210,874	-
Total	<u>\$ 4,555,149</u>	<u>\$ 16,389,057</u>

\$1,210,874 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	\$ (2,886,259)
2021	(2,886,259)
2022	(2,886,259)
2023	(2,883,289)
2024	(1,502,716)
Thereafter	-
Total	<u>\$ (13,044,782)</u>

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

#### Post-Employment Death Benefits

The County, Rutherford County Transit Administration, and Tourism Development Authority, have elected to provide death benefits to 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 and 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. All death benefit payments are made from the Death Benefit Plan. The County, Rutherford County Transit Administration, and Tourism Development Authority have no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, Rutherford County Transit Administration, Airport Authority, nor Tourism

Development Authority, the County, Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority, do not determine the number of eligible participants. For the fiscal year ended June 30, 2019, the County made \$15,510 in contributions to the State for death benefits. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2019, the Rutherford County Transit Administration, Airport Authority, and Tourism Development Authority made no required contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

*Registers of Deeds' Supplemental Pension Fund*

*Plan Description.* Rutherford County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,750 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported a net pension asset of \$112,070 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 (measured June 30, 2018), the County's proportion was .67622%, which was a decrease of .00813% from its proportion as of June 30, 2018 (measured June 30, 2017).



For the year ended June 30, 2019, the County recognized pension expense of \$19,142. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 988	\$ 5,115
Changes of assumptions	5,271	-
Net difference between projected and actual earnings on plan investments	17,863	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,173	2,113
County contributions subsequent to the measurement date	5,750	-
Total	<u>\$ 31,045</u>	<u>\$ 7,228</u>

\$5,750 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	\$ 8,096
2021	1,934
2022	5,264
2023	2,773
Thereafter	-
Total	<u>\$ 18,067</u>

*Actuarial Assumptions.* The total pension asset 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
Discount rate	3.75 percent

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, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease</u> <u>(2.75%)</u>	<u>Discount</u> <u>(3.75%)</u>	<u>1% Increase</u> <u>(4.75%)</u>
County’s proportionate share of the net pension liability (asset)	(\$88,360)	(\$112,070)	(\$132,063)

*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.

Deferred Compensation Plans

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Equitable Assurance Company and Public Employees Benefit Service Corporation (PEBSCO). The plans, available to all County employees, permit 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.

The County has complied with changes in the laws which govern the County’s Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts which had been deferred by the plan participants were required to be reported as assets of the County. In accordance with GASB Statement 32, “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,” the County’s Deferred Compensation Plan is no longer reported within the County’s Agency Funds.

**(C) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of the net pension liability (asset)	\$ 6,286,232	\$ (112,070)	\$ -	\$ 6,174,162
Proportion of the net pension liability (asset)	0.26498%	0.67662%	n/a	
Total pension liability	-	-	2,248,750	2,248,750
Pension expense	1,701,613	19,142	163,079	1,883,834

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 969,816	\$ 988	\$ 58,271	\$ 1,029,075
Changes of assumptions	1,668,123	5,271	89,012	1,762,406
Net difference between projected and actual earnings on pension plan investments	862,912	17,863	-	880,775
Changes in proportion and differences between County contributions and proportionate share of contributions	13,234	1,173	-	14,407
County contributions/benefit payments subsequent to the measurement date	1,502,541	5,750	58,299	1,566,590
<b>Total</b>	<b><u>\$ 5,016,626</u></b>	<b><u>\$ 31,045</u></b>	<b><u>\$ 205,582</u></b>	<b><u>\$ 5,253,253</u></b>

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ 32,542	\$ 5,115	\$ 65,206	\$ 102,863
Changes of assumptions	-	-	96,413	96,413
Changes in proportion and differences between County contributions and proportionate share of contributions	206,313	2,113	-	208,426
	<b><u>\$ 238,855</u></b>	<b><u>\$ 7,228</u></b>	<b><u>\$ 161,619</u></b>	<b><u>\$ 407,702</u></b>

**(D) 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 two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per

occurrence (some members purchase higher limits); auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Both of 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, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$500,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$998 million purchased through a group of commercial carriers through the multi-state public entity captive.

The County carries commercial coverage for 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.

The County also participates in the State's Comprehensive Major Medical Plan (also referred to as The State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees, retired employees, disabled employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2019, the program had 438 active participants in the Plan. The plan provides medical coverage with no lifetime maximum. Dental coverage is provided up to a maximum of \$1,500 per employee per year other than orthodontics, which is a lifetime maximum of \$2,000 per eligible employee. The Insurance Plan Administrators for the fiscal year ended June 30, 2018 were North Carolina State Health Plan for medical and Delta Dental for dental.

(E) **Deferred Outflows and Inflows of Resources**

The balances in deferred outflows of resources and deferred inflows of resources on the fund statements and on the government-wide statements at year-end is composed of the following elements:

Deferred Outflows of Resources:

	Statement of Net Position
Pensions and OPEB - difference between expected and actual experience	\$ 1,029,075
Pensions and OPEB - changes of assumptions	1,762,406
Pensions and OPEB - difference between projected and actual investment earnings	883,762
Pensions and OPEB- change in proportion and differences between employer contributions and proportionate share of contributions	3,355,695
Contributions to pension plans subsequent to the measurement date	1,508,291
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	58,299
Contributions to the OPEB plan paid subsequent to the measurement date	1,210,874
Charge on refunding of debt	819,556
Total	<u>\$ 10,627,958</u>

Deferred Inflows of Resources:

	Statement of Net Position	Governmental Fund Balance Sheet
Difference between expected and actual experience (pensions, OPEB)	\$ 2,002,084	\$ -
Change in proportion and differences between employer contributions and proportionate share of contributions (pensions, OPEB)	2,666,476	-
Changes of assumptions (pensions, OPEB)	12,128,199	-
Prepaid taxes not yet earned	189,505	189,505
Ad valorem taxes receivable, net (General Fund)	-	2,963,397
Other receivables, net (General Fund)	-	335,419
Ad valorem taxes receivable, net (Special Revenue)	-	322,300
Total	<u>\$ 16,986,264</u>	<u>\$ 3,810,621</u>

(F) **Claims and Judgments**

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

**Note 4 – Long-Term Obligations**(A) **Capital Leases**

The County has entered into agreements to lease certain vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following leases are included in Long-Term Debt:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
<b><u>Governmental Activities</u></b>				
<u>Serviced by the General Fund:</u>				
Vehicle and equipment lease purchase agreement, 2019, \$471,000 issue, monthly payments of \$13,625, including interest at 2.65% through February 2022	\$ -	\$ 471,000	\$ 37,837	\$ 433,163
Vehicle and equipment lease purchase agreement, 2016, \$640,825 issue, monthly payments of \$18,181, including interest at 1.378% through February 2019	144,702	-	144,702	-
Vehicle and equipment lease purchase agreement, 2017, \$966,719 issue, monthly payments of \$27,512, including interest at 1.58% through March 2020	569,477	-	350,676	218,801
Vehicle and equipment lease purchase agreement, 2018, \$1,135,931 issue, monthly payments of \$32,810, including interest at 2.550% through March 2021	1,044,553	-	371,392	673,161
Total capital leases	<u>\$ 1,758,732</u>	<u>\$ 471,000</u>	<u>\$ 904,607</u>	<u>\$ 1,325,125</u>

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
<b><u>Business-type Activities</u></b>				
<u>Serviced by the Landfill Fund:</u>				
Vehicle and equipment lease purchase agreement, 2017, \$125,000 issue, monthly payments of \$3,557, including interest at 1.58% through March 2020	\$ 73,635	\$ -	\$ 45,344	\$ 28,291
Vehicle and equipment lease purchase agreement, 2018, \$28,000 issue, monthly payments of \$809, including interest at 2.55% through March 2021	25,748	-	9,155	16,593
Vehicle and equipment lease purchase agreement, 2018, \$579,397 issue, monthly payments of \$10,512, including interest at 2.76% through February 2023	551,791	-	112,346	439,445
Vehicle and equipment lease purchase agreement, 2019, \$395,000 issue, monthly payments of \$11,426, including interest at 2.65% through March 2022	-	395,000	31,772	363,228
Total capital leases	<u>\$ 651,174</u>	<u>\$ 395,000</u>	<u>\$ 198,617</u>	<u>\$ 847,557</u>

For Rutherford County, the future minimum payments for capital lease obligations as of June 30, 2019, including interest are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 753,663	\$ 23,984	\$ 282,172	\$ 10,663
2021	450,184	8,607	258,419	7,439
2022	121,278	1,343	223,731	4,125
2023	-	-	83,235	863
Total	<u>\$ 1,325,125</u>	<u>\$ 33,934</u>	<u>\$ 847,557</u>	<u>\$ 23,090</u>

(B) **Installment Purchases**

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed, in a direct placement, various property acquisitions, construction and improvements for use by Rutherford County, Rutherford County Board of Education and Isothermal Community College as of the fiscal year ended June 30, 2019 by installment purchases, private placement, certificates of participation (COP's), or limited obligation bonds (LOB's). The property is pledged as collateral for the debt.

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
<b><u>Governmental Activities</u></b>				
<u>Serviced by the Debt Service Fund:</u>				
Public facilities project lease purchase agreement, 2015 \$1,800,000 issue, interest at 2.65%, due semiannually to 2030.	\$ 1,440,000	\$ -	\$ 120,000	\$ 1,320,000
Refunding certificates of participation, 2011, \$22,555,000 issue interest at 2.0% to 5.0%, payable semiannually, due semiannually to 2024. A premium of \$2,276,960 is included and will be amortized over the life of the debt.	10,782,807	-	2,415,713	8,367,094
Refunding certificates of participation, 2013, \$9,790,000 issue interest at 2.190%, payable semiannually, due semiannually to 2028.	8,990,000	-	992,000	7,998,000
Refunding limited obligation bonds, 2012, \$8,425,000 issue, interest at 2.0%, due semiannually to 2024.	3,445,000	-	655,000	2,790,000
Public facilities project lease purchase agreement, 2017, \$6,825,000 issue, interest at 2.49% due semiannually to 2032	6,369,000	-	456,000	5,913,000
Total direct placement installment purchases	<u>\$ 31,026,807</u>	<u>\$ -</u>	<u>\$ 4,638,713</u>	<u>\$ 26,388,094</u>

For Rutherford County, the future minimum payments for installment obligations as of June 30, 2019, including interest are:

	Principal	Interest
2020	\$ 4,598,342	\$ 733,025
2021	4,388,051	562,285
2022	3,946,648	429,246
2023	3,099,707	322,496
2024	2,671,346	229,780
2025-2029	6,203,000	546,169
2030-2033	1,481,000	70,883
Total	<u>\$ 26,388,094</u>	<u>\$ 2,893,884</u>



(C) **Direct Borrowing Revolving Fund – Water Quality Loan**

The County has received a loan through North Carolina Department of Environment and Natural Resources State Revolving Fund Program. This loan provided funds to pay the capital costs of providing loans and grants to municipalities, water authorities and sanitary districts for the extension of water and sewer lines in the County.

<u>Governmental Activities</u>	<u>Balance</u>			<u>Balance</u>
<u>Serviced by the Debt Service Fund:</u>	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
Public utilities DENR water quality loan, 2007 \$331,400 issue, interest at 2.305% due semiannually to 2027.	\$ 149,130	\$ -	\$ 16,570	\$ 132,560

For Rutherford County, the future minimum payments as of June 30, 2019, including interest are:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 16,570	\$ 3,056
2021	16,570	2,674
2022	16,570	2,292
2023	16,570	1,910
2024	16,570	1,528
2025-2028	49,710	2,292
Total	<u>\$ 132,560</u>	<u>\$ 13,752</u>

(D) **General Obligation Indebtedness**

The general obligation bonds are issued to finance the construction of County facilities. All bonds are collateralized by the faith, credit and taxing power of the County. These bonds are being serviced by the Debt Service Fund.

<u>General Obligation Bonds</u>	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
General obligation bonds, 2008 \$1,555,000 issue interest at 3.875% to 4.2%, payable semiannually, due serially 2028.	\$ 805,000	\$ -	\$ 75,000	\$ 730,000
Refunding bonds, 2013 \$1,683,000 issue interest at 2.020%, payable semiannually, due serially 2026.	1,034,000	-	167,000	867,000
General obligation bonds, 2010 \$1,500,000 issue interest at 4.53%, due semiannually to 2025.	433,955	-	100,000	333,955
Total general obligation bonds	<u>\$ 2,272,955</u>	<u>\$ -</u>	<u>\$ 342,000</u>	<u>\$ 1,930,955</u>

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

	Governmental Activities	
	Principal	Interest
2020	\$ 339,000	\$ 59,450
2021	330,000	48,751
2022	328,000	38,193
2023	256,955	28,061
2024	152,000	21,731
2025-2028	525,000	42,274
Total	\$ 1,930,955	\$ 238,460

*Debt Related to Capital Activities* - Of the total Governmental Activities debt listed only \$19,116,056 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$778,242. See also Note 8 regarding the County's net investment in capital assets.

(E) **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 June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Governmental Activities:					
By type of debt:					
Capital leases	\$ 1,758,732	\$ 471,000	\$ 904,607	\$ 1,325,125	\$ 753,663
Direct placement installment purchases	31,026,807	-	4,638,713	26,388,094	4,598,342
Direct borrowing revolving fund - DENR	149,130	-	16,570	132,560	16,570
General obligation bonds	2,272,955	-	342,000	1,930,955	339,000
Total pension liability (LEOSSA)	2,221,777	26,973	-	2,248,750	-
Net pension liability (LGERS)	4,385,634	1,900,598	-	6,286,232	-
Net OPEB liability	33,221,799	-	6,212,823	27,008,976	-
Compensated absences	1,287,628	1,351,331	1,229,898	1,409,061	1,229,898
	\$ 76,324,462	\$ 3,749,902	\$ 13,344,611	\$ 66,729,753	\$ 6,937,473

	Balance			Balance
	June 30, 2018	Additions	Retirements	June 30, 2019
By purpose:				
School	\$ 25,456,419	\$ -	\$ 3,894,169	\$ 21,562,250
General government				
-equipment/vehicles/software	1,255,005	471,000	665,731	1,060,274
-public facilities	6,244,852	-	1,019,434	5,225,418
-economic development	2,251,348	-	322,556	1,928,792
Total pension liability (LEOSSA)	2,221,777	26,973	-	2,248,750
Net pension liability (LGMERS)	4,385,634	1,900,598	-	6,286,232
Net OPEB liability	33,221,799	-	6,212,823	27,008,976
Compensated absences	1,287,628	1,351,331	1,229,898	1,409,061
	<u>\$ 76,324,462</u>	<u>\$ 3,749,902</u>	<u>\$ 13,344,611</u>	<u>\$ 66,729,753</u>

## Reconciliation:

Current portion	\$ 6,937,473
Subsequent years	59,792,280
	<u>\$ 66,729,753</u>

Compensated absences typically have been liquidated in the General Fund. The liability for pension-related debt is fully liquidated by the General Fund.

	Balance			Balance	Current
	June 30, 2018	Additions	Retirements	June 30, 2019	Portion
Business-type activities:					
By type of debt:					
Capital lease - equipment	\$ 651,174	\$ 395,000	\$ 198,617	\$ 847,557	\$ 282,172
Closure and post-closure care cost	2,917,217	32,069	-	2,949,286	-
Net OPEB liability	938,923	-	175,173	763,750	-
Compensated absences	27,716	35,294	24,587	38,423	38,423
	<u>\$ 4,535,030</u>	<u>\$ 462,363</u>	<u>\$ 398,377</u>	<u>\$ 4,599,016</u>	<u>\$ 320,595</u>

At June 30, 2019, the County had a legal debt margin of approximately \$531,000,000.

(F) **Conduit Debt Obligations**

Rutherford County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were no industrial revenue bonds outstanding.

**Note 5 – Closure and Post-Closure Care Costs**

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Closed Municipal Solid Waste (MSW) Landfill:

Effective January 1, 1998, the State began requiring that all municipal solid waste (MSW) be placed in a lined landfill. Therefore, Rutherford County closed the Rutherford County Central Landfill on December 31, 1997. In accordance with state and federal laws and regulations, the County placed a final cover on this landfill upon its closure and is performing certain maintenance and monitoring functions at this site for thirty years after its closure. The projected post-closure care remaining at June 30, 2019 is \$272,793. In addition, the County is now under a corrective action plan for this landfill for which the County has accrued a projected cost of \$197,940 as of June 30, 2019. The combined post-closure and corrective action plan liability of \$470,733 represents the projected actual costs over the next 10 years based on what it would cost to perform all post-closure care and corrective action in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

Active Construction and Demolition (C&D) Landfill:

The County currently operates a C&D Landfill with closure and post-closure costs of \$1,269,815 reported as of June 30, 2019 representing a cumulative amount reported to date based on the use of 94% of the total estimated capacity of this landfill. This amount is based on what it would cost to perform all closure and post-closure care in 2019. The County expects to operate this landfill until the year 2020. In addition, the County is now under a potential assessment and corrective action plan for this landfill for which the County has accrued a projected cost of \$1,208,738 as of June 30, 2019. The projected assessment and corrective costs remaining to accrue as of June 30, 2019 are \$982,369. This liability of \$2,478,553 represents the projected actual costs over the next 30 years based on what it would cost to perform all corrective action in 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs.

**Note 6 – Interfund Balances and Activities**

Balances due to the general fund at June 30, 2019 consist of \$151,563 due from the internal service fund to advance the cost of technology enhancements and upgrades made by the County that were paid for through the internal service fund and \$15,677 to the 911 Fund to advance operating costs. The balance will be repaid in the coming years through contributions made by other funds to the internal service fund.

Balances due from the general fund at June 30, 2019 consist of \$1,748,792 due to the fire districts fund. Funds were advanced by the fire districts fund to the general capital project fund for the construction of a new Emergency Services Training Facility. The general fund then assumed the payable since the fire district fund will be repaid in the coming years with funds from the general fund. An interfund balance due from the fire districts fund to the ICC capital projects fund also relates to the funding of the Emergency Services Training Facility.

Transfers between funds and during the year ended June 30, 2019 consists of the following:

From	To	For	Amount
<u>General Fund:</u>			
General	Register of Deeds Automation	Accumulate resources for office automation	\$ 60,575
General	Grant Fund	Matching funds for grant projects	234,000
General	Debt Service	Contribution for EMS station	81,700
General	Economic Development Assoc.	Contribution for economic development	<u>230,902</u>
			607,177
<u>Debt Service:</u>			
Debt Service	General	School capital improvements/repairs	422,852
Debt Service	Capital Projects	Economic development capital improvements	475,000
Debt Service	School Capital Projects	Construction of a new middle school	<u>1,893,847</u>
			2,791,699
<u>Other Governmental::</u>			
Fire District	Isothermal College	Construction of an emergency training facility	250,000
Isothermal College	Capital projects	Construction of an emergency training facility	<u>250,000</u>
			500,000
Total			<u>\$ 3,898,876</u>

#### Note 7 – Fund Balance

The following schedule provides management and citizens with information on the portion of fund balance in the general fund that is available for appropriation.

Total fund balance - general fund	\$31,037,162
Less:	
Prepaid items and inventories	1,052,943
Stabilization by State statute	6,007,191
Restricted for capital projects	569,219
Restricted for public safety	46,927
Assigned - subsequent year's expenditures	1,779,276
Assigned - HVAC replacement	343,749
Assigned - roof replacement	340,825
Minimum fund balance informal policy	<u>12,780,734</u>
Remaining fund balance	<u>\$ 8,116,298</u>

The County has an informal fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that available fund balance is at least equal to or greater than 20% of actual expenditures.

The County had outstanding encumbrances in the general fund in the amount of \$347,747, at June 30, 2019. Outstanding encumbrances of the non-major funds totaled \$1,676,270.

**Note 8 – Net Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets, net of depreciation	\$ 46,747,395	\$ 2,980,492
Less:		
Capital leases	(1,325,125)	(847,557)
Installment purchase contracts	(26,388,094)	-
Revolving fund - DENR	(132,560)	-
General obligation bonds	(1,930,955)	-
Add:		
School related debt	8,806,162	-
Water/Sewer debt	1,854,515	-
Unspent debt proceeds	778,242	-
	<u>\$ 28,409,580</u>	<u>\$ 2,132,935</u>

**Note 9 – Joint Ventures****(A) Mental Health**

Vaya Health (formerly Smoky Mountain Center) is the local Medicaid health plan administrator for mental health, substance abuse, and intellectual/developmental disability Medicaid services. Vaya Health serves residents of Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes and Yancey counties.

The twenty-three counties participating within Vaya Health are represented through a County Commissioner Advisory Board or positions on board membership. Within available resources, the County has an ongoing financial responsibility for the Vaya Health because it is legally obligated to provide mental health services either directly or jointly with other counties. None of the participating counties has any equity interest in Vaya Health, so no equity interest has been reflected in the financial statements at June 30, 2019. The County contributed \$102,168 to fund operations during fiscal year June 30, 2019. Complete financial statements for Vaya Health may be obtained from the offices at 200 Ridgefield Court, Asheville, NC 28806. Rutherford County disengaged from Vaya Health effective June 30, 2019.

Rutherford County realigned with Partners Behavioral Health Management effective July 1, 2019. Partners Behavioral Health Management is a leading local managed care organization (LME/MCO), providing access to care for central and western North Carolina's most vulnerable citizens. Partners manages all Medicaid, state and local funding for intellectual/developmental disabilities, mental health and substance use disorder (IDD/MH/SUD) services in its covered areas. Through Partners' community focus and longstanding partnerships with local stakeholders, agencies and elected officials, Partners' members receive the care and support they need. Partners serves individuals in Burke, Catawba, Cleveland, Gaston, Iredell, Lincoln, Rutherford, Surry and Yadkin counties and has community offices in Gastonia, Hickory and Elkin. Complete financial statements for Partners Behavioral Health Management may be obtained from the offices at 901 S. New Hope Road, Gastonia, NC 28054.

**(B) Public Health**

The County, in conjunction with Polk and McDowell Counties, participates in the Rutherford/Polk/McDowell Public Health District. Each Board of Commissioners of the counties appoints one of its own members to the public health board. These commissioner-members then appoint the other fifteen members jointly with six of these members being from Rutherford County, five being from McDowell County and four being from Polk County. All commissioner-members must agree on the appointments for the appointments to occur. The County contributes funds annually to fund

operations of the District. None of the participating counties have any equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2019. The County contributed \$583,101 to the District to fund operations during fiscal year June 30, 2019. Complete financial statements for the District may be obtained from the District's offices at 203 Koone Rd., Spindale, NC 28160. Upon the withdrawal of Polk County from the public health board on June 30, 2019, the district reorganized with Rutherford and McDowell Counties to become the Foothills Health District effective July 1, 2019.

(C) Community College

The County, in conjunction with the State of North Carolina and the Rutherford County Board of Education, participates in a joint venture to operate the Isothermal Community College. The County appoints four members of the fifteen-member Board of Trustees of the Community College. The Community College is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. 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 \$2,341,601 to the Community College for operating and capital expenditure purposes during the fiscal year ended June 30, 2019. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2019. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at P.O. Box 804, Spindale, NC 28160.

**Note 10 – Region C Council of Government (Jointly Governed Organization)**

The Council is a voluntary association of four county governments, including Rutherford County for the purpose of coordinating federal and state projects of a planning nature in the four county area comprising Region C in Southwestern North Carolina. General support of the Council is provided by the counties based upon their respective populations. Each county appoints one member to the Council's governing body and this governing body selects the management and determines the budget and financing requirements of the Council. The County paid membership fees of \$26,967 to the Council during the fiscal year ended June 30, 2019.

**Note 11 – Federal and State Assisted Programs**

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**Note 13 – Benefit Payments Issued by the State**

Certain amounts were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. This additional aid to County recipients does not appear in the financial statements because they are not revenues and expenditures of the County.



**REQUIRED SUPPLEMENTAL  
FINANCIAL DATA**

**RUTHERFORD COUNTY, NORTH CAROLINA**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS\*

**Schedule of Changes in Total Pension Liability**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,221,777	\$ 2,132,626	\$ 2,115,637
Service cost	98,933	90,562	89,955
Interest on the total pension liability	68,244	80,054	73,794
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	70,591	(98,306)	-
Change of assumptions or other inputs	(86,469)	134,196	(49,578)
Benefit payments	(124,326)	(117,355)	(97,182)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 2,248,750</u>	<u>\$ 2,221,777</u>	<u>\$ 2,132,626</u>

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

Total pension liability	\$ 2,248,750	\$ 2,221,777	\$ 2,132,626
Covered payroll	3,471,684	3,609,219	3,523,604
Total pension liability as a percentage of covered payroll	64.77%	61.56%	60.52%

Notes to the schedules:

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

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

**RUTHERFORD COUNTY, NORTH CAROLINA**

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

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset) (%)	0.26498%	0.28707%	0.27643%	0.27445%	0.26645%	0.26540%
County's proportion of the net pension liability (asset) (\$)	\$ 6,286,232	\$ 4,385,634	\$ 5,866,771	\$ 1,231,719	\$(1,571,379)	\$ 3,199,089
County's covered payroll	16,644,520	16,488,891	16,224,597	16,011,558	15,382,073	15,169,034
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.77%	26.60%	36.16%	7.69%	( 10.22%)	21.09%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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.

**RUTHERFORD COUNTY, NORTH CAROLINA**

SCHEDULE OF COUNTY'S CONTRIBUTIONS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LAST SIX FISCAL YEARS

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,502,541	\$ 1,251,698	\$ 1,090,181	\$ 1,088,227	\$ 1,130,416	\$ 1,087,513
Contribution in relation to the contractually required contribution	<u>1,502,541</u>	<u>1,251,698</u>	<u>1,090,181</u>	<u>1,088,227</u>	<u>1,130,416</u>	<u>1,087,513</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 19,366,760	\$ 16,644,520	\$ 16,488,891	\$ 16,224,597	\$ 16,011,558	\$ 15,382,073
Contributions as a percentage of covered payroll	7.76%	7.52%	6.61%	6.71%	7.06%	7.07%

**RUTHERFORD COUNTY, NORTH CAROLINA**

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

Register of Deeds' Supplemental Pension Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset) (%)	0.67662%	0.68475%	0.65884%	0.65574%	0.63346%	0.62267%
County's proportion of the net pension liability (asset) (\$)	\$ (112,070)	\$ (116,880)	\$ (123,176)	\$ (151,964)	\$ (143,580)	\$ (133,002)
Plan fiduciary net position as a percentage of the total pension liability (asset)	( 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.

**RUTHERFORD COUNTY, NORTH CAROLINA**

SCHEDULE OF COUNTY'S CONTRIBUTIONS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LAST SIX FISCAL YEARS

Register of Deeds' Supplemental Pension Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,750	\$ 5,790	\$ 5,950	\$ 5,373	\$ 4,822	\$ 5,172
Contribution in relation to the contractually required contribution	<u>5,750</u>	<u>5,790</u>	<u>5,950</u>	<u>5,373</u>	<u>4,822</u>	<u>5,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RUTHERFORD COUNTY, NORTH CAROLINA**

**COUNTY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS \***

Retiree Health Benefit Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportionate share of the net OPEB liability (%)	0.09749%	0.10419%	0.09258%
County's proportion of the net OPEB liability (\$)	\$ 27,772,726	\$ 34,160,722	\$ 40,276,690
County's covered payroll	16,644,520	16,488,891	16,224,597
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	166.86%	207.17%	248.24%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	3.52%	2.41%

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



**RUTHERFORD COUNTY, NORTH CAROLINA**

**SCHEDULE OF COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS**

Retiree Health Benefit Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,210,874	\$ 1,009,703	\$ 951,746
Contribution in relation to the contractually required contribution	<u>1,210,874</u>	<u>1,009,703</u>	<u>951,746</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 19,366,760	\$ 16,644,520	\$ 16,488,891
Contributions as a percentage of covered payroll	6.25%	6.07%	5.77%

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**RUTHERFORD COUNTY, NORTH CAROLINA**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 40,110,303	\$ 41,358,212	\$ 1,247,909
Prior years	890,000	1,117,856	227,856
Penalties and interest	324,000	494,913	170,913
Total	<u>41,324,303</u>	<u>42,970,981</u>	<u>1,646,678</u>
Local option sales taxes	<u>5,868,402</u>	<u>7,031,179</u>	<u>1,162,777</u>
Restricted intergovernmental revenues:			
ABC net revenues	14,000	15,820	1,820
Court facilities	79,000	78,081	(919)
Federal and state grants	9,066,980	8,901,053	(165,927)
Total	<u>9,159,980</u>	<u>8,994,954</u>	<u>(165,026)</u>
Permits and fees:			
Building permits	352,200	438,473	86,273
Register of deeds	285,000	310,344	25,344
Marriage licenses	10,500	10,450	(50)
Revenue stamps	195,000	284,959	89,959
Video programming tax	40,000	37,317	(2,683)
Other fees	23,000	41,185	18,185
Total	<u>905,700</u>	<u>1,122,728</u>	<u>217,028</u>
Sales and services:			
Rents, concessions and fees	535,052	325,217	(209,835)
Sheriff's fees	1,026,272	994,540	(31,732)
Senior center meals	33,284	36,076	2,792
EMS fees	2,612,880	2,364,331	(248,549)
Court costs, fees and charges	67,500	79,939	12,439
Detention center fees	459,600	469,291	9,691
Tax collection fees	42,000	45,770	3,770
Animal shelter fees	27,698	31,260	3,562
Total	<u>4,804,286</u>	<u>4,346,424</u>	<u>(457,862)</u>
Investment earnings	<u>70,000</u>	<u>560,983</u>	<u>490,983</u>
Miscellaneous	<u>238,458</u>	<u>279,496</u>	<u>41,038</u>
Total revenues	<u>62,371,129</u>	<u>65,306,745</u>	<u>2,935,616</u>

**RUTHERFORD COUNTY, NORTH CAROLINA**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures:			
General Government:			
Governing body	308,073	<b>279,708</b>	28,365
Manager	167,641	<b>162,577</b>	5,064
Board of elections	286,891	<b>263,082</b>	23,809
Finance and purchasing	425,067	<b>414,150</b>	10,917
Information technology	1,903,408	<b>1,503,090</b>	400,318
Revenue collections	2,436,191	<b>2,121,044</b>	315,147
Legal	130,000	<b>87,715</b>	42,285
Register of deeds	286,804	<b>268,463</b>	18,341
Human resources	196,198	<b>176,005</b>	20,193
Public buildings/recreation	2,569,276	<b>1,980,021</b>	589,255
County garage	191,521	<b>192,460</b>	(939)
Court facilities	219,678	<b>133,603</b>	86,075
Special appropriations	338,147	<b>196,703</b>	141,444
Total general government	<u>9,458,895</u>	<u><b>7,778,621</b></u>	<u>1,680,274</u>
Public Safety:			
Sheriff's department	5,851,410	<b>5,497,647</b>	353,763
College security officer	835,934	<b>865,479</b>	(29,545)
Detention center	2,893,001	<b>2,792,022</b>	100,979
Communications	1,518,208	<b>1,398,101</b>	120,107
Inspections	536,966	<b>525,516</b>	11,450
Coroner	70,000	<b>65,900</b>	4,100
Emergency services	4,208,299	<b>3,888,625</b>	319,674
Special appropriations	13,090	<b>12,944</b>	146
Fire prevention	349,056	<b>294,563</b>	54,493
Animal control	299,111	<b>288,362</b>	10,749
Total public safety	<u>16,575,075</u>	<u><b>15,629,159</b></u>	<u>945,916</u>
Environmental Protection:			
Soil conservation	132,370	<b>122,231</b>	10,139
Watershed	42,250	<b>30,964</b>	11,286
Total environmental protection	<u>174,620</u>	<u><b>153,195</b></u>	<u>21,425</u>
Economic and Physical Development:			
Agricultural extension	208,585	<b>199,096</b>	9,489
Farmers market	11,029	<b>7,350</b>	3,679
Forestry	113,088	<b>74,775</b>	38,313
Airport Authority	214,163	<b>155,876</b>	58,287
Economic Development Commission	6,491,685	<b>6,352,164</b>	139,521
Total economic and physical development	<u>7,038,550</u>	<u><b>6,789,261</b></u>	<u>249,289</u>

**RUTHERFORD COUNTY, NORTH CAROLINA**

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Contribution to public health district	583,101	583,101	-
Contribution to mental health district	196,736	102,168	94,568
Veterans service officers	118,893	116,316	2,577
Special appropriation	193,768	190,653	3,115
Social services administration	9,019,319	8,672,729	346,590
Social services programs	3,357,069	3,352,599	4,470
Senior citizens center	437,687	374,790	62,897
Meals program	564,912	541,499	23,413
Total human services	14,471,485	13,933,855	537,630
Cultural and recreational:			
Libraries	649,203	633,887	15,316
Total cultural and recreational	649,203	633,887	15,316
Education:			
Public schools:			
Current expenditures	14,284,004	14,284,004	-
Capital outlay	1,442,902	1,422,374	20,528
Community college:			
Current expenditures	2,341,601	2,341,601	-
Total education	18,068,507	18,047,979	20,528
Debt Service:			
Principal retirement		904,607	
Interest and fees		33,105	
Total debt service	1,206,668	937,712	268,956
Total expenditures	67,643,003	63,903,669	3,739,334
Revenues over (under) expenditures	(5,271,874)	1,403,076	6,674,950
Other Financing Sources (Uses):			
Transfers:			
From other funds	443,380	422,852	(20,528)
To other funds	(621,573)	(607,177)	14,396
Capital lease obligations issued	471,000	471,000	-
Sale of capital assets	30,000	46,054	16,054
Appropriated fund balance	4,949,067	-	(4,949,067)
Total other financing sources (uses)	5,271,874	332,729	(4,939,145)
Net change in fund balance	\$ -	1,735,805	\$ 1,735,805
Fund balance, beginning of year		29,301,357	
Fund balance, end of year		\$ 31,037,162	

**RUTHERFORD COUNTY, NORTH CAROLINA**

DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales tax	\$ 7,346,850	\$ 7,346,850	\$ -
Lottery funds	570,000	570,000	-
Taps fees	-	22,050	22,050
Investment earnings	-	3,746	3,746
Total revenues	7,916,850	7,942,646	25,796
Expenditures:			
Debt service:			
Principal retirement	4,846,571	4,846,570	1
Interest	958,503	958,503	-
Bond issuance costs	10,000	6,075	3,925
Total expenditures	5,815,074	5,811,148	3,926
Revenues over expenditures	2,101,776	2,131,498	29,722
Other Financing Sources (Uses):			
Fund balance appropriated	628,751	-	(628,751)
Transfer to general fund	(443,380)	(422,852)	20,528
Transfer to capital projects fund	(475,000)	(475,000)	-
Transfer to school projects fund	(1,893,847)	(1,893,847)	-
Transfer from the general fund	81,700	81,700	-
Total other financing sources (uses)	(2,101,776)	(2,709,999)	(608,223)
Net change in fund balance	\$ -	(578,501)	\$ (578,501)
Fund balance, beginning of year		5,165,281	
Fund balance, end of year		\$ 4,586,780	

RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2019

	Capital Projects				Special Revenue Funds					Total Non-Major Governmental Funds
	General Capital Projects Fund	School Capital Project Fund	Queen's Gap Capital Project Fund	ICC Capital Projects Fund	Grant Fund	Emergency Telephone System Fund	Fire Districts Fund	Register of Deeds Automation Enhancement Fd	Economic Development Association	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 496,842	\$ 1,103,925	\$ -	\$ 182,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,309
Cash and cash equivalents, restricted	209,023	-	1,858,442	-	1,213,928	-	819,301	474,613	480,023	5,055,330
Receivables, net	-	-	-	-	-	-	322,300	-	-	322,300
Due from other governments	29,685	-	-	-	47,279	50,860	22,186	1,190	-	151,200
Due from other funds	-	-	-	145,833	-	-	1,748,792	-	-	1,894,625
Notes receivable	-	-	-	-	399,995	-	-	-	-	399,995
Prepaid items	494,020	-	-	-	-	119,365	-	-	1,200	614,585
Total assets	<u>\$ 1,229,570</u>	<u>\$ 1,103,925</u>	<u>\$ 1,858,442</u>	<u>\$ 328,375</u>	<u>\$ 1,661,202</u>	<u>\$ 170,225</u>	<u>\$ 2,912,579</u>	<u>\$ 475,803</u>	<u>\$ 481,223</u>	<u>\$ 10,221,344</u>
<b>LIABILITIES</b>										
Liabilities payable from restricted assets										
Accounts payable and accrued liabilities	\$ 205,272	\$ -	\$ 197,905	\$ -	\$ 154,830	\$ 6,240	\$ -	\$ 339	\$ 11,507	\$ 576,093
Due to other funds	-	-	-	-	-	15,667	145,833	-	-	161,500
Total liabilities	<u>205,272</u>	<u>-</u>	<u>197,905</u>	<u>-</u>	<u>154,830</u>	<u>21,907</u>	<u>145,833</u>	<u>339</u>	<u>11,507</u>	<u>737,593</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Prepaid taxes	-	-	-	-	-	-	3,366	-	-	3,366
Property taxes receivable	-	-	-	-	-	-	322,300	-	-	322,300
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,666</u>	<u>-</u>	<u>-</u>	<u>325,666</u>
<b>FUND BALANCES</b>										
Non Spendable:										
Prepaid items	494,020	-	-	-	-	119,365	-	-	1,200	614,585
Restricted:										
Stabilization by State statute	29,685	-	-	145,833	447,274	50,860	1,770,978	1,190	-	2,445,820
Capital projects	500,593	1,103,925	1,660,537	182,542	-	-	-	-	-	3,447,597
Public safety	-	-	-	-	-	-	670,102	-	-	670,102
Economic development	-	-	-	-	1,059,098	-	-	-	468,516	1,527,614
Register of deeds	-	-	-	-	-	-	-	474,274	-	474,274
Unassigned (deficit)	-	-	-	-	-	(21,907)	-	-	-	(21,907)
Total fund balance	<u>1,024,298</u>	<u>1,103,925</u>	<u>1,660,537</u>	<u>328,375</u>	<u>1,506,372</u>	<u>148,318</u>	<u>2,441,080</u>	<u>475,464</u>	<u>469,716</u>	<u>9,158,085</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,229,570</u>	<u>\$ 1,103,925</u>	<u>\$ 1,858,442</u>	<u>\$ 328,375</u>	<u>\$ 1,661,202</u>	<u>\$ 170,225</u>	<u>\$ 2,912,579</u>	<u>\$ 475,803</u>	<u>\$ 481,223</u>	<u>\$ 10,221,344</u>



RUTHERFORD COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
For the year ended June 30, 2019

	Capital Projects				Special Revenue Funds					Total Non-Major Governmental Funds
	General Capital Projects Fund	School Capital Project Fund	Queen's Gap Capital Project Fund	ICC Capital Projects Fund	Grant Fund	Emergency Telephone System Fund	Fire Districts Fund	Register of Deeds Automation Enhancement Fund	Economic Development Association	
<b>REVENUES</b>										
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,657,500	\$ -	\$ -	\$ 2,657,500
Local option sales tax	-	-	-	200,000	-	-	770,455	-	-	970,455
Restricted intergovernmental	-	-	-	-	727,156	406,216	-	-	34,300	1,167,672
Miscellaneous	-	-	-	-	-	-	48,805	-	89,850	138,655
Investment earnings	61	-	3,719	5,039	7,517	-	-	-	-	16,336
Total revenues	<u>61</u>	<u>-</u>	<u>3,719</u>	<u>205,039</u>	<u>734,673</u>	<u>406,216</u>	<u>3,476,760</u>	<u>-</u>	<u>124,150</u>	<u>4,950,618</u>
<b>EXPENDITURES</b>										
General government	-	-	-	-	-	-	-	17,000	-	17,000
Public safety	1,823,992	-	-	-	30,024	573,885	3,212,852	-	-	5,640,753
Environmental protection	-	-	-	-	-	-	6,698	-	-	6,698
Economic and physical development	-	-	609,242	-	710,492	-	-	-	176,223	1,495,957
Human services	-	-	-	-	101,797	-	-	-	-	101,797
Cultural and recreation	-	-	-	-	2,681,796	-	-	-	-	2,681,796
Education	406,042	789,922	-	-	-	-	-	-	-	1,195,964
Total expenditures	<u>2,230,034</u>	<u>789,922</u>	<u>609,242</u>	<u>-</u>	<u>3,524,109</u>	<u>573,885</u>	<u>3,219,550</u>	<u>17,000</u>	<u>176,223</u>	<u>11,139,965</u>
Revenues over (under) expenditures	<u>(2,229,973)</u>	<u>(789,922)</u>	<u>(605,523)</u>	<u>205,039</u>	<u>(2,789,436)</u>	<u>(167,669)</u>	<u>257,210</u>	<u>(17,000)</u>	<u>(52,073)</u>	<u>(6,189,347)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers:										
From other funds	725,000	1,893,847	-	250,000	234,000	-	-	60,575	230,902	3,394,324
To other funds	-	-	-	(250,000)	-	-	(250,000)	-	-	(500,000)
Total other financing sources (uses)	<u>725,000</u>	<u>1,893,847</u>	<u>-</u>	<u>-</u>	<u>234,000</u>	<u>-</u>	<u>(250,000)</u>	<u>60,575</u>	<u>230,902</u>	<u>2,894,324</u>
Net change in fund balance	(1,504,973)	1,103,925	(605,523)	205,039	(2,555,436)	(167,669)	7,210	43,575	178,829	(3,295,023)
Fund balance, beginning of year	<u>2,529,271</u>	<u>-</u>	<u>2,266,060</u>	<u>123,336</u>	<u>4,061,808</u>	<u>315,987</u>	<u>2,433,870</u>	<u>431,889</u>	<u>290,887</u>	<u>12,453,108</u>
Fund balance, end of year	<u>\$ 1,024,298</u>	<u>\$ 1,103,925</u>	<u>\$ 1,660,537</u>	<u>\$ 328,375</u>	<u>\$ 1,506,372</u>	<u>\$ 148,318</u>	<u>\$ 2,441,080</u>	<u>\$ 475,464</u>	<u>\$ 469,716</u>	<u>\$ 9,158,085</u>

RUTHERFORD COUNTY, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 From inception and for the year ended June 30, 2019

	Project Authorization	Actual through June 30, 2019			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment income	\$ -	\$ 530	\$ 61	\$ 591	\$ 591
Expenditures:					
Economic and physical development:					
Toms St. Building	396,152	223,750	163,760	387,510	8,642
Emergency Services Training Facility	2,150,000	48,010	1,610,747	1,658,757	491,243
Detention Center Improvements	490,098	386,101	41,693	427,794	62,304
Comprehensive Applied Sciences Bldg	4,700,000	4,293,958	406,042	4,700,000	-
Sparks Drive Building	475,000	-	7,792	7,792	467,208
College Roof Replacements	1,000,000	1,000,000	-	1,000,000	-
RCS Land Purchase	163,750	163,851	-	163,851	(101)
Debt issuance costs	75,000	80,589	-	80,589	(5,589)
Total expenditures	9,450,000	6,196,259	2,230,034	8,426,293	1,023,707
Revenues under expenditures	(9,450,000)	(6,195,729)	(2,229,973)	(8,425,702)	1,024,298
Other Financing Sources (Uses):					
Installment obligations issued	6,825,000	6,825,000	-	6,825,000	-
Transfers in:					
General Fund	1,800,000	1,800,000	-	1,800,000	-
Debt Service	475,000	-	475,000	475,000	-
Isothermal Community College Capital Projects	350,000	100,000	250,000	350,000	-
Total other financing sources (uses)	9,450,000	8,725,000	725,000	9,450,000	-
Net change in fund balance	\$ -	\$ 2,529,271	(1,504,973)	\$ 1,024,298	\$ 1,024,298
Fund balance, beginning of year			2,529,271		
Fund balance, end of year			\$ 1,024,298		

**RUTHERFORD COUNTY, NORTH CAROLINA**

SCHOOL CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 From inception and for the year ended June 30, 2019

	<b>Actual through June 30, 2019</b>			Variance Positive (Negative)	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>		<u>Total To Date</u>
Expenditures:					
Education					
RS Middle School	\$ 1,893,847	\$ -	\$ 789,922	\$ 789,922	\$ 1,103,925
Other Financing Sources:					
Transfer from Debt Service Fund	1,893,847	-	<b>1,893,847</b>	1,893,847	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,103,925</u>	<u>\$ 1,103,925</u>	<u>\$ 1,103,925</u>
Fund balance, beginning of year			-		
Fund balance, end of year			<u><b>\$ 1,103,925</b></u>		

**RUTHERFORD COUNTY, NORTH CAROLINA**

CAPITAL PROJECTS FUND - QUEEN'S GAP  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 From inception and for the year ended June 30, 2019

Project Authorization	<b>Actual through June 30, 2019</b>			Total To Date	Variance Positive (Negative)
	Prior Years	<b>Current Year</b>			
<b>Revenues:</b>					
Surety bond settlement	\$ 12,100,000	\$ 12,100,000	\$ -	\$ 12,100,000	\$ -
Investment earnings	-	40,684	<b>3,719</b>	44,403	44,403
Total revenues	<u>12,100,000</u>	<u>12,140,684</u>	<u><b>3,719</b></u>	<u>12,144,403</u>	<u>44,403</u>
<b>Expenditures:</b>					
Economic and physical development:					
Land development	12,100,000	9,874,624	<b>609,242</b>	10,483,866	1,616,134
Total expenditures	<u>12,100,000</u>	<u>9,874,624</u>	<u><b>609,242</b></u>	<u>10,483,866</u>	<u>1,616,134</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 2,266,060</u>	<u><b>(605,523)</b></u>	<u>\$ 1,660,537</u>	<u>\$ 1,660,537</u>
Fund balance, beginning of year			<u><b>2,266,060</b></u>		
Fund balance, end of year			<u><b>\$ 1,660,537</b></u>		

**RUTHERFORD COUNTY, NORTH CAROLINA**

ISOTHERMAL COMMUNITY COLLEGE CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Local option sales tax	\$ 200,000	\$ 200,000	\$ -
Investment earnings	-	<b>5,039</b>	5,039
	<hr/>	<hr/>	<hr/>
Total revenues	200,000	<b>205,039</b>	5,039
	<hr/>	<hr/>	<hr/>
Other financial sources (uses):			
Transfer from other funds	250,000	<b>250,000</b>	-
Transfer to capital projects fund	(250,000)	<b>(250,000)</b>	-
Fund balance appropriated	(200,000)	-	200,000
Total other financing sources (uses)	<hr/> (200,000) <hr/>	<hr/> - <hr/>	<hr/> 200,000 <hr/>
Net change in fund balance	<hr/> <u>\$ -</u> <hr/>	<b>205,039</b>	<hr/> <u>\$ 205,039</u> <hr/>
Fund balance, beginning of year		<hr/> <b>123,336</b> <hr/>	
Fund balance, ending of year		<hr/> <b>\$ 328,375</b> <hr/>	

**RUTHERFORD COUNTY, NORTH CAROLINA**

GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From inception and for the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 2,365,900	\$ 727,156	\$ (1,638,744)
Economic development loan payments	-	87,192	87,192
Investment earnings	-	7,517	7,517
Total revenues	2,365,900	821,865	(1,544,035)
Expenditures:			
Public safety		30,024	
Economic and physical development		710,492	
Human services		101,797	
Cultural and recreational		2,681,796	
Total expenditures	6,225,445	3,524,109	2,701,336
Revenues over (under) expenditures	(3,859,545)	(2,702,244)	1,157,301
Other Financing Sources:			
Appropriated fund balance	3,625,545	-	(3,625,545)
Transfer from General Fund	234,000	234,000	-
Total other financing sources	3,859,545	234,000	(3,625,545)
Revenues and other sources over expenditures	\$ -	(2,468,244)	\$ (2,468,244)
Reconciliation from budget and actual schedule (budgetary basis) to the fund schedule (modified accrual)			
Reconciling items:			
Net collections on long-term loans		(87,192)	
Net change in fund balance		\$ (2,555,436)	

**RUTHERFORD COUNTY, NORTH CAROLINA**

EMERGENCY TELEPHONE SYSTEM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 408,264	\$ <b>406,216</b>	\$ (2,048)
Total revenues	408,264	<b>406,216</b>	(2,048)
Expenditures:			
Public safety	873,625	<b>573,885</b>	299,740
Debt service	110,000	-	110,000
Total expenditures	983,625	<b>573,885</b>	409,740
Revenues under expenditures	(575,361)	<b>(167,669)</b>	407,692
Other financial sources:			
Capital lease proceeds	303,000	-	(303,000)
Appropriated fund balance	272,361	-	(272,361)
Total other financing sources	575,361	-	(575,361)
Net change in fund balance	\$ -	<b>(167,669)</b>	\$ (167,669)
Fund balance, beginning of year		<b>315,987</b>	
Fund balance, end of year		<b>\$ 148,318</b>	

**RUTHERFORD COUNTY, NORTH CAROLINA**

FIRE DISTRICTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,460,615	\$ 2,515,914	\$ 55,299
Prior years	32,690	100,811	68,121
Penalties and interest	-	40,775	40,775
	<u>2,493,305</u>	<u>2,657,500</u>	<u>164,195</u>
Other taxes and licenses:			
Local option sales tax	653,155	770,455	117,300
Miscellaneous			
Total revenues	<u>74,757</u>	<u>48,805</u>	<u>(25,952)</u>
	<u>3,221,217</u>	<u>3,476,760</u>	<u>255,543</u>
Expenditures:			
Public safety:			
Cliffside	330,249	330,249	-
Chimney Rock	37,063	37,063	-
Sandy Mush	340,138	340,138	-
Bills Creek	268,750	268,750	-
Shingle Hollow	169,485	169,485	-
Shiloh, Danielstown, and Oakland	304,835	304,835	-
Cherry Mountain	273,429	273,429	-
Hudlow	327,379	327,379	-
Rutherfordton	296,568	296,568	-
Ellenboro	316,049	316,049	-
Bostic	109,587	109,587	-
Union Mills	102,572	102,572	-
Green Hill	201,994	201,994	-
Spindale	10,905	10,905	-
Hollis Community	36,060	36,060	-
Edneyville	8,427	8,427	-
Broad River	5,923	5,923	-
Forest City	8,121	8,121	-
Lake Lure	13,584	13,584	-
Fairfield	14,349	14,349	-
Contracted	141,552	37,385	104,167
	<u>3,317,019</u>	<u>3,212,852</u>	<u>104,167</u>
Environmental protection:			
Cliffside Sanitary District	6,698	6,698	-
	<u>3,323,717</u>	<u>3,219,550</u>	<u>104,167</u>
Total expenditures	<u>3,323,717</u>	<u>3,219,550</u>	<u>104,167</u>
Revenues over (under) expenditures	<u>(102,500)</u>	<u>257,210</u>	<u>359,710</u>
Other Financing Sources (Uses):			
Transfers to other funds	(250,000)	(250,000)	-
Appropriated fund balance	352,500	-	(352,500)
Total other financig sources (uses)	<u>102,500</u>	<u>(250,000)</u>	<u>(352,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>7,210</u>	<u>\$ 7,210</u>
Fund balance, beginning of year		<u>2,433,870</u>	
Fund balance, end of year		<u>\$ 2,441,080</u>	



**RUTHERFORD COUNTY, NORTH CAROLINA**

REGISTER OF DEEDS AUTOMATION ENHANCEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
General Government:			
Administration	5,597	-	5,597
Automation equipment	<u>42,503</u>	<u>17,000</u>	<u>25,503</u>
Total expenditures	<u>48,100</u>	<u>17,000</u>	<u>31,100</u>
Revenues under expenditures	<u>(48,100)</u>	<u>(17,000)</u>	<u>31,100</u>
Other Financing Sources:			
Transfer from general fund	<u>48,100</u>	<u>60,575</u>	<u>(12,475)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>43,575</u>	<u><u>\$ 43,575</u></u>
Fund balance, beginning of year		<u>431,889</u>	
Fund balance, end of year		<u><u>\$ 475,464</u></u>	

**RUTHERFORD COUNTY, NORTH CAROLINA**

ECONOMIC DEVELOPMENT ASSOCIATION  
 BLENDED COMPONENT UNIT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL  
 For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ -	\$ 34,300	\$ 34,300
Contributions	-	<b>89,850</b>	89,850
	<hr/>	<hr/>	<hr/>
Total revenues	-	<b>124,150</b>	124,150
	<hr/>	<hr/>	<hr/>
Expenditures:			
Economic development	231,673	<b>176,223</b>	55,450
	<hr/>	<hr/>	<hr/>
Total expenditures	231,673	<b>176,223</b>	55,450
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	<u>(231,673)</u>	<u>(52,073)</u>	179,600
Other financial sources:			
Transfer from general fund	231,673	<b>230,902</b>	(771)
	<hr/>	<hr/>	<hr/>
Net change in fund balance	<u>\$ -</u>	<u>178,829</u>	<u>\$ 178,829</u>
Fund balance, beginning of year		<u>290,887</u>	
		<hr/>	
Fund balance, end of year		<u><b>\$ 469,716</b></u>	

**RUTHERFORD COUNTY, NORTH CAROLINA**

ENTERPRISE FUND

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2019

	Solid Waste Fund	Solid Waste Reserve Fund	Total
Operating Revenues:			
Charges for services	\$ 4,523,607	\$ -	\$ 4,523,607
Other operating revenues	391,539	-	391,539
Total operating revenues	<u>4,915,146</u>	<u>-</u>	<u>4,915,146</u>
Operating Expenses:			
Salaries	891,909	-	891,909
Employee benefits	242,619	-	242,619
Operating expenses	2,714,272	-	2,714,272
Landfill closure and postclosure care costs	-	98,699	98,699
Depreciation	284,226	-	284,226
Maintenance	27,285	-	27,285
Total operating expenses	<u>4,160,311</u>	<u>98,699</u>	<u>4,259,010</u>
Operating income (loss)	<u>754,835</u>	<u>(98,699)</u>	<u>656,136</u>
Nonoperating Revenues (Expenses):			
Interest expense	<u>(17,759)</u>	<u>-</u>	<u>(17,759)</u>
Income (loss) before transfers	737,076	(98,699)	638,377
Transfers in (out):			
Landfill postclosure expenditures	<u>(66,630)</u>	<u>66,630</u>	<u>-</u>
Change in net position	670,446	(32,069)	638,377
Net position (deficit), beginning of year	<u>4,741,901</u>	<u>(1,063,376)</u>	<u>3,678,525</u>
Net position (deficit), end of year	<u>\$ 5,412,347</u>	<u>\$ (1,095,445)</u>	<u>\$ 4,316,902</u>

**RUTHERFORD COUNTY, NORTH CAROLINA**

SOLID WASTE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 4,233,343	\$ 4,523,607	\$ 290,264
Other operating revenues	318,650	391,539	72,889
Total revenues	4,551,993	4,915,146	363,153
Expenditures:			
Salaries		914,640	
Employee benefits		242,619	
Operating expenses		2,714,272	
Landfill closure		66,630	
Interest and fees		17,759	
Debt principal		198,617	
Maintenance		27,285	
Capital outlay		528,482	
Total expenditures	4,993,746	4,710,304	283,442
Revenues over (under) expenditures	(441,753)	204,842	646,595
Other Financing Sources:			
Fund balance appropriated	46,753	-	(46,753)
Capital lease obligations issued	395,000	395,000	-
Total other financing sources	441,753	395,000	(46,753)
Revenues and other sources over expenditures and other uses	\$ -	599,842	\$ 599,842
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay		528,482	
Depreciation		(284,226)	
Decrease in deferred outflows of resources - OPEB		(17,282)	
Decrease in net OPEB liability		175,173	
Increase in deferred inflows of resources - OPEB		(124,453)	
Increase in accrued vacation pay		(10,707)	
Payment of debt principal		198,617	
Capital lease obligations issued		(395,000)	
Total reconciling items		70,604	
Change in net position		\$ 670,446	

**RUTHERFORD COUNTY, NORTH CAROLINA**

SOLID WASTE RESERVE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Expenditures	-	-	-
Revenues over expenditures	\$ -	-	\$ -
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Landfill closure and postclosure care cost accrual		(98,699)	
Payment for landfill closure by solid waste fund		66,630	
Total reconciling items		(32,069)	
Change in net position		\$ (32,069)	

**RUTHERFORD COUNTY, NORTH CAROLINA**

INTERNAL SERVICE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues	\$ 134,198	\$ 140,845	\$ 6,647
Expenditures			
Salaries, wages, and fringe benefits	73,573	84,681	(11,108)
Loan repayment	60,625	60,625	-
Total expenses	134,198	145,306	(11,108)
Revenues under expenditures	\$ -	(4,461)	\$ (4,461)

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

Reconciling Items:

Loan repayment	60,625
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Change in net position	\$ 56,164
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**RUTHERFORD COUNTY, NORTH CAROLINA**

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 For the year ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Social Services Fund</b>				
Assets:				
Cash and cash equivalents	\$ 45,853	\$ 424,597	\$ 389,248	\$ 81,202
Liabilities:				
Accounts payable	\$ 45,853	\$ 424,597	\$ 389,248	\$ 81,202
<b>Agricultural Department Advisory Council Fund</b>				
Assets:				
Cash and cash equivalents	\$ 26,533	\$ 53,034	\$ 45,012	\$ 34,555
Accounts receivable	467	945	472	940
	\$ 27,000	\$ 53,979	\$ 45,484	\$ 35,495
Liabilities:				
Accounts payable	\$ 27,000	\$ 53,979	\$ 45,484	\$ 35,495
<b>Other Taxing Units</b>				
Assets:				
Cash and cash equivalents	\$ 51,717	\$ 11,917,794	\$ 11,901,746	\$ 67,765
Accounts receivable	41,931	47,204	41,931	47,204
	\$ 93,648	\$ 11,964,998	\$ 11,943,677	\$ 114,969
Liabilities:				
Due to other taxing units	\$ 93,648	\$ 11,964,998	\$ 11,943,677	\$ 114,969
<b>Detention Center Commissary Fund</b>				
Assets:				
Cash and cash equivalents	\$ 74,534	\$ 292,926	\$ 280,409	\$ 87,051
Liabilities:				
Accounts payable	\$ 74,534	\$ 292,926	\$ 280,409	\$ 87,051
<b>Deed of Trust Fee Fund</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 9,579	\$ 9,579	\$ -
Liabilities:				
Accounts payable	\$ -	\$ 9,579	\$ 9,579	\$ -
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 198,637	\$ 12,697,930	\$ 12,625,994	\$ 270,573
Accounts receivable	42,398	48,149	42,403	48,144
	\$ 241,035	\$ 12,746,079	\$ 12,668,397	\$ 318,717
Liabilities:				
Accounts payable	\$ 147,387	\$ 781,081	\$ 724,720	\$ 203,748
Due to other taxing units	93,648	11,964,998	11,943,677	114,969
	\$ 241,035	\$ 12,746,079	\$ 12,668,397	\$ 318,717

**RUTHERFORD COUNTY, NORTH CAROLINA**

COMPONENT UNIT  
RUTHERFORD COUNTY TRANSIT ADMINISTRATION  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
For the year ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<b>Variance Positive (Negative)</b>
Revenues:			
Charges for services	\$ 792,000	\$ 835,234	\$ 43,234
Restricted intergovernmental	914,968	<b>823,791</b>	(91,177)
Total revenue	<u>1,706,968</u>	<u><b>1,659,025</b></u>	<u>(47,943)</u>
Expenditures:			
Human services			
Salaries		<b>500,103</b>	
Employee benefits		<b>168,186</b>	
Operating expenses		<b>182,329</b>	
Maintenance		<b>215,859</b>	
Capital outlay		<b>527,238</b>	
Total expenditures	<u>1,730,484</u>	<u><b>1,593,715</b></u>	<u>136,769</u>
Revenues over (under) expenditures	(23,516)	<b>65,310</b>	88,826
Other Financing Sources:			
Fund balance appropriated	<u>23,516</u>	<u>-</u>	<u>(23,516)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u><b>65,310</b></u>	<u>\$ 65,310</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Capital outlay - items capitalized		<b>527,238</b>	
Depreciation		<b>(238,443)</b>	
Total reconciling items		<u><b>288,795</b></u>	
Change in net position		<u><u><b>\$ 354,105</b></u></u>	



**RUTHERFORD COUNTY, NORTH CAROLINA**

COMPONENT UNIT  
RUTHERFORD COUNTY TRANSIT ADMINISTRATION  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2019

	2019
Cash flows from operating activities:	
Cash received from operating revenues	\$ 835,234
Cash paid to employees for services	(661,229)
Cash paid for goods and services	(412,930)
Net cash used by operating activities	(238,925)
Cash flows from noncapital financing activities:	
Cash received from operating grants	207,016
Net cash provided by noncapital financing activities	207,016
Cash flows from capital and related financing activities:	
Cash received from capital grants	878,681
Acquisition of capital assets	(527,238)
Net cash provided by capital and related financing activities	351,443
Net increase in cash and cash equivalents	319,534
Cash and cash equivalents at beginning of year	649,080
Cash and cash equivalents at end of year	\$ 968,614
Reconciliation of net income to net cash used by operating activities:	
Operating loss	\$ (469,686)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	238,443
Changes in operating assets and liabilities:	
Increase (decrease) in accounts payable and accrued liabilities	(7,682)
Total adjustments	230,761
Net cash used by operating activities	\$ (238,925)

**RUTHERFORD COUNTY, NORTH CAROLINA**

COMPONENT UNIT  
**RUTHERFORD COUNTY AIRPORT AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
 For the year ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	\$ 2,137,012	\$ <b>1,819,302</b>	\$ (317,710)
Operating grant from Rutherford County	(260,390)	<b>139,210</b>	399,600
Capital grant from Rutherford County	474,553	<b>16,667</b>	(457,886)
Charges for services	390,849	<b>418,651</b>	27,802
Miscellaneous	20,610	-	(20,610)
Total revenues	2,762,634	<b>2,393,830</b>	(368,804)
Expenditures:			
Economic and physical development			
Salaries and benefits	131,563	<b>128,874</b>	2,689
Other operating expenses	435,137	<b>387,582</b>	47,555
Capital outlay	2,421,226	<b>2,017,464</b>	403,762
Total expenditures	2,987,926	<b>2,533,920</b>	454,006
Revenues over (under) expenditures	(225,292)	<b>(140,090)</b>	85,202
Other Financing Sources:			
Fund balance appropriated	225,292	-	(225,292)
Revenues and other sources under expenditures	\$ -	<b>(140,090)</b>	\$ (140,090)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		<b>2,017,464</b>	
Depreciation		<b>(298,183)</b>	
Change in net position		<b>\$ 1,579,191</b>	

**RUTHERFORD COUNTY, NORTH CAROLINA**

COMPONENT UNIT  
RUTHERFORD COUNTY AIRPORT AUTHORITY  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2019

	2019
Cash flows from operating activities:	
Cash received from operating revenues	\$ 418,651
Cash paid to employees for services	(129,687)
Cash paid for goods and services	(410,275)
Net cash used by operating activities	(121,311)
Cash flows from noncapital financing activities:	
Cash received from operating grants	139,210
Cash flows from capital and related financing activities:	
Cash received from capital grants	2,745,904
Capital contribution from Rutherford County	16,667
Acquisition and construction of capital assets	(3,013,031)
Net cash used by capital and related financing activities	(250,460)
Net decrease in cash and cash equivalents	(232,561)
Cash and cash equivalents at beginning of year	277,902
Cash and cash equivalents at end of year	\$ 45,341
Reconciliation of net income to net cash used by operating activities:	
Operating loss	\$ (395,988)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	298,183
Changes in operating assets and liabilities:	
(Increase) decrease in inventory	(21,517)
(Increase) decrease in prepaid expenses	(1,174)
Increase (decrease) in accounts payable and accrued liabilities	(815)
Total adjustments	274,677
Net cash provided by operating activities	\$ (121,311)

## **OTHER SCHEDULES**

This section contains additional information on Taxes Receivable and Tax Levy.

**RUTHERFORD COUNTY, NORTH CAROLINA**

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
GENERAL FUND  
June 30, 2019

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 42,630,084	\$ 41,793,097	\$ 836,987
2017-2018	933,603		428,580	505,023
2016-2017	635,216		171,162	464,054
2015-2016	514,076		104,938	409,138
2014-2015	400,141		111,407	288,734
2013-2014	459,304		89,405	369,899
2012-2013	342,060		65,212	276,848
2011-2012	657,704		82,666	575,038
2010-2011	697,320		32,414	664,906
2009-2010	537,000		22,230	514,770
2008-2009	130,622		130,622	-
	<u>\$ 5,307,046</u>	<u>\$ 42,630,084</u>	<u>\$ 43,031,733</u>	4,905,397
Less allowance for uncollectible ad valorem taxes receivable				<u>(1,942,000)</u>
Ad valorem taxes receivable - net				<u>\$ 2,963,397</u>
Reconcilement with revenues:				
Ad valorem taxes - General fund				<u>\$ 42,970,981</u>
Reconciling items:				
Interest collected				(434,017)
Discounts/adjustments				364,147
Taxes written off				130,622
Total reconciling items				<u>60,752</u>
Total collections and credits				<u>\$ 43,031,733</u>

**RUTHERFORD COUNTY, NORTH CAROLINA**

ANALYSIS OF CURRENT TAX LEVY  
GENERAL FUND  
For the year ended June 30, 2019

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 7,016,612,970	0.607	\$ 42,590,841	\$ 39,526,715	\$ 3,064,126
Penalties	-		60,896	60,896	-
Total	<u>7,016,612,970</u>		<u>42,651,737</u>	<u>39,587,611</u>	<u>3,064,126</u>
Discoveries:					
Current year taxes	6,188,255	0.607	37,563	37,563	-
Advertising costs			9,708	9,708	-
Abatements	<u>(11,354,830)</u>	0.607	<u>(68,924)</u>	<u>(68,924)</u>	-
Total property valuation	<u>\$ 7,011,446,395</u>				
Net levy			42,630,084	39,565,958	3,064,126
Uncollected taxes at June 30, 2019			<u>836,987</u>	<u>836,987</u>	<u>-</u>
Current year's taxes collected			<u>\$ 41,793,097</u>	<u>\$ 38,728,971</u>	<u>\$ 3,064,126</u>
Current levy collection percentage			<u>98.04%</u>	<u>97.88%</u>	<u>100.00%</u>

**RUTHERFORD COUNTY, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
SPECIAL DISTRICTS LEVY**

June 30, 2019

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 2,597,785	\$ 2,523,988	\$ 73,797
2017-2018	77,100		38,776	38,324
2016-2017	53,645		19,458	34,187
2015-2016	42,124		11,892	30,232
2014-2015	32,976		9,580	23,396
2013-2014	34,050		7,239	26,811
2012-2013	23,142		4,872	18,270
2011-2012	31,687		4,731	26,956
2010-2011	30,464		2,354	28,110
2009-2010	24,005		1,788	22,217
2008-2009	8,013		8,013	-
	\$ 357,206	\$ 2,597,785	\$ 2,632,691	
Ad valorem taxes receivable at June 30, 2019				\$ 322,300
Reconciliation with revenues:				
Ad valorem taxes - special districts				\$ 2,657,500
Reconciling items:				
Interest collected				(27,290)
Discounts/adjustments				(5,532)
Taxes written off				8,013
Total reconciling items				(24,809)
Total collections and credits				\$ 2,632,691

**RUTHERFORD COUNTY, NORTH CAROLINA**

ANALYSIS OF CURRENT TAX LEVY  
SPECIAL DISTRICTS LEVY  
For the year ended June 30, 2019

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicle	Registered Motor Vehicles
Original Levy:					
Chimney Rock Fire					
Property taxed at current year's rate	\$ 60,156,400	0.05	\$ 30,078	\$ 29,679	\$ 399
Sandy Mush Fire					
Property taxed at current year's rate	355,885,300	0.08	284,708	252,150	32,559
Cliffside Sanitary					
Property taxed at current year's rate	6,504,900	0.08	5,204	4,582	622
Bills Creek Fire					
Property taxed at current year's rate	316,531,271	0.07	221,572	212,400	9,172
Shingle Hollow Fire					
Property taxed at current year's rate	119,093,252	0.115	136,957	123,654	13,303
Shiloh, Danielstown, and Oakland Fire					
Property taxed at current year's rate	478,622,200	0.05	239,311	213,475	25,836
Cherry Mountain Fire					
Property taxed at current year's rate	202,953,818	0.11	223,249	206,335	16,914
Hudlow Fire					
Property taxed at current year's rate	320,780,788	0.08	256,625	230,745	25,879
Rutherfordton Fire					
Property taxed at current year's rate	255,296,300	0.09	229,767	208,108	21,659
Cliffside Fire					
Property taxed at current year's rate	285,270,463	0.08	228,216	206,953	21,264
Ellenboro Fire					
Property taxed at current year's rate	344,514,713	0.08	275,612	238,395	37,217
Bostic Fire					
Property taxed at current year's rate	145,039,183	0.06	87,024	77,876	9,147
Union Mills Fire					
Property taxed at current year's rate	160,100,220	0.05	80,050	72,396	7,654
Green Hill Fire					
Property taxed at current year's rate	228,148,614	0.07	159,704	144,461	15,243
Hollis/Polkville Fire					
Property taxed at current year's rate	38,947,975	0.08	31,158	28,153	3,005



**RUTHERFORD COUNTY, NORTH CAROLINA**

ANALYSIS OF CURRENT TAX LEVY  
SPECIAL DISTRICTS LEVY  
For the year ended June 30, 2019

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicle	Registered Motor Vehicles
(Continued on next page)					
Contracted Fire					
Property taxed at current year's rate	184,757,200	0.03	55,427	42,205	13,222
Lake Lure Rural					
Property taxed at current year's rate	8,880,056	0.09	7,992	7,688	304
Fairfield Fire					
Property taxed at current year's rate	15,466,530	0.10	15,467	15,170	297
Broad River Fire					
Property taxed at current year's rate	3,407,564	0.14	4,771	4,432	338
Edneyville Fire					
Property taxed at current year's rate	5,209,120	0.10	5,209	5,207	2
Forest City Rural					
Property taxed at current year's rate	9,284,363	0.08	7,427	6,309	1,118
Spindale Rural					
Property taxed at current year's rate	10,909,025	0.08	8,727	7,383	1,345
Total			2,594,255	2,337,757	256,499
Penalties			5,854	5,854	-
Discoveries			2,723	2,723	-
Gross tax levy			2,602,832	2,346,334	256,499
Releases			(5,047)	(5,047)	-
Net levy			2,597,785	2,341,287	256,499
Less: uncollected taxes at June 30, 2019			73,797	73,797	-
Current year taxes collected			<u>\$ 2,523,988</u>	<u>\$ 2,267,490</u>	<u>\$ 256,499</u>
Percent current year collected			<u>97.16%</u>	<u>96.85%</u>	<u>100.00%</u>

# **STATISTICAL SECTION**

## Statistical Section

This part of Rutherford County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b>Tables</b>
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<b>Financial Trends</b>	1 – 4
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These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

<b>Revenue Capacity</b>	5 – 8
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These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

<b>Debt Capacity</b>	9 – 12
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These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

<b>Demographic and Economic Information</b>	13 – 14
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

<b>Operating Information</b>	15 – 17
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These schedules contain information about how the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Reports for the relevant year.*

**Rutherford County, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**Table 1**

	<b>Fiscal Year</b>									
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 28,409,580	\$ 27,967,835	\$ 32,295,655	\$ 18,093,988	\$ 15,099,163	\$ 17,518,297	\$ 13,509,432	\$ 12,959,012	\$ 11,261,093	\$ 9,844,642
Restricted	19,911,412	24,698,803	19,330,487	21,895,919	25,159,105	24,007,228	37,395,989	23,573,639	7,664,487	2,918,608
Unrestricted (deficit)	(24,480,919)	(31,329,784)	3,343,607	6,149,661	4,367,236	3,297,882	(5,063,063)	(3,111,930)	90,305	2,922,565
	<u>\$ 23,840,073</u>	<u>\$ 21,336,854</u>	<u>\$ 54,969,749</u>	<u>\$ 46,139,568</u>	<u>\$ 44,625,504</u>	<u>\$ 44,823,407</u>	<u>\$ 45,842,358</u>	<u>\$ 33,420,721</u>	<u>\$ 19,015,885</u>	<u>\$ 15,685,815</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 2,132,935	\$ 2,085,062	\$ 2,291,339	\$ 2,416,009	\$ 2,464,016	\$ 2,608,706	\$ 2,787,465	\$ 1,990,173	\$ 1,933,713	\$ 1,921,077
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	2,183,967	1,593,463	1,954,994	1,362,149	740,140	192,905	(101,696)	86,174	(332,106)	(340,250)
	<u>\$ 4,316,902</u>	<u>\$ 3,678,525</u>	<u>\$ 4,246,333</u>	<u>\$ 3,778,158</u>	<u>\$ 3,204,156</u>	<u>\$ 2,801,611</u>	<u>\$ 2,685,769</u>	<u>\$ 2,076,347</u>	<u>\$ 1,601,607</u>	<u>\$ 1,580,827</u>
<b>Primary government:</b>										
Net investment in capital assets	\$ 30,542,515	\$ 30,052,897	\$ 34,586,994	\$ 20,509,997	\$ 17,563,179	\$ 20,127,003	\$ 16,296,897	\$ 14,949,185	\$ 13,194,806	\$ 11,765,719
Restricted	19,911,412	24,698,803	19,330,487	21,895,919	25,159,105	24,007,228	37,395,989	23,573,639	7,664,487	2,918,608
Unrestricted (deficit)	(22,296,952)	(29,736,321)	5,298,601	7,511,810	5,107,376	3,490,787	(5,164,759)	(3,025,756)	(241,801)	2,582,315
	<u>\$ 28,156,975</u>	<u>\$ 25,015,379</u>	<u>\$ 59,216,082</u>	<u>\$ 49,917,726</u>	<u>\$ 47,829,660</u>	<u>\$ 47,625,018</u>	<u>\$ 48,528,127</u>	<u>\$ 35,497,068</u>	<u>\$ 20,617,492</u>	<u>\$ 17,266,642</u>

**Rutherford County, North Carolina**  
**Changes in Net Position**  
**(accrual basis of accounting)**

Table 2

Expenses	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities:</b>										
General government	\$ 7,509,984	\$ 7,862,677	\$ 7,101,860	\$ 7,123,583	\$ 6,571,693	\$ 7,100,490	\$ 6,247,570	\$ 6,352,522	\$ 6,604,844	\$ 6,501,588
Public safety	20,947,285	19,224,486	18,222,247	16,918,343	17,041,922	16,891,797	16,148,372	15,291,357	15,180,889	14,639,570
Environmental protection	158,446	147,226	154,628	142,376	133,992	132,581	126,715	134,268	175,476	187,376
Econ & phys development	8,216,310	12,832,750	10,274,454	10,774,441	11,010,474	11,783,097	11,752,358	3,876,675	3,552,588	1,861,686
Human services	13,940,305	13,621,683	15,302,178	14,971,333	15,025,723	13,784,275	13,360,955	13,637,149	13,649,550	13,605,280
Cultural & recreational	3,354,411	661,114	624,210	131,504	581,125	657,004	664,187	678,603	677,277	995,584
Education	20,318,305	18,759,965	18,001,176	18,212,776	16,693,749	16,583,654	15,608,596	15,188,033	15,270,039	16,129,157
Interest on long-term debt	914,471	1,014,822	986,126	1,133,416	1,152,070	1,304,665	1,751,472	3,233,656	3,035,244	2,938,919
<i>Total governmental activities expenses</i>	<u>75,359,517</u>	<u>74,124,723</u>	<u>70,666,879</u>	<u>69,407,772</u>	<u>68,210,748</u>	<u>68,237,563</u>	<u>65,660,225</u>	<u>58,392,263</u>	<u>58,145,907</u>	<u>56,859,160</u>
<b>Business-type activities:</b>										
Solid Waste Disposal	4,276,769	4,090,275	3,917,969	3,786,627	3,764,871	4,109,451	4,101,824	3,866,075	3,589,701	3,474,066
<i>Total business-type activities expenses</i>	<u>4,276,769</u>	<u>4,090,275</u>	<u>3,917,969</u>	<u>3,786,627</u>	<u>3,764,871</u>	<u>4,109,451</u>	<u>4,101,824</u>	<u>3,866,075</u>	<u>3,589,701</u>	<u>3,474,066</u>
<i>Total primary government expenses</i>	<u>\$ 79,636,286</u>	<u>\$ 78,214,998</u>	<u>\$ 74,584,848</u>	<u>\$ 73,194,399</u>	<u>\$ 71,975,619</u>	<u>\$ 72,347,014</u>	<u>\$ 69,762,049</u>	<u>\$ 62,258,338</u>	<u>\$ 61,735,608</u>	<u>\$ 60,333,226</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 426,861	\$ 453,966	\$ 436,638	\$ 407,846	\$ 398,710	\$ 1,036,112	\$ 504,604	\$ 498,617	\$ 444,814	\$ 499,229
Public safety	4,334,145	4,941,096	4,377,039	3,675,180	3,535,600	3,882,349	4,271,558	3,239,027	3,681,614	3,726,640
Environmental protection	780	1,300	2,105	1,219	734	-	-	-	-	-
Econ & phys development	56,175	30,750	2,975	11,500	18,246	7,500	10,750	35,100	78,300	7,000
Human services	298,638	503,655	502,923	551,751	500,381	251,840	70,087	74,949	74,718	80,887
Cultural & recreational	4,130	-	-	-	-	-	-	-	-	-
Op. grants and contributions	9,656,092	9,380,573	11,551,304	12,056,219	13,710,084	11,114,428	9,885,852	11,526,913	10,372,807	10,657,325
Cap.grants and contributions	1,044,591	4,462,108	8,199,819	1,266,916	701,839	862,206	6,393,151	1,412,444	2,439,302	2,632,656
<i>Total governmental activities program revenues</i>	<u>15,821,412</u>	<u>19,773,448</u>	<u>25,072,803</u>	<u>17,970,631</u>	<u>18,865,594</u>	<u>17,154,435</u>	<u>21,136,002</u>	<u>16,787,050</u>	<u>17,091,555</u>	<u>17,603,737</u>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Solid Waste Disposal	4,523,607	4,064,889	3,804,863	3,786,670	3,550,521	3,458,856	3,899,557	4,082,686	3,345,821	3,018,858
Op. grants and contributions	391,539	436,085	453,146	445,914	487,017	635,990	198,234	168,224	128,935	172,970
Cap. grants and contributions	-	-	-	-	-	-	478,885	-	-	-
<i>Total business-type program revenues</i>	<u>4,915,146</u>	<u>4,500,974</u>	<u>4,258,009</u>	<u>4,232,584</u>	<u>4,037,538</u>	<u>4,094,846</u>	<u>4,576,676</u>	<u>4,250,910</u>	<u>3,474,756</u>	<u>3,191,828</u>
<i>Total primary government program revenues</i>	<u>\$ 20,736,558</u>	<u>\$ 24,274,422</u>	<u>\$ 29,330,812</u>	<u>\$ 22,203,215</u>	<u>\$ 22,903,132</u>	<u>\$ 21,249,281</u>	<u>\$ 25,712,678</u>	<u>\$ 21,037,960</u>	<u>\$ 20,566,311</u>	<u>\$ 20,795,565</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (59,538,105)	\$ (54,351,275)	\$ (45,594,076)	\$ (51,437,141)	\$ (49,345,154)	\$ (51,083,128)	\$ (44,524,223)	\$ (41,605,213)	\$ (41,054,352)	\$ (39,255,423)
Business-type activities	638,377	410,699	340,040	445,957	272,667	(14,605)	474,852	384,835	(114,945)	(282,238)
<i>Total primary government net</i>	<u>\$ (58,899,728)</u>	<u>\$ (53,940,576)</u>	<u>\$ (45,254,036)</u>	<u>\$ (50,991,184)</u>	<u>\$ (49,072,487)</u>	<u>\$ (51,097,733)</u>	<u>\$ (44,049,371)</u>	<u>\$ (41,220,378)</u>	<u>\$ (41,169,297)</u>	<u>\$ (39,537,661)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 45,278,842	\$ 44,832,190	\$ 41,622,198	\$ 41,137,349	\$ 40,668,238	\$ 39,589,058	\$ 35,066,855	\$ 31,372,766	\$ 33,342,043	\$ 33,187,061
Local Option Sales Tax	15,348,484	13,051,607	13,331,022	11,122,892	10,134,926	9,925,498	9,697,197	10,471,306	9,251,948	9,371,129
Other Taxes and Licenses	368,728	328,841	322,530	293,483	244,799	263,118	221,355	213,350	755,034	735,385
Investment earnings	581,065	208,550	66,120	39,246	16,803	15,268	40,674	367,635	240,847	255,178
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	(771,226)	409,858	58,532
Surety bond settlement	-	-	-	-	-	-	12,100,000	15,250,000	-	-
Miscellaneous, unrestricted	464,205	641,270	402,997	483,235	192,450	395,520	544,205	532,106	509,693	268,784
Transfers	-	(100,000)	(125,000)	(125,000)	(125,000)	(124,285)	(125,000)	(125,000)	(125,000)	(125,000)
<i>Total governmental activities</i>	<u>62,041,324</u>	<u>58,962,458</u>	<u>55,619,867</u>	<u>52,951,205</u>	<u>51,132,216</u>	<u>50,064,177</u>	<u>57,545,286</u>	<u>57,310,937</u>	<u>44,384,423</u>	<u>43,751,069</u>
<b>Business-type activities:</b>										
Investment earnings	-	2,355	3,135	3,045	4,878	6,162	9,570	8,755	10,725	26,215
Transfers	-	100,000	125,000	125,000	125,000	124,285	125,000	125,000	125,000	125,000
<i>Total business-type activities</i>	<u>-</u>	<u>102,355</u>	<u>128,135</u>	<u>128,045</u>	<u>129,878</u>	<u>130,447</u>	<u>134,570</u>	<u>133,755</u>	<u>135,725</u>	<u>151,215</u>
<i>Total primary government</i>	<u>\$ 62,041,324</u>	<u>\$ 59,064,813</u>	<u>\$ 55,748,002</u>	<u>\$ 53,079,250</u>	<u>\$ 51,262,094</u>	<u>\$ 50,194,624</u>	<u>\$ 57,679,856</u>	<u>\$ 57,444,692</u>	<u>\$ 44,520,148</u>	<u>\$ 43,902,284</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,503,219	\$ 4,611,183	\$ 10,025,791	\$ 1,514,064	\$ 1,787,062	\$ (1,018,951)	\$ 13,021,063	\$ 15,705,724	\$ 3,330,071	\$ 4,495,646
Business-type activities	638,377	513,054	468,175	574,002	402,545	115,842	609,422	518,590	20,780	(131,023)
<i>Total primary government</i>	<u>\$ 3,141,596</u>	<u>\$ 5,124,237</u>	<u>\$ 10,493,966</u>	<u>\$ 2,088,066</u>	<u>\$ 2,189,607</u>	<u>\$ (903,109)</u>	<u>\$ 13,630,485</u>	<u>\$ 16,224,314</u>	<u>\$ 3,350,851</u>	<u>\$ 4,364,623</u>

**Rutherford County, North Carolina  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years**

Table 3

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund										
Reserved										\$ 3,761,124
Unreserved										11,916,835
Total General Fund										<u>\$ 15,677,959</u>
All other governmental funds										
Reserved										\$ 391,364
Unreserved, reported in:										
Debt service fund										-
Special revenue funds										6,640,609
Capital projects funds										2,358,646
Total all other governmental funds										<u>\$ 9,390,619</u>
General Fund										
Nonspendable	\$ 1,052,943	\$ 984,996	\$ 846,578	\$ 714,826	\$ 499,280	\$ 847,608	\$ 626,072	\$ 103,232	\$ 278,797	
Restricted	6,623,337	8,437,266	7,481,346	5,331,125	5,017,086	4,234,132	6,931,059	3,339,563	2,837,483	
Assigned	2,463,850	2,745,044	3,720,193	1,632,802	2,341,293	1,940,740	814,721	1,043,000	1,657,769	
Unassigned	20,897,032	17,134,051	12,663,518	13,784,520	12,058,936	12,931,162	9,947,932	12,526,592	12,797,792	
Total General Fund	<u>\$ 31,037,162</u>	<u>\$ 29,301,357</u>	<u>\$ 24,711,635</u>	<u>\$ 21,463,273</u>	<u>\$ 19,916,595</u>	<u>\$ 19,953,642</u>	<u>\$ 18,319,784</u>	<u>\$ 17,012,387</u>	<u>\$ 17,571,841</u>	
All other governmental funds										
Nonspendable	\$ 614,585	\$ 511,913	\$ 621,334	\$ -	\$ -	\$ 9,093	\$ -	\$ 18,149	\$ 19,844	
Restricted	13,152,187	17,106,476	20,025,638	16,564,794	20,743,981	19,773,096	26,155,252	20,234,076	4,173,042	
Assigned	-	-	-	-	-	1,597,988	1,432,737	-	559,791	
Unassigned	(21,907)	-	-	-	-	-	-	-	1,543,823	
Total all other governmental funds	<u>\$ 13,744,865</u>	<u>\$ 17,618,389</u>	<u>\$ 20,646,972</u>	<u>\$ 16,564,794</u>	<u>\$ 20,743,981</u>	<u>\$ 21,380,177</u>	<u>\$ 27,587,989</u>	<u>\$ 20,252,225</u>	<u>\$ 6,296,500</u>	

GASB Statement 54 established new fund balance classification effective beginning 2011.

**Rutherford County, North Carolina**  
**Changes in Fund Balances of Governmental Funds**  
(modified accrual basis of accounting)

**Table 4**

Revenues	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Ad valorem taxes	\$ 45,628,481	\$ 43,965,348	\$ 41,522,825	\$ 41,009,138	\$ 40,125,882	\$ 39,856,685	\$ 35,157,298	\$ 32,963,905	\$ 32,401,810	\$ 32,411,413
Local option sales taxes	15,348,484	13,051,607	13,331,022	11,122,892	10,134,926	9,925,498	9,697,197	10,471,306	9,251,948	9,371,128
Other taxes and licenses	-	-	-	-	-	-	-	-	550,114	526,461
Restricted intergovernmental	10,732,626	13,857,817	13,023,541	13,336,984	14,416,168	12,083,972	16,762,561	13,478,963	13,218,233	13,960,162
Permits and fees	1,122,728	1,176,793	1,022,166	1,020,999	786,701	823,972	903,651	772,861	733,459	799,562
Sales and services	4,368,474	4,838,662	4,738,390	4,446,218	4,018,899	3,959,190	3,598,872	3,199,137	3,047,002	3,080,873
Investment earnings	581,065	208,550	66,120	39,246	16,803	15,268	40,674	85,288	74,005	134,324
Miscellaneous	418,151	610,108	506,835	411,316	265,355	347,267	12,458,793	15,657,035	626,673	287,325
<i>Total revenues</i>	<u>78,200,009</u>	<u>77,708,885</u>	<u>74,210,899</u>	<u>71,386,793</u>	<u>69,764,734</u>	<u>67,011,852</u>	<u>78,619,046</u>	<u>76,628,495</u>	<u>59,903,244</u>	<u>60,571,248</u>
<b>Expenditures</b>										
Current:										
General government	7,390,726	7,196,011	6,571,578	6,761,457	6,321,036	6,402,576	6,238,861	6,422,596	6,074,636	5,805,454
Public safety	20,369,888	17,518,670	17,093,898	16,176,256	16,597,186	16,352,487	15,947,477	15,347,491	14,528,593	14,526,559
Environmental protection	159,893	147,048	155,627	142,280	133,367	134,975	123,785	131,200	172,641	184,030
Economic and physical development	8,285,218	12,896,595	10,452,144	10,275,103	11,064,920	11,760,028	11,734,567	3,797,851	4,102,277	2,384,886
Human services	13,994,803	12,840,852	14,889,517	14,884,684	15,134,073	13,773,350	13,183,622	13,353,462	13,614,958	13,442,160
Cultural and recreational	3,315,683	572,278	560,934	606,405	572,728	619,811	1,213,149	643,028	701,926	943,010
Intergovernmental:										
Education	19,243,943	17,685,604	17,099,713	17,311,313	15,792,286	14,457,301	14,162,820	14,162,820	13,883,820	14,059,565
Capital outlay	1,345,768	1,187,909	1,306,967	1,755,425	1,392,788	1,224,890	544,313	123,750	384,755	2,488,388
Debt service										
Principal	5,751,177	6,005,524	5,257,782	5,312,057	5,194,918	5,294,654	5,247,034	12,966,838	8,403,370	7,660,832
Interest	997,683	1,164,348	1,195,604	1,382,066	1,513,422	1,744,736	2,324,697	3,929,516	2,997,327	2,986,706
<i>Total expenditures</i>	<u>80,854,782</u>	<u>77,214,839</u>	<u>74,583,764</u>	<u>74,607,046</u>	<u>73,716,724</u>	<u>71,764,808</u>	<u>70,720,325</u>	<u>70,878,552</u>	<u>64,864,303</u>	<u>64,481,590</u>
Revenues over (under) expenditures	(2,654,773)	494,046	(372,865)	(3,220,253)	(3,951,990)	(4,752,956)	7,898,721	5,749,943	(4,961,059)	(3,910,342)
<b>Other financing sources (uses)</b>										
Transfers from other funds	3,898,876	2,291,827	3,292,158	228,493	437,415	482,049	508,599	1,570,552	6,093,683	16,900,905
Transfers to other funds	(3,898,876)	(2,391,827)	(3,417,158)	(353,493)	(562,415)	(1,156,154)	(633,599)	(1,695,552)	(6,218,683)	(17,025,905)
Capital lease obligations issued	471,000	1,135,931	966,719	640,825	872,803	598,500	-	-	-	-
Installment obligations issued	-	-	6,825,000	-	1,800,000	-	1,066,500	-	729,579	2,000,000
Economic loan, net	-	-	-	-	100,000	100,000	(400,000)	-	-	-
Refunding bonds issued	-	-	-	-	-	11,473,000	8,425,000	24,831,960	-	-
Pmt to refunded bond escrow agent	-	-	-	-	-	(11,366,646)	(8,266,667)	(15,835,431)	-	-
Sale of capital assets	46,054	31,162	36,686	71,919	179,754	48,253	44,606	75,687	3,156,244	58,532
<i>Total other financing sources (uses)</i>	<u>517,054</u>	<u>1,067,093</u>	<u>7,703,405</u>	<u>587,744</u>	<u>2,827,557</u>	<u>179,002</u>	<u>744,439</u>	<u>8,947,216</u>	<u>3,760,823</u>	<u>1,933,532</u>
Net change in fund balances	<u>\$ (2,137,719)</u>	<u>\$ 1,561,139</u>	<u>\$ 7,330,540</u>	<u>\$ (2,632,509)</u>	<u>\$ (1,124,433)</u>	<u>\$ (4,573,954)</u>	<u>\$ 8,643,160</u>	<u>\$ 14,697,159</u>	<u>\$ (1,200,236)</u>	<u>\$ (1,976,810)</u>
Debt services as a percentage of noncapital expenditures	8.49%	9.43%	8.81%	9.19%	9.28%	9.98%	10.79%	23.88%	17.68%	17.18%

**Rutherford County, North Carolina**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 5**

Fiscal Year	Assessed Value in Thousands					Total Taxable Assessed Value	Total Direct Tax Rate per \$100	Estimated Actual Taxable Value (in thousands)	Assessed Value as a Percentage of Actual Value
	Real Property		Personal Property		Public Service Companies				
	Residential Property	Commercial Property	Motor Vehicles	Other					
2019	\$ 4,083,633	\$ 656,799	\$ 490,432	\$ 1,181,326	\$ 599,256	\$ 7,011,446	0.607	7,528,665	93.13
2018	4,403,803	653,253	480,451	523,957	540,677	6,602,141	0.607	7,102,895	92.95
2017	4,023,982	643,142	461,383	724,934	604,769	6,458,210	0.607	6,338,414	101.89
2016	3,561,551	476,050	449,007	1,321,286	549,277	6,357,171	0.607	6,357,171	100.00
2015	3,960,312	413,653	449,050	851,294	520,306	6,194,615	0.607	6,028,822	102.75
2014	3,936,928	442,983	361,428	704,260	511,380	5,956,979	0.607	5,956,979	100.00
2013	3,887,475	435,677	372,335	343,048	481,553	5,520,088	0.607	5,496,453	100.43
2012	4,412,408	495,788	358,511	298,867	417,796	5,983,370	0.530	5,954,787	100.48
2011	4,389,350	532,070	345,280	335,889	316,644	5,919,233	0.530	6,344,981	93.29
2010	3,989,458	877,699	373,025	359,316	299,422	5,898,920	0.530	6,463,153	91.27

Note - Property was revalued in fiscal year 2008 and 2012.



**Rutherford County, North Carolina**  
**Direct and Overlapping Property Tax Rates**  
 Last Ten Years  
*(rate per \$100 of assessed value)*

County Direct Rate	Year Taxes Are Payable									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.607	\$ 0.530	\$ 0.530	\$ 0.530
Town Rates										
Bostic	0.260	0.260	0.260	0.260	0.260	0.260	0.260	0.250	0.250	0.250
Chimney Rock	0.120	0.110	0.110	0.085	0.075	0.075	0.075	0.075	0.075	0.075
Ellenboro	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220	0.220
Forest City	0.290	0.290	0.290	0.290	0.290	0.290	0.290	0.290	0.290	0.290
Lake Lure	0.269	0.194	0.1943	0.189	0.191	0.191	0.194	0.210	0.210	0.210
Ruth	0.280	0.280	0.280	0.280	0.280	0.280	0.280	0.260	0.260	0.260
Rutherfordton	0.567	0.567	0.567	0.567	0.567	0.567	0.537	0.520	0.520	0.520
Spindale	0.633	0.633	0.633	0.633	0.633	0.633	0.633	0.600	0.600	0.560
Special Districts										
Bill's Creek Fire	0.070	0.060	0.060	0.060	0.060	0.060	0.080	0.080	0.080	0.080
Bostic Fire	0.060	0.060	0.060	0.060	0.060	0.050	0.050	0.050	0.060	0.060
Broad River Fire	0.140	0.140	0.120	0.100	0.100	0.100	0.090	0.090	0.090	0.090
Cherry Mountain Fire	0.110	0.100	0.100	0.090	0.090	0.090	0.090	0.090	0.090	0.090
Chimney Rock Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Cliffside Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.070	0.070	0.070
Cliffside Sanitary	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Contracted Fire	0.030	0.030	0.030	0.060	0.060	0.040	0.030	0.020	0.020	0.020
Edneyville Fire	0.100	0.100	0.100	0.100	0.090	0.090	0.090	0.060	0.060	0.060
Ellenboro Fire	0.080	0.075	0.070	0.070	0.070	0.070	0.070	0.060	0.060	0.060
Fairfield Fire	0.100	0.100	0.100	0.100	0.100	0.080	0.080	0.080	0.080	0.080
Forest City Rural	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Green Hill Fire	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Hollis/Polkville Fire	0.080	0.050	0.050	0.050	0.050	0.030	0.030	0.030	0.030	0.030
Hudlow Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Lake Lure Rural Fire	0.090	0.090	0.090	0.090	0.090	0.080	0.080	0.080	0.080	0.080
Rutherfordton Fire	0.090	0.090	0.090	0.090	0.090	0.080	0.080	0.080	0.080	0.080
Sandy Mush Fire	0.080	0.070	0.080	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Shiloh Danieltown Oakland Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Shingle Hollow Fire	0.115	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Spindale Rural Fire	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.100	0.100	0.100
Union Mills Fire	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050

Note: Property was revalued as of January 1, 2012 which affected the 2013 tax levy, and as of January 1, 2007 which affected the 2008 tax levy.

**Rutherford County, North Carolina  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

**Table 7**

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Fiscal Year 2019</u>			<u>Fiscal Year 2010</u>		
		<u>Assessed Value (Thousands)</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Assessed Value (Thousands)</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Andale Inc. FKA	Software	\$ 1,012,479	1	14.44%			
Duke Energy	Public Utility	466,827	2	6.66%	\$ 207,788	1	3.52%
American Zinc Products (formerly Horsehead Metal Products)	Manufacturing	57,486	3	0.82%			
Everest Textiles USA LLC	Manufacturing	43,906	4	0.63%			
DLP Rutherford Regional Health System LLC	Hospital	34,224	5	0.49%			
Public Service Co of NC Inc	Public Utility	33,112	6	0.47%			
Rutherford Electric Membership Corp	Public Utility	31,108	7	0.44%	27,858	2	0.47%
CSX Transportation	Public Utility	26,413	8	0.38%	20,917	5	0.35%
Rutherford Solar LLC	Solar Farm	23,098	9	0.33%			
Trelleborg Coated Systems US Inc	Manufacturing	21,337	10	0.30%	13,984	7	0.24%
Timken US Corp (Torrington)	Manufacturing				15,738	6	0.27%
Bellsouth Tel Co	Public Utility				27,722	3	0.47%
RCM Management Services, LLP	Aviation				22,800	4	0.39%
Shaw Construction Inc	Construction				11,176	8	0.19%
Watts Regulator	Manufacturing				9,363	9	0.16%
Simeus Foods	Manufacturing				9,138	10	0.15%
Other		<u>5,261,456</u>		<u>75.04%</u>	<u>5,532,436</u>		<u>93.79%</u>
Total		<u>\$ 7,011,446</u>		<u>100.00%</u>	<u>\$ 5,898,920</u>		<u>100.00%</u>

Source: Rutherford County Revenue Department

**Rutherford County, North Carolina  
Property Tax Levies and Collections (1)  
Last Ten Fiscal Years**

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2019	\$ 45,227,869	\$ 44,317,085	98.0	\$ -	44,317,085	98.0
2018	42,603,043	41,592,341	97.6	467,356	42,059,697	98.7
2017	41,700,452	40,529,750	97.2	672,462	41,202,212	98.8
2016	41,030,225	39,779,746	97.0	803,350	40,583,096	98.9
2015	40,734,335	39,178,470	96.2	1,237,900	40,416,370	99.2
2014	39,404,494	37,988,441	96.4	936,619	38,925,060	98.8
2013	35,511,830	33,844,505	95.3	1,266,832	35,111,337	98.9
2012	33,887,224	31,598,979	93.2	1,711,080	33,310,059	98.3
2011	33,478,863	31,210,949	93.2	1,566,007	32,776,956	97.9
2010	33,253,013	31,195,062	93.8	1,508,899	32,703,961	98.3

(1) Includes general fund and special districts.

Source: Rutherford County Revenue Department

**Rutherford County, North Carolina  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years**

Table 9

Fiscal Year	Population in thousands (Estimated)	Governmental Activities				Business-type	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
		General Obligation Bonds	Installment Purchase (1)	Capital Leases	Revolving Fund - DENR	Activities Capital Leases			
2010	63	7,035,000	54,911,271	3,240,000	281,690	402,330	65,870,291	3.64%	1,046
2011	67	4,820,000	50,601,731	2,385,102	265,120	174,067	58,246,020	3.08%	869
2012	68	4,490,000	48,052,854	1,235,626	248,550	24,379	54,051,409	2.85%	795
2013	68	4,160,000	43,729,878	1,494,993	231,980	-	49,616,851	2.63%	730
2014	67	3,932,000	40,483,026	1,279,409	215,410	305,438	46,215,283	2.46%	690
2015	67	3,582,000	37,906,877	1,343,865	198,840	188,098	43,219,680	2.30%	645
2016	67	3,233,000	33,451,571	1,177,204	182,270	69,630	38,113,675	1.97%	569
2017	67	2,884,000	35,812,301	1,443,711	165,700	114,808	40,420,520	2.03%	603
2018	67	2,272,955	31,026,806	1,758,733	149,130	651,174	35,858,798	<i>not available</i>	535
2019	67	1,930,955	26,388,094	1,325,125	132,560	847,557	30,624,291	<i>not available</i>	457

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

(1) Includes certificates of participation and private placement debt.

(2) See the Schedule of Demographic and Economic Statistics, Table 13, for personal income and population data.

**Rutherford County, North Carolina  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**Table 10**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2010	4,820,000	-	4,820,000	0.08%	71
2011	4,490,000	-	4,490,000	0.08%	66
2012	4,160,000	-	4,160,000	0.07%	60
2013	3,932,000	-	3,932,000	0.07%	59
2014	3,582,000	-	3,582,000	0.06%	54
2015	3,582,000	-	3,582,000	0.06%	54
2016	3,233,000	-	3,233,000	0.05%	49
2017	2,884,000	-	2,884,000	0.05%	43
2018	2,272,955	-	2,272,955	0.03%	34
2019	1,930,955	-	1,930,955	0.03%	29

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property, Table 5, for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics, Table 13.

**Rutherford County, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**

**Table 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
None currently outstanding	\$ -	100%	\$ -
Subtotal, overlapping debt			-
Rutherford County direct debt - general obligation	1,930,955	100%	1,930,955
Rutherford County direct debt - other outstanding (1)	27,845,779	100%	27,845,779
			<u>29,776,734</u>
Total direct and overlapping debt			<u>\$ 29,776,734</u>

Source: Local finance offices as reported to North Carolina Local Government Commission.

(1) Certificates of participation and installment purchase agreements.

**Rutherford County, North Carolina  
Legal Debt Margin  
Last Ten Fiscal Years**

**Table 12**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed value of property	\$ 5,898,920,189	\$ 5,941,961,062	\$ 6,018,877,170	\$ 5,546,006,202	\$ 5,956,979,212	\$ 5,792,219,942	\$ 6,374,447,776	\$ 6,458,210,247	\$ 6,602,141,122	\$ 7,011,446,395
Debt limit	471,605,042	471,913,615	481,510,174	443,680,496	476,558,337	463,377,595	509,955,822	516,656,820	528,171,290	560,915,712
Total net debt applicable to limit	<u>65,467,961</u>	<u>62,891,953</u>	<u>54,027,030</u>	<u>49,616,851</u>	<u>45,909,845</u>	<u>43,031,582</u>	<u>38,113,675</u>	<u>40,420,520</u>	<u>35,858,798</u>	<u>29,776,734</u>
Legal debt margin	<u>\$ 406,137,081</u>	<u>\$ 409,021,662</u>	<u>\$ 427,483,144</u>	<u>\$ 394,063,645</u>	<u>\$ 430,648,492</u>	<u>\$ 420,346,013</u>	<u>\$ 471,842,147</u>	<u>\$ 476,236,300</u>	<u>\$ 492,312,492</u>	<u>\$ 531,138,978</u>
Total net debt applicable to the limit as a percentage of debt limit	13.88%	13.33%	11.22%	11.18%	9.63%	9.29%	7.47%	7.82%	6.79%	5.31%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value - January 1, 2019	<u><u>\$ 7,011,446,395</u></u>
Debt Limit (8% of total assessed value)	\$ 560,915,712
Debt applicable to limit:	
General obligation bonds	1,930,955
Other outstanding debt	<u>27,845,779</u>
Net debt applicable to limit	<u>29,776,734</u>
Legal debt margin	<u><u>\$ 531,138,978</u></u>

**Note:** The County is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the County may have outstanding to 8% of the appraised value of property subject to taxation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**Rutherford County, North Carolina  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Table 13**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2) (amounts expressed in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2010	63,835	1,751,149	25,838	40.08	9,016	14.8
2011	67,810	1,809,903	26,843	42.50	8,765	14.6
2012	68,392	1,893,341	28,123	42.89	8,672	14.5
2013	68,897	1,893,684	28,283	42.99	8,554	13.7
2014	66,956	1,890,026	28,379	43.18	8,474	8.7
2015	66,600	1,877,171	28,212	43.42	8,301	8.4
2016	66,390	1,934,743	29,142	43.48	8,169	6.8
2017	66,421	1,995,025	30,036	43.57	8,014	5.8
2018	66,551	Not available	Not available	43.59	7,948	5.6
2019	66,826	Not available	Not available	43.58	7,775	5.6

(1) 2005-2007 population projected by the Office of State Planning 2008-2014 population is from the Population Division, U.S. Census Bureau. 2011

(2) Personal income information is from Bureau of Economic Analysis, U.S. Department of Commerce.

(3) NC Office of State Budget and Management.

(4) Public school enrollment from the North Carolina Department of Public Instruction (Final ADM).

(5) Unemployment data from U.S Bureau of Labor Statistics.



**Rutherford County, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

**Table 14**

<b>MANUFACTURING</b>	<b><u>2019</u></b>		<b><u>2010</u></b>	
	<b><u>Employment Range</u></b>	<b><u>Rank</u></b>	<b><u>Employment Range</u></b>	<b><u>Rank</u></b>
American Greetings Corporation	250-499	1	100-249	1
Rosendin Electric	250-499	2		
West Rock (formerly Rock-Tenn AGI Schultz)	250-499	3		
Trelleborg Coated Systems US Inc (formerly R	250-499	4	100-249	4
Everest Textile USA LLC	250-499	5		
Watts Regulator Co	100-249	6		
Timken - Shiloh Plant	100-249	7	100-249	3
Duke Energy Carolinas LLC	100-249	8		
Fountain Electric & Services	100-249	9		
Carpenter Design Welding Inc	100-249	10		
Watts Regulator Co			100-249	2
Parker Hannifin Corporation			100-249	5
First Choice Armor			100-249	6
Sonoco Molded Plastics			100-249	7
Eaton			100-249	8
Truck Service, Inc			100-249	9
Milliken & Company			100-249	10
<b>NON-MANUFACTURING</b>				
	<b><u>2019</u></b>		<b><u>2010</u></b>	
<b>Employer</b>	<b><u>Employment Range</u></b>	<b><u>Rank</u></b>	<b><u>Employment Range</u></b>	<b><u>Rank</u></b>
Rutherford County Board of Education	1000+	1	1000+	1
State of North Carolina			500-999	3
Rutherford County - Local Government	500-999	2	250-499	4
Rutherford Regional Health System	250-499	3	500-999	2
Isothermal Community College	250-499	4		
Walmart	250-499	5	250-499	5

Source: Economic Development Commission October 2019 and September 2010

**Rutherford County, North Carolina**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

**Table 15**

<b>Function</b>	<b>Full-time Equivalent Employees</b>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General government	71.7	70.7	70.7	70.7	70.7	69.7	69.7	68.7	68.7	66.0
Public safety	198.8	197.8	195.8	190.8	183.3	176.3	175.3	175.3	175.3	174.0
Environmental protection	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Economic and physical development	14.0	14.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	11.0
Human services	138.0	135.0	133.0	129.0	122.0	121.0	118.0	118.0	118.0	118.0
Cultural and recreational	10.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Enterprise Fund - Solid Waste	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
<b>Total</b>	<b>451.5</b>	<b>446.5</b>	<b>441.5</b>	<b>431.5</b>	<b>417.0</b>	<b>407.0</b>	<b>403.0</b>	<b>402.0</b>	<b>403.0</b>	<b>398.0</b>

Source: Rutherford County Finance Office

**Rutherford County, North Carolina  
Operating Indicators by Function  
Last Nine Fiscal Years**

Table 16

Function	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>General Government</b>										
# Deeds/Deeds of Trusts Processed	5,211	5,283	5,393	4,876	4,634	4,652	5,129	4,909	4,867	5,490
Parcel Count	57,064	57,060	56,756	56,188	56,619	56,399	56,297	56,102	55,915	54,140
<b>Public Safety</b>										
# Inmates Processed	2,781	2,858	2,945	2,760	2,945	3,042	3,050	3,211	4,764	4,981
# Arrests	2,193	2,385	3,885	2,779	2,504	2,882	2,547	2,331	2,516	3,341
# Building Permits Issued	608	636	558	503	449	463	478	459	468	604
<b>Economic and Physical Development</b>										
# of Subdivision Plan Reviews	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available
<b>Human Services</b>										
# Senior Center Meals Served	77,935	79,658	77,924	79,005	72,602	71,154	72,837	75,919	77,069	80,667
# of Medicaid Recipients	16,066	16,068	16,302	16,585	16,588	18,995	15,398	14,652	14,198	14,318
<b>Culture</b>										
Library Book Circulation	182,430	188,757	197,084	201,574	267,282	259,179	263,273	313,134	336,373	355,060
Library Electronic Book Circulation	42,074	32,206	32,118	26,396	53,583	51,303	13,966	35,509	29,126	22,049
<b>Enterprise Fund - Transit</b>										
# Trips	56,955	56,261	56,571	51,616	47,798	54,825	54,429	56,679	58,340	57,199
<b>Enterprise Fund - Landfill</b>										
Total Tonnage	61,279	54,315	55,395	53,119	47,791	48,096	56,269	57,259	56,523	53,334

Sources: Various government departments.

**Rutherford County, North Carolina  
Capital Assets Statistics by Function  
Last Ten Fiscal Years**

**Table 17**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>General Government</b>										
County Buildings	35	35	35	34	33	33	33	33	33	33
County Vehicles	254	263	252	241	254	235	226	237	234	239
<b>Public Safety</b>										
Detention Center Capacity	205	205	205	205	205	205	205	205	205	205
EMS Stations	5	5	5	5	4	4	4	3	3	3
Volunteer Fire Departments	14	14	14	14	14	14	14	14	14	14
Volunteer Rescue Squads	1	1	1	1	1	1	2	2	2	2
Volunteer EMS Agencies	1	1	1	1	1	1	1	1	1	1
<b>Cultural and Recreation</b>										
Park Acreage	144	144	144	144	144	144	144	48	48	48
Public Libraries	3	3	3	3	3	3	3	3	3	3
<b>Education (Not included in the Reporting Entity)</b>										
Elementary Schools	11	11	11	11	11	11	11	11	11	11
Middle Schools	3	3	3	3	3	3	3	3	3	3
High Schools	3	3	3	3	3	3	3	3	3	3
Community Colleges	1	1	1	1	1	1	1	1	1	1
<b>Airport</b>										
Acreage	313	313	313	313	313	313	313	250	250	250
<b>Solid Waste</b>										
Convenience Centers	9	9	9	9	9	9	9	9	9	9
Manned Green Box Sites	1	1	1	1	1	1	1	1	1	1

Sources: Various government departments.

# **COMPLIANCE SECTION**



**GOULD KILLIAN  
CPA GROUP, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**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 County Commissioners  
Rutherford County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rutherford County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises Rutherford County's basic financial statements, and have issued our report thereon dated November 15, 2019. The financial statements of the Tourism Development Authority was 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 Rutherford County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rutherford County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rutherford County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina

November 15, 2019



**Independent Auditors' Report On Compliance With Requirements Applicable to Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act**

To the Board of Commissioners  
Rutherford County, North Carolina

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

We have audited the County of Rutherford, North Carolina, 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 the Rutherford County's major federal programs for the year ended June 30, 2019. Rutherford County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Rutherford County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Rutherford County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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



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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 a 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 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, significant deficiencies or material weaknesses may exist that were not identified. 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.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 15, 2019



**Independent Auditors' Report On Compliance For Each Major State Program And  
On Internal Control Over Compliance In Accordance With OMB Uniform Guidance  
And The State Single Audit Implementation Act**

To the Board of Commissioners  
Rutherford County, North Carolina

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major State Program**

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 a 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 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 significant deficiencies or material weaknesses, and therefore, significant deficiencies or material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness.

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.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 15, 2019

**RUTHERFORD COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<b>Federal Awards:</b>					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>SNAP Cluster</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	195NC406S2514	\$ 632,788	\$ -	\$ -
Total SNAP Cluster			<u>632,788</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Agriculture			<u>632,788</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Housing Finance Agency:					
HOME Investment Partnerships Program	14.239	SFRLP2019	93,981	-	93,981
Total U.S. Dept. of Housing and Urban Development			<u>93,981</u>	<u>-</u>	<u>93,981</u>
<u>U.S. Dept. of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Bulletproof Vest Partnership Program	16.607		11,327	-	-
Equitable Sharing - Law Enforcement Operations	16.922		761	-	-
Total U.S. Dept. of Justice			<u>12,088</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Transportation</u>					
<u>Federal Aviation Administration</u>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program	20.106	36237.20.15/ 36237.20.16	1,796,897	5,174	-
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Formula Grants for Rural Areas - Admin	20.509	18-CT-068/ 19-CT-068	205,110	12,819	-
Formula Grants for Rural Areas - Capital	20.509	19-AD-068	375,904	46,987	-
<u>Federal Transit Cluster</u>					
Bus and Bus Facilities Formula Program					
Bus and Bus facilities Formula Program	20.526	18-39-068S	253,409	31,676	-
Total Federal Transit Cluster			<u>253,409</u>	<u>31,676</u>	<u>-</u>
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	18-ED-968/ 19-ED-968/ 18-ED-967/ 19-ED-967	79,760	9,970	89,730
Total U.S. Dept. of Transportation			<u>2,711,080</u>	<u>106,626</u>	<u>89,730</u>
<u>Institute of Museum and Library Services</u>					
Passed-through the N.C. Department of Cultural Resources					
Planning Grant	45.310	NC-18-41	8,490	-	-
Total Institute of Museum and Library Services			<u>8,490</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health &amp; Human Services</u>					
<u>Administration on Aging</u>					
<u>Division of Aging and Adult Services</u>					
Passed-through Isothermal Planning and Development Commission:					
<u>Aging Cluster</u>					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers	93.044	DOA-735	9,846	84,447	-
Special Programs for the Aging - Title III C					
HCCBG Congregate Nutrition	93.045	DOA-735	125,875	7,404	-
HCCBG Home Delivered Meals	93.045	DOA-735	71,510	43,644	-
Nutrition Services Incentive Program	93.053	DOA-735	58,466	-	-
Total Aging Cluster			<u>265,697</u>	<u>135,495</u>	<u>-</u>
Social Service Block Grant (SSBG) - In Home Services	93.667	DOA-735	29,208	835	-
<u>Administration for Community Living</u>					
Passed-through Department of Insurance					
MIPPA Grant	93.071	1701NCMIAA-01, 1801NCMISH-00	9,630	-	-
State Health Insurance Assistance Program	93.324	90SAPG0027-02-01	5,433	-	-
Total Administration for Community Living			<u>15,063</u>	<u>-</u>	<u>-</u>

(Continued on next page)

**RUTHERFORD COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Foster Care and Adoption Cluster (Note 3)</u>					
Foster Care	93.658	1901NCFOST	398,290	64,450	-
Title IV-E Foster Care - Administration	93.658	1901NCFOST	350,267	26,105	-
Foster Care - Direct Benefit Payments	93.658	1901NCFOST	570,450	142,822	-
Foster Care - Child Protective Services	93.658	1901NCFOST	91,188	67,212	-
Title IV-E Adoption Assistance - Administration	93.659	1901NCADPT	65,547	-	-
Total Foster Care and Adoption Cluster			1,475,742	300,589	-
<u>TANF Cluster</u>					
Work First Admin	93.558	G1901NCTANF	66,863	-	-
Work First Service	93.558	G1901NCTANF	500,531	-	-
Total TANF Cluster			567,394	-	-
IV-D Administration	93.563	1904NC4007	490,270	-	-
AFDC Payments and Penalties	93.560	AFDC PMT 19	(145)	(40)	-
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568	G19B1NCLIEA	386,738	-	-
Crisis Intervention Program	93.568	G19B1NCLIEA	357,593	-	-
Stephanie Tubbs Jones Welfare Services Program:					
- Permanency Planning - Families for Kids	93.645	G1901NCCWSS	17,104	-	-
SSBG - Other Services and Training	93.667	G1801NCSOSR, G1901NCSOSR	284,558	-	-
Independent Living Grant - Administration	93.674	1901NCCILP	19,067	4,768	-
Independent Living Grant - Direct Benefit Payments	93.674	1901NCCILP	7,760	-	-
Community Response - Administration	93.556	G1901NCFPSS	79,217	-	-
Family Preservation	93.556	G1901NCFPSS	50,783	-	-
Division of Aging and Adult Services:					
SSBG - State In Home Service Fund	93.667	G1801NCSOSR, G1901NCSOSR	48,367	-	-
Adult Protective Services	93.667	G1801NCSOSR, G1901NCSOSR	24,503	-	-
SSBG - State Adult Day Care	93.667	G1801NCSOSR, G1901NCSOSR	14,372	15,443	-
CPS TANF to SSBG	93.667	G1801NCSOSR, G1901NCSOSR	211,605	-	-
Total Division of Aging and Adult Services			1,991,792	20,171	-
Division of Child Development and Early Education:					
Subsidized Child Care Cluster (Note 3)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care Development Fund-Administration	93.596	G1901NCCCDF	107,710	-	-
Total Child Care Development Fund Cluster			107,710	-	-
TANF TEA Foster Care	93.558	G1901NCTANF	6,541	-	-
Total Subsidized Child Care Cluster			114,251	-	-
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Medicaid Cluster					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	XIX-MAP19	2,093,017	12,285	-
Total Medicaid Cluster			2,093,017	12,285	-
Division of Social Services:					
Administration:					
State Children's Insurance Program - N.C. Health Choice	93.767	CHIP 18	62,415	-	-
Total U.S. Dept. of Health and Human Services			6,614,579	469,375	-
<u>Emergency Management</u>					
Passed through the N.C. Dept. of Emergency Management:					
Emergency Management Performance Grant Program	97.042	EMPG 2018-18080	19,262	19,262	-
Total U.S. Dept. of Homeland Security			19,262	19,262	-
Total Federal Awards			10,092,268	595,263	183,711

(Continued on next page)

**RUTHERFORD COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<b>State Awards:</b>					
<u>N.C. Dept. of Cultural and Natural Resources</u>					
Division of State Library:					
State Aid to Public Libraries		State Aid 19	-	124,772	-
N.C. Arts Council:					
Rutherford County Recreation, Cultural, & Heritage Commission		91515	-	22,431	-
Total N.C. Dept. of Cultural Resources			-	147,203	-
<u>N.C. Department of Environmental Quality</u>					
Division of Soil & Water Conservation:					
Local activities		18-024-4061	-	3,600	-
Division of Waste Management:					
Electronics Management		ELEC019067	-	4,263	-
Scrap Tire Fund		SWS974, SWS1008	-	14,636	-
Division of Pollution Prevention and Environmental Assistance:					
Community Waste Reduction and Recycling		7589	-	20,000	-
Total N.C. Dept. of Environmentally Quality			-	42,499	-
<u>N.C. Dept. of Health and Human Services</u>					
Passed-through Isothermal Planning and Development Commission:					
Division of Aging and Adult Services:					
In Home Aid		TITLE III CHORE	-	68,968	-
Fan/ Heat Relief		DUKE ENERGY 19	-	649	-
Senior Center General Fund		NC-03	-	10,692	-
Total Division of Aging and Adult Services			-	80,309	-
Division of Social Services:					
State Child Protective Services		NCCPS19	-	333,210	-
State Foster Home - Direct Benefit Payments		SFH19	-	79,759	-
SFHF Maximization - Direct Benefit Payments		SFH19	-	103,131	-
Community Response Grant		G1801NCFPSS, G1901NCFPSS	-	79,217	-
Smart Start		SS19	-	55,332	-
Total Division of Social Services			-	650,649	-
Total N. C. Department of Health and Human Services			-	730,958	-
<u>N.C. Dept. of Public Safety</u>					
Juvenile Crime Prevention Programs					
Total N.C. Dept. of Public Safety		PROJ 013267	-	180,638	180,638
			-	180,638	180,638
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund:					
Lottery Proceeds		Lottery Fund LEA 810	-	570,000	-
Total N.C. Dept. of Public Instruction			-	570,000	-
<u>N.C. Dept. of Transportation</u>					
ROAP Elderly and Disabled Transportation Assistance Program					
ROAP Rural General Public Program		DOT-16CL	-	79,492	-
ROAP Work First Transitional - Employment		DOT-16CL	-	91,146	-
Total N.C. Dept. of Transportation			-	13,570	-
			-	184,208	-
<u>N.C. Dept. of Commerce</u>					
One NC State Grant Fund					
		2014-16613	-	7,500	-
Rural Infrastructure Grant					
		2015-100-3201-2587 / 2016-053-3201-2587 / 2018-097-3201-2587	-	451,769	-
Total N.C. Dept. of Commerce			-	459,269	-
<u>N.C. Department of Military and Veterans Affairs</u>					
PMVA Community Grant					
		143B-211C4	-	2,216	-
Total N.C. Dept. of Military and Veterans Affairs			-	2,216	-
<u>N.C. Public Campaign Fund</u>					
Voter ID Implementation Reimbursement					
		VOTERID-05/2019	-	2,334	-
Total N.C. Dept. of Public Campaign Fund			-	2,334	-
<u>N.C. Housing Finance Agency</u>					
Urgent Repair Program					
		URP2019	-	50,132	50,132
Total N.C. Housing Finance Agency			-	50,132	50,132
Total State Awards			-	2,369,457	230,770
Total Federal and State Awards			\$ 10,092,268	\$ 2,964,720	\$ 414,481

(Continued on next page)

**RUTHERFORD COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
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**Notes to the Schedule of Expenditures of Federal and State Financial Awards:**

1. Basis of Presentation  
 The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Rutherford County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Single and Audit Requirements* and the State Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Rutherford County, it is not intended to and does not present the financial position, changes in net position or cash flows of Rutherford County.
  
2. Summary of Significant Accounting Policies  
 Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Rutherford County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
  
3. Cluster of Programs  
 The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:  
     Subsidized Child Care, Foster Care and Adoption

**RUTHERFORD 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 to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_yes Xnone reported
- Noncompliance material to financial statements noted \_\_\_yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_yes Xno
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_yes Xnone 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 Xno

The following were audited as major federal programs for the fiscal year ended June 30, 2019:

<u>Program Name</u>	<u>CFDA #</u>
Medicaid Cluster	93.778, 93.777, 93.775
Low-Income Home Energy Assistance	93.568
Foster Care – Title IV-E	93.658
Adoption Assistance	93.659

The threshold for determining Type A programs for Rutherford County is \$750,000.

Rutherford County qualifies as a low risk auditee.





**RUTHERFORD COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2019

**II. Financial Statement Findings**

None reported.

**III. Federal Award Findings and Questioned Costs**

None reported.

**IV. State Award Findings and Questioned Costs**

None reported.

**RUTHERFORD COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the year ended June 30, 2019

**Finding 2018-001** Day Sheet Accountability

Status: This finding was corrected in fiscal year 2019.