



Union County, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

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Union County, North Carolina

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019

Prepared by
Finance Division
Department of Financial Services Administration



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Introductory Section



October 25, 2019

To the Chairman, Members of the Board of Commissioners, and Residents of Union County:

Introduction

We are pleased to provide to the Board of County Commissioners and the Residents of Union County the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The CAFR provides users insight into the financial operations and condition of the County from the preceding fiscal year. In this document you will find financial statements, demographic and financial data, compliance reports, auditor's opinions, and other information.

The transmittal letter, which is not audited but reviewed by the auditors, provides context for the financial statements and serves as a financial condition scorecard. The information included in the transmittal provides a bridge to the upcoming financial planning/budgetary cycle. It is management's hope that the information in the transmittal letter provides a complete financial picture. The transmittal includes the compliance discussion, a county profile, a discussion of debt and economic indicators, fiscal indicators, management comments on the County's financial condition, upcoming events and major initiatives, and finally awards and acknowledgements.

Compliance Discussion

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require all local governments in the State to publish a complete set of annual financial statements. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the annual financial report of Union County (the County) for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive framework of internal controls that are designed to both protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cherry Bekaert, LLP, a firm of licensed certified public accountants, has issued an unmodified opinion on Union County's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section. The audit also meets the requirements of the Federal Single Audit Act Amendment of 1996, the State Single Audit Act, and N.C.G.S. §159-34. The reports required by these Acts are submitted as separate reports, which include the schedules of financial assistance, findings and questioned costs, and the independent auditor's report on internal control and compliance.



Management's discussion and analysis (MD&A) immediately follows the report of independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

County Profile

Union County, established in 1842, is in the south-central portion of North Carolina adjacent to Charlotte/Mecklenburg County and borders South Carolina. The County occupies approximately 643 square miles and serves an estimated 237,000 residents.

The County operates under a Commission-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes tax rates for the support of County programs. The Board consists of five commissioners, elected on a staggered basis for terms of four years.

The County Manager is appointed by and serves at the pleasure of the Board as the County's Chief Executive Officer. The Manager has appointive and removal authority over county employees. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of County Commissioners, as well as the administration of the annual adopted budget.

The County provides a wide range of services including public safety, human services (Social Services, Health, Veterans' Services and Transportation), funding for education, cultural and recreational activities, and general administration. Additionally, the County owns and operates water, sewer, and solid waste systems. The annual financial report includes all funds of the County and all activities considered to be a part of (controlled by or dependent on) the County.

The Board of County Commissioners adopts an initial budget for the fiscal year no later than July 1. The budget serves as the foundation for the County's financial planning and fiscal control. As required by the North Carolina Budget and Fiscal Control Act, the Board of County Commissioners adopt an annual budget for all governmental and proprietary operating funds except those authorized by project ordinance, which are multi-year in nature.

Appropriations to the various funds are formally budgeted, in FY 2019, on a fund level by service area basis and at the fund level for the special revenue funds, and on a program basis for capital project (multi-year) funds. The Board approves budget amendments that increase the total appropriation of any fund. For expenditure control purposes, the budget is monitored and controlled on a division and line-item level.

Debt and Economic Indicators

The Debt and Economic Indicators provide a dataset that is often used by the credit community to evaluate the long-term financial sustainability of the County. The mix of debt and economic indicators provides a glimpse into the County's economic vitality and fiscal management. In addition, these indicators provide a look at the pressures, both positive and negative, the regional economy can assert on Union County.

The indicators' relevance to the financial planning process is multi-faceted. On the grander scale, the economic components see little if any movement as direct result of singular policy decisions, however the application of strategies across the broad spectrum ultimately influence the economics of the region. These indicators, when taken in conjunction with other factors, demonstrate the County's exposure to economic volatility. For example, there is a direct and demonstrated correlation between the Consumer Sentiment Index, the Case Shiller Index, and the assessed value of real property and personal property.

In addition, the components of debt burden have a direct economic impact on the community. While this discussion's focus is not on the idea of tax rate impact, there is an undeniable link between the burden of debt and the required debt service to both the taxpayer and the County.



As in your personal life, the concept of income versus liability will drive your financial flexibility. In much the same way, when a County is carrying a significant debt burden it limits its long-term financial flexibility.

Debt and Economic Indicators					
	2015	2016	2017	2018	2019
Consumer Price Index - South (CY)	230.14	234.19	237.46	242.43	245.77
Case Shiller Index - Charlotte (CY)	133.20	140.13	148.48	155.03	161.72
Consumer Sentiment Index - South Region (CY)	91.83	89.23	96.77	98.52	129.80
Quick Ratio (FY)	229.07%	241.34%	223.21%	200.19%	191.53%
Leverage Ratio (FY)	136.69%	123.74%	105.68%	92.54%	88.51%
Debt Ratio (FY)	1.74%	1.66%	1.46%	1.48%	1.25%
Debt Service Burden (FY)	18.4%	17.3%	16.3%	15.6%	16.7%
Debt Per Capita (FY)	1,989.28	1,792.12	1,602.07	1,628.61	1,385.30

Beyond financial flexibility, the debt burden can affect the County's affordability or value. While debt burden is not the sole determining factor in the affordability or value proposition, it is a material factor and one worthy of monitoring.

As the table indicates, the debt and economic indicators consist of eight specific indicators.

- *Consumer Price Index* – The Consumer Price Index (CPI) is a monthly statistical index provided by the Bureau of Labor Statistics to measure inflation of urban consumers for a representative basket of goods and services. The goal of CPI is to measure, over a period, the changes in the cost of goods and services. An increase, commonly referred to as inflation, reduces the buying power of the County and its residents. When goods cost more, residents buy less with the same amount of money. For this discussion, CPI is provided from the South Region, Urban index.

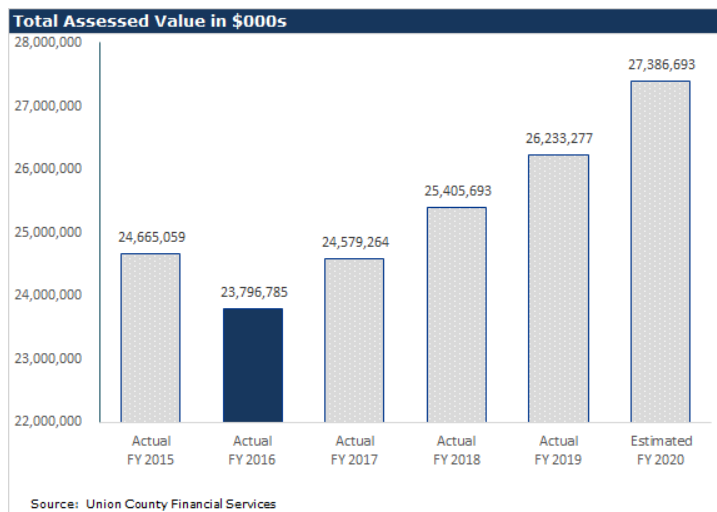
The Consumer Price Index (Base Year 1982-84 = 100) for calendar year 2019 indicates an increase of 1.38 percent, meaning that during the last year, the relative buying power of the dollar has decreased. Historically inflation of two percent is about "normal", yet recent history has yielded an increase of 1.69 percent in 2014, a slight decrease in 2015 (.18 percent), increases of 1.76 percent in 2016, 1.39 percent in 2017, and 2.09 percent in 2018. During the last five years, the consumer's buying power has seen a reduction of more than six percent.

The measure of inflation should serve as a warning sign. As the Federal Reserve maintains a steady watch on inflation and adjusts short-term interest rates accordingly, the County is affected by the increasing prices in the marketplace and the increasing borrowing cost for upcoming debt issues. In addition, this measure indicates the residents' ability to pay for goods, services, and taxes.

- *Case Shiller Index* – Charlotte – The Case Shiller Home Price Index provides an index of single family detached-house sales pricing. While the index is available nationally (made up of 20 Cities), we use the Charlotte data to analyze its impact locally. This index is reflective of the consumer confidence and home sales. The idea is that increased home sales yield increased prices; increased prices and sales in turn demonstrate increased confidence in the market and the future ability to afford housing.



In a review of the index, since 2014 the housing prices have grown by 27.41 percent, reflecting increasing consumer confidence and sales prices. This is particularly impactful in Union County because of the dependence on residential assessed value, particularly detached single-family housing



units. A quick look at assessed value at January 1, 2018 shows us that 71.86 percent of the assessed value in Union County comes from residential property; this is down from 74.61 percent in 2011.

As the graphic demonstrates, since the reappraisal in FY 2016, the County's total assessed value growth has been relatively strong, averaging just under 3.3 percent annually. This strong growth in assessed value and the related revenue growth has had a direct impact on the ability of the Board of County Commissioners to manage the tax rate.

This indicator provides a context for long-term economic development decisions and demonstrates the County's exposure to housing market downturns. The decreasing dependency on residential value demonstrates the concerted effort to provide commercial and retail development within the County, helping to diversify its revenue base.

- **Consumer Sentiment Index** – South Region – The Consumer Sentiment Index measures the economic expectations and optimism/pessimism on business, personal finance, and spending habits. This specific index is a leading index, meaning that it signals possible changes in the market as it reflects the attitude or expectation and not a measurable action. During the recession in 2011 consumer sentiment dipped to a 67.14; conversely, as the economy is showing significant signs of growth and unemployment near record lows, the index has grown to 129.8 in 2019. The increases during the last two years demonstrates a growing confidence in the economic future of the consumers.

The information provided has a twofold meaning for the County. The first is in sales tax revenues and the second in motor vehicle tax revenues. As the sentiment improves, residents are more likely to spend money on goods and purchase new or newer cars. Based on the way that sales tax is allocated, the County benefits directly from the localized sales taxes. Additionally, the increased value of the motor vehicles in the County provides increased tax revenue as vehicles are valued annually. Increased confidence leads to increased revenues.

- **Quick Ratio** – The Quick Ratio is a tool to evaluate the County's ability to fund its short-term liabilities and obligations. This measure of liquidity provides a way for the market and the residents to measure the County's ability to meet its liabilities. The liquidity measure is significant because the largest portion of the County's revenues come through property taxes. Property taxes are primarily collected during the fall and early spring. This means that the County operates for most of the year, at a loss, using the revenue from the highest months to fund expenditures during the lowest revenue months.

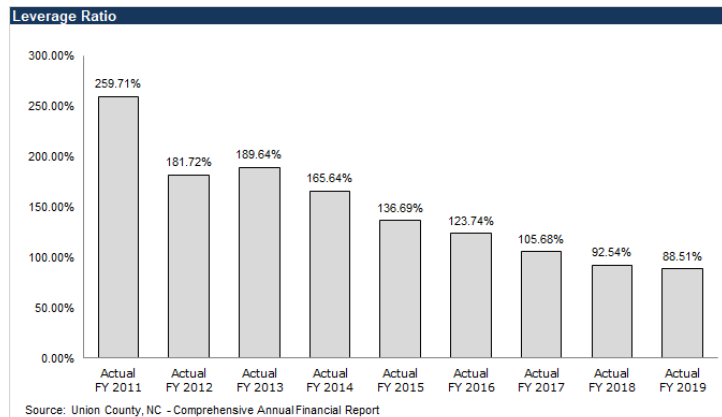
This indicator is important as it demonstrates the County's ability to fund the ongoing, day-to-day operations. This includes funding for law enforcement, schools, fire departments, EMS, libraries, water and sewer services and other services.



Considering the metric of the quick ratio, if the ratio is greater than 100%, the County has more than enough cash on hand to provide for its short-term obligations. The County's ratio for FY 2019 is 191.53 percent, indicating a strong operating position. This is down from FY 2018 (200.19 percent), due to the decrease in the County's cash position during FY 2019. Several capital projects were funding during FY 2019 with the current cash that were reimbursed from bond proceeds in July and August of FY 2020. While the County's position remains strong, this trend will continue to be monitored and if a decline continues, it would indicate the need to take corrective action.

- **Leverage Ratio** – The leverage ratio represents the extent to which assets are financed with long-term debt. Interpretation of this indicator becomes a little more challenging given that in North Carolina, the General Statutes require the County to transfer school property to the school system while maintaining the related debt liabilities.

It is because of the statutory requirement, the County is, to some degree, expected to have more debt than assets. Given the high level of school construction during the 2000s, the County can be expected to have a particularly high leverage ratio. This is evidenced by the 2010 indicator being at 265.03 percent. Through the retirement of debt and the aggressive management of the debt portfolio, this ratio has been significantly reduced, to 88.51 percent in 2019.



The trend is positive for the County because it signals to the market and the residents that although highly leveraged, the County is working toward balancing that leverage.

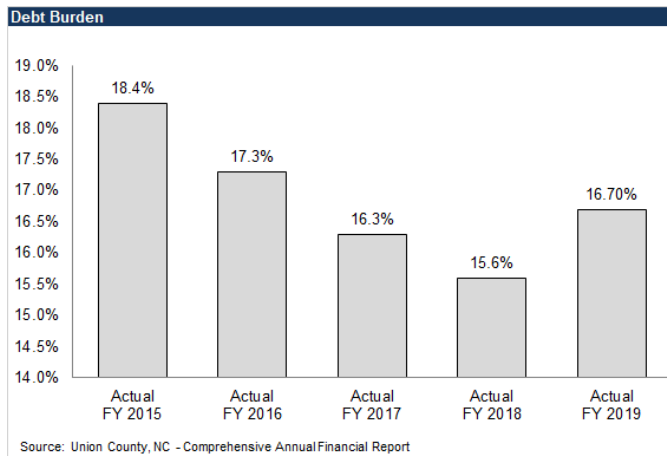
Particularly, this indicator is showing the impact of the debt portfolio management and the impact of focusing on conservative debt policies and practices. This ratio is expected to increase based on the issuance of General Obligation Bonds that were voter approved in fall of 2016, in the amount of \$104.3 million, and in the fall of 2018, in the amount of \$42.16 million. Only \$52.26 million of the total bond issuances, in the amount of \$146.48 million will be used for County assets, but the full liability will be carried by the County.

- **Debt Ratio** – The debt ratio compares the total amount of governmental debt (excluding enterprise debt) to the total assessed value. In North Carolina, counties may have outstanding debt up to eight percent of their total assessed value. A higher debt load translates into higher debt service. In this case, the County has seen a declining debt ratio from FY 2008 (3.41 percent) to FY 2017 (1.46 percent), with a slight increase in FY 2018 (1.48 percent). It is worth noting that the FY 2019 ratio is less than half (1.25 percent) of FY 2008. The County ranks 5th highest in the state for counties with >100,000 population.

The changes in this indicator are driven by two specific factors. The first is increasing assessed value as indicated earlier. Investing in economic development strategies that bring higher assessed values result in decreased ratios. The second factor deals with continued focus on reducing the long-term debt portfolio and paying off debt. In FY 2008, the County had \$598.5 million of long-term debt; by FY 2019 that amount has decreased to \$328.9 million. In July and August of 2019, just after the close of FY 2019, the County issued \$91.9 million of voter approved general obligation



debt and \$25.6 million two-thirds bonds. This new issuance will increase this indicator with the close of FY 2020.

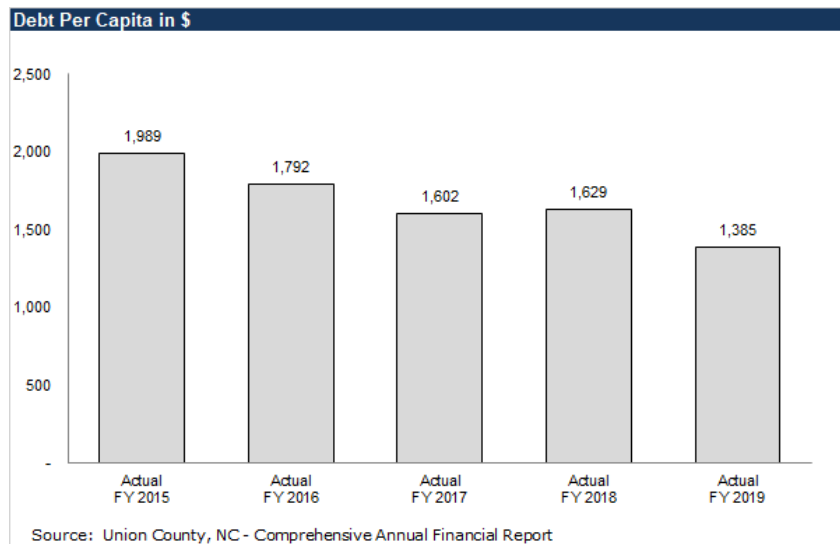


- **Debt Burden** – The debt burden is an indicator of the percentage of revenue needed to pay the debt service on outstanding debt. Debt service is the first part of the annual budget process. This is the first payment made and is priority over all else. As a benchmark, debt burden greater than fifteen percent is considered high by the credit markets.

The debt burden ratio has seen a reduction of 1.7 percent from 2015. This positive trend is reflective of the continued revenue growth in the County and the Board of

County Commissioners' conservative approach on issuing new debt. Based on the Board of County Commissioners' adopted policy of adding additional tax rate to support new voter approved debt, the debt fund was created and an ad valorem tax rate has been established to fund the debt service for the 2016 and 2018 voter approved general obligation bonds.

- **Debt per Capita** – The debt per capita Indicator measures the changes in long-term debt in relationship to the changes in population. In theory, the debt per capita information demonstrates each person in Union County's fair share of the general government debt. The Debt Per Capita has reduced by more than \$604 per person during the last five years; however, the County remains the 9th highest debt per capita in the state. The slight increase in



FY 2018 is due to the issuance of an additional \$50 million of voter approved, general obligation debt. In July and August of 2019, the County issued \$91.9 million of voter approved general obligation bonds and \$25.6 million two-thirds bonds. Based on the additional debt, this indicator is expected to increase with the close of FY 2020.

What then does this information indicate about the County and how does this information inform the users of the financial statements, the policy makers, and the County's strategic planning process? The Debt and Economic indicators provide several meaningful trends that have a long-term influence on the County's financial future. While these indicators are not heavily influenced by localized policy decisions, they do provide some trends worth considering.



The economic and debt indicators for the County reflects a positive bend. They are trending in favor of the County and the residents. Given this continued positive trend overall, it can be expected that the County will continue to enjoy the same trend soon.

The positive trend can be tempered by changes in the market, particularly relating to inflation. While recent history of inflation has been relatively flat, it is anticipated that as the economy expands inflation will begin to drift upward. Increasing inflation may result in a possibly stagnating housing market and leveling in the home prices.

Specifically, the high levels of debt continue to be a market concern. While the County is fiscally sound and has enough resources to withstand economic downturn, the County continues to have a relatively high debt burden. The impact of this can be seen in the debt service burden, with every dollar of operating revenue generated in the general fund, 19.1 percent goes toward debt service. This is compounded by the fact that the debt the County carries is largely on assets that it does not own. This cautionary note suggests that although the residents have approved additional general obligation bonds, a continued, vigilant approach to issuance, timing, and use is warranted to mitigate the negative impacts of the additional debt.

Lastly, looking at the Case Shiller Index for Charlotte, in conjunction with the sales ratio data, we can clearly see a trend that will lead us to a reappraisal. The reappraisal process requires additional, temporary resources and will be facilitated by the new tax software system. It can be expected that the higher values will yield a lower tax rate. The reappraisal process from the budget and strategic perspective is administrative in nature; however, it has significant and far reaching implications.

In conclusion, the Debt and Economic Indicators, while the County is greatly impacted by the regional economic picture and its debt, do not presently indicate a negative financial and economic environment. The Board continues to indicate that it will be vigilant in its policy consideration and focus on continued, strategic decisions that promote economic growth and manage the long-term liabilities of the County.

Fiscal Indicators

The Fiscal Indicators provide a statistically valid tool to analyze and evaluate the County's ability to provide services to its residents. The information used in the indicators is taken from the Comprehensive Annual Financial Report, and provides a clear picture of demographic and financial trends within the County. The indicators usefulness lies in the ability to provide insight into the County's abilities to maintain existing services, withstand local and regional economic disruption, and chart new courses to manage the changing service demands brought on by changing populations.

At the very heart of the fiscal indicators is the concept of sustainable service delivery and meeting the needs of the residents in a fiscally resilient manner. As such, these indicators inform the budget and strategic planning processes. The demographic insight provided is a "canary in the coalmine" approach, with demographic trends emerging over time. In addition, these demographic changes help to inform and shape policy changes at the highest levels in County government.

In addition to the demographic information, the indicators provide a snapshot of key fiscal indicators. By focusing on revenue and expenditure data, debt, personnel cost, and financial risk factors, the indicators look at the County's financial risk exposure. Financial risk is evaluated, as part of these indicators, from a cost driver perspective and a revenue exposure perspective.

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Indicator	Fiscal Indicators				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operating Revenue Per Capita in Constant \$	446.60	437.57	439.63	444.78	458.06
Property Tax Revenues in Constant \$ in 000s	81,084	79,145	79,471	82,615	81,480
Total Expenses Per Capita in Constant \$	529.53	538.06	546.35	548.18	640.94
Full-Time Equivalents Per 1,000 Population	4.70	4.77	4.89	4.98	5.20
Water and Sewer Fund Operating Position in Constant \$ in 000s	14,460	16,368	17,562	18,263	20,210
Benefits as a % of Salaries and Wages	60.58%	60.80%	61.53%	64.52%	65.00%
Liquidity Ratio	3.01	3.25	2.76	3.83	4.43
Long Term Debt as a % of Assessed Value	1.74%	1.66%	1.46%	1.48%	1.25%
Population	215,956	220,546	224,029	231,366	237,477
Population Under 18 and Over 64 as a % of Total Population	39.15%	38.70%	38.53%	37.76%	37.21%
Public Assistance Recipients Per 1,000 Population	243.19	222.27	238.47	246.92	239.67
Top Ten Taxpayers as a % of Assessed Valuation	3.09%	2.96%	2.93%	3.00%	2.69%
Local Unemployment Rate	5.30%	4.30%	4.00%	3.60%	3.90%
Gross Retail Sales in 000s	\$ 1,610,426	\$ 1,799,712	\$ 2,018,468	\$ 2,068,107	\$ 2,191,524

Source: Union County Comprehensive Annual Financial Report for the Year Ended June 30, 2019
Note: Constant Dollar Adjustment Made Using BLS US City Average Consumer Price Index

Authors Note: While several of the Fiscal Indicators are like the Economic Indicators, they differ in that they are focused specifically on the County's economic information or different data sets that on the surface are similar but are indicative of differing levels of information.

The fiscal indicators package, as the table above indicates, consists of 13 indicators:

- *Operating Revenue Per Capita in Constant \$* - Operating revenue, when adjusted for population growth and inflation, provides an apples-to-apples comparison of real growth during the period. The revenue included in this indicator are net revenues, meaning revenues that are gained from the operations of the organization, net of transfers.

In constant dollars, revenue per capita, from FY 2015 to FY 2019, has increased. During this period, population has grown by 9.97 percent. . In FY 2019 the County received 14 percent or about \$56.35 more per capita.

Comparing the constant dollar growth from FY 2015 to FY 2019 (\$12.3million) to the unadjusted growth of \$36.7 million the impacts of inflation is seen. The true growth, in constant dollars or buying power, is only about 33 percent of the unadjusted growth. This growth indicates that although the County has seen growth during the measurement period, population and inflation can and will have a significant impact on the buying power and service delivery.

The impact of this indicator to the long-term financial picture is that there is a greater population to be served, but limited growth in revenue, on a constant dollar basis, coming in to provide that service. The County's revenue generating power is getting stronger, real growth, but that growth in revenue is more closely attributable to growth in population and inflation. The County must work harder at attracting growth from outside its borders; otherwise, the revenue growth can stagnate.



- **Property Tax Revenues in Constant \$** - In FY 2019, property taxes accounted for 62.5 percent of the general government revenues; about \$200.0million. Most of the tax revenue was used for education (58.7 percent, \$117.4million). This indicator measures the change in revenue in constant dollars, inclusive of tax rate changes.

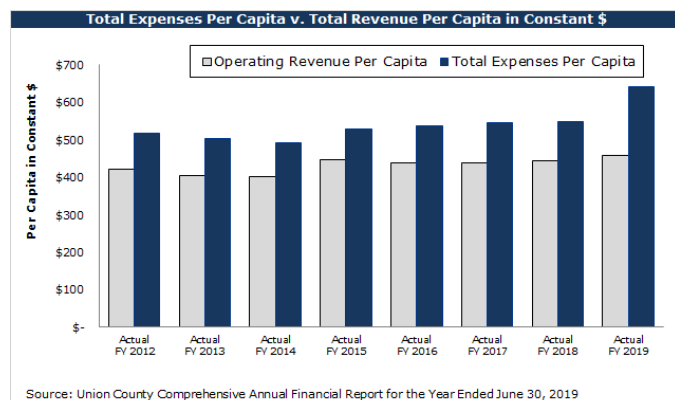
From FY 2015 through FY 2019, the property tax revenues in constant dollars increased less than one percent. This trend, as discussed earlier in the Economic Indicators, is reflective of the changes in assessed value. In FY 2015, during the County's last reappraisal process the taxable values were adjusted to reflect the reductions experienced during the last recessionary period. This evidenced by the increase in tax rate from FY 2015 to 2016 of 1.51cents, but a decrease of \$2.2 million in revenue.

The idea of evaluating property tax revenue in constant dollars provides context to the tax rate discussion and operations. The impact to the long-term financial planning process is that although the values are growing, that growth is partially absorbed by inflation, much like other County revenues, about true growth is about 32.4 percent of the unadjusted growth. This means that all else being equal the service delivery or buying power of each tax dollar is negatively impacted. This factors into the discussion when considering core service delivery and tax rate policy.

- **Total Expenses Per Capita in Constant \$** - Total expenses per capita in constant dollars is a measure of the cost of services provided, adjusted for inflation and population growth. This indicator is a measure of true growth in cost of service.

Considering this indicator in relationship to the revenue per capita indicator gives some indication of the gap. As the graph indicates, the total expenses per capita have grown from FY 2015 to FY 2019, increasing by \$111.4 or about 21.04%.

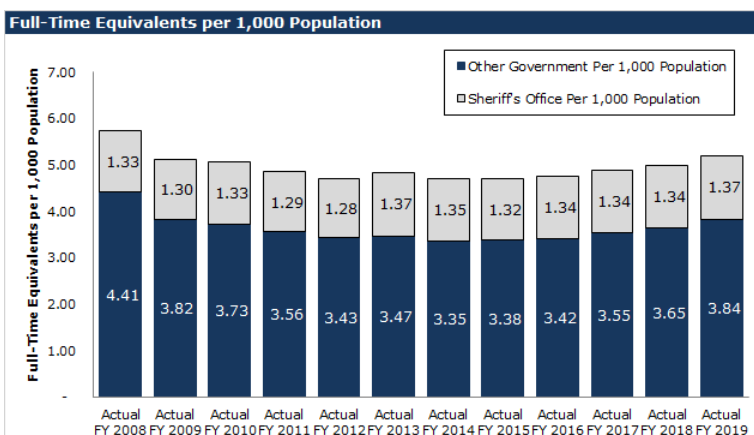
Beyond the changes in the expenditure, the continued per capita gap between revenue and expenditures gives us a clear warning sign. The comparison of the two indicators tells us that without growth in population and inflation, the service model may be unsustainable.



The implications of this mismatch in the long-term financial planning process is the application to growth policies and planned growth. In addition, this mismatch supports working to maintain a conservative approach to budgeting and cost containment. The deficit in FY 2019 is 18 percent more than FY 2010, up by \$27.79. Starting in FY 2016, the deficit began to grow, after seeing five years of steady decline, getting to the FY 2019, \$182.88 per capita difference between revenues and expenditures. This trend will continue to be monitored in the future and analyzed to evaluate the impact of budgetary decisions.



- Full-Time Equivalents per 1,000 Population** – Full-Time Equivalents are a measure of the number of personnel in an organization. Each “FTE” represents 2,080 hours of labor. The full-cost of personnel in the General Fund for FY 2019 is 48.1 percent of the expenditures, coming in at \$83.9 million. It is typical for local governments to be personnel heavy as they are largely service oriented. Union County, in this case, is an exception given the significant debt payment made out of the general fund, about \$52.8 million in FY 2019. If the debt payment and the pay-as-you-go capital are excluded, the full-cost of personnel jumps to 62.7 percent of the expenditures, which would be more in line with expectations.



Source: Union County Comprehensive Annual Financial Report for the Year Ended June 30, 2019, Adjusted for Waste Water Operations agreement with Charlotte Water

As the graphic indicates, from FY 2015 to FY 2019 the total FTE per 1,000 population has increased by about 11 percent or about 0.51 FTE per 1,000 population. This insight tells us that since FY 2015, the County has maintained FTE levels consistent with population growth.

Given the Board's commitment to public safety, this indicator demonstrates that the FTE in the Sheriff's Office, between FY 2015 and FY 2019 has kept pace with the population growth, consistently around 1.34 FTE per 1,000 in population. In addition, the other governmental services have seen additional growth, up by .3 FTE per 1,000 during that same period.

This indicator is perhaps one of the more telling considering that is a population adjusted, measure of growth. The goal of the long-term financial planning process is to balance the dynamic service demands of a growing community, while minimizing the fiscal impact. This indicators relative consistency demonstrates the ability of the Board of County Commissioners and management to be judicious in the additional staffing, adding as needed to provide consistent levels of service.

- Water and Sewer Fund Operating Position in Constant \$ in 000s** – The operating position of the water and sewer fund is an indicator of the utility's ability to fund capital and system projects, as well as fund the day-to-day operations. From FY 2015 to FY 2019, the revenue, on a constant dollar basis, grew by 39.8 percent or about \$5.75 million. Of this growth, about 33 percent can be attributed to rate increases, with the remaining 6.8 percent being attributed to growth in the system. This trend is positive and demonstrates that although water usage is particularly vulnerable to weather patterns, there appears to be a relative price elasticity. The price elasticity indicates that although the price of water and sewer is increasing, there is little impact of price on usage.

This indicator provides additional insights into the system, given the significance of the upcoming capital improvement program. The long-term planning and rate planning for the system relies on the real growth and rate increases to fund the \$624.6 million upcoming capital program. These projects will be funded solely through the rate revenue and not ad valorem tax dollars.

- Benefits as a % of Salaries and Wages** – Employees, as mentioned earlier, are one of the highest cost aspects of service delivery. One of the measures that provide an indication of cost is to calculate the proportional cost of benefits, such as health insurance, retirement benefits, taxes, workers compensation insurance, etc. This percentage indicates the portion of the wages that are paid for benefits, essentially becoming an indirect component of compensation.



As benefits are closely tied to compensation, it is a reasonable expectation that these two costs will follow a similar growth pattern. For instance from FY 2018 to FY 2019, they grew at similar rates with compensation growing at 11.9 percent and benefits growing slightly faster at 12.8 percent. With this understanding it is reasonable to assume then that as the compensation costs grow in the County, the cost of benefits will similarly continue grow.

What drives the increase from 60.58 percent in FY 2015 to 65 percent in FY 2019? This growth is primarily driven by the growing cost of health care benefits, the cost of post-employment benefits, associated liabilities, and retirement contributions. In reviewing the recent history, this indicator has remained stable with an average growth of just 2.51%. The higher growth years coincide with the years the County experienced higher than expected health insurance costs (FY 2015) and the increased funding for OPEB (FY 2018).

It is important to note that while this indicator provides insight into the benefits costs, it also indicates that the long-term financial decision to fully fund the OPEB liability at the actuarially required rate. Because of this proactive step the County is managing its long-term liabilities and ensuring that the future impacts are mitigated as much as possible.

- *Liquidity Ratio* – The Liquidity Ratio is a measure of the County’s ability to pay its short-term obligations. Low or declining liquidity can be an indicator that the County has over extended itself. The data indicates that the County, from FY 2015 to FY 2019 has averaged 3.46 times, indicating a consistently, considerably strong fiscal position.
- *Long-Term Debt as a % of Assessed Value* – The County’s long-term debt, in this measure is the amount of debt for which the County has pledged its full faith and credit as compared to assessed value. This indicator has shown a continued decline, going from 2.47 percent in FY 2008 to just 1.25 percent in FY 2019 (this includes the first tranche of the FY 2016 Voter Approved General Obligation Bonds). This trend is driven by the reduction in long-term debt from FY 2015 to FY 2019, decreasing by 26.8 percent or \$73.2 million and the growth in assessed value growing by \$1.568 billion, or about 6.36 percent.

This trend will continue to be actively monitored. The long-term financial planning will be impacted as new voter-approved debt is issued. Using these metrics, combined with a meaningful cash flow plan, the County will continue forward funding voter approved projects and prudently issuing new debt.

- *Population* – Population growth is simple statistic that has a significant impact on service delivery, revenues, and expenditures. Union County continues to experience growth in population with the estimated population in FY 2019 at just over 237,000. This is a 9.97 percent growth from FY 2015 to FY 2019, or a real growth of 21,521. Compound annual growth of about 2 percent (from FY 2015 to FY 2019 the compounded growth was 2.4 percent) is manageable from a service perspective and provides sufficient time and opportunity to address changes in service delivery, without overwhelming the system.
- *Population Under 18 and Over 64 as a % of Total Population* – Commonly referred to the “dependency” ratio, the percentage of the population that is under 18 and over 64 is an indicator of the population that is not actively participating in the workforce, and tend to be higher users of services.

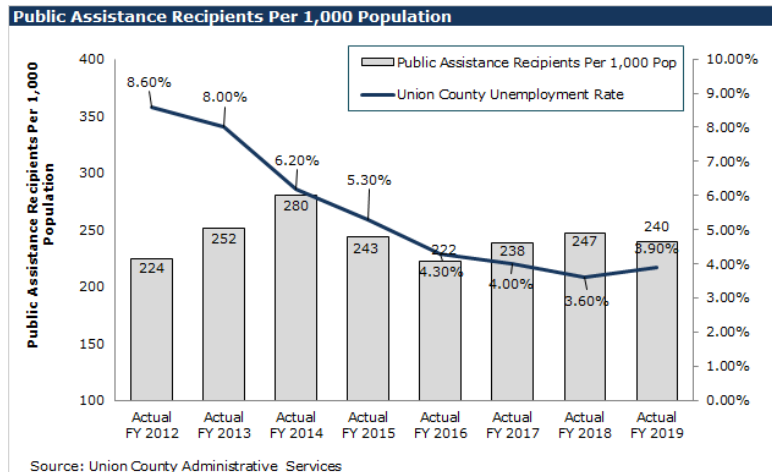
This indicator provides insight into the changing service demands related to educational, recreational, and other social services. In FY 2015, this population was about 39.2 percent and in FY 2019 this population was 37.21 percent showing some decline. On the surface this would appear to demonstrate a declining subset of the population, however, looking at the



population growth, the percentage decline can partially be attributed to the growth in other areas of the population, in fact from FY 2015 to FY 2019, this group grew by about 3,800, a 4.52 percent growth.

A deeper analysis of this indicator shows that the under 18 population, from FY 2015 to FY 2019 actually decreased by 1,532 or about 2.6 percent. Conversely, the population over 64 grew by 5,354 or about 20.9 percent. This has significant implications for the long-term financial planning. There are service delivery considerations and tax policy implications as well.

- **Public Assistance Recipients per 1,000 Population** – Increases in the public assistance recipients per 1,000 population is significant as it could indicate a possible underlying community issue and growing demand for social services. Rapid growth in this indicator may be indicative of economic challenges facing residents. This indicator is adjusted for population growth, making it reflective of true growth in usage exclusive of growth in the population.



The traditional assumption is that as the economy improves this indicator would show signs of reduction or a reduced demand for social services.

This is not the case, in fact, with the passage of the Affordable Care Act, we have seen a significant increases in Medicaid recipients, leading to increases in this indicator.

While unemployment may have some relative impact on public assistance recipients, the data does not indicate a direct relationship. To better understand this indicator and the tie between the two, a deeper analysis is necessary.

The number of public assistance recipients per 1,000 is a material number to monitor as it indicates a relative service demand. It represents the real growth in the population needing public assistance. This trend can inform the long-term financial planning process, particularly considering the cost of services provided and where the higher growth areas could be.

- **Top Ten Taxpayers as a % of Assessed Valuation** – The top ten tax payers in Union County represented just 2.69 percent of the total assessed value. This low concentration of assessed value indicates two specific impacts. First, this is reflective of the County's reliance on residential tax base, meaning that the value is largely spread across thousands of individual homeowners. The second, and perhaps the positive aspect, is that this low level of concentration limits the exposure and risk to the County of specific industries departing. This revenue stability helps to ensure service delivery even during economic downturns and loss of larger taxpayers.
- **Local Unemployment Rate** – The Local Unemployment Rate measures the community's ability support the local business sector. The unemployment rate peaked in FY 2009, at 11% and by FY 2019 has fallen to 3.9 percent. This is however a two-edged sword. Low unemployment is indicative of residents being employed and contributing to the tax base. The converse of this indicator is that as full employment is achieved, the labor pool shrinks. From an economic



development perspective, attracting new business, without available, skilled labor is a challenge. This would indicate that as part of the long-term financial planning process, workforce development strategies and partnerships that will yield skilled labor are going to be critical.

- *Gross Retail Sales in 000s* – The Gross Retail Sales indicator provides insight into the local business activity and relates directly to the revenues realized by the County. Since FY 2015, Gross Retail Sales has increased by 36.1 percent or \$581.1 million. Retail sales are largely dependent on disposable income. The idea behind this indicator is the concept that as residents have more income to spend, and not committed to taxes or living expenses, there is more to be spent at local businesses.

There are two primary policy long-term planning implications of this indicator, the first is the consideration of tax policy and impact of tax rates on the residents and their disposable income; and the second implication relates to economic development and a focus on creating employment opportunities in the County with the goal of creating more income.

Through the analysis of these indicators several trends emerge that will have a more direct impact on the County's service delivery model and fiscal planning. These trends help to tie the prior year's results to the long-term financial planning process and the upcoming budgetary process.

On a macro level, the fiscal indicators indicate that the County is going in a positive direction. There is an indication that the service models may change in the near future to meet the changing demographics of the County, particularly in dealing with a changing demographic toward older residents and the services they more highly utilize.

Additionally, given unemployment, retail sales, and top ten taxpayer data, the essentiality of our economic development and workforce development programs is evident. More fully developing these concepts and building on the community partnerships will develop long-term positive economic opportunities for our residents.

Lastly, looking at the revenue, expenditure, and FTE indicators, we can see the need to continue the budgetary process and controls, while working to balance growth across services to meet the changing demand. Additionally, we can see the need to continue working to enhance, where possible, the revenue sources and maintain the current revenue levels.

In conclusion, for the Fiscal Indicators, provide a way to evaluate key financial and demographic indicators. As we progress through the budget process and strategically consider programs, long-term strategies will move these indicators in the positive direction. The budget process, while specifically considering the next year's operating and capital budget, also sets the stage for long-term growth and service delivery changes.

Management Comments on Financial Condition

The indicators and financial data provided through the *Comprehensive Annual Financial Report for the Year Ended June 30, 2019*, provides a solid footing for the long-term financial planning of the organization. This information can help inform the Board of County Commissioner and management's policymaking process. In addition, this information serves as an evaluative tool for other users of the financial information and the financial markets. Several overarching comments or observations can be made concerning the County's financial condition.

- The County's ad valorem tax base is strong. Although the ad valorem tax base is largely reliant on residential (71.86 percent of the total tax base in FY 2019), all indications are a continued strong growth. This is further evidenced by the latest sales to assessment ratio of 84.5 percent in FY 2019. This tells us that our real property ad valorem tax base in County, for tax purposes, is undervalued by 15.5 percent. This strong growth and value indicate that the County will have enough resources in the future to provide for services and meet its debt obligations.



- The County's expenditures are well managed. As the County emerged from the last recession, it resisted the temptation to aggressively add back services and expand government costs. The Board of County Commissioners chose instead to reduce the tax rate and minimize the growth in the services. This is evident in the limited growth in expenditures per capita. The Board has focused on adding services as service demand has presented itself, with the growth primarily occurring in the public safety, human services, and education.
- The County has a strong working relationship with its community partners. Counties in North Carolina function as part of the governance environment. The County works with non-profits and other entities to provide economic development, fire services, emergency medical services, and hospital services. In addition, the County works closely, as a primary funding source, with Union County Public Schools and South Piedmont Community College. It's through this intertwined approach that the County and these groups can provide efficient and effective services to the community and reduce duplications where possible.
- The County's debt portfolio is well managed. Through a combination of aggressively reworking the debt portfolio to minimize risk and interest cost and prudent debt issuances, the County has seen its long-term direct debt portfolio shrink by \$199.2 million since FY 2009 (from \$472.4 million in FY 2009 to \$273.2 million in FY 2019). Comparing this reduction as a percentage of assessed value, the County has gone from 2.12 percent in FY 2009 to just 1.04 percent in FY 2019. This indicates that the County has the capacity to issue new voter approved debt without negatively affecting its ability to pay.
- The County's financial policy decisions are positively influencing its financial position. During FY 2019 the Board of County Commissioners continued its focus on sound financial policy making. Specifically, the two policies that greatly impacted the ongoing long-term financial position were the fund balance policy and the commitment to funding OPEB liabilities.

The fund balance policy limits the use of one-time resources to one-time expenditures. On the surface this policy may not appear as impactful, however, the long-term implications are significant. Through this commitment to sustainability, the Board ensures that the ongoing costs of the organization are funded through ongoing revenues. In addition, the use of savings from prior years has been used to address the County's capital needs, allowing for limited debt issuances and a greater level of pay-as-you-go funding.

Secondly, the commitment to fund the actuarially required contribution to the OPEB trust has a lasting influence on the employee legacy costs of the organization. The commitment of paying now, versus a pay-go strategy later, provides financial flexibility for future Boards and the County. This again demonstrates the continued commitment to the long-term sustainability of the organization.

These are just a few of the highlights from the CAFR. A wealth of financial operational information can be gleaned from the report. The common theme that is clear is the strong financial position of the County is a result of the commitment from the Board and management to fiscal prudent policy making and a commitment to the long-term financial sustainability of the organization.



Upcoming Events and Major Initiatives

Beyond the long-term financial planning and the look back at the financial results for FY 2019, several significant events and initiatives will occur during the upcoming year (FY 2020).

- In July of 2019, the County issued \$25.6 million of two-thirds general obligation bonds. This funding will be used for land acquisition for an economic development industrial park and capital additions or renovations to county infrastructure.
- In August of 2019, the County issued \$91.9 million of 2016 and 2018 voter approved General Obligation Bond Debt. This funding will be used for a new library and improvements at the South Piedmont Community College, public safety facilities, and UCPS.
- The \$285 million Yadkin River Supply project is moving forward. The County continues through the permitting and design process. This project provides a long-term water supply for the Yadkin River Basin and is mostly funded through Water and Wastewater System revenue bonds.

Additional information concerning new initiatives can be found the *Adopted FY 2020 Operating and Capital Budget*.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Union County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This is the 7th consecutive year in which the County has received this recognition. To be awarded a Certificate of Achievement, the government was required to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The GFOA award is valid for a period of one year.


Each of the County's departments maintain a strong commitment to the goals, vision and mission statements of the County and this is reflected in its provision of services to the citizens of Union County. We appreciate the cooperation of all County departments in conducting financial activities, including the preparation of this report.

Preparation of this report would not have been possible without the combined dedicated efforts of both Finance and Budget Department staff. Special thanks are extended to Beverly Liles, who led this project. Acknowledgements also go out to Ebru Cukro, Daniel Purser, Amanda Austin, Christi Climbingbear, Lindsay Helms, Trina Horne, Blake Hart, and Adrienne Rorie who compiled, edited and reviewed information included in the County's Comprehensive Annual Financial Report.

We also wish to express appreciation to the Board of County Commissioners and County Manager, Mark Watson, for their continued support.

Respectfully submitted,


Jeffrey A. Yates
Financial Services Administrator


Deborah H. Cox, C.P.A.
Controller







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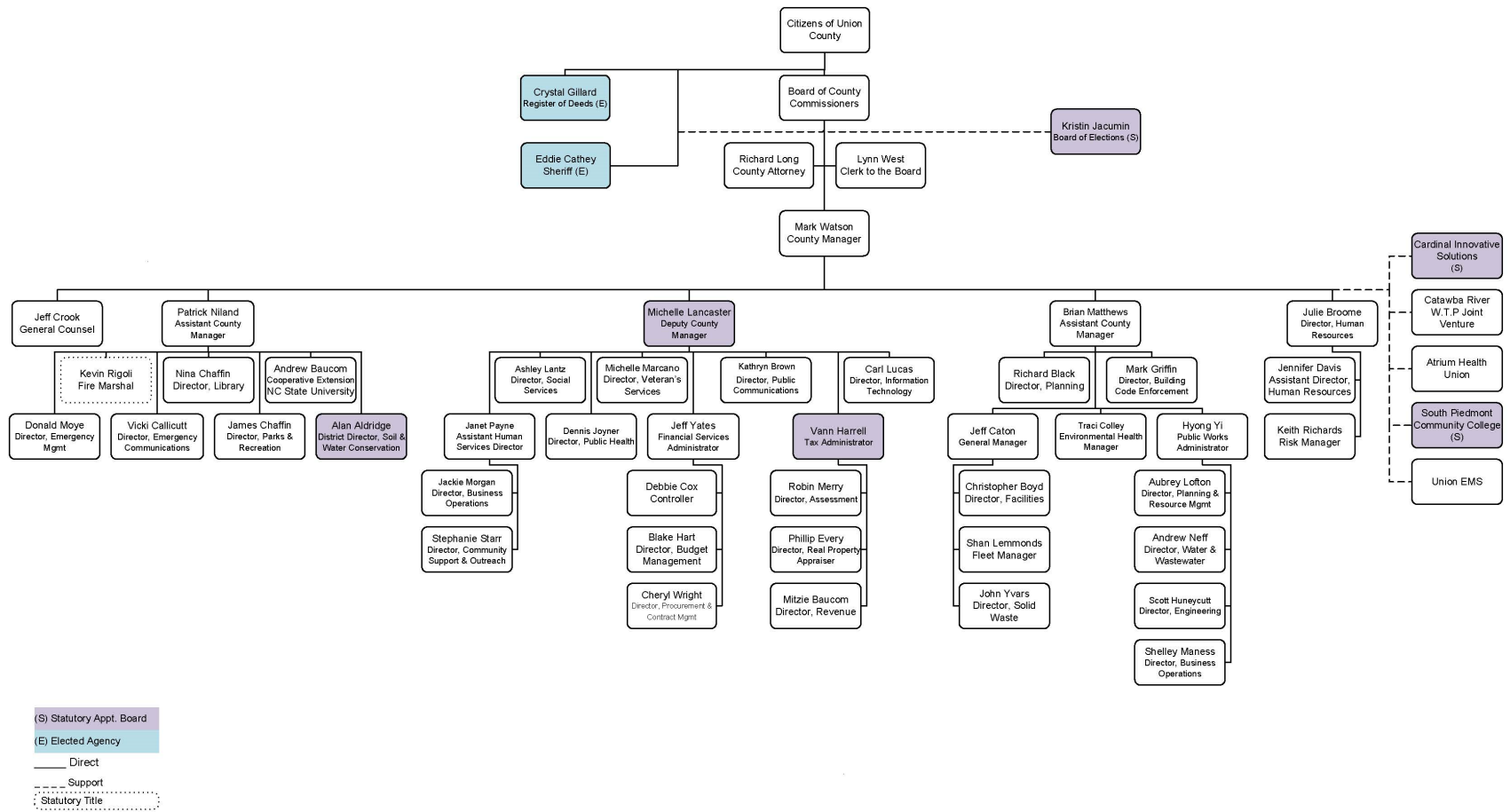
**Union County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



Union County, North Carolina
List of Principal Officials
June 30, 2019

Board of County Commissioners

Richard Helms, Chairman
Dennis Rape., Vice-Chairman
Stony Rushing
Frank Aikmus
Jerry Simpson

County Officials

Mark Watson
Michelle Lancaster
Brian Matthews
Patrick Niland
Lynn G. West
Richard Long
Crystal Gillard
Eddie Cathey
Kristin Jacumin
Jeff Crook
Julie Broome
Jeffrey Caton
Richard Black
Mark Griffin
Traci Colley
Hyong Yi
Carl Lucas
Kathryn Brown
Michelle Marcano
Ashley Lantz
Janet Payne
Dennis Joyner
Jeffrey Yates
Vann Harrell
Andrew Baucom
Nina Chaffin
Kevin Rigoli
Donald Moyer
Vicki Callicutt
James Chaffin
Alan Alridge

County Manager
Deputy County Manager
Assistant County Manager
Assistant County Manager
Clerk to the Board
County Attorney
Register of Deeds
Sheriff
Board of Elections
General Counsel
Human Resources Director
General Manager
Planning Director
Building Code Enforcement Director
Environmental Health Manager
Public Works Administrator
Information Technology Director
Public Communications Director
Veteran's Services Director
Social Services Director
Assistant Human Services Director
Public Health Director
Financial Services Administrator
Tax Administrator
Cooperative Extension Director
Library Director
Fire Marshall
Emergency Management Director
Emergency Communications Director
Parks & Recreation Director
Soil & Water Conservation District Director



Financial Section



Report of Independent Auditor

The Board of Commissioners
Union County, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Catawba River Treatment Plant, a joint venture project (the "Venture") in which the County has a 50% ownership interest and represents approximately 8% of the assets and less than 1% of the revenues of the water and sewer fund which is reported in the business-type activities. The Venture was audited by another auditor whose report has been furnished to us and our opinions insofar as they relate to the amounts included for the investment in the Venture are based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents 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 County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, additional financial data, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is also presented for purposes of additional analysis 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, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, additional financial data, and 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, this information is 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 October 25, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Charlotte, North Carolina
October 25, 2019

Management's Discussion and Analysis

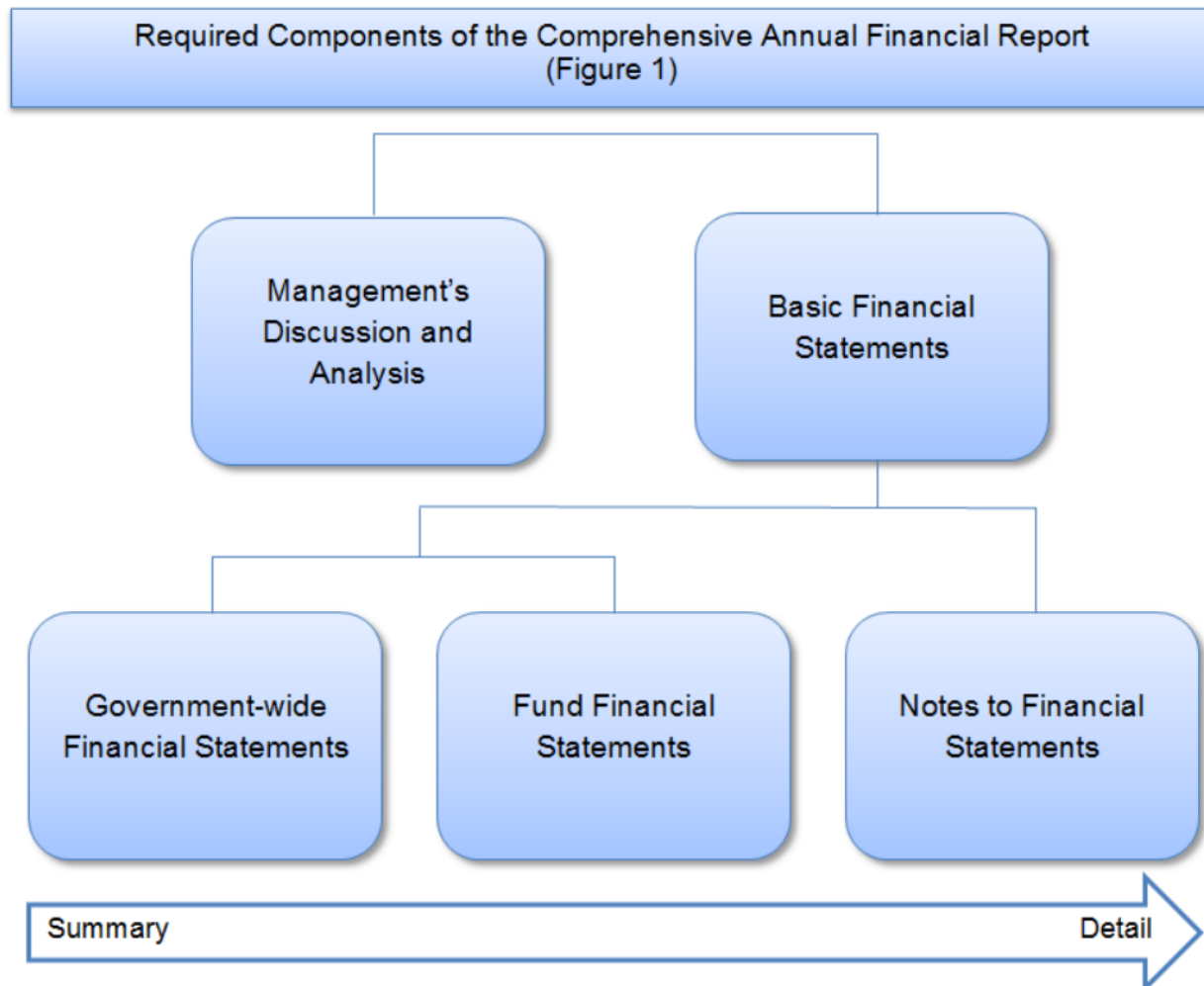
As management of Union County (the "County"), we offer readers of Union County's financial statements narrative overview and analysis of the financial activities of Union County for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information furnished in the letter of transmittal, which begins on page A3 of this report, and the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$213,494,896 (*net position*), an increase of \$33,788,717.
- Union County's governmental activities' total net position reflected a deficit of \$115,926,621 largely because Union County recognizes the long-term liability for school related debt while the accompanying assets were transferred to the Union County Public Schools and South Piedmont Community College respectively. In accordance with North Carolina general statutes, the County is financially responsible for funding school facilities and the issuance of any debt in connection with school facilities; however, since school assets are not reflected in the County's financial statements, school capital improvements are expensed annually.
- At the close of the current fiscal year, Union County's governmental funds reported combined fund balances of \$156,839,956, a decrease of \$(43,204,926) in comparison with the prior year. Approximately (2.3) percent of this amount \$(3,644,942) is available for appropriation at the County's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$69,803,855, or approximately 24.3 percent of total general fund expenditures for FY 2019.
- Union County's total outstanding long-term debt increased by \$18,756,367 or 3.95 percent during the current fiscal year. The key factors in this change in the debt balance were: annual debt service payments, cash defeasance of long-term debt, and new debt issuance.
- Union County improved its ratings to Aaa/AAA/AAA on the general obligation bond ratings. Union County's enterprise system revenue bonds maintained its AA+/Aa1/AA bond ratings from Standard & Poor's, Moody's and Fitch, respectively.

Overview of the Financial Statements

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



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. 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 and internal service funds, each of which are added together in separate columns on the basic financial statements. Budgetary information required by the 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 County's pension plans.

Government-Wide Financial Statements

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

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education, cultural and recreational, general government, and economic and physical development. Property taxes, local option sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those the County charges customers to provide. These include the water and sewer, solid waste and stormwater services offered by Union County.

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

Fund Financial Statements

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

Governmental Funds – *Governmental funds* are used to account for essentially the same 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 to 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*, Exhibits A and B) and governmental funds (Exhibits C and E) is described in reconciliations (Exhibits D and F) that are a part of the fund financial statements.

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

Proprietary Funds – Union County maintains two different types of proprietary funds, Enterprise and Internal Service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Union County uses enterprise funds to account for its water and sewer activity and solid waste activity.

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for health benefits, worker's compensation, fleet services, Information Technology, facilities management, and property and casualty insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Solid Waste operations. Conversely, the internal service funds are combined in a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements, in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found in Exhibits H through J of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Union County maintains ten different fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

Union County maintains two different types of fiduciary funds; *pension trust funds* and *agency funds*. Two *Pension Trust Funds* are used to report resources held in trust for qualified County retirees covered by the Special Separation Allowance Fund and the Other Postemployment Retiree Healthcare Benefits (OPEB) Fund.

The *Agency Funds* report resources held by Union County in a custodial capacity for individuals, private organizations, or other governments. These funds include the Social Services Fund, Fines and Forfeitures Fund, Jail Inmate Fund, Monroe and Union County School District Funds, Municipal Tax Collection Fund, Gross Rental Receipts Tax Fund, the

Department of State Treasurer Motor Vehicle Tax Fund, and the Union County Sheriff's Office Civil Fees Fund.

The basic fiduciary fund financial statements can be found in Schedules 50 through 52 of this report.

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 begin on page C19 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information* concerning Union County's progress in funding its obligation to provide special separation allowance benefits, pension benefits and other postemployment retiree healthcare benefits (OPEB) to its retired employees. Required supplementary information can be found beginning on page D-1 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary pension trust and agency funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on Schedules 1 through 12 of this report.

Government-Wide Financial Analysis

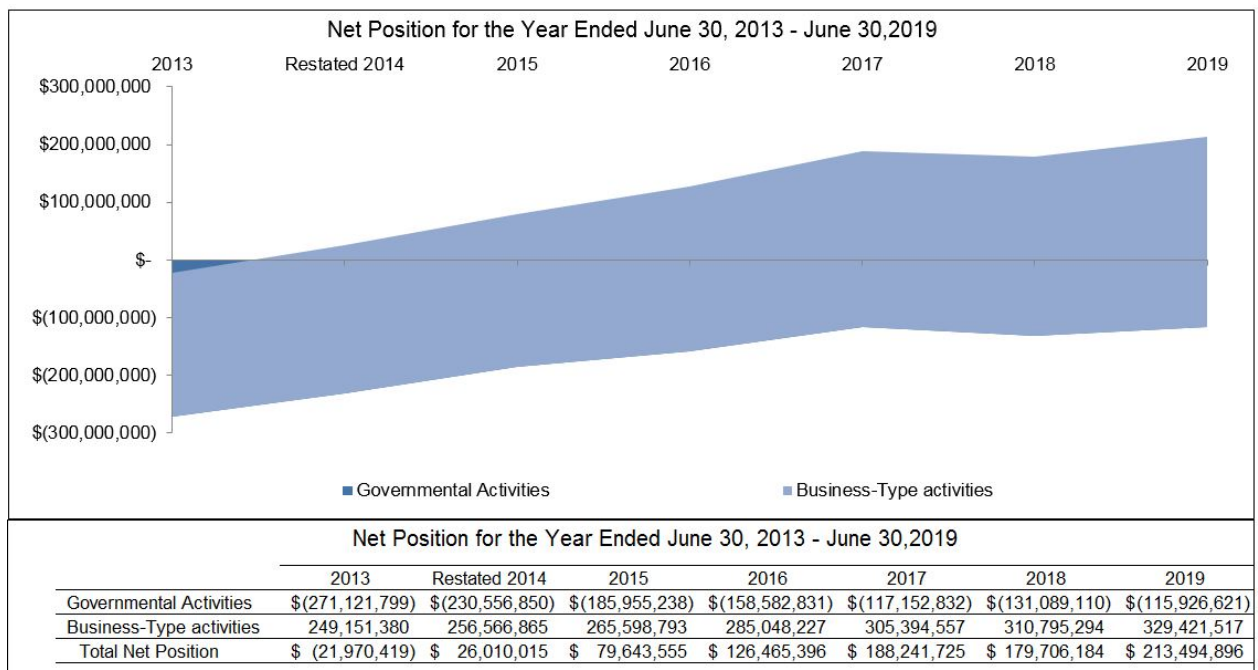
As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$213,494,896 as of June 30, 2019. One of the largest portions, \$241,094,527, reflects the County's net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt that was issued to acquire those assets. Union County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although Union 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. An additional portion of Union County's net position, \$153,187,696, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of \$180,787,327 is unrestricted.

At the end of the current fiscal year, Union County reports a negative balance unrestricted category of net position for governmental activities and positive balances for business-type activities. The same situation held true in prior fiscal years.

Union County, North Carolina Net Position June 30, 2019 and 2018						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 201,001,034	\$ 240,907,699	\$ 253,427,433	\$ 181,949,500	\$ 454,428,467	\$ 422,857,199
Capital Assets	106,596,597	97,354,267	305,386,931	283,386,944	411,983,528	380,741,211
Total Assets	307,597,631	338,261,966	558,814,364	465,336,444	866,411,995	803,598,410
Total Deferred Outflows of Resources	33,392,326	27,308,556	6,278,585	4,474,697	39,670,911	31,783,253
Long-Term Liabilities	392,140,179	424,758,777	215,714,304	141,300,575	607,854,483	566,059,352
Other Liabilities	53,161,333	58,540,774	18,753,295	16,460,554	71,914,628	75,001,328
Total Liabilities	445,301,512	483,299,551	234,467,599	157,761,129	679,769,111	641,060,680
Total Deferred Inflows of Resources	11,615,066	13,360,086	1,203,833	1,254,718	12,818,899	14,614,804
Net Position:						
Net investment in capital assets	98,903,188	86,556,007	142,191,339	182,818,412	241,094,527	269,374,419
Restricted	97,719,693	101,469,756	55,468,003	18,235,580	153,187,696	119,705,336
Unrestricted	(312,549,502)	(319,114,878)	131,762,175	109,741,302	(180,787,327)	(209,373,576)
Total net position	\$ (115,926,621)	\$ (131,089,115)	\$ 329,421,517	\$ 310,795,294	\$ 213,494,896	\$ 179,706,179

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net position in the amount of \$312,549,502 is due primarily to the portion of the County's outstanding debt incurred for the Union County Board of Education (the "school") and the South Piedmont Community College (the "community college"). Under North Carolina general statute, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems' capital funding by using a mixture of County funds, general obligation debt and installment financings. The assets funded by the County, unless otherwise obligated, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

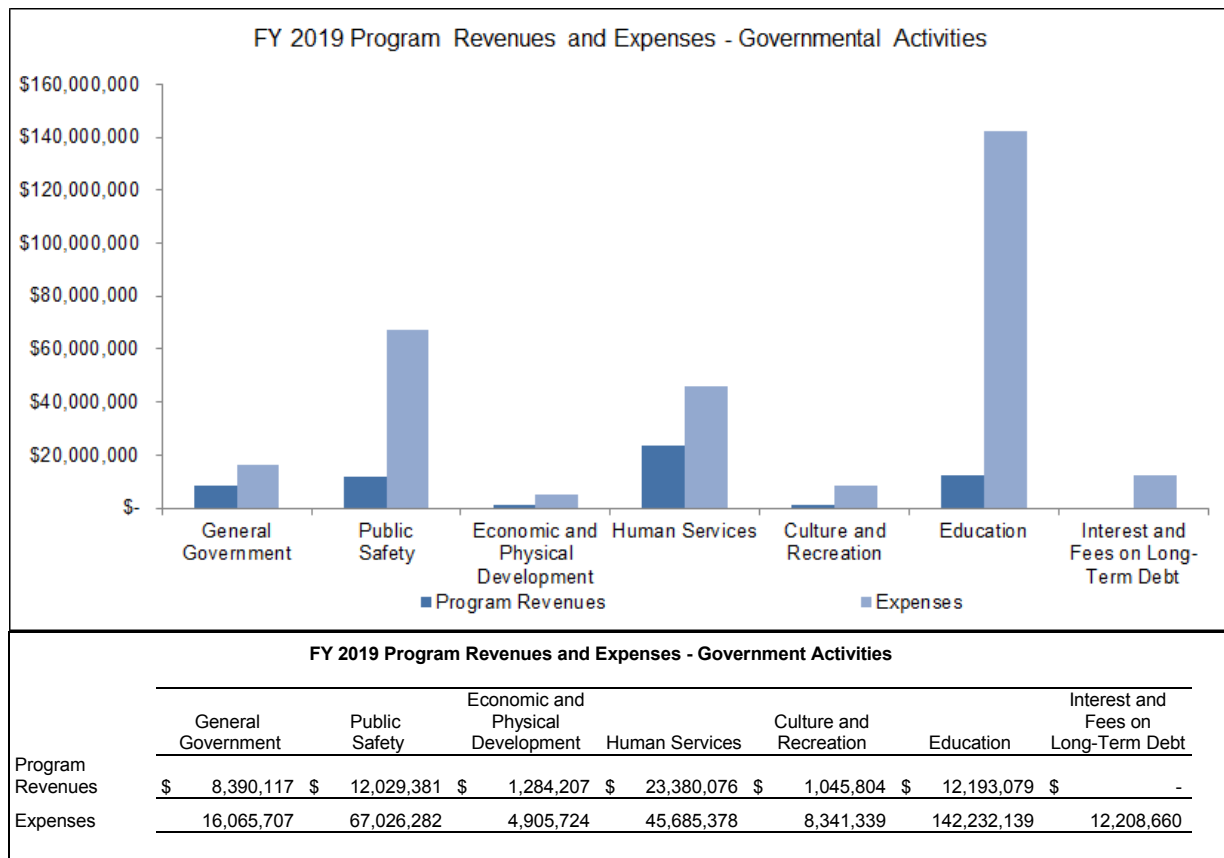


The County's overall net position increased \$33,788,717 from the prior fiscal year. Key elements of this increase are included below:

Union County, North Carolina Changes in Net Position June 30, 2019 and 2018						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for Services	\$ 23,788,012	\$ 22,249,792	\$ 55,964,515	\$ 56,342,725	\$ 79,752,527	\$ 78,592,517
Operating grants and contributions	34,518,342	33,843,227	-	-	34,518,342	33,843,227
Capital grants and contributions	16,310	-	13,487,093	8,363,042	13,503,403	8,363,042
General Revenues:						
Property taxes	199,894,266	205,216,133	-	-	199,894,266	205,216,133
Other taxes	50,252,474	46,991,294	-	-	50,252,474	46,991,294
Grants and contributions not restricted to a specific purpose	160,000	180,174	-	-	160,000	180,174
Other	5,068,891	1,965,472	2,917,485	1,268,186	7,986,376	3,233,658
Transfers	(2,070,572)	-	2,070,572	-	-	-
Total Revenues	311,627,723	310,446,092	74,439,665	65,973,953	386,067,388	376,420,045
Expenses:						
General government	16,065,707	15,906,013	-	-	16,065,707	15,906,013
Public safety	67,026,282	59,894,161	-	-	67,026,282	59,894,161
Economic and physical Environment	4,905,724	3,598,518	-	-	4,905,724	3,598,518
Human Services	45,685,378	41,198,351	-	-	45,685,378	41,198,351
Cultural and recreational	8,341,339	8,153,459	-	-	8,341,339	8,153,459
Education	142,232,139	117,388,325	-	-	142,232,139	117,388,325
Interest and fees on long-term debt	12,208,660	13,236,217	-	-	12,208,660	13,236,217
Water and sewer	-	-	50,629,603	46,256,524	50,629,603	46,256,524
Solid waste	-	-	5,183,839	5,066,103	5,183,839	5,066,103
Stormwater	-	-	-	-	-	-
Total Expenses	296,465,229	259,375,044	55,813,442	51,322,627	352,278,671	310,697,671
Increase in net position	15,162,494	51,071,048	18,626,223	14,651,326	33,788,717	65,722,374
Net position as of July 1	(131,089,115)	(117,152,832)	310,795,294	305,394,557	179,706,179	188,241,725
Cumulative change in accounting principal	-	(65,007,331)	-	(9,250,589)	-	(74,257,920)
Net position as of June 30	\$ (115,926,621)	\$ (131,089,115)	\$ 329,421,517	\$ 310,795,294	\$ 213,494,896	\$ 179,706,179

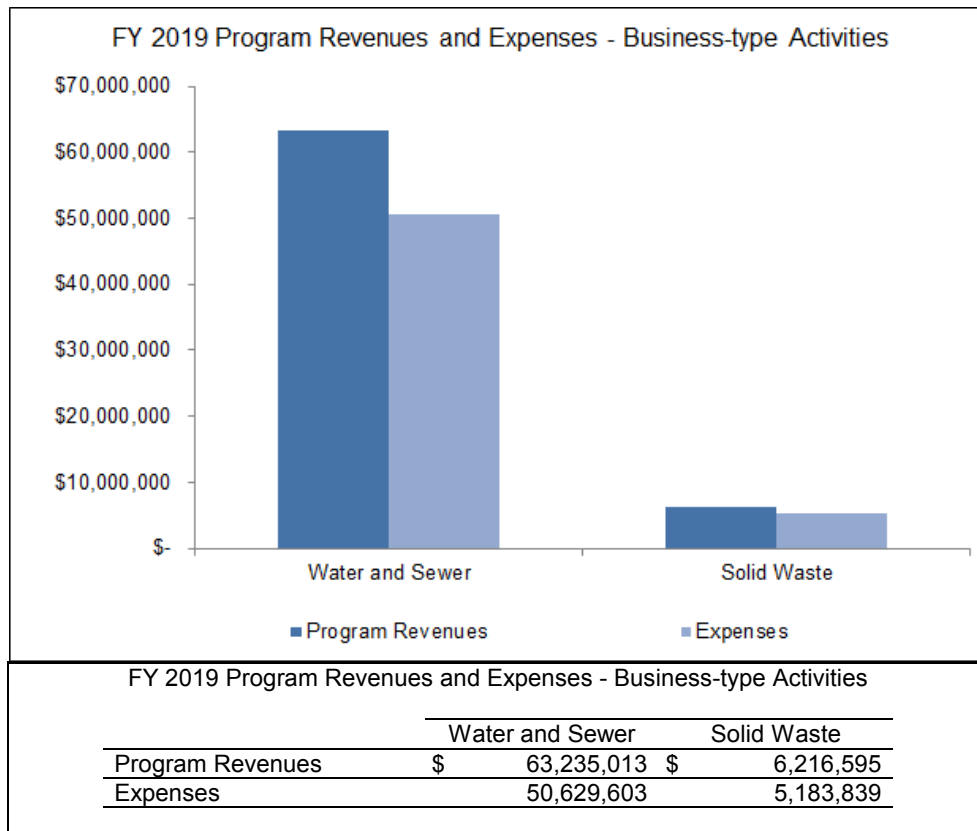
Governmental Activities – During the current fiscal year, net position for governmental activities increased by \$15,162,494, to reach an ending negative balance of \$115,926,621. This is due primarily to previously mentioned outstanding debt related to the school and community college and net liability for other post employment benefits.

As indicated on the following page, the majority of the County's expenses are related to education, \$142,232,139 (48.0 percent); public safety, \$67,026,282 (22.6 percent); and human services, \$45,685,378 (15.4 percent).



Business-type Activities – For Union County’s business-type activities, the results for the current fiscal year were positive in that overall net position increased by \$18,626,223 to reach an ending balance of \$329,421,517.

As indicated on the following page, the majority of the County’s business-type expenses are related to water and sewer, \$50,629,603 (90.7 percent) and solid waste, \$5,183,839 (9.3 percent).

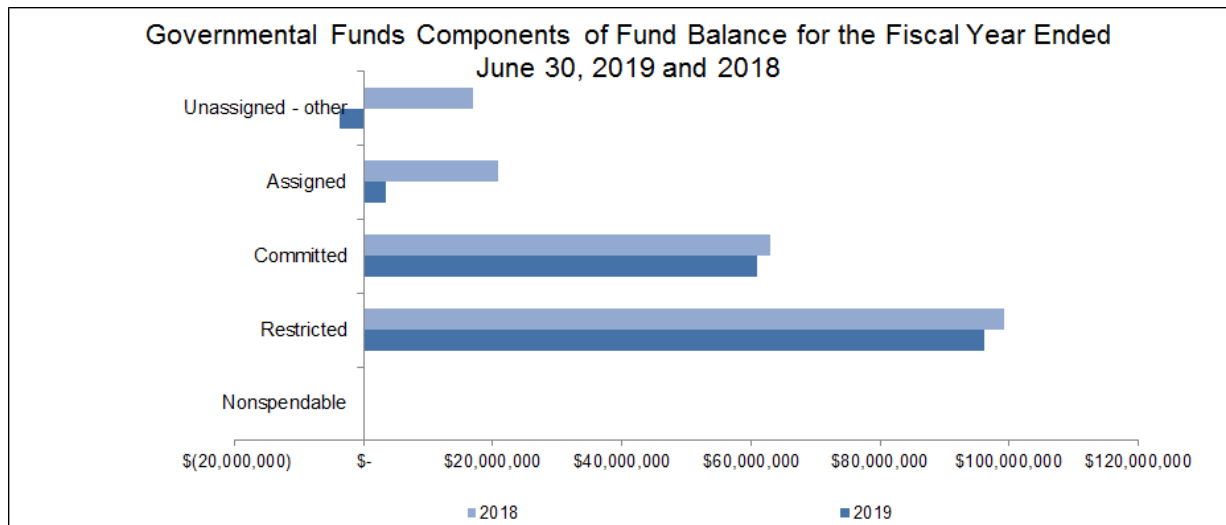


Financial Analysis of the County's Funds

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

Governmental Funds – The focus of Union County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance (fund balance available for appropriation), may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, Union County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Union County's Board of Commissioners.

At June 30, 2019, Union County's governmental funds reported combined fund balances of \$156,839,956, a decrease of \$43,204,926 in comparison with the prior year. Approximately (2.3) percent of this amount \$(3,644,942) constitutes *unassigned fund balance*, which is available for appropriation at the Board of County Commissioners' discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) nonspendable and not in a spendable form (\$11,836), 2) restricted to specific purposes as imposed by law (\$96,031,843), 3) committed amounts that can be used only for the specific purposes determined by a formal action of the Board of County Commissioners (\$60,998,762), or 4) assigned and intended to be used for specific purposes (\$3,442,457).

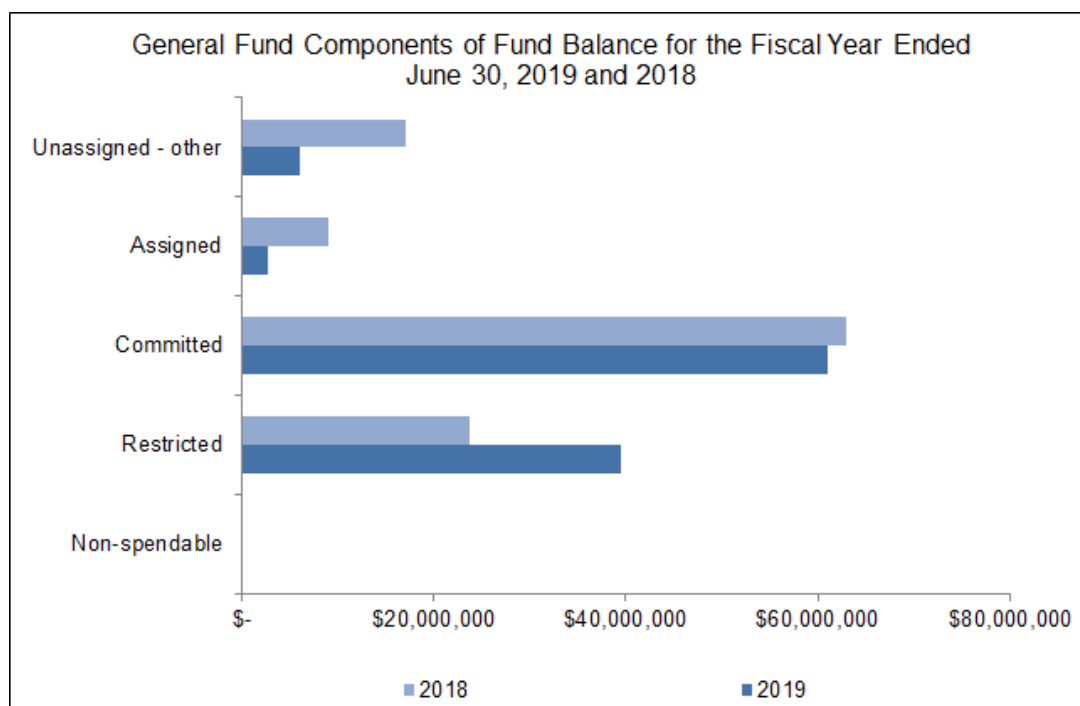


Governmental Funds Components of Fund Balance for the Fiscal Year Ended June 30, 2019 and 2018

	2019	2018
Nonspendable	\$ 11,836	\$ 176,614
Restricted	96,031,843	99,272,555
Committed	60,998,762	62,893,854
Assigned	3,442,457	20,819,059
Unassigned - other	(3,644,942)	16,882,800

The General Fund is the chief operating fund of Union County. At the end of the current fiscal year, the County's unassigned fund balance of the General Fund was \$6,026,025, while total fund balance decreased by \$(3,503,280), from \$112,877,349 to \$109,374,069. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

The Board of Commissioners has determined that the County should maintain an available reserved fund balance of 20 percent of total expenditures including regular inter-fund transfers in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2019, the County has a fund balance (based on committed, assigned, and unassigned) of 24.3 percent of general fund expenditures, while total fund balances represent 38.0 percent of that same amount.



General Fund Components of Fund Balance for the Fiscal Year Ended June 30, 2019 and 2018			
	2019	2018	
Nonspendable	\$ 11,836	\$ 176,614	
Restricted	39,558,378	23,728,459	
Committed	60,998,762	62,893,854	
Assigned	2,779,068	9,053,252	
Unassigned - other	6,026,025	17,025,170	

The decrease in FY2019 fund balance is primarily due to the County's use of available fund balance towards redemption of debt, saving the County an estimated \$300,000 in interest through maturity.

The fund balance of the General Capital Project Fund, a major fund, had a net decrease of \$(39,503,327) to \$44,003,835. There were \$59,992,634 of capital and related expenditures during the current fiscal year. There were \$14,666,861 in transfers from other governmental funds, a majority from the school district for capital improvements to existing structures.

Proprietary Funds – Union 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 Water and Sewer Fund at the end of the year was \$126,264,034; an increase of \$21,859,913. The overall net position of the Water and Sewer Fund increased by \$18,246,766 to \$321,255,124. A portion of the net position, net investment in capital assets, decreased by \$(40,845,570) to \$139,523,087.

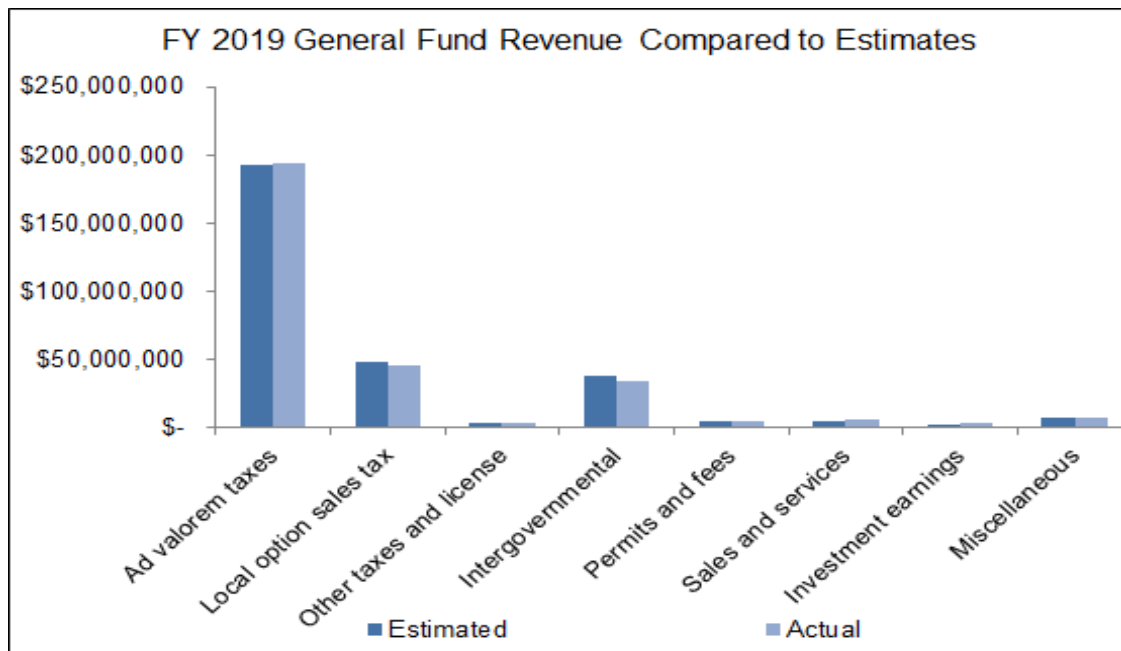
Unrestricted net position of the Solid Waste Fund at the end of the year was \$5,508,181; a decrease of \$257,647.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget – During the 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.

The General Fund final budget for expenditures increased \$8,106,148 primarily due to an increase in public safety and the early retirement of debt. The General Fund final budget for revenue decreased by \$(3,562,599), primarily due to a decrease in intergovernmental revenues from federal and State grants related to Human Services.

Final Budget Compared to Actual Results – The most significant differences between estimated revenues and actual revenues were as follows:



FY 2019 General Fund Revenue Compared to Estimates			
	Estimated	Actual	Differences
Ad valorem taxes	\$ 192,231,911	\$ 193,499,457	\$ 1,267,546
Local option sales tax	48,745,636	45,818,820	(2,926,816)
Other taxes and license	2,992,485	3,182,688	190,203
Intergovernmental	35,050,665	34,619,380	(431,285)
Permits and fees	4,792,132	4,682,370	(109,762)
Sales and services	5,332,369	6,523,595	1,191,226
Investment earnings	1,924,698	3,544,290	1,619,592
Miscellaneous	6,940,513	6,904,317	(36,196)

Capital Assets and Debt Administration

Capital Assets – Union County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$411,983,528 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, and water and wastewater infrastructure. The total increase in capital assets for the current fiscal year was approximately 8.2 percent.

Union County, North Carolina Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 19,064,264	\$ 7,574,873	\$ 4,206,828	\$ 3,410,862	\$ 23,271,092	\$ 10,985,735
Buildings	69,470,066	71,691,414	9,556,029	9,821,844	79,026,095	81,513,258
Infrastructure	-	-	222,433,541	217,658,393	222,433,541	217,658,393
Improvements other than buildings	3,120,230	3,258,260	407,737	448,747	3,527,967	3,707,007
Machinery and equipment	11,435,592	11,709,775	4,133,456	3,211,617	15,569,048	14,921,392
Construction in progress	3,506,445	3,119,945	64,649,340	48,835,481	68,155,785	51,955,426
Total Capital Assets	\$ 106,596,597	\$ 97,354,267	\$ 305,386,931	\$ 283,386,944	\$ 411,983,528	\$ 380,741,211

Major capital asset transactions during the year include:

- Purchase and replacement of public safety vehicles and related mobile data equipment; and replacement of transportation, water and sewer operations, and solid waste operations vehicles
- Continuation of engineering, design and construction of Twelve Mile Creek sewer system improvements
- Continuation of construction of Town Center Sewer Development sewer system improvements
- Continuation of engineering and design of Yadkin River Water Supply water system improvements
- Continuation of engineering and design of Crooked Creek Basin Sewer Improvements

Additional information on Union County's capital assets can be found in Note 5 of this report.

Long-Term Debt – At the end of the current fiscal year, the County had total debt outstanding of \$494,200,000. Of this amount, \$258,290,000 is debt backed by the full faith and credit of the government. The remainder of Union County's long-term obligations is comprised of certificates of participation, installment financing, limited obligation bonds, revenue bonds, and State sanitary sewer loans (other).

Union County, North Carolina Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 258,290,000	\$ 296,700,000	\$ -	\$ -	\$ 258,290,000	\$ 296,700,000
Certificates of participation	50,030,000	57,050,000	-	-	50,030,000	57,050,000
Installment financing	1,855,000	1,108,633	-	-	1,855,000	1,108,633
Revenue Bonds	-	-	177,275,000	113,085,000	177,275,000	113,085,000
Other	-	-	6,750,000	7,500,000	6,750,000	7,500,000
Total	\$ 310,175,000	\$ 354,858,633	\$ 184,025,000	\$ 120,585,000	\$ 494,200,000	\$ 475,443,633

Union County's total outstanding principal debt increased by \$18,756,367 during the past fiscal year, mainly due to the combined impact of, early redemption and issuance of, new debt.

As mentioned in the financial highlights section of this document, Union County improved its ratings of Aaa/AAA/AA on the general obligation bonds. The Enterprise System Revenue bond rating for the County was maintained at AA+ from Standard & Poor's Corporation and at Aa1/AA from Moody's Investment Services and Fitch Ratings respectively. The bond rating upgrade is a clear indication of the sound financial condition of Union County. Union County is

one of the few counties in the country that maintains high financial ratings from all major rating agencies. This achievement is a key 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 Union County is \$1,692,007,160. The County had general obligation bonds authorized, but unissued, of \$96,480,000 as of June 30, 2019.

Additional information regarding Union County's long-term debt can be found in Note 15 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect Union County and were considered during the development of the FY 2020 budget and rates:

- North Carolina's statewide unemployment rate (not seasonally adjusted) was 4.3 percent in August, decreasing from July's revised rate of 4.4 percent, and a .3 percentage-point decrease over the year. During the month, the unemployment rate decreased in 40 counties, increased in 26 and remained the same in 34. Ninety-eight counties experienced an increase in unemployment year over year, while two experienced a decrease as compared to August 2018.
- The County's unemployment rate was 3.9 percent in August 2019. This rate remained unchanged from the prior month, and an increase of .4 percent from August 2018. The County's unemployment rate in August was below the state's 4.3 percent rate.¹
- The Conference Board, a New York based private research group, announced Tuesday, September 24, 2019, that its Consumer Confidence Index, declined in September, following a moderate decrease in August. Consumers were less positive in their assessment of current conditions and their expectations regarding the short-term outlook also weakened. The Index now stands at 134.2 (1985=100), down from 138.4 in September 2018.²
- North Carolina's real GSP is forecast to increase by 2.6 percent over the 2018 level. Thirteen of the state's fifteen economic sectors are forecast to experience increases in 2019. The sectors with the strongest expected growth are mining with a projected real increase 7.6 percent; information with a projected real increase of 5.8 percent; business and professional services with a projected real increase of 3.7 percent; retail trade with a projected real increase of 3.5 percent; and non-durable goods manufacturing with a projected real increase of 3.2. Government is expected to be flat in 2020 and only mining is expected to experience a decline.³
- Seasonally adjusted nonagricultural employment in North Carolina is expected to reach 4,715,300 persons by December 2020, an increase of 2.2 percent over the employment level in December 2019. The state is expected to gain 102,100 net jobs during the year.³
- During fiscal year 2018, there were 589 commercial and 3,348 residential construction permits issued county-wide, compared to fiscal year 2018 of 636 commercial and 3,778 residential permits; showing a decrease in the total number of permits. This trend is anticipated to continue into 2020. ⁴

- Housing data represents an indicator of overall economic health, as well as an indicator of the mind of the consumer. Decreases nationally and locally in permits and starts demonstrate slowing growth, which in turn leads to slowdowns in other sectors. These indices have market impact as investors watch to attempt to forecast the economic future, thus moving markets higher or lower.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Countywide, for FY 2020, estimated revenues and expenditures, including debt service expenditures, are anticipated to increase by 2.6 percent, or about \$11.3 million, going from \$432.6 million to \$443.9 million.

Governmental Activities – Ad Valorem Taxes and Local Option Sales Tax provide the largest portion of funding for Union County. Ad Valorem Taxes are anticipated to see an increase of \$7.3 million or 3.6 percent from the FY 2019 budget, largely due to organic growth to the county property tax base, while maintaining a tax rate of 73.09 cents. Sales taxes are held flat at FY 2019 levels.

Expenditures in the General Funds (General Fund, Debt Fund, Schools Budgetary Fund, Radio Budgetary Fund, Fire Budgetary Fund, EMS Budgetary Fund and the Economic Development Fund) are anticipated to increase by .76 percent or about \$2.3 million from the FY 2019 budget. This increase is a mix of interfund transfers for paygo capital funding, employee costs, and increased expenditures on contracts and subsidies.

The Adopted FY 2020 General Fund Budget includes use of \$2.7 million of fund balance; a decrease of 5.9 million over FY 2019.

Business-type Activities – On June 5, 2017 the Board of County Commissioners approved the Union County Water and Sewer District's adopted rate schedule setting new water and sewer rates for the next three years. The FY 2020 budget reflects the third year of that increase at 5.5 percent. These increases are reflective of the funding necessary for capital and operations of the water and sewer utility.

It is important to note, as in previous years, the enterprise revenues are used only in the operations of the enterprises and are not used to fund general County operations.

Request 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 request for additional information should be directed to Jeffrey Yates, Financial Services Administrator/Chief Financial Officer, Union County, 500 N. Main Street, Monroe, North Carolina. You can also call (704)-283-3631, visit our website at www.unioncountync.gov, or send an email to finance@unioncountync.gov for more information.

¹ NC Department of Commerce – Labor and Economic Analysis Division, News Release, September 24, 2019

² Additional information concerning The Conference Board and the ETI can be found at www.conference-board.org

³ Barings/UNC Charlotte Economic Forecast. September 12, 2019. <http://belkcollege.uncc.edu/forecast>

⁴ The County's data includes permits issued by Union County, City of Monroe, and the Town of Waxhaw

Basic Financial Statements



Statement of Net Position

June 30, 2019

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 101,822,512	\$ 119,633,922	\$ 221,456,434
Property taxes receivable (net)	1,250,868	-	1,250,868
Accounts receivable (net)	22,417,368	9,301,995	31,719,363
Inventories	31,455	668,979	700,434
Internal balances	10,040	(10,040)	-
Advances to other funds	11,803	-	11,803
Cash and investments, restricted	40,922,095	55,468,003	96,390,098
Cash and investments, restricted-deposits	513,686	502,916	1,016,602
Total current assets	166,979,827	185,565,775	352,545,602
Noncurrent assets:			
Cash and investments	18,483,542	22,656,976	41,140,518
Accounts receivable	1,575	-	1,575
Net pension asset, ROD	414,353	-	414,353
Unamortized swap termination costs	15,121,737	148,592	15,270,329
Investment in joint venture	-	45,056,090	45,056,090
Capital assets:			
Land and other assets not being depreciated	22,570,709	68,856,168	91,426,877
Buildings, equipment and infrastructure	84,025,888	236,530,763	320,556,651
Total noncurrent assets	140,617,804	373,248,589	513,866,393
DEFERRED OUTFLOWS OF RESOURCES	33,392,326	6,278,585	39,670,911
Total assets and deferred outflows of resources	340,989,957	565,092,949	906,082,906
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	18,880,903	11,640,095	30,520,998
Liabilities payable by restricted assets	513,686	502,916	1,016,602
Workers' compensation claims	281,815	-	281,815
Health care benefits	1,528,074	-	1,528,074
Property and casualty claims payable	127,344	-	127,344
Current portion of compensated absences	4,647,553	635,257	5,282,810
Current portion of long-term obligations	27,181,958	5,975,027	33,156,985
Total current liabilities	53,161,333	18,753,295	71,914,628
Noncurrent liabilities:			
Accrued landfill postclosure care costs	-	4,933,092	4,933,092
Noncurrent portion of compensated absences	290,403	8,898	299,301
Net OPEB liability	63,532,426	8,672,702	72,205,128
Net pension liability, LGERS	17,178,329	2,328,490	19,506,819
Net pension liability, separation allowance	9,343,059	1,275,707	10,618,766
Derivative liability	-	2,854,187	2,854,187
Noncurrent portion of long-term obligations	301,795,962	195,641,228	497,437,190
Total noncurrent liabilities	392,140,179	215,714,304	607,854,483
DEFERRED INFLOWS OF RESOURCES	11,615,066	1,203,833	12,818,899
Total liabilities and deferred inflows of resources	456,916,578	235,671,432	692,588,010
NET POSITION			
Net investment in capital assets	98,903,188	142,191,339	241,094,527
Restricted for:			
Stabilization by State statute	44,320,013	-	44,320,013
General government	164,777	-	164,777
Public safety	2,045,999	-	2,045,999
Economic and physical development	359,978	-	359,978
Human services	1,798,336	-	1,798,336
Cultural and recreational	37,284	-	37,284
Education	48,578,953	-	48,578,953
Debt service	-	55,468,003	55,468,003
Pension benefits	414,353	-	414,353
Unrestricted	(312,549,502)	131,762,175	(180,787,327)
Total net position	\$ (115,926,621)	\$ 329,421,517	\$ 213,494,896

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

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		
					Governmental Activities	Business-type Activities	Total
Primary government:							
General government	\$ 16,065,707	\$ 8,162,756	\$ 221,051	\$ 6,310	\$ (7,675,590)	\$ -	\$ (7,675,590)
Public safety	67,026,282	7,735,875	4,283,506	10,000	(54,996,901)	-	(54,996,901)
Economic and physical development	4,905,724	829,469	454,738	-	(3,621,517)	-	(3,621,517)
Human services	45,685,378	6,226,127	17,153,949	-	(22,305,302)	-	(22,305,302)
Cultural and recreational	8,341,339	833,785	212,019	-	(7,295,535)	-	(7,295,535)
Education	142,232,139	-	12,193,079	-	(130,039,060)	-	(130,039,060)
Interest and fees on long term debt	12,208,660	-	-	-	(12,208,660)	-	(12,208,660)
Total governmental activities	296,465,229	23,788,012	34,518,342	16,310	(238,142,565)	-	(238,142,565)
Business-type activities:							
Water and sewer	50,629,603	49,747,920	-	13,487,093	-	12,605,410	12,605,410
Solid waste	5,183,839	6,216,595	-	-	-	1,032,756	1,032,756
Total business-type activities	55,813,442	55,964,515	-	13,487,093	-	13,638,166	13,638,166
Total primary government	\$ 352,278,671	\$ 79,752,527	\$ 34,518,342	\$ 13,503,403	(238,142,565)	13,638,166	(224,504,399)
General revenues:							
Property taxes levied for general purposes					199,894,266	-	199,894,266
Local option sales tax					47,069,786	-	47,069,786
Other taxes and licenses					3,182,688	-	3,182,688
Grants and contributions not restricted to specific programs					160,000	-	160,000
Investment earnings, unrestricted					5,020,147	2,850,947	7,871,094
Gains on sales and disposals of capital assets					48,744	66,538	115,282
Transfers					(2,070,572)	2,070,572	-
Total general revenues					253,305,059	4,988,057	258,293,116
Change in net position					15,162,494	18,626,223	33,788,717
Net position - beginning					(131,089,115)	310,795,294	179,706,179
Net position - ending					\$ (115,926,621)	\$ 329,421,517	\$ 213,494,896

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

Balance Sheet
Governmental Funds
June 30, 2019

	Major		Nonmajor	Total
	General Fund	General Capital Project Fund	Other Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 78,628,361	\$ 26,589,454	\$ 3,251,035	\$ 108,468,850
Property taxes receivable, net	1,211,119	-	39,749	1,250,868
Accounts receivable, net	21,788,645	111,091	493,685	22,393,421
Accounts receivable, long-term	1,575	-	-	1,575
Inventories	10,261	-	-	10,261
Advances to other funds	14,676,629	-	-	14,676,629
Cash and investments, restricted	3,754	40,918,341	-	40,922,095
Cash and investments, restricted-deposits	513,686	-	-	513,686
Total assets	<u>\$ 116,834,030</u>	<u>\$ 67,618,886</u>	<u>\$ 3,784,469</u>	<u>\$ 188,237,385</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,551,821	\$ 9,208,321	\$ 23,919	\$ 14,784,061
Deposits	513,686	-	-	513,686
Advances from other funds	-	14,406,730	258,096	14,664,826
Total liabilities	<u>6,065,507</u>	<u>23,615,051</u>	<u>282,015</u>	<u>29,962,573</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,394,454</u>	<u>-</u>	<u>40,402</u>	<u>1,434,856</u>
FUND BALANCES				
Nonspendable	11,836	-	-	11,836
Restricted	39,558,378	52,622,978	3,850,487	96,031,843
Committed	60,998,762	-	-	60,998,762
Assigned	2,779,068	-	663,389	3,442,457
Unassigned	6,026,025	(8,619,143)	(1,051,824)	(3,644,942)
Total fund balances	<u>109,374,069</u>	<u>44,003,835</u>	<u>3,462,052</u>	<u>156,839,956</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 116,834,030</u>	<u>\$ 67,618,886</u>	<u>\$ 3,784,469</u>	<u>\$ 188,237,385</u>

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

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position**
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balance - governmental funds	\$ 156,839,956
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	106,596,597
Other long-term assets, related to the net pension asset, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	414,353
Other long-term assets, related to unearned taxes, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,106,497
Other long-term assets, related to unearned revenues, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	167,000
Other long-term assets, unamortized swap termination costs.	15,121,737
Unamortized gains on advance refunding, deferred inflows.	(4,180,293)
Unamortized loss on advance refunding, deferred outflows.	14,206,988
Contributions to pension plans in the current fiscal year are deferred outflows of resources	4,231,414
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	3,374,045
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	1,550,149
Internal service funds are used by management to charge the costs of property and casualty insurance to individual funds. The current assets and liabilities of this are included in governmental activities in the statement of net position.	498,631
Internal service funds are used by management to charge the costs of information technology services to individual funds. The current assets (net of capital assets and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, pension liabilities, and deferred inflows) are included in the governmental activities in the statement of net position.	1,955,833
Internal service funds are used by management to charge the costs of facilities management services to individual funds. The current assets (net of capital assets and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, pension liabilities, and deferred inflows) are included in the governmental activities in the statement of net position.	1,092,425

**Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position**

June 30, 2019

Internal service funds are used by management to charge the costs of fleet management services to individual funds. The current assets (net of capital assets, pension assets, and deferred outflows) and liabilities (net of compensated absences, OPEB obligation, and deferred inflows) are included in the governmental activities in the statement of net position.	\$ 392,426
Internal balance due from Business-Type Activities to Governmental Activities.	10,040
OPEB related deferrals.	(3,030,632)
Pension related deferrals.	10,711,142
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(4,937,956)
Long-term liabilities for net other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(63,532,426)
Long-term liabilities for net pension liability for LGERS are not due and payable in the current period and, therefore, are not reported in the funds.	(17,178,329)
Long-term liabilities for net pension liability for separation allowance are not due and payable in the current period and, therefore, are not reported in the funds.	(9,343,059)
Long-term liabilities, including bonds and installment financing payable, are not due and payable in the current period and, therefore, are not reported in the funds (principal and unamortized balances for governmental activities, per Note 15. A. 2, in the amount of \$328,977,920, as well as accrued interest payable of \$3,015,239).	<u>(331,993,159)</u>
Net position of governmental activities	<u>\$ (115,926,621)</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances**Governmental Funds**

For the Year Ended June 30, 2019

	Major		Nonmajor	Total
	General Fund	General Capital Project Fund	Other Governmental Funds	Governmental Funds
REVENUES				
Ad valorem taxes	\$ 193,499,457	\$ -	\$ 6,533,846	\$ 200,033,303
Local option sales tax	45,818,820	-	1,250,966	47,069,786
Other taxes and licenses	3,182,688	-	790,714	3,973,402
Intergovernmental	34,619,380	-	2,261,411	36,880,791
Permits and fees	4,682,370	-	2,690,099	7,372,469
Sales and services	6,523,595	-	23,000	6,546,595
Investment earnings	3,544,290	1,211,771	8,762	4,764,823
Miscellaneous	6,904,317	6,555,675	83,312	13,543,304
Total revenues	298,774,917	7,767,446	13,642,110	320,184,473
EXPENDITURES				
Current:				
General government	14,189,425	206,888	142,206	14,538,519
Public safety	56,431,173	-	11,506,051	67,937,224
Economic and physical development	3,623,147	-	910,940	4,534,087
Human services	44,750,868	-	1,190,992	45,941,860
Cultural and recreational	8,027,154	-	-	8,027,154
Intergovernmental:				
Education	103,194,389	-	-	103,194,389
Capital outlay:				
General government	-	745,153	-	745,153
Public safety	-	676,503	-	676,503
Economic and physical development	-	18,098,409	-	18,098,409
Human services	-	710,163	-	710,163
Cultural and recreational	-	587,262	-	587,262
Education	-	38,968,256	-	38,968,256
Debt service:				
Principal retirement	44,683,633	-	-	44,683,633
Interest and fees	12,511,719	-	-	12,511,719
Nondepartmental	126,863	-	-	126,863
Total expenditures	287,538,371	59,992,634	13,750,189	361,281,194
Excess (deficiency) of revenues over (under) expenditures	11,236,546	(52,225,188)	(108,079)	(41,096,721)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	6,993,613	14,666,861	35,332	21,695,806
Transfer in-Water and Sewer Fund	-	225,000	-	225,000
Transfer in - Solid Waste Fund	-	830,000	-	830,000
Transfers to other funds	(21,733,439)	(3,000,000)	(125,572)	(24,859,011)
Total other financing sources (uses)	(14,739,826)	12,721,861	(90,240)	(2,108,205)
Net change in fund balances	(3,503,280)	(39,503,327)	(198,319)	(43,204,926)
FUND BALANCES				
Beginning	112,877,349	83,507,162	3,660,371	200,044,882
Ending	\$ 109,374,069	\$ 44,003,835	\$ 3,462,052	\$ 156,839,956

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

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$ (43,204,926)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	9,281,344
Governmental funds report certain transactions as revenues and reductions in deferred revenue. However, in the statement of activities these transactions are eliminated and reflected as reductions in receivables until their maturity.	(167,000)
Revenues in the statement of activities from donated capital that does not provide current financial resources are not reported as revenues in the funds.	16,310
Net book value of assets sold.	(55,324)
Revenues in the statement of activities from deferred property taxes that do not provide current financial resources are not reported as revenues in the funds.	(139,037)
Revenues in the statement of activities from internal service funds' investment earnings.	255,324
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	44,466,076
Contributions to the pension plans in the current fiscal year are not included on the statement of activities.	4,231,414
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,170,296
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of health and dental insurance program.	(657,833)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of workers' compensation program.	(235,853)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of property and casualty insurance program.	(51,389)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of information technology services program.	44,518
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of facilities management services program.	50,690
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of fleet management services program.	157,884
Change in net position of governmental activities	<u>\$ 15,162,494</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balance**Budget and Actual - General Fund**

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Positive Negative)
REVENUES				
Ad valorem taxes	\$ 192,231,911	\$ 192,231,911	\$ 193,499,457	\$ 1,267,546
Local option sales tax	48,745,636	48,745,636	45,818,820	(2,926,816)
Other taxes and licenses	2,992,485	2,992,485	3,182,688	190,203
Intergovernmental	38,653,621	35,050,665	34,619,380	(431,285)
Permits and fees	4,792,132	4,792,132	4,682,370	(109,762)
Sales and services	5,332,369	5,332,369	6,523,595	1,191,226
Investment earnings	1,924,698	1,924,698	3,544,290	1,619,592
Miscellaneous	6,900,156	6,940,513	6,904,317	(36,196)
Total revenues	<u>301,573,008</u>	<u>298,010,409</u>	<u>298,774,917</u>	<u>764,508</u>
EXPENDITURES				
Current:				
General government	14,924,548	15,364,924	14,189,425	1,175,499
Public safety	56,168,172	58,621,769	56,431,173	2,190,596
Economic and physical development	4,720,095	5,010,165	3,623,147	1,387,018
Human services	51,857,731	48,940,719	44,750,868	4,189,851
Cultural and recreational	7,879,178	8,237,387	8,027,154	210,233
Intergovernmental:				
Education	103,280,205	103,280,205	103,194,389	85,816
Debt service:				
Principal retirement	35,603,634	44,683,634	44,683,633	1
Interest and fees	12,314,415	12,527,757	12,511,719	16,038
Contingency	-	190,000	-	190,000
Nondepartmental	2,357,263	354,829	126,863	227,966
Total expenditures	<u>289,105,241</u>	<u>297,211,389</u>	<u>287,538,371</u>	<u>9,673,018</u>
Revenues over (under) expenditures	<u>12,467,767</u>	<u>799,020</u>	<u>11,236,546</u>	<u>10,437,526</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,164,713	6,993,613	6,993,613	-
Transfer in-Water and Sewer Fund	-	1,670	-	(1,670)
Transfer in - Solid Waste Fund	-	110	-	(110)
Transfers to other funds	(15,021,393)	(21,698,107)	(21,733,439)	(35,332)
Total other financing sources (uses)	<u>(13,856,680)</u>	<u>(14,702,714)</u>	<u>(14,739,826)</u>	<u>(37,112)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>(1,388,913)</u>	<u>(13,903,694)</u>	<u>(3,503,280)</u>	<u>10,400,414</u>
APPROPRIATED FUND BALANCE	<u>1,388,913</u>	<u>13,903,694</u>	<u>-</u>	<u>(13,903,694)</u>
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>(3,503,280)</u>	<u>\$ (3,503,280)</u>
FUND BALANCE				
Beginning			112,877,349	
Ending			<u>\$ 109,374,069</u>	

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



Statement of Net Position

Proprietary Funds

June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Water and Sewer Fund	Nonmajor Solid Waste Fund	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 108,993,481	\$ 10,640,441	\$ 119,633,922	\$ 11,837,204
Accounts receivable, net	8,770,232	531,763	9,301,995	23,947
Inventories	668,979	-	668,979	21,194
Cash and investments, restricted	55,468,003	-	55,468,003	-
Cash and investments, restricted-deposits	462,486	40,430	502,916	-
Total current assets	174,363,181	11,212,634	185,575,815	11,882,345
Noncurrent assets:				
Cash and investments	21,278,903	1,378,073	22,656,976	-
Unamortized swap termination costs	148,592	-	148,592	-
Investment in joint venture	45,056,090	-	45,056,090	-
Capital assets:				
Land and other assets not being depreciated	68,521,911	334,257	68,856,168	-
Buildings, equipment, and infrastructure, net of depreciation	234,196,768	2,333,995	236,530,763	549,104
Total noncurrent assets	369,202,264	4,046,325	373,248,589	549,104
DEFERRED OUTFLOWS OF RESOURCES	5,996,999	281,586	6,278,585	756,317
Total assets and deferred outflows of resources	549,562,444	15,540,545	565,102,989	13,187,766
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	10,903,618	736,477	11,640,095	1,081,605
Current portion of compensated absences	558,325	76,932	635,257	168,173
Deposits	462,486	40,430	502,916	-
Long-term liabilities, due within one year:				
Revenue bonds payable	5,225,027	-	5,225,027	-
State sanitary sewer loan payable	750,000	-	750,000	-
Workers' compensation claims payable	-	-	-	281,815
Health care benefits payable	-	-	-	1,528,074
Property and casualty claims payable	-	-	-	127,344
Total current liabilities	17,899,456	853,839	18,753,295	3,187,011
Noncurrent liabilities:				
Accrued landfill postclosure care costs	-	4,933,092	4,933,092	-
Non current portion of compensated absences	-	8,898	8,898	11,724
Net OPEB liability	7,621,251	1,051,451	8,672,702	2,216,841
Net pension liability, LGERS	2,086,157	242,333	2,328,490	712,720
Net pension liability, separation allowance	1,121,045	154,662	1,275,707	326,082
Derivative liability	2,854,187	-	2,854,187	-
Long-term liabilities, due in more than one year:				
Revenue bonds	189,641,228	-	189,641,228	-
State sanitary sewer loan	6,000,000	-	6,000,000	-
Total noncurrent liabilities	209,323,868	6,390,436	215,714,304	3,267,367
DEFERRED INFLOWS OF RESOURCES	1,083,996	119,837	1,203,833	253,707
Total liabilities and deferred inflows of resources	228,307,320	7,364,112	235,671,432	6,708,085
NET POSITION				
Net investment in capital assets	139,523,087	2,668,252	142,191,339	549,104
Restricted-debt service and bond proceeds	55,468,003	-	55,468,003	-
Unrestricted	126,264,034	5,508,181	131,772,215	5,930,577
Total net position	\$ 321,255,124	\$ 8,176,433	329,431,557	\$ 6,479,681
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(10,040)	
Net position of business-type activities			\$ 329,421,517	

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

Statement of Revenues, Expenses, and Changes in Fund Net Position**Proprietary Funds**

For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Water and Sewer Fund	Nonmajor Solid Waste Fund	Total	
OPERATING REVENUES				
Charges for services	\$ 47,617,530	\$ 5,727,621	\$ 53,345,151	\$ 51,103
Disposal fees	-	480,909	480,909	-
Interfund charges and employee contributions	-	-	-	28,917,436
Miscellaneous revenue	63,963	-	63,963	966
Other operating revenue	1,898,628	8,065	1,906,693	6,043
Total operating revenues	49,580,121	6,216,595	55,796,716	28,975,548
OPERATING EXPENSES				
Personnel	10,475,092	1,398,560	11,873,652	3,505,070
Operating expenses	19,135,217	3,340,193	22,475,410	9,266,034
Depreciation	15,322,643	325,119	15,647,762	163,658
Operating leases	396,588	-	396,588	-
Landfill closure	-	106,191	106,191	-
Worker's compensation claims	-	-	-	509,075
Health benefit claims and premiums	-	-	-	15,311,719
Property and casualty claims and premiums	-	-	-	939,042
Total operating expenses	45,329,540	5,170,063	50,499,603	29,694,598
Operating income (loss)	4,250,581	1,046,532	5,297,113	(719,050)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	2,836,829	259,612	3,096,441	255,324
Sale of capital assets	66,538	-	66,538	-
Interest and fees on long-term debt	(5,217,152)	-	(5,217,152)	-
Gain (loss) on investment in joint venture	(233,040)	-	(233,040)	-
Total nonoperating revenue (expenses)	(2,546,825)	259,612	(2,287,213)	255,324
Income (loss) before contributions and transfers	1,703,756	1,306,144	3,009,900	(463,726)
TRANSFERS AND CONTRIBUTIONS				
Transfers from General Fund	-	-	-	141,533
Transfer from General Capital Project Fund	3,000,000	-	3,000,000	-
Transfer to General Fund	-	-	-	(28,900)
Transfer to General Capital Project Fund	(225,000)	(830,000)	(1,055,000)	(75,000)
Transfer from special revenue fund	125,572	-	125,572	-
Capital contributions - cash-other	352,640	-	352,640	6,310
Capital contributions - system development fees	4,909,735	-	4,909,735	-
Capital contributions - non-cash	8,380,063	-	8,380,063	-
Total transfers and contributions	16,543,010	(830,000)	15,713,010	43,943
Change in net position	18,246,766	476,144	18,722,910	(419,783)
NET POSITION				
Beginning	303,008,358	7,700,289		6,899,464
Ending	\$ 321,255,124	\$ 8,176,433		\$ 6,479,681
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(96,687)	
Change in net position of business-type activities			\$ 18,626,223	

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



Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Water and Sewer Fund	Nonmajor Solid Waste Fund	Total	
OPERATING ACTIVITIES				
Cash received from customers for services	\$ 46,155,561	\$ 5,737,501	\$ 51,893,062	\$ 28,902,220
Other operating revenue	1,962,591	488,974	2,451,565	58,112
Cash paid to employees	(10,328,132)	(1,501,608)	(11,829,740)	(5,027,229)
Cash paid for goods and services	(18,291,257)	(3,112,162)	(21,403,419)	(23,271,824)
Net cash provided by operating activities	19,498,763	1,612,705	21,111,468	661,279
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	3,125,572	-	3,125,572	141,533
Transfers to other funds	(225,000)	(830,000)	(1,055,000)	(103,900)
Net cash provided (used) by noncapital financing activities	2,900,572	(830,000)	2,070,572	37,633
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from revenue bonds and general obligation refunding bonds	78,473,600	-	78,473,600	-
Proceeds from sale of capital assets	84,916	-	84,916	-
Proceeds from system development fees	4,909,735	-	4,909,735	-
Proceeds from tap fees	155,345	-	155,345	-
Proceeds from developer contributions	197,295	-	197,295	-
Payments on revenue bond debt	(4,240,000)	-	(4,240,000)	-
Payments on state sanitary loan	(750,000)	-	(750,000)	-
Issuance costs paid for bonds	(637,146)	-	(637,146)	-
Interest paid on bonds and other debt	(4,680,151)	-	(4,680,151)	-
Change in interest expense accrual	(207,017)	-	(207,017)	-
Acquisition and construction of capital assets	(28,742,448)	(543,616)	(29,286,064)	(270,909)
Net cash used by capital and related financing activities	44,564,129	(543,616)	44,020,513	(270,909)
INVESTING ACTIVITIES				
Investment earnings	2,836,829	259,612	3,096,441	255,324
Investment in Joint Venture, construction work in progress	(5,183,144)	-	(5,183,144)	-
Net cash provided (used) by investing activities	(2,346,315)	259,612	(2,086,703)	255,324
Net change in cash and investments	64,617,149	498,701	65,115,850	683,327
CASH AND INVESTMENTS				
Beginning of year	121,585,724	11,560,243	133,145,967	11,153,877
End of year	\$ 186,202,873	\$ 12,058,944	\$ 198,261,817	\$ 11,837,204
Reconciliation of cash and investments to the Statement of Net Position:				
Cash and investments	\$ 108,993,481	\$ 10,640,441	\$ 119,633,922	\$ 11,837,204
Cash and investments, noncurrent	21,278,903	1,378,073	22,656,976	-
Cash and investments, restricted assets	55,468,003	-	55,468,003	-
Cash and investments, restricted assets-deposits	462,486	40,430	502,916	-
Total Statement of Net Position cash and cash equivalents	\$ 186,202,873	\$ 12,058,944	\$ 198,261,817	\$ 11,837,204
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 4,250,581	\$ 1,046,532	\$ 5,297,113	\$ (719,050)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	15,322,643	325,119	15,647,762	163,658
Provision for uncollectible accounts	(54,835)	-	(54,835)	-
Landfill closure and post closure care costs	-	106,191	106,191	-
Change in assets, deferred outflows, liabilities and deferred inflows				
Accounts receivable (net)	(1,373,155)	(5,870)	(1,379,025)	(15,216)
Inventories	(152,201)	-	(152,201)	(379)
Deferred outflows of resources - LGERS	(693,161)	(66,580)	(759,741)	(259,471)
Deferred outflows of resources - OPEB	(349,840)	(47,047)	(396,887)	(102,277)
Deferred outflows of resources - Sep. Allow.	(63,301)	(6,990)	(70,291)	(18,804)
Accounts payable and accrued liabilities	1,442,597	236,395	1,678,992	1,141,720
Deposits	(33,979)	15,750	(18,229)	-
Net pension liability, LGERS	845,387	80,699	926,086	317,269
Net OPEB liability	279,198	(63,611)	215,587	124,587
Net pension liability, separation allowance	46,634	(8,586)	38,048	16,946
Compensated absences payable	63,681	17,070	80,751	16,814
Deferred inflows of resources - LGERS	(24,322)	(3,321)	(27,643)	(7,504)
Deferred inflows of resources - OPEB	(47,350)	(18,333)	(65,683)	(5,822)
Deferred inflows of resources - Sep. Allow.	40,186	5,287	45,473	8,808
Total adjustments	15,248,182	566,173	15,814,355	1,380,329
Net cash provided by operating activities	\$ 19,498,763	\$ 1,612,705	\$ 21,111,468	\$ 661,279
Noncash investing, capital, and financing activities:				
Loss on investment in joint venture	\$ (233,040)	\$ -	\$ (233,040)	\$ -
Allocation to contributed capital	\$ -	\$ -	\$ -	\$ (6,310)
Contribution of capital infrastructure	\$ 8,380,063	\$ -	\$ 8,380,063	\$ -
Contribution of assets to other entity	\$ (18,378)	\$ -	\$ (18,378)	\$ -
Change in investment derivative	\$ 77,395	\$ -	\$ 77,395	\$ -

Statement of Fiduciary Net Position**Fiduciary Funds**

June 30, 2019

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 13	\$ 125,722
Investments:		
Separation Allowance Trust Fund	3,700,495	-
State Treasurer's Office OPEB Trust	41,888,120	-
Property taxes receivable, net	-	82
Accounts receivable, net	-	11,803
Total assets	<u>45,588,628</u>	<u>137,607</u>
LIABILITIES		
Accounts payable and accrued liabilities	13	7,941
Advances from other funds	-	11,803
Due to Program Participants	-	117,863
Total liabilities	<u>13</u>	<u>\$ 137,607</u>
NET POSITION RESTRICTED FOR PENSIONS		
Employees' pension benefits	<u>45,588,615</u>	
Total net position	<u>\$ 45,588,615</u>	

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

Statement of Changes in Fiduciary Net Position**Fiduciary Funds - Pension Trust Funds**

For the Year Ended June 30, 2019

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	\$ 12,620,558
Net investment income	<u>2,468,967</u>
Total additions	<u>15,089,525</u>
DEDUCTIONS	
Benefits	<u>4,793,765</u>
Change in net position	10,295,760
NET POSITION RESTRICTED FOR PENSIONS	
Beginning	<u>35,292,855</u>
Ending	<u><u>\$ 45,588,615</u></u>

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



Union 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 Union County, North Carolina (the "County") and its component units conform to generally accepted accounting principles (GAAP) 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 (hereinafter references to the North Carolina General Statutes will be cited as G.S.). As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County has determined that it has three blended component units, although legally separate entities, which are, in substance, a part of the County's operations.

Union County Industrial Facilities and Pollution Control Financing Authority

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

Union County Public Facilities Corporation

Union County Public Facilities Corporation ("Corporation") is a blended component unit of the County and exists to encourage the modernization of public facilities, through the financing, acquisition, construction, operation and lease of real estate, improvements, facilities, and equipment for the use of Union County. The Corporation is governed by a three-member board, all of whom are appointed by the County Board of Commissioners. The Board can remove any Corporation member with or without cause. The Corporation's transactions are reported within the General and Capital Projects Funds. The Corporation does not issue separate financial statements.

Union County Water and Sewer District

Union County Water and Sewer District (the "District") is a municipal corporation created on January 3, 2017, pursuant to the authority set forth in Article 6 of Chapter 162A of the North Carolina General Statutes. Pursuant to generally accepted accounting principles, the District is considered a blended component unit of Union County.

The governing body of the District is the Union County Water and Sewer District Board of Governors ("Board of Governors"). Pursuant to N.C.G.S. § 162A-9, the Board of Governors, as the District's governing body, is the Union County Board of Commissioners. The District is subject to the Local Government and Fiscal Control Act.

The District operates the County's Water and Sewer system, continues operations under the name Union County Public Works, sets certain rate and fee schedules, and performs other functions as set forth in an

interlocal agreement between the District and the County (approved by the Board of County Commissioners on February 20, 2017, and the District's Board of Governors on April 17, 2017).

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government net position (Union County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund activities between the governmental activities and the business-type activities have not been eliminated. 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, result from non-exchange transactions. Other non-operating revenues, such as investment earnings, are ancillary activities.

The County reports the following major governmental funds:

General Fund – This is the County's primary operating fund. The General Fund accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, human services, education and debt service. The General Fund includes the Schools' Budgetary Fund, the Fire Budgetary Fund, the Emergency Medical Services ("EMS") Budgetary Fund, Debt Service Budgetary Fund and the Schools' Radio Budgetary Fund. The Schools' Budgetary Fund was established in accordance with the General Assembly of North Carolina Session Law 2014-8, in order to fund the State mandated level of funding for the Union County Public Schools. A portion of the county-wide tax rate is budgeted to the Schools Budgetary Fund to finance Union County Public Schools' current expense appropriations and capital funding. Portions of the county-wide tax rate are also budgeted to the Fire and EMS Budgetary Funds to finance fire and EMS operations within the County. Portions of the county-wide tax rate are also budgeted to the Debt Service Budgetary Fund to cover principal payments, interest payments and service fees on general obligation bonds approved by voters. The Schools' Radio Budgetary Fund was established as part of an Interlocal Agreement with the Union County Board of Education for the purpose of providing the Union County Public Schools' Transportation Department a radio communications system. An appropriation from General Fund Balance was made to the Schools' Radio Budgetary Fund to provide for capital and related expenditures for this radio system.

General Capital Project Fund – The sources of this fund are primarily transfers from the General Fund and general obligation bonds which are expended for capital asset acquisition, improvement and construction of various governmental projects, and funds for recurring capital contributions for educational purposes and facilities.

The County reports the following major enterprise fund:

Water and Sewer Fund – This fund accounts for the County's water and sewer operations. The Water and Sewer Capital Project Fund, the Union County Water and Sewer District Fund, and the Union County Water and Sewer District System Development Fees Capital Reserve Fund are consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

The County reports the following nonmajor enterprise fund:

Solid Waste Fund – The Solid Waste Fund accounts for the County's solid waste operations. The Solid Waste Capital Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the post closure care costs that will be incurred by the landfill in the future. The Solid Waste Capital Reserve Fund is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

Additionally, the County reports the following fund types:

Special Revenue Funds - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains nine Special Revenue Funds: the Springs Fire District Fund, the Waxhaw Fire District Fund, the Hemby Bridge Fire District Fund, the Stallings Fire District Fund, the Wesley Chapel Fire District Fund, the Fee Supported Fire Districts Fund, the Emergency Telephone System Fund, the General Special Revenue Fund, and the Automation Enhancement Fund.

Capital Project Funds - Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds are used to account for the County's business-type activities. The County reports the Water and Sewer Fund, and the Solid Waste Fund as major enterprise funds. Proprietary funds also include the following fund types:

Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost reimbursement basis. The County has six Internal Service Funds: the Health Benefits Fund (which includes dental benefits), the Workers' Compensation Fund, the Property and Casualty Fund, the Information Technology Fund, the Facilities Management Fund and the Fleet Management Fund. The Health Benefits Fund accounts for the accumulation and allocation of costs associated with insurance for employee, retiree (under 65 years of age), and family medical and dental claims. The Workers' Compensation Fund accounts for the costs associated with workers' compensation claims. The Property and Casualty Fund, acting as a "self-insurance fund for property and casualty claims, provides for premium payments and losses. County departments contribute funding to the Property and Casualty Fund through an allocation or internal service charge based on the individual department's relative risk of loss and its proportional cost of premiums. The Information Technology Fund, the Facilities Management Fund and the Fleet Management Fund are maintained by internal service charges to the service areas they support.

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

Pension Trust Fund - The County maintains two Pension Trust Funds - the Special Separation Allowance Fund and the Other Postemployment Retiree Healthcare Benefits (OPEB) Fund. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund is a single-employer, public employee retirement system. The resources in the Special Separation Allowance Fund have been set aside to pay future obligation of the Special Separation Allowance and are held in a trust that meets the criteria outlined in GASB Statement 68, paragraph 4. For reporting purposes, the measurement date for the Special Separation Allowance Trust is December 31, 2016. The resolution to establish the Separation Allowance Trust was approved by the Board of County Commissioners and funded in June 2017 for the fiscal year ending June 30, 2017 (reporting date). The Other Postemployment Retiree Healthcare Benefits Fund accounts for a portion of the County's contributions to the net OPEB obligation for healthcare coverage provided to qualified retirees.

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 eight Agency Funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Union County Board of Education; the Jail Inmate Fund, which accounts for monies deposited and held for individual inmates in the Union County Jail; the Monroe and Union County School District Funds, which accounts for the ad valorem school tax assessed; the Municipal Tax Collection Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Gross Rental Receipts Tax Fund, which accounts for municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which serves as a substitute to the ad valorem tax previously levied on such property and the Union County Sheriff's Office Civil Fees Fund, which accounts for proceeds from executions from the Clerk of Courts Office.

C. Measurement Focus and Basis of Accounting

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

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

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

Water and Sewer Fund, Solid Waste Fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 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.

Those revenues susceptible to accrual are sales taxes and certain intergovernmental revenues, both collected and held by the state at year-end on behalf of the County. 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 are 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.

D. 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, Springs Fire District, Waxhaw Fire District, Hemby Bridge Fire District, Stallings Fire District, Wesley Chapel Fire District, Fee Supported Fire Districts, Emergency Telephone System, and Automation Enhancement Special Revenue Funds; Business Type Activity Funds (operating funds), Pension Trust, and Internal Service Funds. All annual appropriations lapse at fiscal year end. Project ordinances (multi-year budgets) are adopted for the General Special Revenue Fund, General Capital Project Fund, and the Water and Sewer Capital Projects Fund which is consolidated with the Water and Sewer Fund (enterprise operating fund) for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the service area level for the General Fund; at the fund level for Special Revenue and Enterprise Funds; and at the program level for the Capital Projects Fund. The County Manager is authorized by resolution to transfer appropriations within a service area and between service area appropriations, within the same fund, without limitation. The County Manager is also authorized to transfer personnel compensation pay plan adjustments, limited to the amount approved by the Board of

County Commissioners in the original budget ordinance for the fiscal year, and insurance appropriations both contained in non-departmental to the benefiting departments without limitation. The County Manager is authorized to appropriate funds identified as restrictions or assignments of fund balance as reflected in the financial statements. The County Manager is also authorized to appropriate funds for grant applications authorized by or grant agreements accepted by the governing body thereby increasing the total appropriation for the fund. The County Manager reports to the governing body all budget ordinance transfers, appropriations and adjustments on a monthly basis. During the year, several budget amendments to the original budget became necessary. Budget data presented in the financial statements represent the final authorized amounts as of June 30, 2019. 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.

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

1. Deposits and Investments

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

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

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer, in their discretion, may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds: the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

The County's 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 NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year-end in accordance with the STIF operation procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs - other than quoted prices - included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net

earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.81 years at June 30, 2019.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147.69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2019 the fair value of the funds was \$22,562,358 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

2. Cash and Investments

The County pools monies from several funds, except the Social Services Fund, Sheriff's Civil Fee Fund and the Jail Inmate Fund and the portion of the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund that has not yet been remitted to the OPEB Trust managed by the staff of the Department of the State Treasurer (as explained in Note 1. E. 1); to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County considers demand deposits and investments with a maturity date of ninety days or less at time of purchase to be cash and cash equivalents.

3. Restricted Assets

The unexpended debt proceeds of the General Fund and the Water and Sewer Fund are due to bonds issued by the County which are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied and those held as account security deposits are restricted to the services for which the deposits were collected. The restricted assets of the General Capital Project Fund are unexpended recurring capital contributions, from the General Fund, for educational purposes and facilities of the Union County Board of Education. The restricted assets of the General Special Revenue Fund are unexpended funds, which are restricted for the purpose of drug enforcement programs and other multi-grant programs.

Restricted Cash

Governmental Activities:

General Fund	2017 general obligation bond construction	\$	40,918,341
General Fund	2007B general obligation bond debt service		3,754
General Fund	Security Deposits		513,686
			<u>41,435,781</u>

Business-Type Activities:

Water and Sewer Fund	2009 revenue bond debt service reserve	177,188
Water and Sewer Fund	2015 revenue bond debt service reserve	8,493
Water and Sewer Fund	2011A revenue bond debt service reserve	667,640
Water and Sewer Fund	2017 revenue bond debt service reserve	22,416
Water and Sewer Fund	2019 revenue bond construction account	54,592,266
Water and Sewer Fund	Customer deposits	462,486
		<u>55,930,489</u>

Solid Waste Fund	Customer deposits	<u>40,430</u>
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Total Restricted Cash	\$	<u>97,406,700</u>
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4. Ad Valorem Taxes Receivable and Deferred Revenues

In accordance with G.S. 105-347 and G.S. 159-13(a), the County levies ad valorem taxes on property, other than motor vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest and penalties do not accrue until the following January 6, when property taxes attach as enforceable liens. The taxes are based on the assessed values as of January 1, 2018.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventory of the County's Enterprise Funds consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is 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. The cost of prepaid items is recorded as expenditures as used rather than when purchased.

7. Capital Assets

Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The costs 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 Union County Board of Education properties that have not been included in the County's 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 Union County Board of Education.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	5-10
Computer software (intangible)	5-10
Vehicles	4-5
Land Improvements	20-30
Buildings	25-40
Building Improvements	7-30
Plant Distribution, Collection	25
Water rights (intangible)	40

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 a derivative of debt for cash flow hedging that had previously been classified as an asset and unamortized loss on refunded debt that meets this criteria, as well as pension and OPEB related deferrals, and contributions made to the pension plans in the current 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 an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes, deferred revenue from developers for future water and sewer line extensions, unamortized gains on refunded debt, and other OPEB or pension related deferrals.

9. Long-term Obligations (Debt)

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. The Water and Sewer Fund's revenue bond and general obligation bond debt service requirements are being met by water and sewer revenues, but the County's taxing power is pledged to make the general obligation debt service payments if water and sewer revenues should ever be insufficient.

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

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave. The compensatory time policy for overtime hours worked provides for time off in lieu of immediate overtime pay for covered nonexempt employees at the option of the County Manager. Time off may be accrued at the rate of one and one-half hours for each hour of overtime worked. The maximum compensatory time that may be accrued by an eligible employee shall be 480 hours (320 actual overtime hours) for nonexempt law enforcement and detention employees and 240 hours (160 actual overtime hours) for all other nonexempt employees. Once the maximums have been met, overtime compensation will be paid for any additional overtime hours worked.

County employees accrue holiday leave within the 12-month period of November 1st through October 31st. Employees must use their accrued holiday leave within the designated 12-month period. Each year, at the end of the pay period that includes October 31st, all unused holiday leave is forfeited.

Vacation leave, holiday leave and compensatory time are fully vested when earned. For the County's government-wide financial statements and in the proprietary fund types in the fund financial statements,

an expense and a liability for these compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

11. Sick Leave

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

12. 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 represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Long-term Receivables - portion of fund balance that is not an available resource because it represents the portion of receivables that are longer than one year at year-end, therefore, not spendable resources.

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

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or as imposed by law through constitutional provisions or enabling legislation.

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 was 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 deterred 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 Grants and Contributions - portion of fund balance that is restricted by revenue source as delineated in the following tables by function and purpose.

Committed Fund Balance - Portion of fund balance that can only be used for specific purposes imposed by majority vote of the County's Board of Commissioners. Any changes or removal of specific purposes requires majority action by the Board of Commissioners. Such formal action may be in the form of an ordinance, and may only be modified or rescinded by a subsequent formal action.

Committed for Reserves - General Fund - As part of the adopted budget ordinance, the Board of County Commissioners established a twenty-percent fund balance reserve requirement. This commitment is reaffirmed annually in the County's adopted budget.

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

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body can approve these appropriations. Also, a resolution approved June 20, 2005 authorizes the County Manager, or his/her designee, to transfer appropriations between line item expenditures within a departmental appropriation and fund without limitation. The County Manager may also transfer amounts between departmental appropriations within the same fund. The County Manager is authorized to increase appropriations in the annual operating funds for carryovers representing contract balances, purchase order encumbrances and designations for special projects and purposes as reflected in the audit report.

Assigned for General Capital Project Fund - portion of fund balance that has been budgeted by the board for various projects as delineated in the following table by function and purpose.

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 amount.

The County's standard practice when an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the restricted funds should be spent first, followed in order by committed funds, then assigned funds, and finally unassigned funds, if available, unless the Board has provided otherwise in its commitment or assigned actions.

The following table provides the detailed fund balance information for fund balance amounts in Exhibit C :

	Major		Non-major	Total
	General Fund	General Capital Project Fund	Other Governmental Funds	Governmental Funds
Fund balances:				
Nonspendable:				
Long-term receivables	\$ 1,575	\$ -	\$ -	\$ 1,575
Inventories	10,261	-	-	10,261
Restricted:				
Stabilization by State Statute	37,644,931	4,044,025	1,357,560	43,046,516
General Government:				
Register of Deeds automation enhancement funds	-	-	164,777	164,777
Public Safety:				
Law enforcement SCAAP grant funds	2,923	-	-	2,923
Law enforcement federal forfeited property funds	-	-	659,930	659,930
Law enforcement controlled substance tax funds	-	-	97,951	97,951
Emergency management Catawba Nuclear grant funds	-	-	52,340	52,340
Emergency management CERT grant funds	-	-	21,844	21,844
Communications PSAP funds	-	-	1,185,835	1,185,835
Fire protection	-	-	25,176	25,176
Economic and physical development:				
County-wide economic development grants	-	-	285,074	285,074
Cooperative extension service fee based programs' funds	74,904	-	-	74,904
Human Services:				
Medicaid cost settlement program funds	1,672,659	-	-	1,672,659
Social services contribution and donation programs' funds	72,176	-	-	72,176
Social services federal adoption assistance grant funds	53,501	-	-	53,501
Cultural and Recreational:				
Library contribution and donation program funds	37,284	-	-	37,284
Education:				
School regular capital outlay	-	135,412	-	135,412
School capital acquisition and construction projects	-	48,443,541	-	48,443,541
Committed:				
Twenty percent reserve policy - General Fund	60,998,762	-	-	60,998,762
Assigned:				
Subsequent year's expenditures	2,779,068	-	663,389	3,442,457
Unassigned	6,026,025	(8,619,143)	(1,051,824)	(3,644,942)
Total	<u>\$ 109,374,069</u>	<u>\$ 44,003,835</u>	<u>3,462,052</u>	<u>\$ 156,839,956</u>

The following table provides the detailed fund balance information for the General Fund balance amounts in Schedule 9:

	General Fund	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund	Countywide EMS Budgetary Fund	Debt Service Budgetary Fund	Total General Fund
Fund balances:							
Nonspendable:							
Long-term receivables	\$ 1,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,575
Inventories	10,261	-	-	-	-	-	10,261
Restricted:							
Stabilization by State Statute	36,212,398	1,124,682	355	30,083	198,292	79,121	37,644,931
Public Safety:							
Law enforcement SCAAP grant funds	2,923	-	-	-	-	-	2,923
Economic and physical development:							
Cooperative extension service fee based programs' funds	74,904	-	-	-	-	-	74,904
Human Services:							
Medicaid cost settlement program funds	1,672,659	-	-	-	-	-	1,672,659
Social services contribution and donation programs' funds	72,176	-	-	-	-	-	72,176
Social services federal adoption assistance grant funds	53,501	-	-	-	-	-	53,501
Cultural and Recreational:							
Library contribution and donation program funds	37,284	-	-	-	-	-	37,284
Committed:							
Twenty percent reserve policy - General Fund	60,998,762	-	-	-	-	-	60,998,762
Assigned:							
Subsequent year's expenditures	-	2,667,777	-	111,291	-	-	2,779,068
Unassigned	(8,196,494)	1,488,964	534,668	49,757	1,349,530	10,799,600	6,026,025
Total	<u>\$ 90,939,949</u>	<u>\$ 5,281,423</u>	<u>\$ 535,023</u>	<u>\$ 191,131</u>	<u>\$ 1,547,822</u>	<u>\$ 10,878,721</u>	<u>\$ 109,374,069</u>

The following table provides the detailed fund balance information for fund balance amounts in Schedule 2:

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund	Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Automation Enhance. Fund	Total Special Revenue Funds
Fund balances:										
Restricted:										
Stabilization by State Statute	\$ 46,178	\$ 80,116	\$ 90,268	\$ 80,197	\$ 117,998	\$ -	\$ 94,818	\$ 847,985	\$ -	\$ 1,357,560
General Government:										
Register of Deeds automation enhancement funds	-	-	-	-	-	-	-	-	164,777	164,777
Public Safety:										
Law enforcement federal forfeited property funds	-	-	-	-	-	-	-	659,930	-	659,930
Law enforcement controlled substance tax funds	-	-	-	-	-	-	-	97,951	-	97,951
Emergency mgmt. Catawba Nuclear grant funds	-	-	-	-	-	-	-	52,340	-	52,340
Emergency management CERT grant funds	-	-	-	-	-	-	-	21,844	-	21,844
Communications PSAP funds	-	-	-	-	-	-	1,185,835	-	-	1,185,835
Fire protection	-	-	-	-	-	25,176	-	-	-	25,176
Economic and Physical Development:										
County-wide economic development grants	-	-	-	-	-	-	-	285,074	-	285,074
Assigned:										
Subsequent year's expenditures	-	-	-	-	-	-	663,389	-	-	663,389
Unassigned	(33,357)	(37,768)	(81,418)	(34,772)	(71,440)	-	-	(793,089)	-	(1,051,824)
	<u>\$ 12,821</u>	<u>\$ 42,348</u>	<u>\$ 8,850</u>	<u>\$ 45,425</u>	<u>\$ 46,558</u>	<u>\$ 25,176</u>	<u>\$ 1,944,042</u>	<u>\$ 1,172,055</u>	<u>\$ 164,777</u>	<u>\$ 3,462,052</u>

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted fund balances 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.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts, as these amounts stand at the close of the fiscal year next preceding the budget year.

Union County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that the fund balance policy level is at least equal to or greater than 20% of the adopted General Fund budgets. Furthermore, on the adoption of the FY 2020 Budget Ordinance, the policy was amended so that the fund balance policy level of the General Fund is at least equal to or greater than 20% of the combined adopted General Fund, Schools Budgetary Fund, Schools Radio Budgetary Fund, Countywide Fire Budgetary Fund, and Countywide EMS Budgetary Fund budgets. Any portion of the General Fund unassigned fund balance above the fund balance policy level of 20% of the combined budgeted expenditures may be appropriated for one-time expenditures or to reduce long-term liabilities.

The County has also adopted fund balance targets for the maintenance of adequate fund balance, which is necessary to provide working capital, funds for unanticipated expenditures, funds for capital expenditures in advance of their reimbursement from debt proceeds and other revenue sources. The Water and Sewer Operating Fund target fund balances are estimated at 365 days cash on hand, as measured by unrestricted cash and investments minus non-GAAP liabilities divided by operating expenses to include depreciation. General Fund and Water and Sewer Operating Fund fund balances in excess of target levels will be transferred to capital reserve funds to provide equity resources to fund the County's capital improvement plan or will be used to redeem outstanding debt.

13. 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 administers two single employer defined benefit plans; the Special Separation Allowance (for Law Enforcement and eligible General class employees) and the Other Postemployment Retiree Healthcare Benefits plan (OPEB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and

pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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. One element of that reconciliation explains that long-term liabilities, including bonds and installment financing payables are not due and payable in the current period, and therefore, are not recorded in the funds. The details of this \$331,993,159 difference are as follows:

Description	Amount
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 and installment financing principal payments	\$ (328,977,920)
Accrued interest payable	(3,015,239)
Net adjustment attributable to liabilities not recorded in the fund statements	<u>\$ (331,993,159)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a 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. There are several elements of that total adjustment of \$58,367,420 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 16,226,940
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	(6,945,596)
Net book value of capital assets disposed of	(55,324)
Contributed capital assets	16,310
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences are as follows:	
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	44,683,632
Proceeds of debt instruments are reported as a source of funds on the funds statements but again affect only the statement of net position in the government-wide statements	-
Debt issuance premium amortization	3,142,921
Debt issuance deferred inflows of gain amortization	462,176
Debt issuance deferred outflows of loss amortization	(39,682)
Remittance of funds to escrow agent to defease debt instruments	-
Swap termination costs are recorded as a use of funds on the fund statements but again do not affect the Statement of Net Position in the government-wide statements until amortized	(1,489,364)
Defeasance amortization over remaining life of debt	(2,293,607)
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)	520,616
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(228,698)
County's portion of collective pension expense	(4,735,259)
County's other post employment benefit expense	5,613,637
Contribution to the pension plan in the current fiscal year	4,231,414
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/18	(1,245,534)
Recording of tax receipts deferred in the fund statements as of 6/30/19	1,112,009
Decrease in accrued taxes receivable for year ended 6/30/19	(5,512)
Internal service funds' net investment earnings	255,324
Adjustment payment received on a deferred loan to an outside agency	(167,000)
Health and dental insurance costs, net of investment earnings	(657,833)
Workers' compensation costs, net of investment earnings	(235,853)
Property and casualty costs, net of investment earnings	(51,389)
Information technology costs, net of investment earnings	44,518
Facilities management costs, net of investment earnings	50,690
Fleet management cost, net of investment earnings	157,884
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position-governmental activities	\$ 58,367,420

NOTE 3 - DEPOSITS AND INVESTMENTS

The County pools cash resources into a centralized cash account (Central Depository) to facilitate the management of cash and maximize investment income. The Central Depository is used by all funds except the Social Services Fund, Sheriff's Office Civil Fee Fund and the Jail Inmate Fund and the portion of the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund that has not yet been remitted to the OPEB Trust managed by the staff of the Department of the State Treasurer (as explained in Note 1. E. 1.). Each fund owns a pro rata share of the cash and investments, and the amount applicable to a particular fund is readily identifiable. Allocation of investment income is made to each fund based on its pro rata share.

The Social Services Fund, the Union County Sheriff's Office Civil Fees Fund and the Jail Inmate Fund monies are each held in official depositories of the County in separate accounts for the benefit of certain individuals.

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have policies regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$32,899,445 and a bank balance of \$34,548,466. Of the bank balance, \$385,945 was covered by federal depository insurance and \$34,162,521 in interest bearing deposits were covered by collateral held under the Pooling Method. Also, at June 30, 2019, the County had \$9,300 cash on hand.

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

Investment Type	Valuation Measurement Method	Fair Value	Less Than			
			6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
NC Cash Management Trust - Government Portfolio	Fair Value - Level 1	\$ 107,390,070	\$ 107,390,070	\$ -	\$ -	\$ -
NC Cash Management Trust - Term Portfolio	Fair Value - Level 1	168,078,895	168,078,895	-	-	-
US Government Agencies	Fair Value - Level 1	51,751,676	-	10,611,158	24,988,408	16,152,110
Total		<u>\$ 327,220,641</u>	<u>\$ 275,468,965</u>	<u>\$ 10,611,158</u>	<u>\$ 24,988,408</u>	<u>\$ 16,152,110</u>

All investments are measured using the market value 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.

The cash and investments described above include those recorded in the County's Statement of Net Position (\$360,003,651), Fiduciary Funds (\$13) and Agency Funds (\$125,722).

Also, at June 30, 2019, the Special Separation Allowance Pension Trust Fund deposits had a carrying amount and bank balance of \$3,700,495 as shown on the Statement of Fiduciary Net Position.

Also, at June 30, 2019, the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund deposits had a carrying amount and bank balance of \$41,888,120 as shown on the Statement of Fiduciary Net Position.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits investments to maturities of no more than five years. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. As of June 30, 2019, the County had no investments in commercial paper. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The County's investment in the NC Capital Management Trust Term Portfolio has a duration of 0.11 years and is not rated. The County's investments in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investments with custodial credit risk. The County has no policy on custodial credit risk.

Concentration of Credit Risk – Cash and Investments. The County has adopted a policy stating that of total cash and investments, the County places a limit of 10 percent on the amount that the County may invest in any one issuer of commercial paper, no more exposure than 25 percent in commercial paper, and no limitations on Federal Agencies. At June 30, 2019, the County was not holding more than 10 percent of the total cash and investments portfolio in any one issuer of commercial paper.

Concentration of Credit Risk – Investments. More than 5% of the County's investments are in Federal National Mortgage Association. This investment is 8.40% respectively of the County's total investments.

At June 30, 2019, the County's Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund had \$41,888,120 was invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust Fund pursuant to G.S. 147-69.4. The amount, valued at fair market value, represents a portion of the County's contribution to the net OPEB liability. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Trust was invested as follows: State Treasurer's Short-Term Investment Fund (STIF) 23.30%; State Treasurer's Bond Index Fund (BIF) 38.29%; and Black Rock's MSCI ACWI EQ Index Non-Lendable Class B Fund 38.29%.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2019. The State Treasurer's STIF investments are measured at fair value by the custodian using Level 2 inputs. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.81 years at June 30, 2019 and was valued at \$1 per unit.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the OPEB Pension Trust Fund invested in the State Treasurer's Local Government OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

Valuation technique: North Carolina Department of State Treasurer OPEB Trust 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.

NOTE 4 - RECEIVABLES

A. Receivables and Allowances for Doubtful Accounts

Receivables and their associated allowance for doubtful accounts at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	\$ 21,899,736	\$ 1,973,498	\$ 23,873,234
Special Revenue	493,685	39,749	533,434
Internal Service	23,947	-	23,947
Total Receivables	22,417,368	2,013,247	24,430,615
Allowance for doubtful accounts	-	(762,379)	(762,379)
Total-governmental activities	\$ 22,417,368	\$ 1,250,868	\$ 23,668,236
Business-type Activities:			
Water and Sewer	\$ 10,039,747	\$ -	\$ 10,039,747
Solid Waste	551,254	-	551,254
Total Receivables	10,591,001	-	10,591,001
Allowance for doubtful accounts	(1,289,006)	-	(1,289,006)
Total-business-type activities	\$ 9,301,995	\$ -	\$ 9,301,995

B. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, the County may tax agriculture, horticulture, and forestland at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Fiscal Year	Tax Year	Tax	Interest	Total
2016	2015	\$ 8,131,423	\$ 467,557	\$ 8,598,980
2017	2016	8,030,425	461,749	8,492,174
2018	2017	8,152,896	468,792	8,621,688
2019	2018	7,697,476	442,605	8,140,081
		\$ 32,012,220	\$ 1,840,703	\$ 33,852,923

NOTE 5 - CAPITAL ASSETS

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

Governmental activities:	Beginning Balances	Additions	Retirements & Adjustments	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 7,574,873	\$ 18,045,066	\$ 6,555,675	\$ -	\$ 19,064,264
Construction in progress	3,119,945	868,673	-	(482,173)	3,506,445
Total capital assets not being depreciated	<u>10,694,818</u>	<u>18,913,739</u>	<u>6,555,675</u>	<u>(482,173)</u>	<u>22,570,709</u>
Capital assets being depreciated:					
Other improvements	7,746,810	126,751	-	-	7,873,561
Buildings	111,772,120	716,177	3,618,355	482,173	109,352,115
Furniture and equipment	34,320,104	1,417,442	168,888	-	35,568,658
Vehicles	10,890,802	1,624,816	522,243	6,357	11,999,732
Computer software	389,655	-	-	-	389,655
Total capital assets being depreciated	<u>165,119,491</u>	<u>3,885,186</u>	<u>4,309,486</u>	<u>488,530</u>	<u>165,183,721</u>
Less accumulated depreciation for:					
Other improvements	4,488,550	264,781	-	-	4,753,331
Buildings	40,080,706	3,413,162	3,611,819	-	39,882,049
Furniture and equipment	26,566,281	1,912,941	168,888	-	28,310,334
Vehicles	7,017,764	1,306,276	473,455	6,357	7,856,942
Computer software	306,741	48,436	-	-	355,177
Total accumulated depreciation	<u>78,460,042</u>	<u>6,945,596</u>	<u>4,254,162</u>	<u>6,357</u>	<u>81,157,833</u>
Total capital assets being depreciated, net	<u>86,659,449</u>	<u>(3,060,410)</u>	<u>55,324</u>	<u>482,173</u>	<u>84,025,888</u>
Governmental activities capital assets, net	<u>\$ 97,354,267</u>	<u>\$ 15,853,329</u>	<u>\$ 6,610,999</u>	<u>\$ -</u>	<u>\$ 106,596,597</u>

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

General government	\$ 1,827,210
Public safety	2,498,902
Economic and physical development	164,364
Human services	1,623,360
Education	73,672
Cultural and recreational	758,088
Total depreciation expense	<u>\$ 6,945,596</u>

Capital asset activity for the business-type activities for the year ended June 30, 2019, was as follows:

Business-type activities:	Beginning Balances	Additions	Retirements and Adjustments	Transfers	Ending Balances
<u>Water and Sewer</u>					
Capital assets not being depreciated:					
Land	\$ 1,962,972	\$ -	\$ -	\$ 795,966	\$ 2,758,938
Land - easements	1,113,633	-	-	-	1,113,633
Construction in progress	48,835,481	27,548,614	-	(11,734,755)	64,649,340
Total capital assets not being depreciated	51,912,086	27,548,614	-	(10,938,789)	68,521,911
Capital assets being depreciated:					
Plant and collection systems	223,171,575	5,295,756	-	8,953,582	237,420,913
Plant and distribution systems	161,703,165	3,058,787	-	1,985,207	166,747,159
Water rights (intangible asset)	1,902,757	-	-	-	1,902,757
Administration Building	10,789,758	26,870	-	-	10,816,628
Equipment	3,241,372	606,684	156,108	-	3,691,948
Vehicles	3,472,329	585,799	106,799	(94,491)	3,856,838
Computer Software	107,907	-	-	-	107,907
Total capital assets being depreciated	404,388,863	9,573,896	262,907	10,844,298	424,544,150
Less accumulated depreciation for:					
Plant and collection systems	95,827,248	8,594,394	-	-	104,421,642
Plant and distribution systems	72,509,783	5,824,753	-	-	78,334,536
Water rights intangible asset	1,248,685	47,569	-	-	1,296,254
Administration Building	967,914	292,685	-	-	1,260,599
Equipment	2,472,023	152,532	137,730	-	2,486,825
Vehicles	2,242,925	377,117	106,800	(94,491)	2,418,751
Computer Software	95,182	33,593	-	-	128,775
Total accumulated depreciation	175,363,760	15,322,643	244,530	(94,491)	190,347,382
Total capital assets being depreciated, net	229,025,103	(5,748,747)	18,377	10,938,789	234,196,768
Water and Sewer capital assets, net	280,937,189	21,799,867	18,377	-	302,718,679
<u>Solid Waste</u>					
Capital assets not being depreciated:					
Land	334,257	-	-	-	334,257
Total capital assets no being depreciated	334,257	-	-	-	334,257
Capital assets being depreciated:					
Other improvements	884,378	-	-	-	884,378
Plant and collection systems	2,351,306	-	-	-	2,351,306
Equipment	2,792,132	392,054	-	-	3,184,186
Vehicles	817,400	151,562	-	88,134	1,057,096
Total capital assets being depreciated	6,845,216	543,616	-	88,134	7,476,966
Less accumulated depreciation for:					
Other improvements	435,631	41,010	-	-	476,641
Plant and collection systems	1,884,694	51,468	-	-	1,936,162
Equipment	1,775,169	191,516	-	-	1,966,685
Vehicles	634,224	41,125	-	88,134	763,483
Total accumulated depreciation	4,729,718	325,119	-	88,134	5,142,971
Total capital assets being depreciated, net	2,115,498	218,497	-	-	2,333,995
Solid Waste capital assets, net	2,449,755	218,497	-	-	2,668,252
Business-type activities capital assets, net	\$ 283,386,944	\$ 22,018,364	\$ 18,377	\$ -	\$ 305,386,931

NOTE 6 - LIABILITIES

Payables at the government-wide level at June 30, 2019, including liabilities payable from restricted assets, were as follows:

Payables:	Governmental Activities	Business Type Activities	Total
Vendors	\$ 13,815,840	\$ 10,791,330	\$ 24,607,170
Salaries and benefits	2,049,824	262,265	2,312,089
Accrued Interest	3,015,239	586,500	3,601,739
Total	\$ 18,880,903	\$ 11,640,095	\$ 30,520,998

NOTE 7 - PENSION PLAN OBLIGATIONS

A. Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of 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 \$4,648,254 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 \$19,506,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.822%, which was an increase of 0.013% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,655,092. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,009,439	\$ 100,982
Changes of assumptions	5,176,356	
Net difference between projected and actual earnings on pension plan investments	2,677,706	-
Changes in proportion and differences between County contributions and proportionate share of contributions	209,363	-
County contributions subsequent to the measurement date	4,648,254	-
Total	<u>\$ 15,721,118</u>	<u>\$ 100,982</u>

\$4,648,254 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 5,317,988
2021	3,441,683
2022	647,759
2023	1,564,452
Total	<u>\$ 10,971,882</u>

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

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The assumptions used for the December 31, 2017 actuarial valuation, with the exception of the discount rate, are based on the experience study prepared as of December 31, 2014.

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

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

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

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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 46,857,070	\$ 19,506,819	\$ (3,347,478)

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

B. Special Separation Allowance

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 employees. The Separation Allowance was enacted by the General Assembly on January 1, 1987 for law enforcement officers. The Union County Board of Commissioners extended this benefit to all County employees effective July 1, 1990. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the employee 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. The Separation Allowance is reported in the County's report as a pension trust fund. The Separation Allowance does not issue separate financial statements.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. General Statute 159.30.2 authorizes a local government to establish and fund an irrevocable trust for the purpose of paying special separation allowance benefits for which the unit of local government is liable. The County established an irrevocable trust for the Separation Allowance plan on June 6, 2016.

The eligibility of local law enforcement officers for special separation allowance shall be determined in accordance with North Carolina General Statute 143-166.42.

All permanent full-time and permanent part-time County employees employed before July 1, 2013 are covered by the Separation Allowance. To qualify for the allowance the employee must have completed 30 years or more of creditable service or have attained 55 years of age and completed five or more years of creditable service; and not have attained 62 years of age; and have completed at least five years of continuous service preceding a service retirement.

At the December 31, 2017 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	83
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	476
Total	<u>559</u>

Summary of Significant Accounting Policies

Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

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 by making contributions based on actuarial valuations. For the current year, the County contributed \$1,613,579 or 6.06% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

Actuarial Assumptions

The total pension liability for the fiscal year ended June 30, 2019 was determined as part of the December 31, 2017 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.50-7.35% for Law Enforcement Officers 3.50-7.75% for General Employees
Investment rate of return	3.64%, net of pension plan investment expense, including inflation
Mortality	The rates of mortality for the period after service retirement are according to the RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. For Law Enforcement Officers, rates are adjusted by 104% for males and 100% for females. For General Employees, rates are adjusted by 115% for males and 79% for females for ages under 78; by 135% for males and 116% for females for age 78 and older.

Discount Rate

The discount rate used to measure the total pension liability was 3.64%. Since the Separation Allowance assets are held in short term investments, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

The projection of cash flows used to determine the discount rate assumed that the employer would contribute the actuarially determined contribution in the future. The long-term expected rate of return on pension plan investments is assumed to be 3.86% annually. Since the Separation Allowance assets are held in short term investments, the discount rate used is equal to the index rate for 20-year tax-exempt

general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2019 are as follows:

Total pension liability	\$ 14,154,845
Plan fiduciary assets	3,536,079
Net pension liability	<u>\$ 10,618,766</u>

Plan fiduciary assets as a percentage of total pension liability	24.98%
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At June 30, 2019, the County reported a net pension liability of \$10,618,766. The net pension liability was measured as of December 31, 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 December 31, 2018.

For the fiscal year ended June 30, 2019, the County recognized pension expense in the amount of \$1,131,669. As of the December 31, 2018 measurement date, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 950,234	\$ -
Changes of assumptions and other inputs	605,524	554,758
Net difference between projected and actual earnings on plan investments	93,221	-
Employer contributions subsequent to the measurement date	131,719	-
Total	<u>\$ 1,780,698</u>	<u>\$ 554,758</u>

\$131,719 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension
2020	\$ 437,197	\$ 143,085	\$ 294,112
2021	437,198	143,085	294,113
2022	437,874	143,085	294,789
2023	275,443	106,739	168,704
2024	46,178	18,764	27,414
Thereafter	15,089	-	15,089
Total	<u>\$ 1,648,979</u>	<u>\$ 554,758</u>	<u>\$ 1,094,221</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 2.64%	Current Discount Rate 3.64%	1% Increase 4.64%
Net pension liability	\$ 11,710,137	\$ 10,618,766	\$ 9,616,153

Changes in the Net Pension Liability

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2017	\$ 14,015,645	\$ 3,185,872	\$ 10,829,773
Changes for the year:			
Service Cost	519,249	-	519,249
Interest	423,659	-	423,659
Difference between expected and actual experience	926,298	-	926,298
Changes of assumptions or other inputs	(512,563)	-	(512,563)
Contributions - employer	-	1,513,476	(1,513,476)
Net investment income	-	54,174	(54,174)
Benefits paid	(1,217,443)	(1,217,443)	-
Net changes	139,200	350,207	(211,007)
Balance as of December 31, 2018	\$ 14,154,845	\$ 3,536,079	\$ 10,618,766

Total Pension Liability Roll-Forward

December 31, 2017 is the actuarial valuation date upon which the Total Pension Liability (TPL) is based. An expected TPL is determined as of December 31, 2018 using standard roll-forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the expected investment rate of return for the year. The procedure was used to determine the TPL as of December 31, 2018, as shown in the following table:

Total Pension Liability Roll-Forward	TPL Reported for Year Ending 2017	Development of TPL for Year Ending 2018 Prior to Assumption Change	Development of TPL for Year Ending 2018 After Assumption Change
Interest Rate	3.16%	3.16%	3.64%
Valuation Date for Measurement	12/31/2016	12/31/2017	12/31/2017
TPL as of December 31, 2017	\$ 14,015,645	\$ 14,913,569	\$ 14,394,758
Entry Age Normal Cost for the period January 1, 2018 - December 31, 2018 at the end of the year	519,249	519,249	475,718
Actual Benefit Payments for the period January 1, 2018 - December 31, 2018	1,217,443	1,217,443	1,217,443
TPL as of December 31, 2018	13,741,109	14,667,408	14,154,845
Experience (Gain)/Loss	-	926,298	-
Discount Rate Change (Gain)/Loss	-	-	(512,563)

Since the prior measurement date, the assumed rate of return increased from 3.16% to 3.64% to reflect the change from the municipal bond rate. There were no changes in benefit terms that affected measurement of the total pension liability since the prior measurement period.

The following are financial statements for the Special Separation Allowance Pension Trust Fund included in Schedules 6 and 7 at June 30, 2019:

Statement of Fiduciary Net Position

Assets	
Cash and cash equivalents	\$ 13
Investments	3,700,495
Total Assets	3,700,508
Liabilities	
Accounts payable and accrued liabilities	13
Total Liabilities	13
Net Position	
Employees' pension benefits	\$ 3,700,495

Statement of Changes in Fiduciary Net Position

Additions	
Employer contributions	\$ 1,613,579
Net investment income	68,145
Total additions	1,681,724
Deductions	
Benefits	1,333,976
Change in net position	347,748
Net Position	
Beginning	3,352,747
Ending	\$ 3,700,495

C. Supplemental Retirement Income Plan

Description

All regular full-time and regular part-time Union County employees participate in the Supplemental Retirement Income Plan 401(k), 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, and the Union County Board of County Commissioners has agreed to extend this benefit to all non-law enforcement employees. 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 is included in the CAFR for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary and the Union County Board of County Commissioners has agreed to contribute an equal amount for all regular full-time and regular part-time non-law enforcement employee salaries. All amounts contributed are vested immediately. County employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$4,739,957 which consisted of \$2,911,929 from the County and \$1,828,028 from employees.

D. Register of Deeds' Supplemental Pension Fund

Plan Description. Carolina 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 CAFR for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$22,118 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$414,353 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension asset 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 the June 30, 2018 measurement date, the County's proportion was 2.502%, which was a decrease of 0.111% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$84,862. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,652	\$ 18,913
Changes of assumptions	19,488	-
Net difference between projected and actual earnings on pension plan investments	66,044	-
Changes in proportion and differences between County contributions and proportionate share of contributions	16,385	469
County contributions subsequent to the measurement date	22,118	-
Total	<u>\$ 127,687</u>	<u>\$ 19,382</u>

\$22,118 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	\$ 43,435
2021	13,034
2022	19,463
2023	10,255
Total	<u>\$ 86,187</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	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 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 liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (326,694)	\$ (414,353)	\$ (488,278)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

NOTE 8 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation distribution is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

A. Other Postemployment Retiree Healthcare Benefits (OPEB)

Plan Description - Eligibility. Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Healthcare Benefits Plan (the RHCB Plan). As of July 1, 2008, this plan provides postemployment healthcare benefits to retirees of the County who (1) retire from service under the provisions of the North Carolina Local Governmental Employees' Retirement System or the North Carolina Law Enforcement Officer's Benefit and Retirement Fund (together the "Systems") and (2) immediately prior to such retirement earns ten (10) consecutive years of credible, continuous service with the County. Employees hired on or after July 1, 2008 require twenty (20) years of credible, continuous service with the County and must retire from service under the Systems to receive the postemployment healthcare benefit. Employees hired on or after July 1, 2013, are not eligible to participate in the Retiree Healthcare Benefits Plan.

Benefits Provided. Eligible retirees younger than age 65 and their eligible dependents receive the same medical benefits (including prescription drug and vision benefits) as active, full-time employees through the County group health and dental plan. Retirees pay the same monthly premium(s) for coverage as active employees.

Coverage for eligible retirees and covered spouses in the County group health and dental plan ends on the day the retiree attains age 65. In addition, all coverage (except COBRA) in the group health and

dental plan ends for eligible dependents upon the death of an eligible retiree who had not attained age 65.

Upon attaining age 65, eligible retirees are enrolled by the County in a Supplement to Medicare plan that is combined with a prescription Part D plan. These plans are sponsored and premium is paid by the County. Retiree participants do not contribute towards the premium cost of these plans. Spouses of post-65 retirees are not eligible for coverage in either supplemental plan. All employees hired on or after July 1, 2013, are not eligible to receive Supplement to Medicare Benefit.

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

	2019
Inactive plan members or beneficiaries currently receiving benefit payments	370
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	506
Total	876

Contributions. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended, subject to certain limitations, by the County Board of County Commissioners. The County has chosen to fund the healthcare benefits on a pay as you go basis. Active employees do not contribute to the plan. The County determines the annual contribution to the trust based on the actuarial determined contribution suggested by the prior year actuarial report. Once approved by the Board of County Commissioners, the County makes cash contributions to the trust throughout the year.

Investment Policy. The County makes cash contributions to the Trust throughout the fiscal year. The Trustee is responsible for maintaining records and accounts for the assets of the Trust. The County invests the assets of the Trust pursuant to the North Carolina General Statute 159-30 or deposited with the State Treasurer for investment pursuant to General Statute 147-69.2.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be 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 then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation
Fixed Income	40.00%
Equity Funds	35.00%
Cash and Cash Equivalents	25.00%
Total	100.00%

Rate of return. For the year ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense, was 6.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability. The Net OPEB Liability is equal to the Total OPEB Liability less the Fiduciary Net Position. The result as the June 30, 2019 measurement date is presented in the table below:

Measurement Date of June 30, 2019	
Total OPEB Liability	\$ 114,093,248
Fiduciary Net Position	41,888,120
Net OPEB Liability	<u>\$ 72,205,128</u>
Ratio of Fiduciary Net Position to Total OPEB Liability	36.71%

Actuarial Assumptions. The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2018, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.08%
Municipal Bond Index Rate	
Prior Measurement Date	3.89%
Measurement Date	3.50%
Year Fiduciary Net Position to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.18%
Measurement Date	4.08%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

The discount rate used to measure the Total OPEB Liability was based upon the long-term expected rate of return. Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

Discount Rate. The discount rate used to measure the TOL as of the measurement date was 4.08%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present of the valuation date. In subsequent projection years, total payroll was assumed to increase at a rate of 3.50%.
- Active employees do not explicitly contribute to the Plan.
- Projected assets include employer contributions each year of an amount equal to the average of the last five years employer contribution. The contribution consists of deposits to the trust and direct payments to plan members as benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following exhibit presents the Net OPEB Liability (NOL) of the Plan, calculated using the discount rate of 4.08%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Changes in the Discount Rate			
	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Net OPEB Liability	\$ 91,142,099	\$ 72,205,128	\$ 57,113,614

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trends. The following exhibit presents the Net OPEB Liability (NOL) of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Health Care Cost Trend Rates			
	1% Decrease	Current	1% Increase
Net OPEB Liability	\$ 54,785,960	\$ 72,205,128	\$ 94,454,236

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB. At June 30, 2019, the County reported a net OPEB liability of \$72,205,128. The total OPEB liability used to calculate the net OPEB liability was determined by an

actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the net OPEB liability of the County, measured as of June 30, 2019, were as follows:

	Total OPEB Liability	Increase/(Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2018	\$ 105,785,248	\$ 31,940,108	\$ 73,845,140
Changes for the year:			
Services Cost at the end of the year	3,153,453	-	3,153,453
Interest on TOL and Cash Flows	4,350,254	-	4,350,254
Change in benefit terms	-	-	-
Difference between expected and actual experience	2,656,661	-	2,656,661
Changes of assumptions or other inputs	1,607,421	-	1,607,421
Contributions - employer	-	11,006,979	(11,006,979)
Net investment income	-	2,402,748	(2,402,748)
Benefit payments	(3,459,789)	(3,459,789)	-
Plan administrative expenses	-	(1,926)	1,926
Net changes	8,308,000	9,948,012	(1,640,012)
Balance as of June 30, 2019	<u>\$ 114,093,248</u>	<u>\$ 41,888,120</u>	<u>\$ 72,205,128</u>

Here, the long-term expected rate of return of 4.08% on Plan investments was applied to periods through 2029 and the Municipal Bond Index Rate at the Measurement Date (3.50%) was applied to periods on and after 2029, resulting in an SEIR at the Measurement Date (4.08%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 4.18% at the Prior Measurement Date to 4.08% at the Measurement Date.

For the year ended June 30, 2019, the County recognized OPEB expense of \$5,159,908. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,756,749	\$ -
Changes of assumptions or other inputs	1,297,706	6,859,203
Net difference between projected and actual earnings on plan investments	89,665	729,255
Total	<u>\$ 4,144,120</u>	<u>\$ 7,588,458</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended June 30:		
2020	\$	(854,546)
2021		(854,546)
2022		(854,548)
2023		(884,434)
2024		3,736
Thereafter		-
Total	\$	<u>(3,444,338)</u>

The following are financial statements for the Other Post-employment Retiree Healthcare Benefits Pension Trust Fund in Schedules 6 and 7 at June 30, 2019:

Statement of Fiduciary Net Position

Assets		
State Treasurer's Office OPEB Trust	\$	41,888,120
Total assets		<u>41,888,120</u>
Liabilities		
Accounts payable and accrued liabilities		-
Total liabilities		<u>-</u>
Net Position		
Employees' pension benefits	\$	<u>41,888,120</u>

Statement of Changes in Fiduciary Net Position

Additions		
Employer contributions	\$	11,006,979
Net investment income		<u>2,400,822</u>
Total Additions		<u>13,407,801</u>
Deductions		
Benefits		<u>3,459,789</u>
Change in net position		9,948,012
Net Position		
Beginning		31,940,108
Ending	\$	<u>41,888,120</u>

B. Other Employment Benefits - Death Benefits

Under the terms of the Board of Commissioner's resolution, the County has 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 has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.06% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2019, the County contributed \$27,232 for employees not engaged in law enforcement and \$17,723 for employees for law enforcement officers for a total of \$44,955.

NOTE 10 - CLOSURE AND POST CLOSURE CARE COSTS - LANDFILL FACILITY

State and federal laws and regulations required the County to place a final cover on its landfill facility when it stopped accepting municipal solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure of the municipal solid waste collection cell. The County has continued to collect construction and demolition waste in different cells which are opened based on demand and closed when each cell reaches its capacity. Closure and post closure care costs have been accumulated up to the dates of closure for each of the cells; therefore, the County has reported these closure and post closure care costs as an operating expense in each prior period based on landfill capacity used as of each balance sheet date. The County stopped accepting municipal solid waste into its Austin-Chaney Road facility, permit number 90-01, on December 31, 1997. The site still serves as a transfer station for the collection of local municipal solid waste, which is transported to other sites outside of the County. The \$4,933,092 reported as landfill closure and post closure care liability at June 30, 2019 represents a cumulative liability amount reported to date, based on the use of 100% of the total estimated post closure maintenance and monitoring costs associated with the closed municipal solid waste collection and construction and demolition cells and closure costs associated with 38% of the construction and demolition capacity. At June 30, 2019, there was an increase of \$106,191 from the prior year. The liability represents the estimated present value of the amount needed to fund the post closure care costs that will be incurred during the 30-year period after closure. Actual post closure costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met and continues to meet the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. The County elected to establish a reserve fund several years ago to accumulate resources for the payment of closure and post closure care costs. The actual landfill closure and post closure costs have been less than engineering estimates due to use of County personnel for closure activities and proper planning for closure. The Solid Waste Capital Reserve Fund has remaining funds being held in investments with a fair value of \$6,537,047. The County expects that future inflation costs will be paid from the interest earnings on these remaining funds. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future transfer station users or by future tax revenues.

NOTE 11 - COMMITMENTS

A. Contractual Commitments

The County had several outstanding projects as of June 30, 2019. At year-end, the significant contractual commitments include the following:

Project	Spent to Date	Remaining Commitment
<u>General Capital Projects Fund:</u>		
School Radio Bi-Directional	\$ -	\$ 1,191,937
Radio Tower & Microwave Replacement	127,906	1,496,555
<u>Water Capital Projects:</u>		
CRWTP Plant Expansion	2,859,950	6,326,550
Yadkin River Supply	10,852,372	6,937,622
<u>Sewer Capital Projects:</u>		
12 Mile Creek WWTP Expansion	38,365,180	4,006,770
Blythe Creek Sewer Improvement	1,625,237	5,275,696
Forest Park Pump Station Replacement & II	1,348,532	2,314,588
Total	<u>\$ 55,179,177</u>	<u>\$ 27,549,718</u>

The General capital projects are commitments of the General Capital Projects Fund and are funded by a combination of certificates of participation, installment financing, general obligation bonds, grants, and General Fund monies. The Water and Sewer Capital Projects are commitments of the County's Water and Sewer Capital Projects Fund and are funded by a combination of revenue bonds and other enterprise fund monies.

B. Other Commitments

The County has an economic development and incentive grants program that is offered to companies meeting certain agreed upon criteria. Amounts to be paid in the future under these agreements are not readily determinable; however, management estimates an amount of up to \$9,999,132 and expects the payments to be made over the next five years.

NOTE 12 - RISK MANAGEMENT - PROPERTY, LIABILITY, WORKERS' COMPENSATION AND SELF INSURED EMPLOYEE MEDICAL COVERAGE

The County is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for these risks of loss, with the exception of injuries to employees. The County self-insures workers' compensation, medical, and dental claims and purchases stop-loss insurance for workers' compensation and medical claims that exceed certain amounts.

There has been no significant reduction in insurance coverage from the previous year and settled claims subject to insurance coverage have not exceeded insurance policy limits in the last three years.

The County has established three Internal Service Funds to account for self-insured risk financing. Funding of the Health Benefit Fund is based upon an analysis of historical and projected medical and dental claims paid by the third party administrator and the availability of contributions from the County, the County's employees, and unrestricted net position to fund projected claims. Funding of the Workers' Compensation Fund is based upon payroll rates established by the State of North Carolina and the availability of unrestricted net position to fund projected claims. Funding of the Property and Casualty Fund is based upon experience and exposure risks associated with County operations and the availability of unrestricted net position to fund projected claims.

The County's medical and Rx benefits are partially self-insured. Individual member claims are self-insured up to \$200,000 annually. Specific Stop-Loss Insurance is purchased to cover individual member

claims in excess of the self-insured retention. In addition, Aggregate Stop-Loss Insurance is purchased to cover the combined eligible claims expense of all members in excess of 125% of expected eligible claims incurred and paid during the coverage period. Claims paid through an individual member HRA (Health Reimbursement Account) are excluded from specific and aggregate stop-loss coverage. Claims are administered under contract with a third-party administrator. Claim reserves are established at the end of the plan year (currently June 30) based on a combination of insurance industry standards, the County and third-party administrator's analysis of claims submission, processing, and payment.

The County's workers' compensation is self-insured; stop-loss insurance provides statutory worker compensation benefits above the County's self-insurance limit of \$450,000 per occurrence for police/fire employees and \$375,000 per occurrence for all other employees. A "buffer" layer of insurance provides coverage of \$100,000 over the \$450,000 limit for police/fire employees and \$175,000 over the \$375,000 for all other employees. An excess workers' compensation carrier provides coverage in excess over \$550,000. Claims are administered under contract with a third party administrator. Claim reserves are established when an injury occurs and the ultimate expected exposure of each claim can be reasonably estimated by the third-party claims administrator.

Unpaid liabilities at year end are as follows:

	Health Benefit Fund		Workers' Compensation Fund		Property and Casualty Fund	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Unpaid Claims beginning of fiscal year	\$ 877,679	\$ 1,230,879	\$ 165,038	\$ 112,566	\$ 92,529	\$ 207,675
Incurred claims and premiums	15,962,114	14,820,699	625,852	(130,802)	973,857	696,252
Claims and premiums paid	(15,311,719)	(15,173,899)	(509,075)	183,274	(939,042)	(811,398)
Unpaid Claims end of fiscal year	\$ 1,528,074	\$ 877,679	\$ 281,815	\$ 165,038	\$ 127,344	\$ 92,529

The County carries commercial insurance for its exposure to various risks related to torts, theft, damage to, and destruction of assets and errors and omissions. The finance officer is bonded at \$100,000, the tax administrator is bonded at \$60,000, the sheriff is bonded at \$5,000, and the register of deeds is bonded at \$25,000. The remaining employees are covered by a crime insurance policy with limits of \$1,000,000 per loss. The County has \$10,000,000 in flood coverage with a \$50,000 deductible for all structures.

The County also has Security & Privacy Liability insurance (Cyber) with limits of \$3,000,000.

NOTE 13 - CLAIMS AND JUDGEMENTS

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

The County has consolidated claims filed on behalf of residential and commercial developer entities. Union County currently collects water and sewer capacity fees from developers who wish to reserve water and/or sewer capacity in the County's utility system to serve proposed developments. Under the County's water and sewer extension ordinance (the Ordinance), the Capacity Fees are paid after the State of North Carolina has approved the construction of the water or sewer infrastructure that must be built to serve the proposed developments. Upon payment of the Capacity Fees and the signing of a standard water and sewer services extension agreement by the County and the developer, the County allocates water and/or sewer capacity in its utility system for the proposed development, and the developer can move forward with construction with the assurance that water and/or sewer capacity will be available for its development when it is completed.

These claims are asserted on the basis of the following; In the case of *Quality Built Homes, Inc. v. Town of Carthage*, No. 369 N.C. 15, 789 S.E. 2d 454 (2016) ("*Carthage I*"), in which the NC Supreme Court invalidated a municipality's water-sewer impact fee. On August 19, 2016, the North Carolina Supreme Court, in the case of *Quality Built Homes, Inc. v. Town of Carthage*, No. 315PA15, N.C., issued an opinion in which the Court held that the Town of Carthage's ordinances that required developers to pay an "impact fee" for expansion of the Town's water and/or sewer system before the Town would issue

building permits or approve subdivision plats exceeded the Town's authority that had been delegated by the North Carolina Legislature. The Court has further determined that the statute of limitations applicable to such claims is three years, *Quality Built Homes, Inc. v. Town of Carthage*, 813 S.E.2d 218 (N.C. 2018) ("*Carthage II*"), which decision led to voluntary dismissals by a number of the original plaintiffs in the Capacity Fee Suits.

The County believes that its capacity fees are distinguishable from the impact fees at issue in *Carthage* and have been lawfully collected. The County also has, during pendency of the litigation, enacted retroactive, current legislation to cure the alleged defect in the authority under which the fees were collected. The County is contesting the Capacity Fee Suits.

NOTE 14 - OPERATING LEASES

The County has entered into a three-year lease with Lancaster County Water and Sewer District ("LCWSD") to utilize temporary 3 Millions of Gallons per Day (MGD) of excess allocated water capacity between Union and LCWSD, as stated in our Joint Venture Agreement. Under this lease, the County will be able to supply any anticipated demand in excess of the County's Allocated Capacity of 18 MGD. Rents paid under all operating leases totaled \$622,323 for the year ended June 30, 2019.

Minimum future lease payments are as follows:

Year Ending June 30	Lancaster County	Other
2020	\$ 411,324	\$ 187,336
2021	-	152,231
2022	-	9,748
2023-2025	-	9,748
2026-2030	-	-
2031-2035	-	-
2036-2039	-	-
	-	-
	<u>\$ 411,324</u>	<u>\$ 359,063</u>

NOTE 15 - LONG-TERM OBLIGATIONS

A. General Obligation Bonds, Notes from Direct Borrowings and Direct Placements, Installment Financings, Revenue Bonds' Indebtedness, and Derivatives

General Obligation Bonds: The general obligation bonds are issued for school facilities and various general government capital projects and items are serviced by the General Fund. The general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due for all debt.

General Obligation Bonds from direct placements: The County's outstanding notes from direct borrowings and direct placements were issued for school facilities capital projects and are serviced by the General Fund. The outstanding notes were entered into to mitigate interest rate risk associated with variable rate debt by converting the variable interest rates on the 2004A, 2007A, 2007B, and 2007C general obligation bonds to fixed rate bonds. The County's outstanding notes are secured by a general obligation pledge of the full faith and credit of the County. The outstanding notes contain a provision that in the event of default the outstanding amounts of the obligation become immediately due and payable. The outstanding notes have no subjective acceleration clauses.

Installment Financing: Installment financing, certificates of participation ("COPs") and limited obligation bonds (LOBs) are issued for school facilities and various general government capital projects and items are serviced by the General Fund. The COPs and Installment Financing are collateralized by the assets financed and are not secured by the taxing power of the County. The 2011 Limited Obligation Bonds were issued pursuant to a deed of trust that requires that legal title to the tract of land that the Union County

Sheriff's Office and Jail (the property) resides on remain with the County as long as the debt is outstanding because the property is pledged as collateral for debt. The 2012 and 2013 Limited Obligation Bonds were issued pursuant to a deed of trust that requires that legal title to the tract of land that Marvin Ridge Schools (the property) resides on remain with the County as long as the debt is outstanding because the property is pledged as collateral for debt. The COPs and Installment Financings require the County to follow customary covenants including providing insurance certificates, budget data, and financial information on an annual basis.

Revenue Bonds: The revenue bonds are secured by the pledge of net revenues derived from the acquired or constructed assets of the water and sewer system. The derivative is an interest swap agreement with the objective of protecting Union County against the risk of interest rate changes in connection with revenue bond variable rate debt and to effect lower debt service costs on the County's fixed rate debt. Any derivative that the County enters into must first have the approval of the Local Government Commission (LGC) and the County Commissioners. Revenue Bonds are described further in Note 15. D.

The other long-term obligations, were issued for acquired or constructed assets of the water and sewer system, the North Carolina Clean Water Revolving Loans, are described further in Note 15. E.

1. Long-term obligations at June 30, 2019 are reflected in the following table. Bonds and installment financings appearing in the table that have associated derivative products are denoted with a lower case letter of the alphabet in parenthesis. A detailed description of each corresponding derivative appears after the following tables.

	Issue Date	Due Serially To	Interest Rate	Original Issue	Principal Balance June 30, 2019
1. General Obligation Bonds (GO Bonds)					
2009 Refunding Bonds (School Facility) - Series C	Aug. 13, 2009	March 01, 2020	2.25% - 4.50%	39,332,628	\$ 3,710,000
2010 Refunding Bonds (School Facility) - Series A	July 08, 2010	March 01, 2022	3.00% - 5.00%	55,010,000	13,645,000
2012 Refunding Bonds (School Facility)	May 01, 2012	March 01, 2024	2.00% - 5.00%	28,845,000	27,230,000
2013A Refunding Bonds (School Facility)	March 19, 2013	March 01, 2029	1.50% - 5.00%	42,890,000	34,865,000
2015 Refunding Bonds (School Facility)	Dec. 08, 2015	Sept. 01, 2029	2.00% - 5.00%	41,020,000	41,020,000
2017 Schools Facility	Nov. 21, 2017	Sept. 01, 2037	2.00% - 5.00%	50,000,000	47,500,000
					<u>167,970,000</u>
2. GO Bonds from direct placements					
2004 School Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	\$ 48,265,000	27,815,120
2004 Law Enf. Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	1,735,000	999,880
2007 School Facility - Series A	Sept. 06, 2007	March 01, 2033	2.19%	65,365,000	30,745,000
2007 School Facility - Series B	Sept. 06, 2007	March 01, 2033	Variable	39,200,000	18,465,000
2007 School Facility - Series C	Sept. 06, 2007	March 01, 2033	2.19%	26,145,000	12,295,000
					<u>90,320,000</u>
3. Installment Financing					
2011 Limited Obligation Bonds	December 01, 2011	June 01, 2020	0.0228	12,390,000	1,855,000
2012 Limited Obligation Bonds	May 01, 2012	December 01, 2024	1.00% - 5.00%	27,850,000	24,090,000
2013 Limited Obligation Bonds	March 19, 2013	December 01, 2031	2.00 - 5.00%	29,310,000	25,940,000
					<u>51,885,000</u>
4. Revenue Bonds					
2009 Enterprise System (a)	Aug. 20, 2009	June 01, 2034	Variable	20,000,000	14,475,000
2011 Enterprise System - Series A	December 21, 2011	June 01, 2021	2.00% - 5.00%	22,960,000	15,905,000
2015 Enterprise System	December 9, 2015	June 01, 2040	2.00% - 5.00%	22,955,000	21,160,000
2017 Enterprise System	August 30, 2017	June 01, 2040	3.00% - 5.00%	58,990,000	57,305,000
2019 Enterprise System - Series A	May 30, 2019	June 01, 2044	3.00% - 5.00%	68,430,000	68,430,000
					<u>177,275,000</u>
5. Other Long-term Obligations from direct borrowing (Note 15. E.)					
2007 North Carolina Clean Water Revolving Loan	June 19, 2008	May 01, 2028	0.023	15,000,000	6,750,000
					<u>6,750,000</u>
Total General Obligation Bonds, GO Bond Notes from direct placement, Installment Financings, Revenue Bonds and Other Long-term Obligation					<u>\$ 494,200,000</u>

2. Derivative Instrument outstanding as of June 30, 2019, is reflected in the following summary table. Following the summary table, the derivative's objectives, terms, reference rates, relevant dates and risks are more fully described.

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2019, classified by type and the changes in fair value of such derivative instrument as reported in the financial statements is as follows:

	Changes in Fair Value since June 30, 2018			Fair Value at June 30, 2019		Notional
	<u>Classification</u>	<u>Amount</u>		<u>Classification</u>	<u>Amount</u>	
Business-type Activities						
Cash flow hedges:						
Pay fixed-receive floating(a)	Deferred outflow	\$ (659,075)	Debt	\$ (2,854,187)	\$ 14,475,000	
Total interest rate swaps		<u>\$ (659,075)</u>		<u>\$ (2,854,187)</u>	<u>\$ 14,475,000</u>	

These mark-to-market valuations were established by market quotations obtained from the counterparties, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date.

As of June 30, 2019, the County determined that the pay fixed-receive floating interest rate swap listed as a cash flow hedge derivative instrument under business-type activities did meet the criteria for effectiveness. The County used regression analysis to measure the effectiveness of its cash flow hedges as it does not qualify for effectiveness under the consistent critical terms method. Accordingly, the accumulated changes in fair value of this swap has been recorded in deferred outflows on derivative instruments (asset) and the derivative liability category on the Statement of Net Position. See details in Note 15-A.3.(a).

- (a) Derivative Disclosure – Pay-Fixed, Receive-Floating Interest Rate Forward Swap Agreement dated October 11, 2005 (subsequently amended and restated on May 3, 2007 and June 26, 2008) and effective June 15, 2009 – Assumptions

Objective of the interest rate swap. In order to protect against the potential of higher future interest rates in connection with its issuance of Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 ("Series 2009 Bonds"), the County entered into a pay-fixed, receive-variable interest rate swap on October 11, 2005 with an effective date of June 15, 2009. The forward swap agreement would effectively change the County's interest rate on the Series 2009 Bonds to a synthetic fixed rate of 3.82%, excluding liquidity, remarketing, and other fees associated with the Series 2009 Bonds. The Series 2009 Bonds were issued August 20, 2009.

Terms. Under the terms of the amended and restated swap agreement effective June 15, 2009, Citibank, N.A. New York ("Citibank") would pay the County 70% of USD-LIBOR-BBA semi-annually on the notional amount of \$20,000,000. On a semi-annual basis, the County would pay Citibank an amount at a fixed rate of 3.82% on the same notional amount. The notional amount declines with the amortization of the corresponding Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 over a period beginning June 1, 2010 and ending June 1, 2034. The agreement matures June 1, 2034.

On August 22, 2011, the swap originally entered into with Citibank was transferred, "novated," from Citibank to The Bank of New York Mellon ("BNY Mellon") under the terms of the Novation Confirmation dated August 22, 2011. The purpose of the novation was to increase the credit quality of the County's counterparty to the swap. The terms of the swap remained consistent to the County. The transferor, Citibank, paid consideration to the transferee, BNY Mellon, in consideration of the trade novation as more fully described in the Novation Confirmation.

As of June 30, 2019, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to BNY Mellon	Fixed	3.820%
Variable payment from BNY Mellon	70% LIBOR	(1.708%)
Net interest rate swap payments		2.112%
Variable rate bond coupon payments	Bond Rate	1.890%
Synthetic interest rate on Bonds		4.002%
Remarketing, Liquidity, Other		0.627%
Total Cost		<u>4.629%</u>

Fair Value. As of June 30, 2019, the agreement had a negative fair value of \$2,854,187. This mark-to-market valuation was established by market quotations obtained from the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions, excluding accrued interest from the last payment date.

Credit Risk. As of June 30, 2019, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should the counterparty fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. BNY Mellon, rated "Aa2" by Moody's Investor's Service, "AA-" by Standard & Poor's Ratings Services, and "AA" by Fitch Ratings as of June 30, 2019, will collateralize any net market value on all outstanding swaps to the extent positive to the County over a predetermined threshold that varies depending on BNY Mellon's ratings. At BNY Mellon's current ratings, such threshold is Infinity.

Basis Risk. The County receives from BNY Mellon 70% of USD-LIBOR-BBA and pays the Bond Rate to its bondholders set by the remarketing agent. The County is exposed to basis risk when its Series 2009 Bonds begin to trade at a yield which exceeds 70% of USD-LIBOR-BBA. In the event of such an occurrence, the County will experience an increase in debt service above the fixed rate on the swap.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment.

Rollover Risk. The County is not exposed to rollover risk on the derivative contract because the maturity of the derivative is coterminous with the maturity of the associated debt.

LIBOR Risk. After 2021, the U.K. Financial Conduct Authority will no longer compel banks to submit rates used for the calculation of LIBOR. For this reason, the continuation of LIBOR cannot be guaranteed after 2021. The notional value of the County's LIBOR based swap will be \$13,045,000 as of December 31, 2021. Because of the difficulty in predicting the future of LIBOR and the impacts of its potential discontinuation, it is also difficult at this time to predict the impact on the hedge effectiveness as a result of using a substitute or successor rate. The County will continue to monitor the evolution of alternative reference rates to LIBOR.

Swap payments and associated debt: Using rates as of June 30, 2019, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, are reflected in the following table. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate Swaps, Net*	Remarketing Liquidity, Other	Total
	Principal	Interest			
2020	\$ 700,000	\$ 273,578	\$ 305,712	\$ 80,771	\$ 1,360,061
2021	730,000	260,348	290,928	76,865	1,358,141
2022	760,000	246,551	275,510	72,791	1,354,852
2023	795,000	232,187	259,459	68,550	1,355,196
2024	830,000	217,161	242,669	64,114	1,353,944
2025-2029	4,755,000	835,380	933,505	246,636	6,770,521
2030-2034	5,905,000	344,453	384,912	101,696	6,736,061
Total	<u>\$ 14,475,000</u>	<u>\$ 2,409,658</u>	<u>\$ 2,692,695</u>	<u>\$ 711,423</u>	<u>\$ 20,288,776</u>

*Computed using $(3.82\% - 1.708\%) \times (\$14,475,000 - \text{annual reduction})$

4. The preceding long-term obligations are included in Exhibit A as follows:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 182,849,328	\$ -	\$ 182,849,328
GO Bonds from direct placements	90,320,000	-	90,320,000
Certificates of Participation	55,808,592	-	55,808,592
Revenue Bonds	-	194,866,255	194,866,255
N.C. Clean Water Revolving Loan from direct borrowing	-	6,750,000	6,750,000
Total	<u>\$ 328,977,920</u>	<u>\$ 201,616,255</u>	<u>\$ 530,594,175</u>

5. The table in Note 15 part A differs from the long-term obligations in Note 15 part B due to the following:

	Unamortized Premium
<u>General Obligation Bonds</u>	
2009 Refunding Bonds (School Facility) - Series C	\$ (171,764)
2010 Refunding Bonds (School Facility) - Series A	(1,603,083)
2012 School Refunding	(1,377,114)
2013A School Refunding	(2,375,048)
2015 School Refunding	(5,595,538)
2017 School Facility	(3,756,781)
<u>Installment Financing</u>	
2012 Limited Obligation Bonds (Schools)	(1,299,354)
2012 Limited Obligation Bonds (Other)	(365,016)
2013 Limited Obligation Bonds (Schools)	(2,259,222)
<u>Revenue Bonds</u>	
2011A Refunding Enterprise System	(1,131,382)
2015 Enterprise System Revenue Bonds	(1,898,900)
2017 Enterprise System Revenue Bonds	(4,552,558)
2019 Enterprise System Revenue Bonds	(10,008,415)
Total	<u>(36,394,175)</u>
Long-term Obligations (per Note 15, A,4)	<u>530,594,175</u>
Future Maturities of Long-term Obligations (per Note 15, B)	<u>\$ 494,200,000</u>

B. Future Maturities of Long-Term Obligations

Annual debt service requirements to maturity, including interest, are as follows (excluding compensated absences, net OPEB liability and net pension liability (LGERS)):

	General Obligation Bonds		General Obligation Bonds from Direct Placement		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities						
2020	\$ 17,285,000	\$ 6,605,925	\$ 2,340,000	\$ 1,813,752	\$ 19,625,000	\$ 8,419,677
2021	21,055,000	5,754,475	3,890,000	1,761,300	24,945,000	7,515,775
2022	20,895,000	4,948,925	3,850,000	1,673,589	24,745,000	6,622,514
2023	16,335,000	4,003,825	8,425,000	1,586,808	24,760,000	5,590,633
2024	13,355,000	3,244,225	8,175,000	1,414,163	21,530,000	4,658,388
2025-2029	53,460,000	8,750,412	45,065,000	4,402,005	98,525,000	13,152,417
2030-2034	15,585,000	2,477,525	18,575,000	483,027	34,160,000	2,960,552
2035-2038	10,000,000	600,000	-	-	10,000,000	600,000
	<u>\$ 167,970,000</u>	<u>\$ 36,385,312</u>	<u>\$ 90,320,000</u>	<u>\$ 13,134,644</u>	<u>\$ 258,290,000</u>	<u>\$ 49,519,956</u>
Certificates of Participation and Installment Financing						
			Total Governmental Activities			
Governmental Activities	Principal	Interest	Principal	Interest		
2020	\$ 5,070,000	\$ 2,111,644	\$ 24,695,000	\$ 10,531,321		
2021	4,935,000	1,906,350	29,880,000	9,422,125		
2022	4,900,000	1,709,650	29,645,000	8,332,164		
2023	4,875,000	1,514,150	29,635,000	7,104,783		
2024	4,930,000	1,293,400	26,460,000	5,951,788		
2025-2029	17,745,000	3,470,625	116,270,000	16,623,042		
2030-2034	9,430,000	421,200	43,590,000	3,381,752		
2035-2038	-	-	10,000,000	600,000		
	<u>\$ 51,885,000</u>	<u>\$ 12,427,019</u>	<u>\$ 310,175,000</u>	<u>\$ 61,946,975</u>		
Revenue Bonds						
			Other Long-term Obligations from direct borrowing (E)		Total	
Business Type Activities	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 4,395,000	\$ 7,174,602	\$ 750,000	\$ 152,887	\$ 5,145,000	\$ 7,327,489
2021	6,495,000	7,003,693	750,000	135,900	7,245,000	7,139,593
2022	6,790,000	6,708,757	750,000	118,913	7,540,000	6,827,670
2023	7,085,000	6,415,225	750,000	101,925	7,835,000	6,517,150
2024	7,415,000	6,092,956	750,000	84,938	8,165,000	6,177,894
2025-2029	42,630,000	25,018,609	3,000,000	169,875	45,630,000	25,188,484
2030-2034	42,325,000	15,850,070	-	-	42,325,000	15,850,070
2035-2039	37,920,000	8,468,888	-	-	37,920,000	8,468,888
2039-2040	22,220,000	2,269,325	-	-	22,220,000	2,269,325
	<u>\$ 177,275,000</u>	<u>\$ 85,002,125</u>	<u>\$ 6,750,000</u>	<u>\$ 764,438</u>	<u>\$ 184,025,000</u>	<u>\$ 85,766,563</u>
Total Long-term Obligations for Governmental and Business-type Activities					<u>\$ 494,200,000</u>	<u>\$ 147,713,538</u>

As of June 30, 2019, Union County had general obligation bonds authorized but unissued of \$96,480,000, and had a legal debt margin of \$1,692,007,160.

C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2019 (and agrees to table in Note 15 part A):

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	\$ 204,435,000	\$ -	\$ 36,465,000	\$ 167,970,000	\$ 17,285,000
GO Bonds from direct placements	92,265,000	-	1,945,000	90,320,000	2,340,000
Certificates of participation	57,050,000	-	5,165,000	51,885,000	5,070,000
Installment financing	1,108,633	-	1,108,633	-	-
Premium	21,945,841	-	3,142,921	18,802,920	2,486,958
Total Bonds Payable	<u>376,804,474</u>	<u>-</u>	<u>47,826,554</u>	<u>328,977,920</u>	<u>27,181,958</u>
Compensated absences	4,692,442	6,691,058	6,445,544	4,937,956	4,647,553
Net OPEB liability	65,388,025	-	1,855,599	63,532,426	-
Net pension liability (LGERS)	10,964,361	6,213,968	-	17,178,329	-
Net pension liability, separation allowance	9,592,114	-	249,055	9,343,059	-
Government activities long term liabilities	<u>\$ 467,441,416</u>	<u>\$ 12,905,026</u>	<u>\$ 56,376,752</u>	<u>\$ 423,969,690</u>	<u>\$ 31,829,511</u>
Business-type Activities:					
Bonds Payable					
Revenue bonds	\$ 113,085,000	\$ 68,430,000	\$ 4,240,000	\$ 177,275,000	\$ 4,395,000
NC Clean Water Revolving Loan from direct borrowing	7,500,000	-	750,000	6,750,000	750,000
Premium	8,011,288	10,043,600	463,633	17,591,255	830,027
Total Bonds Payable	<u>128,596,288</u>	<u>78,473,600</u>	<u>5,453,633</u>	<u>201,616,255</u>	<u>5,975,027</u>
Compensated absences	563,404	937,288	856,537	644,155	635,257
Net OPEB liability	8,457,115	215,587	-	8,672,702	-
Net pension liability (LGERS)	1,402,404	926,086	-	2,328,490	-
Net pension liability, separation allowance	1,237,659	38,048	-	1,275,707	-
Business-type activities long term liabilities	<u>\$ 140,256,870</u>	<u>\$ 80,590,609</u>	<u>\$ 6,310,170</u>	<u>\$ 214,537,309</u>	<u>\$ 6,610,284</u>

Compensated absences, LGERS, Separation Allowance, and OPEB for governmental activities typically have been liquidated in the General Fund or one of the Enterprise Funds depending on the location status of the employee at the time of liquidation.

The business type activities for changes in long term obligations do not include the derivative liability and accrued landfill post closure care costs liability.

D. Revenue Bonds

The County issued combined system enterprise revenue bonds for water and sewer system improvements pursuant to a General Trust Indenture dated as of May 1, 1996; Series Indenture Number 2, dated as of May 15, 2003; Series Indenture Number 3, dated as of August 1, 2009; Series Indenture Number 4, dated as August 4, 2011; Series Indenture Number 5, dated as of December 1, 2011; Series Indenture Number 6, dated as of December 1, 2015; and Series Indenture Number 7, dated as of August 1, 2017; and Series Indenture Number 8, dated (together the "Indentures") between the County and First Union National Bank of North Carolina (now succeeded by U.S. Bank National Association), as trustee. The Indentures authorize and secure all outstanding revenue bonds of the County's water and sewer system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system, and insurance. The General Trust Indenture contains a provision that in the event of default the trustee may, or if required by the owners of not less than a majority of the principal amount of the bonds, must declare the bonds to be immediately due and payable. The net revenues of the combined water and sewer system are the assets pledged as collateral for the outstanding revenue bonds.

The rate covenant of the County is as follows: Before the commencement of each Fiscal Year, the County will fix, establish or maintain or cause to be fixed, established and maintained such rates and charges for the provision of services of the Enterprise Systems and revise or cause to be revised the same, as necessary, as will produce revenues at least equal in such Fiscal Year to the total of the current expenses budgeted for such Fiscal Year, as may be amended from time to time, plus 120% of (1.20 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus 100% of (1.00 times) the Principal and Interest Requirement on General Obligation Indebtedness and Subordinate Indebtedness to become due in such Fiscal Year plus 100% of (1.00 times) the Principal and Interest Requirements on Other Indebtedness to become due in such Fiscal Year plus 100% (1.00 times) the amount required to reimburse the provider of a qualified reserve fund substitute for any amounts owing hereunder.

Revenues mean all rates, fees (including any tap, system development fees (formerly named capacity impact fees), rental, assessments or other charges or other money received by the County in connection with the ownership, management and operation of the water and sewer system, and all parts thereof, including amounts received from the investments of moneys (with the exception of investment earnings on revenue bonds construction funds), all as calculated in accordance with generally accepted accounting principles. Current expenses means the current expenses of operation, maintenance and current repair of the water and sewer system, as calculated in accordance with generally accepted accounting principles. Current expenses do not include depreciation expense or moneys payable as interest on bonds.

The County was in compliance with all such covenants during the fiscal year ended June 30, 2019. The calculation for the various debt service coverage ratios for the year ended June 30, 2019 is as follows:

Revenues	\$ 57,433,831
Current Expenses	30,006,897
Net revenues available for debt service	<u>\$ 27,426,934</u>
Senior debt service coverage:	
Debt service, principal and interest paid	\$ 8,636,232
Subordinate debt service:	
Debt service, principal and interest paid	<u>919,875</u>
Total debt service:	
Total debt service, principal and interest paid	9,556,107
Add: 20% of senior debt service	<u>1,727,246</u>
Adjusted debt service requirements	<u>\$ 11,283,353</u>
Coverage Test 1	
Net revenues / adjusted debt service	2.43
Coverage Test 2	
Net revenues / total debt service	2.87

E. Other Long-Term Debt from Direct Borrowing

North Carolina Clean Water Revolving Loans - During fiscal year ended June 30, 2007, the County received approval on a loan from the North Carolina Clean Water Revolving Loan and Grant Fund with a maximum limit of \$15,000,000. This loan is payable over 20 years with interest at 2.265% and is secured by the net revenues of the water and sewer system. This loan contains certain financial and operating covenants. The County was in compliance with all such covenants as of June 30, 2019. The amount outstanding at June 30, 2019 is \$6,750,000. These funds were used for the 12 Mile Creek Sewer Plant 6 MGD Expansion project of the County's Water and Sewer Enterprise Fund.

F. Conduit Debt Obligations

Union County Industrial Facility and Pollution Control Financing Authority (the "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 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, or 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 was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$10,000,000.

G. Debt Related to Capital Activities

As of June 30, 2019, of the total Governmental Activities debt listed, only \$7,837,944 relates to assets the County holds title to. As of June 30, 2019, there are no unspent restricted cash related to this debt amount. The remaining \$321,139,976 in outstanding debt is for Union County Public Schools Facilities and South Piedmont Community College.

NOTE 16 - INTERFUND BALANCES AND ACTIVITY

A. INTERFUND BALANCES

The composition of inter-fund balances as of June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water & Sewer Fund	\$ 9,778	Note 1
General Fund	Solid Waste Fund	262	Note 1
		<u>\$ 10,040</u>	

Note 1: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (as shown on Exhibit A).

B. INTERFUND ACTIVITY

Transfers to/from other funds at June 30, 2019, consist of the following:

Governmental activities:

From General Fund to the Information Technology Fund to provide for merit increases	\$	30,964
From General Fund to the Information Technology Fund to provide for replacement vehicle purchase		21,904
From General Fund to the Facilities Management Fund to provide for merit increases		9,351
From General Fund to the Property & Casualty Fund to provide for merit increases		2,595
From General Fund to the Fleet Management Fund to provide for merit increases		8,245
From General Fund to the Fleet Management Fund to provide for replacement vehicle purchase		62,500
From General Fund to the Workers Compensation Fund to provide for merit increases		2,668
From General Fund to the Health Benefit Fund to provide for merit increases		3,306
From General Capital Project Fund to the Water & Sewer Capital Project Fund to provide funds for pump station for economic development industrial park		3,000,000
From Special Revenue Fund to the Water & Sewer Capital Project Fund to provide funds for Clark Street water line related to CDBG		125,572
From the General Fund to the General Capital Projects fund to provide funding for the FY 2019 Capital Improvement Plan planned projects		2,430,605
From the Schools Budgetary Fund to the General Fund to provide funds for early debt redemption		5,800,000
From the Schools Budgetary Fund to the General Fund to provide funds for behavioral health collaboration with UCPS		1,164,713
From the Schools Budgetary Fund to the General Capital Projects funds to provide funding for Union County Public Schools Capital Projects.		12,161,256
From Information Technology Fund to the General Capital Project Fund to provide funds for Pictometry software purchase		75,000
From the General Fund to the Emergency Telephone System Fund to provide for expenditures not covered by PSAP funding		35,332
From the Property & Casualty Fund to the General Fund to provide funding for replacements for Sheriff's Office and Fire Marshal's Office vehicles that were lost due to accidents		28,900
Total governmental activities		<u>24,962,911</u>

Business-type activities:

From Water and Sewer Fund to the General Capital Project Fund to provide funds for Pictometry software purchase		150,000
From Water and Sewer Capital Project Fund to the General Capital Project Fund to provide funds for Southwest Union Library parking lot based on the settlement agreement with Yadkin River Keeper		75,000
From the Solid Waste Fund to the General Capital Project Fund to provide funding for solid waste convenience site		830,000
Total business-type activities		<u>1,055,000</u>
Total transfers	\$	<u>26,017,911</u>

NOTE 17 - BLENDED COMPONENT UNIT

Union County's Water and Sewer District's sole purpose is to operate the County's Water and Sewer system, continues operations under the name Union County Public Works, sets certain rate and fee schedules, and performs other functions as set forth in an interlocal agreement between the District and the County. The Water and Sewer District also collects system development fees in the Water and Sewer District System Development Fees Capital Reserve Fund. The Water and Sewer District is a blended component unit of the County and includes both the Water and Sewer District operations and the Water and Sewer District Capital Reserve Fund.

Summary business-type activities financial information for the County's Water and Sewer Fund and Water and Sewer District blended component unit are presented as follows.

	Water and Sewer Operating Fund	Water and Sewer District	Total Water and Sewer Fund
<i><u>Combining Statement of Net Position</u></i>			
Assets			
Current assets	\$ 114,193,263	\$ 4,239,429	\$ 118,432,692
Restricted assets	55,930,489	-	55,930,489
Non-current assets	66,483,585	-	66,483,585
Capital Assets	302,718,679	-	302,718,679
Total assets	539,326,016	4,239,429	543,565,445
Deferred Outflows of Resources	5,996,999	-	5,996,999
Total assets and deferred outflows of resources	545,323,015	4,239,429	549,562,444
Liabilities			
Current liabilities	17,436,970	-	17,436,970
Current liabilities payable from restricted assets	462,486	-	462,486
Non-current liabilities	209,323,868	-	209,323,868
Total liabilities	227,223,324	-	227,223,324
Deferred Inflows of Resources	1,083,996	-	1,083,996
Total liabilities and deferred inflows of resources	228,307,320	-	228,307,320
Net position			
Net invested in capital assets	139,523,087	-	139,523,087
Restricted for debt service	55,468,003	-	55,468,003
Unrestricted	122,024,605	4,239,429	126,264,034
Total net position	\$ 317,015,695	\$ 4,239,429	\$ 321,255,124

	Water and Sewer Operating Fund	Water and Sewer District	Total Water and Sewer Fund
<i><u>Combining Statement of Revenues, Expenses, and Changes in Net Position</u></i>			
Operating Revenues			
Charges for services	\$ 926,895	\$ 46,690,635	\$ 47,617,530
Miscellaneous revenue	63,963	-	63,963
Other operating revenue	(3,405)	1,902,033	1,898,628
Total operating revenue	<u>987,453</u>	<u>48,592,668</u>	<u>49,580,121</u>
Operating expenses			
Personnel	10,475,092	-	10,475,092
Other operating expenses	(8,658,546)	27,793,763	19,135,217
Depreciation	15,322,643	-	15,322,643
Operating leases	396,588	-	396,588
Total operating expenses	<u>17,535,777</u>	<u>27,793,763</u>	<u>45,329,540</u>
Operating income (loss)	<u>(16,548,324)</u>	<u>20,798,905</u>	<u>4,250,581</u>
Non-operating revenues (expenses)			
Investment earnings	2,836,829	-	2,836,829
Sale of capital assets	66,538	-	66,538
Interest and fees on long term debt	(5,217,152)	-	(5,217,152)
Gain (loss) on investment in joint venture	(233,040)	-	(233,040)
Total non-operating revenues (expenses)	<u>(2,546,825)</u>	<u>-</u>	<u>(2,546,825)</u>
Income (loss) before contributions and transfers	<u>(19,095,149)</u>	<u>20,798,905</u>	<u>1,703,756</u>
Transfers	23,690,378	(20,789,806)	2,900,572
Capital contributions-system development fees	-	4,909,735	4,909,735
Capital contributions-other	197,295	155,345	352,640
Capital contributions-non-cash	8,380,063	-	8,380,063
Total transfers and contributions	<u>32,267,736</u>	<u>(15,724,726)</u>	<u>16,543,010</u>
Change in net position	13,172,587	5,074,179	18,246,766
Beginning net position	303,843,108	(834,750)	303,008,358
Ending net position	<u>\$ 317,015,695</u>	<u>\$ 4,239,429</u>	<u>\$ 321,255,124</u>

	Water and Sewer Operating Fund	Water and Sewer District	Total Water and Sewer Fund
<i><u>Combining Statement of Cash Flows</u></i>			
Net cash provided (used) by:			
Operating activities	\$ (1,300,142)	\$ 20,798,905	\$ 19,498,763
Noncapital financing activities	13,750,153	(10,849,581)	2,900,572
Capital and related financing activities	39,499,049	5,065,080	44,564,129
Investing activities	(2,346,315)	-	(2,346,315)
Net increase (decrease)	49,602,745	15,014,404	64,617,149
Beginning cash and cash equivalents	122,420,474	(834,750)	121,585,724
Ending cash and cash equivalents	<u>\$ 172,023,219</u>	<u>\$ 14,179,654</u>	<u>\$ 186,202,873</u>

NOTE 18 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Governmental Activities:</u>		
Pensions - difference between expected and actual experience		
LGERS	\$ 2,650,208	\$ 88,928
Register of Deeds	3,652	18,913
Separation Allowance	836,076	-
OPEB	2,425,630	-
Pensions - Changes of assumptions and other inputs		
LGERS	4,558,465	-
Register of Deeds	19,488	-
Separation Allowance	532,778	488,111
OPEB	1,141,836	6,035,330
Pensions - difference between projected and actual investment earnings		
LGERS	2,358,074	-
Register of Deeds	66,044	-
Separation Allowance	82,021	-
OPEB	78,895	641,663
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	184,372	-
Register of Deeds	16,385	469
Contributions to pension plans subsequent to measurement date		
LGERS	4,093,401	-
Register of Deeds	22,118	-
Separation Allowance	115,895	-
Prepaid taxes not yet earned (General)	-	16,336
Prepaid taxes not yet earned (Special Revenue)	-	655
Prepaid grant not yet earned (Special Revenue)	-	-
Taxes receivable, net, less penalties (General)	-	104,621
Taxes receivable, net, less penalties (Special Revenue)	-	39,747
Unamortized Loss on Debt Refundings	14,206,988	-
Unamortized Gain of Debt Refundings	-	4,180,293
Total governmental activities	33,392,326	11,615,066
<u>Business-Type Activities:</u>		
Pensions - difference between expected and actual experience		
LGERS	359,231	12,054
Separation Allowance	114,158	-
OPEB	331,119	-
Pensions - changes of assumptions		
LGERS	617,891	-
Separation Allowance	72,746	66,647
OPEB	155,870	823,873
Pensions - difference between projected and actual investment earnings		
LGERS	319,632	-
Separation Allowance	11,200	-
OPEB	10,770	87,592
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - LGERS	24,991	-
Contributions to pension plans subsequent to measurement date		
LGERS	554,853	-
Separation Allowance	15,824	-
Developer contributions for future Water and Sewer line extensions, not yet earned	-	185,110
Prepaid intergovernmental not yet earned (W&S)	-	-
Unamortized Loss on Debt Refunding (W&S)	836,113	-
Unamortized Gain on Debt Refundings (W&S)	-	28,557
Derivative of Debt for Cash Flow Hedging	2,854,187	-
Total business type activities	6,278,585	1,203,833
Total	\$ 39,670,911	\$ 12,818,899

NOTE 19 - JOINT VENTURES

A. Catawba River Treatment Plant

Union County and Lancaster County Water and Sewer District ("district") constructed a water impoundment and treatment facility on the Catawba River in Lancaster County. The joint venture is known as the Catawba River Water Treatment Plant (the "CRWTP"). The agreement between the two parties called for the payment of one-half the audited and agreed upon costs of acquiring, constructing, and equipping the project. The County has a 50% undivided interest in the facility. Management of the facility is the responsibility of a joint board. The joint board is composed of an equal number of members from the district and County. A minimum of three (3) members from the district and County each serve on the joint board. The district has responsibility for operating the facility under the joint board's direction.

The agreement further calls for an annual audit each June 30 to determine actual expenses and gallons used. A final settlement will be made each year based on audited amounts. Operating costs of the facility will be split between the parties based on metered gallons drawn by each. The joint venture serves only the County and district as customers. All purchases of water are considered to be related party transactions. During the year, the County purchased \$2,980,720 of water.

The County's net investment is recorded in the Water and Sewer Enterprise Fund and is accounted for on the equity method. The County's equity interest as of June 30, 2019 was \$45,056,090. This included the County's recognized loss of \$203,418 for the year. Complete separate financial statements for the joint venture may be obtained from Catawba River Water Treatment Plant, 5107 Riverside Road, P.O. Box 214, Van Wyck, SC 29744. Summary financial information as of, and for the fiscal year ended June 30, 2019, is as follows:

Cash and investments	\$ 1,483,732
Other assets	93,411,868
Total assets and deferred outflows	<u>\$ 94,895,600</u>
Total liabilities and deferred inflows	\$ 4,783,420
Total net position	90,112,180
Total liabilities, deferred inflows and net position	<u>\$ 94,895,600</u>
Total revenues	\$ 5,381,134
Total expenses	(5,787,970)
Capital contributions	10,307,044
Net increase in net position	<u>\$ 9,900,208</u>

Water supply and water transfers from the Catawba River are presently the subject of legislation activity. North Carolina has enacted new inter-basin transfer legislation and South Carolina has surface water legislation pending in its legislature. These legislative activities may affect the availability of raw water for treatment at the CRWTP and/or consumption of treated water by the joint venture. Additionally, South Carolina brought suit against North Carolina in the United States Supreme Court over the withdrawals, transfers, and consumption of water that crosses over the boundary between the two states. This matter has been settled and the County was not adversely impacted by the settlement. Due to the uncertainty of the pending legislation, no provision has been included in the financial statements.

B. Union Memorial Regional Medical Center

Union Memorial Regional Medical Center, Inc. d/b/a Carolinas Medical Center-Union ("CMC-Union") is a not-for-profit organization which provides health care service to the residents of Union and surrounding counties. The County has an agreement, originally entered into August 27, 1995, between the County, CMC-Union and a subsidiary of the Charlotte-Mecklenburg Hospital Authority, d/b/a Carolina HealthCare System ("CHS") to operate and manage CMC-Union. An amendment to the agreement was entered into as of December 6, 1999, whereby the term was extended to August 26,

2020, with options to extend and renew the agreement for additional periods not to exceed nine years each, upon mutual agreement of the parties. A new amendment was negotiated and entered into effective January 1, 2012 and remaining in effect until December 31, 2061. The new amended agreement with CMC-Union requires an annual payment of lease to the County of \$6,100,000 per year payable on or before January 15th of each year. The new lease payment of \$6,100,000 per year increases by one percent (1%) on January 1, 2017, and on the first January 1 of each five-year period thereafter. In addition to the annual lease for 2012, CHS paid the remainder of the annual rent under the old lease (\$1,566,879). Under the new amendment, in addition to the annual lease, CHS paid the County an upfront lease payment in the amount of \$54,000,000. The County does not provide any financial assistance for operating expenses. On January 29, 2007, the County entered into a contract with CMC-Union whereby the County reimburses CMC-Union for 50% of the costs for qualifying physicians providing indigent care services to Union County residents through the emergency department. The County's participation is conditioned upon annual funding and limited to \$250,000 per fiscal year. The amount of funding for the current fiscal year was \$0. The County does not have an equity interest in the joint venture; therefore, no equity interest is reflected in the County's financial statements. Complete financial statements may be obtained at the Carolinas Medical Center-Union offices at P.O. Box 5003, Monroe, NC 28111.

The North Carolina Medical Care Commission (the "Commission") issued \$25,000,000 Health Care Facilities Revenue Bonds, Series 2002A (the "Series 2002A Bonds") dated June 15, 2002 and \$15,000,000 Health Care Facilities Revenue Bonds, Series 2002B (the "Series 2002B Bonds" and collectively with the Series 2002A Bonds the "Bonds") dated July 11, 2002 for the Union Regional Medical Center Project (the "Project").

Concurrently with the issuance of the Bonds, the Commission entered into a loan agreement with Union Regional Memorial Medical Center, Inc. currently d/b/a Carolinas Medical Center-Union (the "Corporation"), a North Carolina nonprofit corporation. The Commission lent the proceeds of the Bonds to the Corporation for the purpose of providing funds, together with other available funds, for the purpose of paying costs of facility expansions and improvements, repayment of an interim financing incurred by the Corporation in connection with the Project, a debt service reserve fund and issuance expenses.

The Bonds are limited obligations of the Commission, payable solely from money received from the Corporation pursuant to the terms of the loan agreement issued by the Corporation to the Commission. Neither the faith and credit nor the taxing power of the State of North Carolina or Union County is pledged as security for the Bonds.

C. South Piedmont Community College

The County, in conjunction with the State of North Carolina and Anson County Community College, participates in a joint venture to operate the Union Campus of South Piedmont Community College. The County appoints three members of the 14-member board of trustees of each community college. The president of the community colleges' student government association serves as a non-voting, ex-officio member of the board of trustees. The community colleges are included as component units 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. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. Of the last installment financing for this purpose, \$1,249,498 in principal debt is still outstanding. The County contributed \$2,074,386 to South Piedmont Community College for operating and \$5,051,694 for capital purposes during the fiscal year ended June 30, 2019. The majority of the capital purchases will be paid for by general obligation bond proceeds that were issued on August 22, 2019. In addition, the County made debt service payments of \$430,549 during the fiscal year on installment financing debt issued for the community college capital facilities. 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 colleges may be obtained from the community

colleges' administrative offices at South Piedmont Community College, East Campus, P.O. Box 126, Polkton, NC 28135.

D. Piedmont Behavioral Healthcare and Cardinal Innovations Healthcare Solutions

The County also participates in a joint venture to operate Piedmont Behavioral Healthcare ("PBH") with five other counties; Cabarrus, Davidson, Rowan, Stanly, and Union counties. PBH provides mental health, intellectual/other developmental disability treatment, and substance abuse services for the residents of these counties. Each participating government appoints four board members to the 20-member board. The County has an ongoing financial responsibility for the joint venture because PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2019.

In accordance with the intergovernmental agreement between the participating governments, Union County has contracted with Daymark Recovery Services, Inc. to deliver mental health and substance abuse services to the citizens of Union County. The cost for these services were \$714,850 for the year ended June 30, 2019. Union County also contributed \$1,872 to PBH to supplement its activities for the year ended June 30, 2019.

On June 23, 2011, the State of North Carolina passed Session Law 2011-264, which requires state wide expansion of the 1915 (b)/(c) Medicaid waiver to be managed by area authorities operating as managed care organizations. In response, PBH and four local management entities ("LME's") comprised of 15 counties, negotiated to merge the counties of each LME into one organization. The four LME's are comprised of (1) Alamance-Caswell (counties), (2) Five County (consisting of Franklin, Granville, Halifax, Vance, and Warren counties), (3) Orange-Person-Chatham (counties), and (4) the PBH LME (consisting of Cabarrus, Davidson, Rowan, Stanly, and Union counties). The merger allows for the expansion of the Medicaid waivers, and will meet minimum population requirements as established by the North Carolina General Assembly. Over the past several months, each of the 15 County's Board of Commissioners have adopted a resolution to be served by a single area authority operating as a managed care organization which is now known as Cardinal Innovations Healthcare Solutions ("Cardinal Innovations"). The Union County Board of Commissioners adopted this resolution on June 4th, 2012. The joint resolution became effective July 1, 2012. On October 11, 2012, PBH announced that it was rebranding to (becoming) Cardinal Innovations Healthcare Solutions. This area authority is comprised of a single Governing Board and four Community Oversight Boards ("COB"); one for each Community Operations Center previously served by the four LME's. The COB's will be responsible for recommending priorities for expenditure of state/county funds for development of the annual budget, determine local priorities for inclusion in the area wide strategic plan, identify community needs and concerns, and monitor resolution of issues. Each COB will consist of the following members: a local Consumer and Family Advisory Committee ("CFAC") Chair or designee and three members from each county appointed by the County Commission (County Commissioner or designee, consumer of family member, other citizen, or stakeholder). The Governing Board will consist of 13 members with one representative from each of the four COB's, two at large County Commissioners from among the counties, one representative for the Regional CFAC, and six members with special expertise in healthcare, insurance, finance and health/behavioral health, intellectual/developmental disabilities, physician, or other profession.

As with PBH, the County has an ongoing financial responsibility for the Cardinal Innovations joint venture because its continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Cardinal Innovations, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for Cardinal Innovations can be obtained from the same address of the PBH's offices; 245 LePhillip Court, NE, Concord, NC 28025.

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

Centralina Council of Governments

The Centralina Council of Governments is a voluntary association of nine County governments and seventy municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid membership dues of \$60,940 during the fiscal year ended June 30, 2019. The County was the sub-recipient of a grant for \$939,045 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

NOTE 21 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 22 - SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On July 23, 2019, the County sold fixed rate two-thirds General Obligation Bonds, Series 2019A, and Series 2019B. The Series 2019A, \$17,555,000, taxable bonds are being used to finance the cost of land acquisition for an economic development industrial park. The Series 2019B, \$8,045,000, non-taxable bonds are being used for capital improvements of county infrastructure.

On August 22, 2019, the County sold fixed rate General Obligations Bonds, Series 2019C and Series 2019D. The Series 2019C, \$91,010,000, voter approved general obligation bonds are being used to finance the cost of additions and capital improvements for the following: Union County Public Schools facilities, \$4,020,000; South Piedmont Community College facilities, \$35,630,000; Southwest Union Public Library, \$10,100,000; Sheriff's Office Expansion and Renovation, \$27,650,016; and an Emergency Services Complex, \$14,509,984. The Series 2019D, \$15,260,000, bonds refunded Series 2007B variable rate bonds, \$18,465,000. This eliminated all variable debt in the County's general obligation bond portfolio and generated an estimated savings of \$844,790 (4.57% on a present value basis).

Union County has a preliminary agreement with the Town of Marshville to acquire all the assets of Marshville's water and sewer system and to provide water and sewer services to the customers served by the Marshville system. The County is currently engaged in due diligence relating to the assets and liabilities of the Marshville system. Assuming matters relating to the system are satisfactory, the County plans to acquire the Marshville water and sewer system and begin to service its customers within approximately 12 to 18 months. For fiscal year ended June 30, 2018, the Marshville system had operating revenues of \$1,560,621, non-operating revenues of \$34,447 and operating expenses of \$1,363,947. The County does not expect the acquisition to have any material adverse effect on the County's Enterprise Systems.



Required Supplementary Information

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

Special Separation Allowance

Schedule of Changes in the Net Pension Liability

Schedule of the Net Pension Liability

Schedule of Employer Contributions

Notes to the Required Schedules

Other Postemployment Retiree Healthcare Benefits (OPEB)

Schedule of Changes in the Net OPEB Liability and Related Ratios

Schedule of Employer Contributions

Schedule of Investment Returns

Notes to the Required Schedules

Local Government Employees' Retirement System

Schedule of the County's Proportionate Share of the Net Pension
Local Governmental Employees' Retirement System

Schedule of County Contributions
Local Governmental Employees' Retirement System

Register of Deeds Supplemental Pension Fund

Schedule of the County's Proportionate Share of the Net Pension
Register of Deeds Supplemental Pension Fund

Schedule of County Contributions
Register of Deeds Supplemental Pension Fund



Special Separation Allowance
Required Supplementary Information
Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 519,249	\$ 450,939	\$ 445,951	\$ 435,613
Interest	423,659	481,447	462,632	482,738
Difference between expected and actual experience	926,298	323,619	-	-
Changes of assumptions and other inputs	(512,563)	845,945	(273,929)	125,473
Benefit payments	(1,217,443)	(1,118,031)	(1,123,610)	(1,140,254)
Net change in total pension liability	139,200	983,919	(488,956)	(96,430)
Total pension liability - beginning	14,015,645	13,031,726	13,520,682	13,617,112
Total pension liability - ending	<u>\$ 14,154,845</u>	<u>\$ 14,015,645</u>	<u>\$ 13,031,726</u>	<u>\$ 13,520,682</u>
Plan net position				
Contributions - employer	\$ 1,513,476	\$ 1,902,619	\$ 3,503,748	\$ 1,140,254
Net investment income	54,174	17,766	3,380	-
Benefit payments	(1,217,443)	(1,118,031)	(1,123,610)	(1,140,254)
Net Change in plan net position	350,207	802,354	2,383,518	-
Plan net position - beginning	3,185,872	2,383,518	-	-
Plan net position - ending	<u>3,536,079</u>	<u>3,185,872</u>	<u>2,383,518</u>	<u>-</u>
Net pension liability - ending	<u>\$ 10,618,766</u>	<u>\$ 10,829,773</u>	<u>\$ 10,648,208</u>	<u>\$ 13,520,682</u>

This schedule will not present ten years' worth of fiscal information until 2025.

Special Separation Allowance
Required Supplementary Information
Schedule of Net Pension Liability

<u>Measurement Date December 31st</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Ratio of Plan Net Position to Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>
2015	\$ 13,520,682	\$ -	\$ 13,520,682	0.00%	\$ 25,506,915	53.01%
2016	13,031,726	2,383,519	10,648,207	18.29%	25,506,915	41.75%
2017	14,015,645	3,185,872	10,829,773	22.73%	27,555,943	39.30%
2018	14,154,845	3,536,079	10,618,766	24.98%	26,620,711	39.89%

This schedule will not present ten years' worth of fiscal information until 2025.

**Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

Fiscal Year June 30th	Actuarially Determined Employer Contribution	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2010	\$ 580,462	\$ 631,086	\$ (50,624)	\$ 36,769,426	1.72%
2011	725,358	564,349	161,009	37,245,068	1.52%
2012	695,688	723,890	(28,202)	36,870,843	1.96%
2013	728,783	1,092,962	(364,179)	37,225,200	2.94%
2014	903,943	1,207,462	(303,519)	27,184,187	4.44%
2015	1,135,321	1,766,810	(631,489)	27,091,069	6.52%
2016	1,216,080	1,947,863	(731,783)	27,091,069	7.19%
2017	1,490,931	2,250,437	(759,506)	25,506,915	8.82%
2018	1,506,851	1,546,579	(39,728)	27,555,943	5.61%
2019	1,496,331	1,613,579	(117,248)	26,269,401	6.14%

Notes to the Required Schedules:

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

Changes of benefit terms. None

Changes of assumption. The assumed rate of return was increased from 3.16% to 3.64%. The assumed inflation rate remained at 2.50% and assumed wage inflation remained at 1.00%

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization method	14 years as of December 31, 2016
Asset valuation method	Market value
Inflation	2.50%
Salary increase	3.50-7.75%, including inflation
Investment rate of return	3.86%, net of pension plan investment expense, including inflation

Other Postemployment Retiree Healthcare Benefits (OPEB)
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	2019	2018	2017
Total OPEB Liability			
Service Cost at end of year	\$ 3,153,453	\$ 3,564,909	\$ 4,117,337
Interest on the Total OPEB Liability	4,350,254	3,952,508	3,641,969
Difference between expected and actual experience	2,656,661	910,489	-
Changes of assumptions or other inputs	1,607,421	(10,205,157)	(12,808,598)
Benefit payments	(3,459,789)	(3,816,691)	(3,634,511)
Net change in Total OPEB Liability	8,308,000	(5,593,942)	(8,683,803)
Total OPEB Liability - beginning	105,785,248	111,379,190	120,062,993
Total OPEB Liability - ending	<u>\$ 114,093,248</u>	<u>\$ 105,785,248</u>	<u>\$ 111,379,190</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 11,006,979	\$ 13,221,916	\$ 3,634,511
Net investment income	2,402,748	947,514	1,610,803
Benefit payments	(3,459,789)	(3,816,691)	(3,634,511)
Administrative expense	(1,926)	(2,308)	(26,295)
Net change in Plan Fiduciary Net Position	9,948,012	10,350,431	1,584,508
Plan Fiduciary Net Position - beginning	31,940,108	21,589,677	20,005,169
Plan Fiduciary Net Position - ending	41,888,120	31,940,108	21,589,677
Net OPEB Liability - ending	<u>\$ 72,205,128</u>	<u>\$ 73,845,140</u>	<u>\$ 89,789,513</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.71%	30.19%	19.38%
Covered Payroll	\$ 29,668,870	\$ 31,621,099	\$ 31,621,099
Net OPEB Liability as a percentage of covered payroll	243.37%	233.53%	283.95%

This schedule will not present ten years' worth of fiscal information until 2026.

Other Postemployment Retiree Healthcare Benefits (OPEB)
Required Supplementary Information
Schedule of Employer Contributions

Fiscal Year	Actuarially	Contributions in relation to the Actuarially	Annual Contribution		Actual Contributions as a percentage of Covered Payroll
Ending June 30	Determined Contribution	Determined Contribution	Deficiency/ (Excess)	Covered Payroll	
2017	\$ 5,447,207	\$ 3,634,511	\$ 1,812,696	\$ 31,621,099	11.49%
2018	7,483,692	13,221,916	(5,738,224)	31,621,099	41.81%
2019	7,483,692	11,006,979	(3,523,287)	29,668,870	37.10%

This schedule will not present ten years' worth of fiscal information until 2026.

Other Postemployment Retiree Healthcare Benefits (OPEB)
Required Supplementary Information
Schedule of Investment Returns

<u>Fiscal Year Ending June 30</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	4.18%
2018	3.57%
2019	6.64%

This schedule will not present ten years' worth of fiscal information until 2026.

Other Postemployment Retiree Healthcare Benefits (OPEB)
Required Supplementary Information
Schedule of Investment Returns

Notes to the Required Schedules:

Methods and assumptions used in calculations of Actuarially Determined Contributions. The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions (Schedule A) are calculated with each biennial actuarial valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years, Closed
Asset valuation method	Market Value of Assets
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	4.08%
Municipal Bond Index Rate	
Prior Measurement Date	3.89%
Measurement Date	3.50%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.18%
Measurement Date	4.08%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

**Schedule of the County's Proportionate Share of the Net Pension Local
Governmental Employees' Retirement System
Liability (Asset)**

Fiscal Year Ending June 30	County's Proportion of the Net Pension Liability (Asset) %	County's Proportionate Share of the Net Pension Liability (Asset) \$	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.677 %	\$ 8,156,834	\$ 37,047,982	22.02 %	94.35 %
2015	0.698 %	(4,115,601)	39,641,790	(10.38) %	102.64 %
2016	0.751 %	3,371,206	41,860,837	8.05 %	98.09 %
2017	0.781 %	16,575,224	45,271,231	36.61 %	91.47 %
2018	0.809 %	12,366,765	48,703,037	25.39 %	94.18 %
2019	0.822 %	19,506,819	51,978,550	37.53 %	92.00 %

This schedule will not present ten years' worth of fiscal information until 2024.

Union County, North Carolina
Schedule of County Contributions
Local Governmental Employees' Retirement System

Exhibit T

Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,828,849	\$ 2,828,849	\$ -	\$ 39,641,790	7.14 %
2015	2,987,462	2,987,462	-	41,860,837	7.14 %
2016	3,101,050	3,101,050	-	45,271,231	6.85 %
2017	3,644,496	3,644,496	-	48,703,037	7.48 %
2018	4,011,757	4,011,757	-	51,978,550	7.72 %
2019	4,648,254	4,648,254	-	58,149,314	7.99 %

This schedule will not present ten years' worth of fiscal information until 2024.

**Schedule of the County's Proportionate Share of the Net Pension
Register of Deed's Supplemental Pension Fund
Liability (Asset)**

<u>Fiscal Year Ending June 30</u>	<u>County's Proportion of the Net Pension Liability (Asset) %</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) \$</u>	<u>County's Covered Payroll</u>	<u>County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	2.580 %	\$ (551,028)	\$ 74,068	(743.95) %	190.50 %
2015	2.508 %	(568,361)	77,365	(734.65) %	193.88 %
2016	2.618 %	(606,651)	79,911	(759.16) %	197.29 %
2017	2.607 %	(487,471)	83,109	(586.54) %	160.17 %
2018	2.613 %	(446,073)	85,526	(521.56) %	153.77 %
2019	2.502 %	(414,353)	88,014	(470.78) %	153.31 %

This schedule will not present ten years' worth of fiscal information until 2024.

Union County, North Carolina
Schedule of County Contributions
Register of Deed's Supplemental Pension Fund

Exhibit V

Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 20,473	\$ 20,473	\$ -	\$ 77,365	26.46 %
2015	20,947	20,947	-	79,911	26.21 %
2016	21,300	21,300	-	83,109	25.63 %
2017	22,706	22,706	-	85,526	26.55 %
2018	21,409	21,409	-	88,014	24.32 %
2019	22,118	22,118	-	92,101	24.01 %

This schedule will not present ten years' worth of fiscal information until 2024.



Combining and Individual Fund Statements

Union County, North Carolina

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2019

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Property taxes receivable, net	7,945	8,038	9,685	7,866
Accounts receivable, net	46,178	80,116	90,268	80,197
Total assets	<u>\$ 54,123</u>	<u>\$ 88,154</u>	<u>\$ 99,953</u>	<u>\$ 88,063</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 6	\$ -	\$ -
Advances from other funds	33,308	37,683	81,078	34,642
Total liabilities	<u>33,308</u>	<u>37,689</u>	<u>81,078</u>	<u>34,642</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,994</u>	<u>8,117</u>	<u>10,025</u>	<u>7,996</u>
FUND BALANCES				
Restricted	46,178	80,116	90,268	80,197
Assigned	-	-	-	-
Unassigned	(33,357)	(37,768)	(81,418)	(34,772)
Total fund balances	<u>12,821</u>	<u>42,348</u>	<u>8,850</u>	<u>45,425</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,123</u>	<u>\$ 88,154</u>	<u>\$ 99,953</u>	<u>\$ 88,063</u>

Schedule 1

Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Automation Enhancement Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 25,176	\$ 1,889,304	\$ 1,171,778	\$ 164,777	\$ 3,251,035
6,215	-	-	-	-	39,749
117,998	-	65,893	13,035	-	493,685
<u>\$ 124,213</u>	<u>\$ 25,176</u>	<u>\$ 1,955,197</u>	<u>\$ 1,184,813</u>	<u>\$ 164,777</u>	<u>\$ 3,784,469</u>
\$ -	\$ -	\$ 11,155	\$ 12,758	\$ -	\$ 23,919
71,385	-	-	-	-	258,096
<u>71,385</u>	<u>-</u>	<u>11,155</u>	<u>12,758</u>	<u>-</u>	<u>282,015</u>
<u>6,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,402</u>
117,998	25,176	1,280,653	1,965,124	164,777	3,850,487
-	-	663,389	-	-	663,389
<u>(71,440)</u>	<u>-</u>	<u>-</u>	<u>(793,069)</u>	<u>-</u>	<u>(1,051,824)</u>
<u>46,558</u>	<u>25,176</u>	<u>1,944,042</u>	<u>1,172,055</u>	<u>164,777</u>	<u>3,462,052</u>
<u>\$ 124,213</u>	<u>\$ 25,176</u>	<u>\$ 1,955,197</u>	<u>\$ 1,184,813</u>	<u>\$ 164,777</u>	<u>\$ 3,784,469</u>

Union County, North Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2019

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund	Stallings Fire District Fund
REVENUES				
Ad valorem taxes	\$ 682,550	\$ 1,333,827	\$ 1,339,325	\$ 1,240,231
Local option sales tax	142,328	215,761	285,576	258,565
Other taxes and licenses	-	-	-	-
Intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	111	177	217	161
Miscellaneous	-	-	-	-
Total revenues	<u>824,989</u>	<u>1,549,765</u>	<u>1,625,118</u>	<u>1,498,957</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	808,861	1,529,493	1,663,186	1,577,431
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Total expenditures	<u>808,861</u>	<u>1,529,493</u>	<u>1,663,186</u>	<u>1,577,431</u>
Excess (deficiency) of revenues over (under) expenditures	16,128	20,272	(38,068)	(78,474)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,128	20,272	(38,068)	(78,474)
FUND BALANCES				
Beginning	<u>(3,307)</u>	<u>22,076</u>	<u>46,918</u>	<u>123,899</u>
Ending	<u>\$ 12,821</u>	<u>\$ 42,348</u>	<u>\$ 8,850</u>	<u>\$ 45,425</u>

Schedule 2

Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Automation Enhancement Fund	Total Nonmajor Special Revenue Funds
\$ 1,937,913	\$ -	\$ -	\$ -	\$ -	\$ 6,533,846
348,736	-	-	-	-	1,250,966
-	-	790,714	-	-	790,714
-	-	-	2,261,411	-	2,261,411
-	2,564,293	-	-	125,806	2,690,099
-	-	-	23,000	-	23,000
228	-	5,598	2,270	-	8,762
-	-	-	83,312	-	83,312
<u>2,286,877</u>	<u>2,564,293</u>	<u>796,312</u>	<u>2,369,993</u>	<u>125,806</u>	<u>13,642,110</u>
-	-	-	-	142,206	142,206
2,298,415	2,595,056	890,262	143,347	-	11,506,051
-	-	-	910,940	-	910,940
-	-	-	1,190,992	-	1,190,992
<u>2,298,415</u>	<u>2,595,056</u>	<u>890,262</u>	<u>2,245,279</u>	<u>142,206</u>	<u>13,750,189</u>
(11,538)	(30,763)	(93,950)	124,714	(16,400)	(108,079)
-	-	35,332	-	-	35,332
-	-	-	(125,572)	-	(125,572)
-	-	35,332	(125,572)	-	(90,240)
<u>(11,538)</u>	<u>(30,763)</u>	<u>(58,618)</u>	<u>(858)</u>	<u>(16,400)</u>	<u>(198,319)</u>
<u>58,096</u>	<u>55,939</u>	<u>2,002,660</u>	<u>1,172,913</u>	<u>181,177</u>	<u>3,660,371</u>
<u>\$ 46,558</u>	<u>\$ 25,176</u>	<u>\$ 1,944,042</u>	<u>\$ 1,172,055</u>	<u>\$ 164,777</u>	<u>\$ 3,462,052</u>

Union County, North Carolina

Combining Statement of Net Position

Internal Service Funds

June 30, 2019

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
ASSETS				
Current assets:				
Cash and investments	\$ 5,137,173	\$ 1,860,428	\$ 647,763	\$ 2,224,809
Accounts receivable, net	16,408	1,994	524	1,778
Inventories	-	-	-	-
Buildings, equipment, and infrastructure, net of depreciation	-	-	-	372,311
Total assets	<u>5,153,581</u>	<u>1,862,422</u>	<u>648,287</u>	<u>2,598,898</u>
DEFERRED OUTFLOWS OF RESOURCES				
	22,878	20,342	19,583	318,200
Total assets and deferred outflows of resources	<u>5,176,459</u>	<u>1,882,764</u>	<u>667,870</u>	<u>2,917,098</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	251,462	30,458	22,312	270,755
Current portion of compensated absences	7,788	6,210	5,963	64,514
Workers' compensation claims payable	-	281,815	-	-
Health care benefits payable	1,528,074	-	-	-
Property and casualty claims payable	-	-	127,344	-
Non-current liabilities:				
Non-current portion of compensated absences	1,103	2,064	2,207	-
Net OPEB liability	62,891	46,355	43,034	933,612
Net pension liability, LGERS	21,984	20,521	19,916	299,761
Net pension liability, separation allowance	9,249	6,817	6,329	137,333
Total liabilities	<u>1,882,551</u>	<u>394,240</u>	<u>227,105</u>	<u>1,705,975</u>
DEFERRED INFLOWS OF RESOURCES				
	7,207	5,335	4,956	106,846
Total liabilities and deferred inflows of resources	<u>1,889,758</u>	<u>399,575</u>	<u>232,061</u>	<u>1,812,821</u>
NET POSITION				
Net investment in capital assets	-	-	-	372,311
Unrestricted	<u>3,286,701</u>	<u>1,483,189</u>	<u>435,809</u>	<u>731,966</u>
Total net position	<u>\$ 3,286,701</u>	<u>\$ 1,483,189</u>	<u>\$ 435,809</u>	<u>\$ 1,104,277</u>

Schedule 3

Facilities Management Fund	Fleet Management Fund	Total
\$ 1,511,287	\$ 455,744	\$ 11,837,204
3,013	230	23,947
-	21,194	21,194
106,705	70,088	549,104
<u>1,621,005</u>	<u>547,256</u>	<u>12,431,449</u>
293,016	82,298	756,317
<u>1,914,021</u>	<u>629,554</u>	<u>13,187,766</u>
421,876	84,742	1,081,605
59,969	23,729	168,173
-	-	281,815
-	-	1,528,074
-	-	127,344
-	6,350	11,724
865,451	265,498	2,216,841
275,456	75,082	712,720
127,298	39,056	326,082
<u>1,750,050</u>	<u>494,457</u>	<u>6,454,378</u>
99,031	30,332	253,707
<u>1,849,081</u>	<u>524,789</u>	<u>6,708,085</u>
106,705	70,088	549,104
<u>(41,765)</u>	<u>34,677</u>	<u>5,930,577</u>
<u>\$ 64,940</u>	<u>\$ 104,765</u>	<u>\$ 6,479,681</u>

Union County, North Carolina

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2019

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 49,543
Interfund charges and employee contributions	17,480,482	501,758	972,103	3,243,806
Miscellaneous revenue	-	409	-	-
Other operating revenue	-	-	-	3,116
Total operating revenues	17,480,482	502,167	972,103	3,296,465
OPERATING EXPENSES				
Personnel	92,671	88,416	83,093	1,393,329
Operating expenses	2,822,417	175,446	1,780	1,591,283
Depreciation	-	-	-	108,332
Worker's compensation claims	-	509,075	-	-
Health benefit claims and premiums	15,311,719	-	-	-
Property and casualty claims and premiums	-	-	939,042	-
Total operating expenses	18,226,807	772,937	1,023,915	3,092,944
Operating income (loss)	(746,325)	(270,770)	(51,812)	203,521
NONOPERATING REVENUES				
Investment earnings	115,973	41,531	13,701	45,894
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(630,352)	(229,239)	(38,111)	249,415
TRANSFERS AND CONTRIBUTIONS				
Transfers from General Fund	3,306	2,668	2,595	52,868
Transfer to General Fund	-	-	(28,900)	-
Transfer to General Capital Project Fund	-	-	-	(75,000)
Capital contributions - cash-other	-	-	-	-
TOTAL TRANSFERS	3,306	2,668	(26,305)	(22,132)
Change in net position	(627,046)	(226,571)	(64,416)	227,283
NET POSITION				
Beginning	3,913,747	1,709,760	500,225	876,994
Ending	\$ 3,286,701	\$ 1,483,189	\$ 435,809	\$ 1,104,277

Schedule 4

Facilities Management Fund	Fleet Management Fund	Total
\$ 1,560	\$ -	\$ 51,103
5,651,977	1,067,310	28,917,436
490	67	966
2,927	-	6,043
<u>5,656,954</u>	<u>1,067,377</u>	<u>28,975,548</u>
1,503,498	344,063	3,505,070
4,084,524	590,584	9,266,034
30,019	25,307	163,658
-	-	509,075
-	-	15,311,719
-	-	939,042
<u>5,618,041</u>	<u>959,954</u>	<u>29,694,598</u>
38,913	107,423	(719,050)
<u>32,639</u>	<u>5,586</u>	<u>255,324</u>
71,552	113,009	(463,726)
9,351	70,745	141,533
-	-	(28,900)
-	-	(75,000)
-	6,310	6,310
<u>9,351</u>	<u>77,055</u>	<u>43,943</u>
80,903	190,064	(419,783)
(15,963)	(85,299)	6,899,464
<u>\$ 64,940</u>	<u>\$ 104,765</u>	<u>\$ 6,479,681</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Information Technology Fund	Facilities Management Fund	Fleet Management Fund	Total
OPERATING ACTIVITIES							
Cash received from customers for services	\$ 17,468,196	\$ 501,237	\$ 972,059	\$ 3,243,512	\$ 5,650,027	\$ 1,067,189	\$ 28,902,220
Other operating revenue	-	409	-	52,659	4,977	67	58,112
Cash paid to employees	(100,045)	(89,418)	(86,250)	(3,029,270)	(1,349,482)	(372,764)	(5,027,229)
Cash paid for goods and services	(17,441,588)	(548,846)	(886,435)	236,473	(4,117,289)	(514,139)	(23,271,824)
Net cash provided (used) by operating activities	(73,437)	(136,618)	(626)	503,374	188,233	180,353	661,279
NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	3,306	2,668	2,595	52,868	9,351	70,745	141,533
Transfers to other funds	-	-	(28,900)	(75,000)	-	-	(103,900)
Net cash provided (used) by noncapital	3,306	2,668	(26,305)	(22,132)	9,351	70,745	37,633
CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	(241,039)	(24,369)	(5,501)	(270,909)
Net cash provided (used) by capital and related financing activities	-	-	-	(241,039)	(24,369)	(5,501)	(270,909)
INVESTING ACTIVITIES							
Investment earnings	115,973	41,531	13,701	45,894	32,639	5,586	255,324
Net cash provided by investing activities	115,973	41,531	13,701	45,894	32,639	5,586	255,324
Net change in cash and investments	45,842	(92,419)	(13,230)	286,097	205,854	251,183	683,327
CASH AND INVESTMENTS							
Beginning of year	5,091,331	1,952,847	660,993	1,938,712	1,305,433	204,561	11,153,877
End of year	\$ 5,137,173	\$ 1,860,428	\$ 647,763	\$ 2,224,809	\$ 1,511,287	\$ 455,744	\$ 11,837,204
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	\$ (746,325)	\$ (270,770)	\$ (51,812)	\$ 203,521	\$ 38,913	\$ 107,423	\$ (719,050)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation	-	-	-	108,332	30,019	25,307	163,658
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable	(12,286)	(521)	(44)	(294)	(1,950)	(121)	(15,216)
Inventories	-	-	-	-	-	(379)	(379)
Deferred outflows of resources - LGERS	(6,254)	(5,548)	(5,435)	(96,140)	(125,323)	(20,771)	(259,471)
Deferred outflows of resources - OPEB	(2,812)	(2,122)	(1,925)	(42,589)	(40,956)	(11,873)	(102,277)
Deferred outflows of resources - Sep. Allow.	(416)	(51)	(280)	(7,361)	(8,934)	(1,762)	(18,804)
Accounts payable and accrued liabilities	692,548	135,675	54,387	230,195	(50,390)	79,305	1,141,720
Compensated absences payable	77	1,787	1,787	(16,399)	28,355	1,207	16,814
Net pension liability, LGERS	7,589	6,720	6,585	117,129	154,064	25,182	317,269
Net OPEB liability	(3,939)	1,236	(2,676)	11,803	134,753	(16,590)	124,587
Net pension liability, separation allowance	(530)	(2,594)	(396)	2,318	20,343	(2,195)	16,946
Deferred inflows of resources - LGERS	(293)	(285)	(274)	(3,618)	(2,010)	(1,024)	(7,504)
Deferred inflows of resources - OPEB	316	196	215	(8,388)	6,529	(4,690)	(5,822)
Deferred inflows of resources - Sep. Allow.	(1,112)	(341)	(758)	4,865	4,820	1,334	8,808
Total adjustments	672,888	134,152	51,186	299,853	149,320	72,930	1,380,329
Net cash provided (used) by operating activities	\$ (73,437)	\$ (136,618)	\$ (626)	\$ 503,374	\$ 188,233	\$ 180,353	\$ 661,279

Combining Statement of Fiduciary Net Position - Pension Trust Funds

June 30, 2019

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
ASSETS			
Cash and cash equivalents	\$ 13	\$ -	\$ 13
Investments:			
Separation Allowance Trust Fund	3,700,495	-	3,700,495
State Treasurer's Office OPEB Trust	-	41,888,120	41,888,120
Total assets	<u>3,700,508</u>	<u>41,888,120</u>	<u>45,588,628</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>13</u>	<u>-</u>	<u>13</u>
Total liabilities	<u>13</u>	<u>-</u>	<u>13</u>
NET POSITION			
Employees' pension benefits	<u>\$ 3,700,495</u>	<u>\$ 41,888,120</u>	<u>\$ 45,588,615</u>

Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds

For the Year Ended June 30, 2019

	Special Separation Allowance Pension Trust Fund	Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund	Total
ADDITIONS			
Employer contributions	\$ 1,613,579	\$ 11,006,979	\$ 12,620,558
Net investment income	68,145	2,400,822	2,468,967
Total additions	1,681,724	13,407,801	15,089,525
DEDUCTIONS			
Benefits	1,333,976	3,459,789	4,793,765
Change in net position	347,748	9,948,012	10,295,760
NET POSITION			
Beginning	3,352,747	31,940,108	35,292,855
Ending	\$ 3,700,495	\$ 41,888,120	\$ 45,588,615



Union County, North Carolina

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2019

	Social Services Fund	Fines and Forfeitures Fund	Jail Inmate Fund	Union County School District Fund
ASSETS				
Cash and cash equivalents	\$ 90,692	\$ -	\$ 23,959	\$ -
Property taxes receivable, net	-	-	-	82
Accounts receivable, net	-	11,803	-	-
Total assets	<u>\$ 90,692</u>	<u>\$ 11,803</u>	<u>\$ 23,959</u>	<u>\$ 82</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 82
Advances from other funds	-	11,803	-	-
Due to Program Participants	<u>90,692</u>	<u>-</u>	<u>23,959</u>	<u>-</u>
Total liabilities	<u>\$ 90,692</u>	<u>\$ 11,803</u>	<u>\$ 23,959</u>	<u>\$ 82</u>

Schedule 8

Municipal Tax Collection Fund	Gross Rental Receipts Tax Fund	Civil Fees Fund	Total
\$ 3,638	\$ 4,221	\$ 3,212	\$ 125,722
-	-	-	82
-	-	-	11,803
<u>\$ 3,638</u>	<u>\$ 4,221</u>	<u>\$ 3,212</u>	<u>\$ 137,607</u>
\$ 3,638	\$ 4,221	\$ -	\$ 7,941
-	-	-	11,803
-	-	3,212	117,863
<u>\$ 3,638</u>	<u>\$ 4,221</u>	<u>\$ 3,212</u>	<u>\$ 137,607</u>



General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Union County, North Carolina

General Fund - Combining

Balance Sheet

June 30, 2019

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund
ASSETS				
Cash and investments	\$ 61,510,723	\$ 4,166,754	\$ 534,668	\$ 229,379
Property taxes receivable, net	468,152	656,152	-	13,278
Accounts receivable, net	20,228,530	1,124,682	167,355	27,095
Accounts receivable, long-term	1,575	-	-	-
Inventories	10,261	-	-	-
Advances to other funds	14,676,629	-	-	-
Cash and investments, restricted	3,754	-	-	-
Cash and investments, restricted-deposits	513,686	-	-	-
Total assets	<u>\$ 97,413,310</u>	<u>\$ 5,947,588</u>	<u>\$ 702,023</u>	<u>\$ 269,752</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,486,625	\$ 83	\$ -	\$ 65,113
Deposits	513,686	-	-	-
Total liabilities	<u>6,000,311</u>	<u>83</u>	<u>-</u>	<u>65,113</u>
DEFERRED INFLOWS OF RESOURCES	<u>473,050</u>	<u>666,082</u>	<u>167,000</u>	<u>13,508</u>
FUND BALANCE				
Nonspendable	11,836	-	-	-
Restricted	38,125,845	1,124,682	355	30,083
Committed	60,998,762	-	-	-
Assigned	-	2,667,777	-	111,291
Unassigned	<u>(8,196,494)</u>	<u>1,488,964</u>	<u>534,668</u>	<u>49,757</u>
Total fund balance	<u>90,939,949</u>	<u>5,281,423</u>	<u>535,023</u>	<u>191,131</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 97,413,310</u>	<u>\$ 5,947,588</u>	<u>\$ 702,023</u>	<u>\$ 269,752</u>

Schedule 9

Countywide EMS Budgetary Fund	Debt Service Budgetary Fund	Total
\$ 1,386,547	\$ 10,800,290	\$ 78,628,361
36,610	36,927	1,211,119
161,862	79,121	21,788,645
-	-	1,575
-	-	10,261
-	-	14,676,629
-	-	3,754
-	-	513,686
<u>\$ 1,585,019</u>	<u>\$ 10,916,338</u>	<u>\$ 116,834,030</u>

\$ -	\$ -	\$ 5,551,821
-	-	513,686
-	-	6,065,507
<u>37,197</u>	<u>37,617</u>	<u>1,394,454</u>
-	-	11,836
198,292	79,121	39,558,378
-	-	60,998,762
-	-	2,779,068
<u>1,349,530</u>	<u>10,799,600</u>	<u>6,026,025</u>
<u>1,547,822</u>	<u>10,878,721</u>	<u>109,374,069</u>
<u>\$ 1,585,019</u>	<u>\$ 10,916,338</u>	<u>\$ 116,834,030</u>

Union County, North Carolina

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2019

	General	Schools Budgetary Fund	Schools Radios Budgetary Fund	Countywide Fire Budgetary Fund
REVENUES				
Ad valorem taxes	\$ 58,380,755	\$ 117,355,202	\$ -	\$ 2,711,404
Local option sales tax	45,818,820	-	-	-
Other taxes and licenses	3,182,688	-	-	-
Intergovernmental	34,452,380	-	167,000	-
Permits and fees	4,682,370	-	-	-
Sales and services	5,495,656	-	-	-
Investment earnings	2,504,675	860,544	9,072	48,083
Miscellaneous	6,807,199	-	-	-
Total revenues	161,324,543	118,215,746	176,072	2,759,487
EXPENDITURES				
Current:				
General government	14,164,359	-	-	-
Public safety	45,898,064	-	-	2,874,967
Economic and physical development	3,623,147	-	-	-
Human services	44,750,868	-	-	-
Cultural and recreational	8,027,154	-	-	-
Intergovernmental:				
Education	2,506,828	100,634,974	52,587	-
Debt service:				
Principal retirement	42,183,633	-	-	-
Interest and fees	10,607,344	-	-	-
Nondepartmental	126,863	-	-	-
Total expenditures	171,888,260	100,634,974	52,587	2,874,967
Excess (deficiency) of revenues over (under) expenditures	(10,563,717)	17,580,772	123,485	(115,480)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	6,993,613	-	-	-
Transfers to other funds	(2,607,470)	(19,125,969)	-	-
Total other financing sources (uses)	4,386,143	(19,125,969)	-	-
Net change in fund balances	(6,177,574)	(1,545,197)	123,485	(115,480)
FUND BALANCES				
Beginning	97,117,523	6,826,620	411,538	306,611
Ending	\$ 90,939,949	\$ 5,281,423	\$ 535,023	\$ 191,131

Schedule 10

Countywide EMS Budgetary Fund	Debt Service Budgetary Fund	Total
\$ 6,930,254	\$ 8,121,842	\$ 193,499,457
-	-	45,818,820
-	-	3,182,688
-	-	34,619,380
-	-	4,682,370
1,027,939	-	6,523,595
41,680	80,236	3,544,290
97,118	-	6,904,317
8,096,991	8,202,078	298,774,917
-	25,066	14,189,425
7,658,142	-	56,431,173
-	-	3,623,147
-	-	44,750,868
-	-	8,027,154
-	-	103,194,389
-	2,500,000	44,683,633
-	1,904,375	12,511,719
-	-	126,863
7,658,142	4,429,441	287,538,371
438,849	3,772,637	11,236,546
-	-	6,993,613
-	-	(21,733,439)
-	-	(14,739,826)
438,849	3,772,637	(3,503,280)
1,108,973	7,106,084	112,877,349
\$ 1,547,822	\$ 10,878,721	\$ 109,374,069

General Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 61,510,723	\$ 80,668,138
Property taxes receivable, net	468,152	635,820
Accounts receivable, net	20,228,530	20,373,957
Accounts receivable, long-term	1,575	1,575
Inventories	10,261	8,039
Advances to other funds	14,676,629	-
Cash and investments, restricted	3,754	-
Cash and investments, restricted-deposits	513,686	1,015,759
Total assets	<u>\$ 97,413,310</u>	<u>\$ 102,703,288</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 5,486,625	\$ 3,890,385
Deposits	513,686	1,015,759
Total liabilities	<u>6,000,311</u>	<u>4,906,144</u>
DEFERRED INFLOWS OF RESOURCES	<u>473,050</u>	<u>679,621</u>
FUND BALANCE		
Nonspendable	11,836	9,614
Restricted	38,125,845	22,184,703
Committed	60,998,762	62,893,854
Assigned	-	8,925,398
Unassigned	(8,196,494)	3,103,954
Total fund balance	<u>90,939,949</u>	<u>97,117,523</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 97,413,310</u>	<u>\$ 102,703,288</u>

General Fund**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 58,257,401	\$ 58,380,755	\$ 123,354	\$ 69,198,717
Local option sales tax	48,745,636	45,818,820	(2,926,816)	43,070,620
Other taxes and licenses	2,992,485	3,182,688	190,203	2,916,298
Intergovernmental	34,512,062	34,452,380	(59,682)	33,869,997
Permits and fees	4,792,132	4,682,370	(109,762)	5,195,755
Sales and services	4,675,160	5,495,656	820,496	5,092,514
Investment earnings	1,526,601	2,504,675	978,074	877,699
Miscellaneous	6,915,513	6,807,199	(108,314)	7,022,922
Total revenues	162,416,990	161,324,543	(1,092,447)	167,244,522
EXPENDITURES				
General Government				
Board of Commissioners	819,638	726,145	93,493	676,586
Budget	497,544	468,823	28,721	361,075
Central Administration	956,098	890,946	65,152	846,264
Legal	650,325	643,535	6,790	583,792
Human Resources	1,487,807	1,346,023	141,784	1,196,598
Finance	972,674	916,803	55,871	865,239
Tax Administration	5,885,257	5,400,068	485,189	5,009,418
Court Facilities	1,528,291	1,440,853	87,438	1,428,157
Board of Elections	1,588,795	1,461,667	127,128	1,221,450
Register of Deeds	1,387,062	1,302,699	84,363	1,245,445
Information Technology	3,948	-	3,948	3,109
G.I.S. Department	676	12	664	-
Procurement	502,376	479,938	22,438	475,391
Public Communications	-	955	(955)	-
Fleet Management	1,834	1,834	-	-
Property Management	(917,401)	(915,942)	(1,459)	(634,132)
Total General Government	15,364,924	14,164,359	1,200,565	13,278,392
Public Safety				
Law Enforcement	37,353,531	36,330,243	1,023,288	33,745,310
911 Communications	5,161,794	4,923,272	238,522	4,286,163
Emergency Management	306,163	273,478	32,685	268,862
Fire Marshal's Office	1,285,085	1,073,372	211,713	873,760
Building Code Enforcement	3,198,169	2,986,955	211,214	2,451,093
Other Public Safety Outside Agencies				
Medical Examiner	130,000	68,053	61,947	87,475
Juvenile Detention	262,182	237,691	24,491	154,917
American Red Cross	5,000	5,000	-	5,000
Total Public Safety	47,701,924	45,898,064	1,803,860	41,872,580

Continued on next page.

General Fund**Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
Economic and Physical Development				
Planning	\$ 1,050,236	\$ 926,145	\$ 124,091	\$ 794,771
Cooperative Extension Service	1,578,357	1,332,330	246,027	1,254,991
Soil and Water Conservation	172,772	170,599	2,173	153,968
Other Economic and Physical Dev. Outside Agencies				
Economic Development	2,127,200	1,126,050	1,001,150	899,700
Forest Resources	81,600	68,023	13,577	89,529
<i>Total Economic and Physical Development</i>	<u>5,010,165</u>	<u>3,623,147</u>	<u>1,387,018</u>	<u>3,192,959</u>
Human Services				
Public Health	13,450,180	12,255,842	1,194,338	10,995,870
Social Services	29,975,887	27,004,287	2,971,600	26,864,649
Transportation and Nutrition	3,266,411	3,268,505	(2,094)	2,539,467
Veterans' Services	531,199	513,383	17,816	449,754
Other Human Services Outside Agencies				
Mental Health	849,161	838,878	10,283	972,600
Health Quest	22,784	22,784	-	22,337
Charlotte Area Transportation	-	-	-	126,396
DJJDP - Programs	301,004	300,263	741	294,499
Turning Point	45,576	45,576	-	44,682
Community Shelter	11,906	11,906	-	11,673
Community Action	69,263	69,263	-	67,905
Council of Aging	417,348	420,181	(2,833)	384,728
<i>Total Human Services</i>	<u>48,940,719</u>	<u>44,750,868</u>	<u>4,189,851</u>	<u>42,774,560</u>
Cultural and Recreational				
Library	5,558,918	5,454,844	104,074	5,345,986
Parks and Recreation	2,595,750	2,489,591	106,159	2,162,847
Other Cultural and Recreational Outside Agencies				
Arts Council	52,018	52,018	-	50,998
Historical Properties	26,601	26,601	-	26,220
A.J. Historical Foundation	4,100	4,100	-	4,100
<i>Total Cultural and Recreational</i>	<u>8,237,387</u>	<u>8,027,154</u>	<u>210,233</u>	<u>7,590,151</u>
Education				
Public Schools - current expense	430,060	430,060	-	423,684
Subtotal	430,060	430,060	-	423,684
Community College - operations	2,074,386	2,074,386	-	1,978,269
Literacy Council	2,382	2,382	-	2,335
<i>Total Education</i>	<u>2,506,828</u>	<u>2,506,828</u>	<u>-</u>	<u>2,404,288</u>

Continued on next page.

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
Debt Service				
Principal retirement	\$ 42,183,634	\$ 42,183,633	\$ 1	\$ 33,201,602
Interest and fees	10,624,632	10,607,344	17,288	11,553,225
<i>Total Debt Service</i>	<u>52,808,266</u>	<u>52,790,977</u>	<u>17,289</u>	<u>44,754,827</u>
Contingency	190,000	-	190,000	-
Nondepartmental	354,829	126,863	227,966	134,584
Total expenditures	181,115,042	171,888,260	9,226,782	156,002,341
Revenues over (under) expenditures	<u>(18,698,052)</u>	<u>(10,563,717)</u>	<u>8,134,335</u>	<u>11,242,181</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	6,993,613	6,993,613	-	14,445
Transfer in-Water and Sewer Fund	1,670	-	(1,670)	-
Transfer in - Solid Waste Fund	110	-	(110)	-
Transfers to other funds	<u>(2,572,138)</u>	<u>(2,607,470)</u>	<u>(35,332)</u>	<u>(9,250,064)</u>
Total other financing sources (uses)	<u>4,423,255</u>	<u>4,386,143</u>	<u>(37,112)</u>	<u>(9,235,619)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(14,274,797)	(6,177,574)	8,097,223	2,006,562
APPROPRIATED FUND BALANCE	<u>14,274,797</u>	<u>-</u>	<u>(14,274,797)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(6,177,574)</u>	<u>\$ (6,177,574)</u>	<u>2,006,562</u>
FUND BALANCE				
Beginning		97,117,523		95,110,961
Ending		<u>\$ 90,939,949</u>		<u>\$ 97,117,523</u>

Schools Budgetary Fund
Comparative Balance Sheet
June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 4,166,754	\$ 5,811,707
Property taxes receivable, net	656,152	623,699
Accounts receivable, net	1,124,682	1,089,490
Total assets	<u>\$ 5,947,588</u>	<u>\$ 7,524,896</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 83	\$ 6,189
Total liabilities	<u>83</u>	<u>6,189</u>
DEFERRED INFLOWS OF RESOURCES	<u>666,082</u>	<u>692,087</u>
FUND BALANCE		
Restricted	1,124,682	1,089,490
Assigned	2,667,777	-
Unassigned	1,488,964	5,737,130
Total fund balance	<u>5,281,423</u>	<u>6,826,620</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,947,588</u>	<u>\$ 7,524,896</u>

Schools Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 116,340,430	\$ 117,355,202	\$ 1,014,772	\$ 113,675,029
Investment earnings	242,327	860,544	618,217	335,777
Total revenues	116,582,757	118,215,746	1,632,989	114,010,806
EXPENDITURES				
Public Schools - current expense	100,273,768	100,273,768	-	96,916,459
Public Schools - other costs	328,463	361,206	(32,743)	318,821
Total expenditures	100,602,231	100,634,974	(32,743)	97,235,280
Revenues over (under) expenditures	15,980,526	17,580,772	1,600,246	16,775,526
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(19,125,969)	(19,125,969)	-	(15,515,188)
Total other financing sources (uses)	(19,125,969)	(19,125,969)	-	(15,515,188)
Revenues and other financing sources over (under) expenditures and other financing uses	(3,145,443)	(1,545,197)	1,600,246	1,260,338
APPROPRIATED FUND BALANCE	3,145,443	-	(3,145,443)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	(1,545,197)	\$ (1,545,197)	1,260,338
FUND BALANCE				
Beginning		6,826,620		5,566,282
Ending		\$ 5,281,423		\$ 6,826,620

Schools Radios Budgetary Fund**Comparative Balance Sheet**

June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 534,668	\$ 411,265
Accounts receivable, net	167,355	167,273
Accounts receivable, long-term	-	167,000
Total assets	<u>\$ 702,023</u>	<u>\$ 745,538</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Total liabilities	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES	<u>167,000</u>	<u>334,000</u>
FUND BALANCE		
Nonspendable	-	167,000
Restricted	355	167,273
Unassigned	<u>534,668</u>	<u>77,265</u>
Total fund balance	<u>535,023</u>	<u>411,538</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 702,023</u>	<u>\$ 745,538</u>

Schools Radios Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Intergovernmental	\$ 167,000	\$ 167,000	\$ -	\$ 167,000
Investment earnings	4,146	9,072	4,926	2,594
Total revenues	171,146	176,072	4,926	169,594
EXPENDITURES				
Public Schools - other costs	171,146	52,587	118,559	73,603
Total expenditures	171,146	52,587	118,559	73,603
Revenues over (under) expenditures	-	123,485	123,485	95,991
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	835,000
Total other financing sources (uses)	-	-	-	835,000
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	123,485	\$ 123,485	930,991
FUND BALANCE				
Beginning		411,538		(519,453)
Ending		\$ 535,023		\$ 411,538

Countywide Fire Budgetary Fund**Comparative Balance Sheet**

June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 229,379	\$ 282,293
Property taxes receivable, net	13,278	9,921
Accounts receivable, net	27,095	26,668
Total assets	<u>\$ 269,752</u>	<u>\$ 318,882</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 65,113	\$ 1,413
Total liabilities	<u>65,113</u>	<u>1,413</u>
DEFERRED INFLOWS OF RESOURCES	<u>13,508</u>	<u>10,858</u>
FUND BALANCE		
Restricted	30,083	26,668
Assigned	111,291	127,854
Unassigned	<u>49,757</u>	<u>152,089</u>
Total fund balance	<u>191,131</u>	<u>306,611</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 269,752</u>	<u>\$ 318,882</u>

Countywide Fire Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 2,690,830	\$ 2,711,404	\$ 20,574	\$ 2,630,752
Intergovernmental	371,603	-	(371,603)	-
Investment earnings	316	48,083	47,767	19,703
Total revenues	<u>3,062,749</u>	<u>2,759,487</u>	<u>(303,262)</u>	<u>2,650,455</u>
EXPENDITURES				
Emergency Management	3,231,403	2,874,967	356,436	3,402,708
Total expenditures	<u>3,231,403</u>	<u>2,874,967</u>	<u>356,436</u>	<u>3,402,708</u>
Revenues over (under) expenditures	<u>(168,654)</u>	<u>(115,480)</u>	<u>53,174</u>	<u>(752,253)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	995,505
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>995,505</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(168,654)</u>	<u>(115,480)</u>	<u>53,174</u>	<u>243,252</u>
APPROPRIATED FUND BALANCE	<u>168,654</u>	<u>-</u>	<u>(168,654)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(115,480)</u>	<u>\$ (115,480)</u>	<u>243,252</u>
FUND BALANCE				
Beginning		<u>306,611</u>		<u>63,359</u>
Ending		<u>\$ 191,131</u>		<u>\$ 306,611</u>

Countywide EMS Budgetary Fund**Comparative Balance Sheet**

June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 1,386,547	\$ 1,074,706
Property taxes receivable, net	36,610	31,765
Accounts receivable, net	161,862	63,513
Total assets	<u>\$ 1,585,019</u>	<u>\$ 1,169,984</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 25,595
Total liabilities	<u>-</u>	<u>25,595</u>
DEFERRED INFLOWS OF RESOURCES	<u>37,197</u>	<u>35,416</u>
FUND BALANCE		
Restricted	198,292	185,768
Unassigned	<u>1,349,530</u>	<u>923,205</u>
Total fund balance	<u>1,547,822</u>	<u>1,108,973</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,585,019</u>	<u>\$ 1,169,984</u>

Countywide EMS Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 6,870,760	\$ 6,930,254	\$ 59,494	\$ 6,673,978
Sales and services	657,209	1,027,939	370,730	795,116
Investment earnings	13,218	41,680	28,462	13,746
Miscellaneous	25,000	97,118	72,118	219,947
Total revenues	<u>7,566,187</u>	<u>8,096,991</u>	<u>530,804</u>	<u>7,702,787</u>
EXPENDITURES				
Emergency Medical Services	<u>7,688,442</u>	<u>7,658,142</u>	<u>30,300</u>	<u>7,137,858</u>
Total expenditures	<u>7,688,442</u>	<u>7,658,142</u>	<u>30,300</u>	<u>7,137,858</u>
Revenues over (under) expenditures	<u>(122,255)</u>	<u>438,849</u>	<u>561,104</u>	<u>564,929</u>
APPROPRIATED FUND BALANCE	<u>122,255</u>	<u>-</u>	<u>(122,255)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>438,849</u>	<u>\$ 438,849</u>	<u>564,929</u>
FUND BALANCE				
Beginning		<u>1,108,973</u>		<u>544,044</u>
Ending		<u>\$ 1,547,822</u>		<u>\$ 1,108,973</u>

Debt Service Budgetary Fund**Comparative Balance Sheet**

June 30, 2019 and 2018

	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 10,800,290	\$ 7,033,417
Property taxes receivable, net	36,927	22,757
Accounts receivable, net	79,121	74,557
Total assets	<u>\$ 10,916,338</u>	<u>\$ 7,130,731</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Accounts payable and accrued liabilities	\$ -	\$ 397
DEFERRED INFLOWS OF RESOURCES	<u>37,617</u>	<u>24,250</u>
FUND BALANCE		
Restricted	79,121	74,557
Unassigned	<u>10,799,600</u>	<u>7,031,527</u>
Total fund balance	<u>10,878,721</u>	<u>7,106,084</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,916,338</u>	<u>\$ 7,130,731</u>

Debt Service Budgetary Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 8,072,490	\$ 8,121,842	\$ 49,352	\$ 7,637,348
Investment earnings	138,090	80,236	(57,854)	17,193
Total revenues	8,210,580	8,202,078	(8,502)	7,654,541
EXPENDITURES				
Tax Administration	-	25,066	(25,066)	17,278
Principal retirement	\$ 2,500,000	\$ 2,500,000	\$ -	\$ -
Interest and fees	1,903,125	1,904,375	(1,250)	801,979
Total expenditures	4,403,125	4,429,441	(26,316)	819,257
Revenues over (under) expenditures	3,807,455	3,772,637	(34,818)	6,835,284
OTHER FINANCING SOURCES (USES)				
Proceeds from issuing general obligation bonds	-	-	-	270,800
Total other financing sources (uses)	-	-	-	270,800
Revenues and other financing sources over (under) expenditures and other financing uses	3,807,455	3,772,637	(34,818)	7,106,084
APPROPRIATED FUND BALANCE	(3,807,455)	-	3,807,455	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	3,772,637	\$ 3,772,637	7,106,084
FUND BALANCE				
Beginning		7,106,084		-
Ending		\$ 10,878,721		\$ 7,106,084

General Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual****- Expenditures by Appropriation Unit**

For the Year Ended June 30, 2019

	2019		Variance
	Final Budget	Actual	Positive (Negative)
REVENUES			
Ad valorem taxes	\$ 58,257,401	\$ 58,380,755	\$ 123,354
Local option sales tax	48,745,636	45,818,820	(2,926,816)
Other taxes and licenses	2,992,485	3,182,688	190,203
Intergovernmental	34,512,062	34,452,380	(59,682)
Permits and fees	4,792,132	4,682,370	(109,762)
Sales and services	4,675,160	5,495,656	820,496
Investment earnings	1,526,601	2,504,675	978,074
Miscellaneous	6,915,513	6,807,199	(108,314)
Total revenues	162,416,990	161,324,543	(1,092,447)
EXPENDITURES			
Administrative Services	1,977,218	1,865,574	111,644
Board of County Commissioners	819,638	726,146	93,492
Board of Elections	1,588,795	1,461,665	127,130
Centralized Revenue and Expenditures	544,829	126,863	417,966
Community Partners	284,189	284,189	-
Community Services	10,640,178	10,181,795	458,383
County Manager's Office	956,098	891,902	64,196
Economic Development	2,127,200	1,126,049	1,001,151
Emergency Services	7,894,228	7,411,299	482,929
Growth Management	4,248,405	3,913,101	335,304
Human Resources	1,487,807	1,346,023	141,784
Human Services	47,225,514	43,043,855	4,181,659
Legal Services	650,325	643,534	6,791
Outside Agencies	5,093,869	4,898,330	195,539
Public Works	(917,401)	(915,942)	(1,459)
Register of Deeds	1,387,062	1,302,698	84,364
Sheriff's Office	37,374,198	36,350,921	1,023,277
South Piedmont Community College	2,505,245	2,505,245	-
Tax Administration	5,885,257	5,400,074	485,183
Union County Public Schools	49,342,388	49,324,939	17,449
Total expenditures and other financing uses	181,115,042	171,888,260	9,226,782
Revenues over (under) expenditures	(18,698,052)	(10,563,717)	8,134,335
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	6,995,393	6,993,613	(1,780)
Transfer to other funds	(2,572,138)	(2,607,470)	(35,332)
Total other financing sources (uses)	4,423,255	4,386,143	(37,112)
Revenues and other financing sources over (under) expenditures and other financing uses	(14,274,797)	(6,177,574)	8,097,223
APPROPRIATED FUND BALANCE	14,274,797	-	(14,274,797)
Revenues, other financing sources and appropriated fund balance under expenditures and other financing uses	\$ -	(6,177,574)	\$ (6,177,574)
FUND BALANCE			
Beginning		97,117,523	
Ending		<u>\$ 90,939,949</u>	

Special Revenue Funds

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

Springs Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Waxhaw Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Hemby Bridge Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Stallings Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Wesley Chapel Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Fee Supported Fire Districts Fund - This fund accounts for the fees levied in these fire districts in Union County.

Emergency Telephone System Fund - This fund accounts for the user fees charged to support the emergency telephone system.

General Special Revenue Fund - This multi-year fund accounts for multi-year special revenues.

Automation Enhancement Fund - This fund accounts for ten percent (10%) of the fees collected, by the County's Register of Deeds, pursuant to G.S. 161-10 and retained by the county, or three dollars and twenty cents (\$3.20) in the case of a fee collected pursuant to G.S. 161-10(a)(1a) for the first page of a deed trust or mortgage, which is set aside annually and placed in a nonreverting Automation Enhancement (and Preservation) Fund, the proceeds of which shall be expended on computer or imaging technology and needs associated with the preservation and storage of public records in the office of the register of deeds.



Springs Fire District Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 688,117	\$ 682,550	\$ (5,567)	\$ 681,542
Local option sales tax	120,744	142,328	21,584	97,799
Investment earnings	-	111	111	68
Total revenues	<u>808,861</u>	<u>824,989</u>	<u>16,128</u>	<u>779,409</u>
EXPENDITURES				
Public safety	<u>808,861</u>	<u>808,861</u>	-	<u>807,388</u>
Total expenditures	<u>808,861</u>	<u>808,861</u>	-	<u>807,388</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	16,128	<u>\$ 16,128</u>	(27,979)
FUND BALANCE				
Beginning of year - July 1		<u>(3,307)</u>		<u>24,672</u>
End of year - June 30		<u>\$ 12,821</u>		<u>\$ (3,307)</u>

Waxhaw Fire District Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,339,878	\$ 1,333,827	\$ (6,051)	\$ 952,133
Local option sales tax	180,818	215,761	34,943	153,327
Investment earnings	-	177	177	83
Total revenues	<u>1,520,696</u>	<u>1,549,765</u>	<u>29,069</u>	<u>1,105,543</u>
EXPENDITURES				
Public safety	<u>1,529,493</u>	<u>1,529,493</u>	-	<u>1,159,663</u>
Total expenditures	<u>1,529,493</u>	<u>1,529,493</u>	-	<u>1,159,663</u>
Revenues over (under) expenditures	(8,797)	20,272	29,069	(54,120)
APPROPRIATED FUND BALANCE	<u>8,797</u>	-	<u>(8,797)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	20,272	<u>\$ 20,272</u>	(54,120)
FUND BALANCE				
Beginning of year - July 1		<u>22,076</u>		<u>76,196</u>
End of year - June 30		<u>\$ 42,348</u>		<u>\$ 22,076</u>

Hemby Bridge Fire District Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,348,128	\$ 1,339,325	\$ (8,803)	\$ 1,334,092
Local option sales tax	272,027	285,576	13,549	235,201
Investment earnings	-	217	217	139
Total revenues	<u>1,620,155</u>	<u>1,625,118</u>	<u>4,963</u>	<u>1,569,432</u>
EXPENDITURES				
Public safety	<u>1,663,186</u>	<u>1,663,186</u>	-	<u>1,644,470</u>
Total expenditures	<u>1,663,186</u>	<u>1,663,186</u>	-	<u>1,644,470</u>
Revenues over (under) expenditures	(43,031)	(38,068)	4,963	(75,038)
APPROPRIATED FUND BALANCE	<u>43,031</u>	-	<u>(43,031)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(38,068)</u>	<u>\$ (38,068)</u>	<u>(75,038)</u>
FUND BALANCE				
Beginning of year - July 1		<u>46,918</u>		<u>121,956</u>
End of year - June 30		<u>\$ 8,850</u>		<u>\$ 46,918</u>

Stallings Fire District Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,298,990	\$ 1,240,231	\$ (58,759)	\$ 1,201,995
Local option sales tax	214,026	258,565	44,539	225,331
Investment earnings	-	161	161	103
Total revenues	<u>1,513,016</u>	<u>1,498,957</u>	<u>(14,059)</u>	<u>1,427,429</u>
EXPENDITURES				
Public safety	<u>1,577,431</u>	<u>1,577,431</u>	-	<u>1,453,000</u>
Total expenditures	<u>1,577,431</u>	<u>1,577,431</u>	-	<u>1,453,000</u>
Revenues over (under) expenditures	(64,415)	(78,474)	(14,059)	(25,571)
APPROPRIATED FUND BALANCE	<u>64,415</u>	-	<u>(64,415)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(78,474)</u>	<u>\$ (78,474)</u>	<u>(25,571)</u>
FUND BALANCE				
Beginning of year - July 1		<u>123,899</u>		<u>149,470</u>
End of year - June 30		<u>\$ 45,425</u>		<u>\$ 123,899</u>

Wesley Chapel Fire District Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Ad valorem taxes	\$ 1,946,602	\$ 1,937,913	\$ (8,689)	\$ 1,558,781
Local option sales tax	316,977	348,736	31,759	292,718
Investment earnings	-	228	228	121
Total revenues	<u>2,263,579</u>	<u>2,286,877</u>	<u>23,298</u>	<u>1,851,620</u>
EXPENDITURES				
Public safety	<u>2,298,415</u>	<u>2,298,415</u>	-	<u>1,898,284</u>
Total expenditures	<u>2,298,415</u>	<u>2,298,415</u>	-	<u>1,898,284</u>
Revenues over (under) expenditures	(34,836)	(11,538)	23,298	(46,664)
APPROPRIATED FUND BALANCE	<u>34,836</u>	-	<u>(34,836)</u>	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(11,538)</u>	<u>\$ (11,538)</u>	<u>(46,664)</u>
FUND BALANCE				
Beginning of year - July 1		<u>58,096</u>		<u>104,760</u>
End of year - June 30		<u>\$ 46,558</u>		<u>\$ 58,096</u>

Fee Supported Fire Districts Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Permits and fees	\$ 2,595,056	\$ 2,564,293	\$ (30,763)	\$ 2,545,343
Total revenues	<u>2,595,056</u>	<u>2,564,293</u>	<u>(30,763)</u>	<u>2,545,343</u>
EXPENDITURES				
Public safety	2,595,056	2,595,056	-	2,580,930
Total expenditures	<u>2,595,056</u>	<u>2,595,056</u>	<u>-</u>	<u>2,580,930</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(30,763)</u>	<u>\$ (30,763)</u>	<u>(35,587)</u>
FUND BALANCE				
Beginning of year - July 1		55,939		91,526
End of year - June 30		<u>\$ 25,176</u>		<u>\$ 55,939</u>

Emergency Telephone System Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Other taxes and licenses	\$ 719,944	\$ 790,714	\$ 70,770	\$ 873,066
Investment earnings	-	5,598	5,598	5,345
Total revenues	<u>719,944</u>	<u>796,312</u>	<u>76,368</u>	<u>878,411</u>
EXPENDITURES				
Public safety	-	-	-	-
Hardware maintenance	1,315,349	431,309	884,040	218,777
Implemental functions	119,043	129,752	(10,709)	145,620
Software maintenance	193,313	172,983	20,330	181,132
Telephone	159,075	140,522	18,553	153,546
Training	28,787	15,696	13,091	12,984
Total expenditures	<u>1,815,567</u>	<u>890,262</u>	<u>925,305</u>	<u>712,059</u>
Revenues over (under) expenditures	(1,095,623)	(93,950)	1,001,673	166,352
OTHER FINANCING SOURCES				
Transfers from other funds	-	35,332	35,332	35,682
Total other financing sources (uses)	<u>-</u>	<u>35,332</u>	<u>35,332</u>	<u>35,682</u>
APPROPRIATED FUND BALANCE	<u>1,095,623</u>	<u>-</u>	<u>(1,095,623)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(58,618)</u>	<u>\$ (58,618)</u>	<u>202,034</u>
FUND BALANCE				
Beginning of year - July 1		<u>2,002,660</u>		<u>1,800,626</u>
End of year - June 30		<u>\$ 1,944,042</u>		<u>\$ 2,002,660</u>

General Special Revenue Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
REVENUES					
Intergovernmental	\$ 5,046,955	\$ 1,513,127	\$ 2,261,411	\$ 3,774,538	\$ (1,272,417)
Sales and services	247,900	224,900	23,000	247,900	-
Investment earnings	59,276	62,818	2,270	65,088	5,812
Miscellaneous	1,692,291	2,189,205	83,312	2,272,517	580,226
Total revenues	7,046,422	3,990,050	2,369,993	6,360,043	(686,379)
EXPENDITURES					
Human Service					
Community Shelter State Aid	1,500,000	309,008	1,190,992	1,500,000	-
Public Safety					
Cert Grant Program	68,500	7,581	49,999	57,580	10,920
Controlled Substance Tax	578,379	444,769	24,329	469,098	109,281
EDC Grant Marshville Gas Line	100,000	-	71,032	71,032	28,968
Federal Forfeited Property	1,718,174	1,337,828	20,514	1,358,342	359,832
Homeland Security-Catawba Nuclear	263,475	162,632	48,505	211,137	52,338
Indian Trail GHSP Grant	547,616	498,296	-	498,296	49,320
Economic and Physical Development					
Community Development Block Grant	2,302,599	226,147	839,908	1,066,055	1,236,544
Total expenditures	7,078,743	2,986,261	2,245,279	5,231,540	1,847,203
Revenues over (under) expenditures	(32,321)	1,003,789	124,714	1,128,503	1,160,824
OTHER FINANCING SOURCES					
Transfers from other funds	157,893	169,124	-	169,124	11,231
Transfers to other funds	(125,572)	-	(125,572)	(125,572)	-
Total other financing sources (uses)	32,321	169,124	(125,572)	43,552	11,231
Revenues and other financing sources over (under) expenditures	\$ -	\$ 1,172,913	(858)	\$ 1,172,055	\$ 1,172,055
FUND BALANCE					
Beginning of year - July 1			1,172,913		
End of year - June 30			\$ 1,172,055		

Automation Enhancement Fund**Schedule of Revenues, Expenditures and Changes****in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Permits and fees	\$ 120,572	\$ 125,806	\$ 5,234	\$ 121,028
Total revenues	120,572	125,806	5,234	121,028
EXPENDITURES				
General government	149,305	142,206	7,099	85,595
Total expenditures	149,305	142,206	7,099	85,595
Revenues over (under) expenditures	(28,733)	(16,400)	12,333	35,433
APPROPRIATED FUND BALANCE	28,733	-	(28,733)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	(16,400)	\$ (16,400)	35,433
FUND BALANCE				
Beginning of year - July 1		181,177		145,744
End of year - June 30		\$ 164,777		\$ 181,177



Capital Project Funds

Capital Project Funds account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

General Capital Project Fund - This fund accounts for various capital improvement projects that will be financed from General Fund resources, as well as general obligation and installment financing(s).



General Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2019

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
REVENUES					
Investment earnings	\$ 2,697,511	\$ 1,447,570	\$ 1,211,771	\$ 2,659,341	\$ (38,170)
Miscellaneous	6,555,675	-	6,555,675	6,555,675	-
Total revenues	9,253,186	1,447,570	7,767,446	9,215,016	(38,170)
EXPENDITURES					
Capital outlay					
General Government					
Board of Elections Voting Machines	807,630	-	-	-	807,630
Board of Elections Renovations	4,625,000	-	-	-	4,625,000
County Facilities Audio Visual Equipment	725,000	462,756	204,578	667,334	57,666
County Facilities Operating Capital FY 2020	400,000	-	-	-	400,000
County Facilities Repairs	1,525,000	61,178	156,147	217,325	1,307,675
Government Facilities Renovations	5,764,703	5,722,268	32,116	5,754,384	10,319
Historic Courthouse Renovation	1,490,000	103,553	18,224	121,777	1,368,223
I.T. Infrastructure	1,536,238	1,043,410	75,187	1,118,597	417,641
Phone System Upgrade	655,000	532,133	11,486	543,619	111,381
Pictometry	425,000	-	206,888	206,888	218,112
Sun Valley SW Convenience Site	830,000	-	195,846	195,846	634,154
Tax Administration Software	800,000	344,330	51,569	395,899	404,101
Public Safety					
911 Center Renovations	830,000	-	-	-	830,000
Emergency Management Radios	1,399,987	418,938	496,660	915,598	484,389
Emergency Management Radios-Schools	1,200,000	-	-	-	1,200,000
Emergency Services Complex	14,509,984	-	5,472	5,472	14,504,512
Jail Facilities Replacement and Renewal	31,477	-	31,477	31,477	-
Jail Door Control and Lock System	850,000	-	-	-	850,000
Law Enforcement-Firearms Range	8,805,665	8,665,860	22,447	8,688,307	117,358
Law Enforcement-Jail Expansion	1,812,629	1,812,629	-	1,812,629	-
Radio Microwave Replacement	536,000	-	42,344	42,344	493,656
Radio Towers SW Union	2,643,000	-	45,965	45,965	2,597,035
Sheriff's Office Operating Capital FY 2020	150,000	-	-	-	150,000
Sheriff's Office R&R FY 2020	300,000	-	-	-	300,000
Sheriff's Office Renovations	27,780,016	58,270	32,138	90,408	27,689,608
Human Services					
Human Services Campus	38,067,959	36,269,736	710,163	36,979,899	1,088,060
Electronic Medical Records	173,770	173,770	-	173,770	-
Cultural and Recreation					
Cane Creek Park Arcade Renovations	216,955	6,201	210,753	216,954	1
Cane Creek Park Campground R&R FY 2020	100,000	-	-	-	100,000
Cane Creek Park Lake Enhancements	125,628	125,627	-	125,627	1
Community Services Facility Repair	517,761	355,005	155,308	510,313	7,448
Jesse Helms Park	1,013,402	890,344	83,401	973,745	39,657
Library RFID	219,356	107,388	-	107,388	111,968
Library R&R FY 2020	25,000	-	-	-	25,000
Monroe Library Carpet Replacement	364,821	364,821	-	364,821	-
Monroe Library Redesign	283,976	283,975	-	283,975	1
Parks & Recreation Paving	176,175	170,743	-	170,743	5,432
Parks and Recreation R&R FY 2020	125,000	-	-	-	125,000
Southwest Union Library	10,175,000	-	137,800	137,800	10,037,200
Economic and Physical Development					
4H Pavilion	112,294	82,107	9,000	91,107	21,187
Ag Center Display Sign	100,706	-	706	706	100,000
EDC-Industrial Park	18,212,405	-	18,088,703	18,088,703	123,702
Jesse Helms Park Improvements 4H Arena	2,000,000	-	-	-	2,000,000
Planning-NC DOT Projects	300,000	-	-	-	300,000

Continued on next page.

General Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2019

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Education					
ADA Projects	\$ 4,236,249	\$ 4,223,077	\$ -	\$ 4,223,077	\$ 13,172
Antioch Roof Repair	476,809	440,709	-	440,709	36,100
Benton Heights ADA Upgrade Restrooms	491,906	-	491,906	491,906	-
Benton Heights Auditorium	1,931,813	935,412	996,401	1,931,813	-
Benton Heights Site Improvements	489,720	5,000	484,720	489,720	-
Facilities Vehicle Replacements	109,354	109,247	-	109,247	107
Facilities GPS System Upgrade	137,000	136,474	-	136,474	526
Fairview Roof Repair	566,700	566,700	-	566,700	-
Forest Hills Emergency Lighting	16,500	-	-	-	16,500
Juniper Upgrades	400,760	390,048	-	390,048	10,712
Kensington Roof Repair	66,455	26,250	-	26,250	40,205
Marvin Elementary Upgrade Fire Alarm Panel	47,973	46,373	1,600	47,973	-
Monroe High AC for Kitchen	35,750	-	35,750	35,750	-
Monroe High Auditorium	509,872	67,589	442,283	509,872	-
Monroe High Lights in Aux Gym	45,000	-	45,000	45,000	-
Monroe High Windows/Doors	415,000	-	272,569	272,569	142,431
Monroe High School Bond Project	4,275,313	247,005	3,642,191	3,889,196	386,117
Monroe Middle School STEM Lab	2,723,980	351,810	2,372,169	2,723,979	1
Piedmont Area Land Purchase	199,000	-	191,553	191,553	7,447
Piedmont High Bond Project	1,597,653	114,990	1,419,429	1,534,419	63,234
Parkwood Area Land Purchase	45,000	-	40,899	40,899	4,101
Parkwood High Outside Air	275,000	-	-	-	275,000
Parkwood High Strategic Fencing & HID	11,000	-	-	-	11,000
Piedmont High Lighting	357,500	48,250	289,875	338,125	19,375
Piedmont High Roof Repair FY16	267,700	267,700	-	267,700	-
Piedmont Middle Chiller Replacement	62,700	62,633	-	62,633	67
Porter Ridge Chiller	172,000	145,512	-	145,512	26,488
Porter Ridge High Bond Project	-	71,759	(71,759)	-	-
Porter Ridge High Roof Repair	1,300,102	1,300,102	-	1,300,102	-
Porter Ridge Middle Bond Project	4,975,900	279,516	3,012,405	3,291,921	1,683,979
Prospect ADA Access to Mobile Classrooms	152,781	136,802	-	136,802	15,979
Rea View Roof Repair	467,306	467,306	-	467,306	-
Rock Rest Roof Repair	556,860	512,929	-	512,929	43,931
Sandy Ridge Roof Repair	458,257	458,257	-	458,257	-
Sun Valley High Chiller Replacement	53,100	-	53,100	53,100	-
Sun Valley High School Bond Project	34,419,925	1,326,409	8,200,970	9,527,379	24,892,546
Sun Valley Middle AC for Kitchen	35,200	-	35,200	35,200	-
Sun Valley Middle ADA Restrooms	12,672	-	-	-	12,672
Sun Valley Middle HVAC/Chiller Replacement	662,895	495,626	164,955	660,581	2,314
Transportation Facility-Bond Project	14,365,656	109,212	1,522,593	1,631,805	12,733,851
Unionville Elementary DDC Building System	220,000	192,858	-	192,858	27,142
Various Locations OCR Compliance	218,480	45,470	-	45,470	173,010
Various Locations Building Automation System	278,646	278,129	-	278,129	517
Various Locations Furniture/Equipment	300,000	295,175	4,825	300,000	-
Various Locations Roofing Repair	3,000,000	2,935,011	-	2,935,011	64,989
Walter Bickett Ed Center Roof Repair FY16	426,300	426,300	-	426,300	-
Walter Bickett Elem Roof Repair	472,905	472,905	-	472,905	-
Warehouse Demo of Gym	65,000	51,852	-	51,852	13,148
Warehouse Roofing	139,395	60,630	-	60,630	78,765
Weddington Elementary DDC System	192,500	-	174,230	174,230	18,270
Weddington Middle DDC Control	300,000	-	-	-	300,000
Wesley Chapel Outside Air	170,500	-	-	-	170,500
Wesley Chapel Elem Repair FY16	113,618	113,618	-	113,618	-
Wesley Chapel Storm Drain	85,000	-	-	-	85,000
Western Union ADA Restrooms	203,284	-	203,284	203,284	-
Western Union ADA Toilet Access	145,000	-	145,000	145,000	-
Western Union ES Bond Project	517,759	436,114	(835)	435,279	82,480

Continued on next page.

General Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2019

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Schools Capital Outlay FY 2014-Additional Funds	\$ 5,357,859	\$ 5,343,594	\$ 14,265	\$ 5,357,859	\$ -
Schools Capital Outlay FY 2016	2,457,649	2,171,384	286,265	2,457,649	-
Schools Capital Outlay FY 2016-Security Cameras	1,307,250	808,025	453,855	1,261,880	45,370
Schools Capital Outlay FY 2018 ADA	2,064,080	282,812	511,659	794,471	1,269,609
Schools Capital Outlay FY 2018 Building Systems	2,160,095	1,243,448	(126,552)	1,116,896	1,043,199
Schools Capital Outlay FY 2018 Expansion/Renovatio	5,528,074	848,823	3,037,013	3,885,836	1,642,238
Schools Capital Outlay FY 2018 F&E	108,000	101,891	6,109	108,000	-
Schools Capital Outlay FY 2018 Roofing	822,841	262,004	4,700	266,704	556,137
Schools Capital Outlay FY 2018 Safety & Security	850,000	324,460	471,306	795,766	54,234
Schools Capital Outlay FY 2018 Technology	1,580,959	1,358,407	146,794	1,505,201	75,758
Schools Capital Outlay FY 2019 ADA	289,800	-	86,891	86,891	202,909
Schools Capital Outlay FY 2019 Building Systems	5,144,000	-	2,099,080	2,099,080	3,044,920
Schools Capital Outlay FY 2019 Expansion/Renovatio	1,067,709	-	87,207	87,207	980,502
Schools Capital Outlay FY 2019 Technology	152,206	-	152,012	152,012	194
Schools Capital Outlay FY 2019 Roofing	2,000,000	-	4,850	4,850	1,995,150
Schools Capital Outlay FY 2019 Safety & Security	425,800	-	166,979	166,979	258,821
Schools Capital Outlay FY 2020 ADA	515,550	-	-	-	515,550
Schools Capital Outlay FY 2020 UCPS Building Syste	4,689,000	-	-	-	4,689,000
Schools Capital Outlay FY 2020 Expansion/Renovatio	7,346,324	-	-	-	7,346,324
Schools Capital Outlay FY 2020 Technology	1,282,632	-	-	-	1,282,632
Schools Capital Outlay FY 2020 Roofing	200,000	-	-	-	200,000
Schools Capital Outlay FY 2020 Safety & Security	1,233,000	-	-	-	1,233,000
Schools Capital Outlay FY 2020 FF&E	1,285,000	-	-	-	1,285,000
Schools Capital Outlay FY 2020 Band Uniforms	50,000	-	-	-	50,000
Schools Capital Outlay FY 2020 Bus Cameras	130,750	-	-	-	130,750
Schools Capital Outlay FY 2020 Vehicles	155,129	-	-	-	155,129
Schools Capital Outlay FY 2020 Painting	960,000	-	-	-	960,000
Schools Capital Outlay 5YR Laptop Lease	4,693,120	-	2,343,816	2,343,816	2,349,304
SPCC Capital Maintenance	1,364,093	865,903	398,190	1,264,093	100,000
SPCC HVAC and Security	405,000	55,151	249,849	305,000	100,000
SPCC Parking	345,000	-	-	-	345,000
SPCC Resurfacing of Parking Lot	467,100	-	-	-	467,100
SPCC Technology	1,693,315	594,981	923,333	1,518,314	175,001
SPCC Classroom Building	6,200,000	-	-	-	6,200,000
SPCC Tyson Center	4,900,000	-	1,062,104	1,062,104	3,837,896
SPCC-STEM Building	19,700,000	151,100	2,418,218	2,569,318	17,130,682
SPCC Renovations Building A	6,900,000	-	-	-	6,900,000
SPCC Renovations Building B	2,500,000	-	-	-	2,500,000
Total expenditures	335,346,620	91,117,784	59,992,634	151,110,418	184,236,202
Revenues under expenditures	(326,093,434)	(89,670,214)	(52,225,188)	(141,895,402)	184,198,032
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	157,261,679	143,856,277	14,666,861	158,523,138	1,261,459
Transfer in-Water and Sewer Fund	552,500	(25,428,926)	225,000	(25,203,926)	(25,756,426)
Transfer in - Solid Waste Fund	830,000	-	830,000	830,000	-
Transfers to other funds	(3,052,000)	(52,000)	(3,000,000)	(3,052,000)	-
Issuance of general obligation bonds	170,501,255	50,992,500	-	50,992,500	(119,508,755)
Issuance of general obligation bonds, premiums	-	3,809,525	-	3,809,525	3,809,525
Total other financing sources (uses)	326,093,434	173,177,376	12,721,861	185,899,237	(140,194,197)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 83,507,162	(39,503,327)	\$ 44,003,835	\$ 44,003,835
FUND BALANCE					
Beginning of year - July 1			83,507,162		
End of year - June 30			\$ 44,003,835		



Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund - This fund accounts for the County's water and sewer operations.

Solid Waste Fund - This fund accounts for the County's solid waste operations.



Water and Sewer Fund**Schedule of Revenues and Expenditures -****Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)	2018 Actual
REVENUES				
Operating revenues				
Charges for services	\$ -	\$ 926,894	\$ 926,894	\$ 1,154,565
Miscellaneous revenue	61,120	63,963	2,843	3,501
Other operating revenue	-	(3,405)	(3,405)	12,683
Total	61,120	987,452	926,332	1,170,749
Nonoperating revenues				
Investment earnings	1,029,240	2,591,335	1,562,095	1,093,415
Sale of capital assets	70,000	84,916	14,916	88,781
Total	1,099,240	2,676,251	1,577,011	1,182,196
Total revenues	1,160,360	3,663,703	2,503,343	2,352,945
EXPENDITURES				
Administration	(16,169,486)	(16,733,548)	564,062	(16,431,870)
Water regulatory compliance	11,795	-	11,795	-
Water system operations	6,064,873	5,852,963	211,910	5,099,977
Water system maintenance and repairs	2,913,087	2,483,499	429,588	2,601,112
Sewer-county customers system operations	9,132,880	8,742,843	390,037	7,857,207
Sewer-county customers system maint and repairs	935,584	959,405	(23,821)	1,012,688
Sewer-Marshville/Monroe system operations	335,002	232,816	102,186	164,400
Sewer-Marshville/Monroe system maint and repairs	23,000	24,262	(1,262)	19,102
Sewer regulatory compliance	108,024	25,014	83,010	94,073
Revenue bonds - principal	4,240,000	4,240,000	-	2,475,000
State sanitary loan - principal	750,000	750,000	-	750,000
Interest and fees	5,404,252	5,317,297	86,955	4,778,178
Total expenditures	13,749,011	11,894,551	1,854,460	8,419,867
Revenues over (under) expenditures	(12,588,651)	(8,230,848)	4,357,803	(6,066,922)
OTHER FINANCING SOURCES (USES)				
Transfers out				
Transfer to General Fund	(1,670)	-	1,670	-
Transfer to General Capital Project Fund	(150,000)	(150,000)	-	-
Transfer to Internal Service Funds	-	-	-	(233,870)
Transfers out Water and Sewer Capital Project Fund	(1,016,140)	(1,016,140)	-	-
Transfers In				
Transfer in Water and Sewer District Fund	11,022,013	10,849,581	(172,432)	8,122,555
Capital contributions - cash-other	-	1,905	1,905	3,060
Revenue bonds issuance premiums	-	643,600	643,600	-
Revenue bonds issuance	700,000	-	(700,000)	2,672,321
Total other financing sources (uses)	10,554,203	10,328,946	(225,257)	10,564,066
APPROPRIATED FUND BALANCE				
	2,034,448	-	(2,034,448)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 2,098,098	\$ 2,098,098	\$ 4,497,144

Water and Sewer District Fund**Schedule of Revenues and Expenditures -****Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)	2018 Actual
REVENUES				
Operating revenues				
Charges for services	\$ 47,086,839	\$ 46,690,636	\$ (396,203)	\$ 42,138,601
Other operating revenue	1,814,310	1,902,033	87,723	2,054,868
Total	48,901,149	48,592,669	(308,480)	44,193,469
Total revenues	48,901,149	48,592,669	(308,480)	44,193,469
EXPENDITURES				
Operating expense	29,737,454	27,793,764	1,943,690	26,824,157
Total expenditures	29,737,454	27,793,764	1,943,690	26,824,157
Revenues over (under) expenditures	19,163,695	20,798,905	1,635,210	17,369,312
OTHER FINANCING SOURCES (USES)				
Transfers out				
Transfers out Water and Sewer Capital Project Fund	(5,270,200)	(5,270,200)	-	(16,689,644)
Transfers out Water and Sewer Operating Fund	(11,022,013)	(10,849,581)	172,432	(8,122,555)
Capital contributions - cash-other	196,890	155,345	(41,545)	202,555
Capital contributions - cash-capacity fees	-	-	-	5,642,583
Total other financing sources (uses)	(16,095,323)	(15,964,436)	130,887	(18,967,061)
APPROPRIATED FUND BALANCE	(3,068,372)	-	3,068,372	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 4,834,469	\$ 4,834,469	\$ (1,597,749)

Water and Sewer District - System Development Fees
Capital Reserve Fund
Schedule of Revenues and Expenditures -

Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)	2018 Actual
OTHER FINANCING SOURCES (USES)				
Transfers out Water and Sewer Capital Project Fund	\$ (4,670,025)	\$ (4,670,025)	\$ -	\$ -
Capital contributions - system development fees	4,710,185	4,909,735	199,550	-
Total other financing sources (uses)	40,160	239,710	199,550	-
APPROPRIATED FUND BALANCE	(40,160)	-	40,160	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 239,710	\$ 239,710	\$ -

Water and Sewer Capital Project Fund**Schedule of Revenues, Expenditures, and Changes**

in Fund Balance - Budget and Actual (Non-GAAP)

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
REVENUES					
Nonoperating revenues					
Other operating revenue	\$ -	\$ 500	\$ -	\$ 500	\$ 500
Investment earnings	-	-	245,494	245,494	245,494
Total revenues	-	500	245,494	245,994	245,994
EXPENDITURES					
Administrative Capital Outlay					
Expand Operations Center	9,458,326	9,334,126	30,642	9,364,768	93,558
Marshville System Acquisition	100,000	-	42,034	42,034	57,966
Water Capital Outlay					
762 Zone Misc Improvements	400,000	31,198	48,855	80,053	319,947
853 W Zone Transmission Main Phase 2	400,000	-	-	-	400,000
935 Zone Study	100,000	-	-	-	100,000
Advanced Metering Infrastructure	15,000,000	-	-	-	15,000,000
Billy Howey Waterline Extension	700,000	-	51,697	51,697	648,303
Clark Street Waterline Replacement	130,244	5,942	124,303	130,245	(1)
CRWTP Expansion	15,056,178	6,183,200	2,390,489	8,573,689	6,482,489
CRWTP Reservoir Expansion	29,007,255	25,954,698	2,803,363	28,758,061	249,194
Galvanized Water Line Replacement	1,883,203	97,137	122,375	219,512	1,663,691
Indian Trail Additional Tank	139,704	139,704	-	139,704	-
Marshville Water Tank Rehab	639,000	17,400	-	17,400	621,600
Misc Water 762 Zone Main (Bypass)	1,681,700	73,800	-	73,800	1,607,900
NC 75 Rocky RV RD Waterline	132,000	-	-	-	132,000
New Additional Marshville Tank	3,800,000	87,102	120,064	207,166	3,592,834
Raw Water Intake & Pump Station	22,800,000	494,000	3,865,034	4,359,034	18,440,966
Raw Water Transmission Main	7,000,000	-	5,011,516	5,011,516	1,988,484
SCADA Master Plan Water	1,900,000	204,231	370,079	574,310	1,325,690
Short Line Extensions Water	7,060,723	846,905	109,773	956,678	6,104,045
Stallings Water Tank Rehab	898,381	-	39,328	39,328	859,053
Water Quality Assessment	343,566	139,703	30,297	170,000	173,566
Water R&R Program	2,982,817	715,413	638,519	1,353,932	1,628,885
Yadkin Basin WL Ext Assessment	200,000	-	16,263	16,263	183,737
Yadkin Water Supply	5,030,410	3,646,783	173,311	3,820,094	1,210,316
Yadkin-Montgomery County Settlement	784,943	-	661,331	661,331	123,612
Yadkin-Stanly County Settlement	1,016,140	-	600,685	600,685	415,455
Yadkin Program Management	13,242,630	979,814	3,182,199	4,162,013	9,080,617
Sewer Capital Outlay					
12 Mile Creek WWTP Expansion	42,379,577	28,747,805	8,823,558	37,571,363	4,808,214
12 ML Creek I&I Abatement	400,000	-	33,000	33,000	367,000
12 ML WWTP Design & Interim Imprv	3,490,093	3,424,951	3,150	3,428,101	61,992
853 South Zone Tank	412,000	-	-	-	412,000
853 West Zone Transmission Main	16,855,296	1,234,849	256,978	1,491,827	15,363,469
Blythe Creek Sewer Improvements	7,390,731	402,701	1,610,573	2,013,274	5,377,457
Collection System SSES & Rehab	734,800	34,800	12,636	47,436	687,364
Crooked Creek Diversion Pumping Improvements	646,721	-	-	-	646,721
Crooked Creek Headworks Improvements	9,177,279	8,328,568	520,846	8,849,414	327,865
CSX Relocation of Lines	297,328	13,285	9,915	23,200	274,128
Crooked Creek Interceptor Improvements Phase I	4,240,375	43,249	69,387	112,636	4,127,739
East Side Improvements	400,000	-	47,793	47,793	352,207
EDC Industrial Park Pump Station	3,000,000	-	-	-	3,000,000
Fairview Downtown WW Service	206,000	-	-	-	206,000
Forest Park PS Replacement	4,040,000	297,044	1,334,441	1,631,485	2,408,515

Water and Sewer Capital Project Fund**Schedule of Revenues, Expenditures, and Changes**

in Fund Balance - Budget and Actual (Non-GAAP)

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual	Total To Date	Variance Positive (Negative)
Poplin Road Pump Station Interim IP	\$ 2,900,000	\$ 154,114	\$ 84,335	\$ 238,449	\$ 2,661,551
Pumping Station Upgrades	1,657,200	359,246	-	359,246	1,297,954
SCADA Master Plan Wastewater	1,900,000	204,231	370,079	574,310	1,325,690
STEG Asset Inventory/Assessment	150,000	-	128,305	128,305	21,695
Suburban Estates PS & Force Main	1,071,000	68,667	89,136	157,803	913,197
Stallings- Collection System	574,544	64,200	-	64,200	510,344
Tarkhill Force Main R&R	1,690,000	-	39,378	39,378	1,650,622
Unionville Comm Center WW Service	103,000	-	-	-	103,000
Unionville PS Replacement	450,000	5,482	66,106	71,588	378,412
Waxhaw Interceptor	5,900,000	-	46,203	46,203	5,853,797
Wastewater Pump Station Improvement	2,803,000	1,093,251	3,336	1,096,587	1,706,413
Wastewater R&R Program	4,444,138	4,068	-	4,068	4,440,070
Wastewater Treatment Plant R&R	4,256,800	41,655	137,655	179,310	4,077,490
Weddington Downtown Development	100,000	-	-	-	100,000
West Fork 12ML Interceptor Improvement	13,459,295	585,614	160,191	745,805	12,713,490
WRF Process Evaluation	443,200	-	270,069	270,069	173,131
Yadkin Basin WRF	2,000,000	149,776	2,500	152,276	1,847,724
Total expenditures	279,459,597	94,208,712	34,551,727	128,760,439	150,699,158
Revenues over expenditures	(279,459,597)	(94,208,212)	(34,306,233)	(128,514,445)	150,945,152
OTHER FINANCING SOURCES					
Transfer from General Capital Project Fund	3,000,000	-	3,000,000	3,000,000	-
Transfer to General Capital Project Fund	(75,000)	-	(75,000)	(75,000)	-
Transfers from water and sewer operating fund	76,838,551	71,068,230	10,956,365	82,024,595	5,186,044
Transfer from special revenue fund	125,572	-	125,572	125,572	-
Capital contributions - cash-other	1,829,829	2,300,978	195,390	2,496,368	666,539
Revenue bonds issuance premiums	12,072,321	2,672,321	9,400,000	12,072,321	-
Revenue bonds issuance	185,668,324	69,086,656	68,430,000	137,516,656	(48,151,668)
Total other financing sources	279,459,597	145,128,185	92,032,327	237,160,512	(42,299,085)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 50,919,973	57,726,094	\$ 108,646,067	\$ 108,646,067
FUND BALANCE					
Beginning of year - July 1			50,919,973		
End of year - June 30			\$ 108,646,067		

Water and Sewer Fund**Schedule of Reconciliation of Budgetary Basis (Non-GAAP)****to Full Accrual Basis**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019	2018
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 2,098,098	\$ 4,497,144
Water and Sewer District	4,834,469	(1,597,749)
Water and Sewer District SDF CRF	239,710	-
Water and Sewer Capital Project Fund	57,726,094	44,883,051
Total	<u>64,898,371</u>	<u>47,782,446</u>
Reconciling items		
Amortization of G.O. and revenue bond defeasance	(82,107)	(92,243)
Amortization of G.O. and revenue bond premium	463,633	(4,952,096)
Amortization of G.O. and revenue bond gains and (losses) on refunding	3,031	3,031
Revenue bond proceeds	(68,430,000)	(58,990,000)
Revenue bond premiums proceeds	(10,043,600)	-
Payment of debt principal	4,990,000	3,225,000
Increase (decrease) in compensated absences payable	(63,680)	(68,337)
Increase (decrease) in interest expense accrual	(207,017)	(170,959)
Increase (decrease) in inventories	152,201	(353,765)
Decrease in allowance for uncollectible accounts	(54,835)	(104,872)
Increase (decrease) in net pension asset, separation allowance	(23,517)	(28,808)
Increase (decrease) in net other post employment benefit liability	117,992	402,608
Capital Outlay	33,925,590	34,244,813
Capital contributions	8,380,063	8,158,324
Gain on investment in joint venture	(233,040)	(301,335)
Loss on disposal of capital asset	(18,378)	-
Depreciation	(15,322,643)	(14,667,243)
Increase (decrease) in pension expense	(127,903)	(56,665)
Amortization of revenue bond swap termination cost	(77,395)	(111,874)
Total	<u>(46,651,605)</u>	<u>(33,864,421)</u>
Change in net position	<u>\$ 18,246,766</u>	<u>\$ 13,918,025</u>

Solid Waste Fund**Schedule of Revenues and Expenditures -****Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)	2018 Actual
REVENUES				
Operating Revenues				
Charges for services	\$ 4,882,015	\$ 5,727,621	\$ 845,606	\$ 4,928,432
Disposal fees	409,500	480,909	71,409	504,108
Other operating revenue	2,000	8,065	6,065	1,664
Total	5,293,515	6,216,595	923,080	5,434,204
Nonoperating Revenue				
Investment earnings	118,083	259,612	141,529	85,990
Total	118,083	259,612	141,529	85,990
Total revenues	5,411,598	6,476,207	1,064,609	5,520,194
EXPENDITURES				
Personnel	1,512,468	1,509,971	2,497	1,407,313
Operating expense	4,078,471	3,884,215	194,256	3,424,293
Total expenditures	5,590,939	5,394,186	196,753	4,831,606
Revenues over (under) expenditures	(179,341)	1,082,021	1,261,362	688,588
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	(110)	-	110	-
Transfer to General Capital Project Fund	(830,000)	(830,000)	-	-
Transfers in				
Transfer to Internal Service Funds	-	-	-	(44,982)
Total other financing sources (uses)	(830,110)	(830,000)	110	(44,982)
APPROPRIATED FUND BALANCE	1,009,451	-	(1,009,451)	-
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	\$ -	\$ 252,021	\$ 252,021	\$ 643,606

Solid Waste Capital Reserve Fund**Schedule of Revenues and Expenditures -****Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)	2018 Actual
TOTAL	\$ -	\$ -	\$ -	\$ -
Revenues, other financing sources and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Solid Waste Fund**Schedule of Reconciliation of Budgetary Basis (Non-GAAP)****to Full Accrual Basis**

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019	2018
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 252,021	\$ 643,606
Total	252,021	643,606
Reconciling items		
Increase (decrease) in compensated absences payable	(17,071)	(10,039)
Decrease in allowance for uncollectible accounts	405	(3,278)
Increase (decrease) in net pension asset, separation allowance	10,289	(17,179)
Increase (decrease) in net other post employment benefit liability	128,991	143,721
Capital Outlay	543,617	349,803
Depreciation	(325,119)	(342,913)
Increase in accrued landfill postclosure care costs	(106,191)	(85,348)
Increase (decrease) in pension expense	(10,798)	(4,889)
Total	224,123	29,878
Change in net position	\$ 476,144	\$ 673,484



Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

Health Benefits Fund - This fund accounts for amounts from individual departments and employees to pay health benefit costs.

Workers' Compensation Fund - This fund accounts for amounts from individual departments to pay workers' compensation claims.

Property and Casualty Fund - This fund accounts for amounts from individual departments to pay property and casualty claims and premiums.

Information Technology Fund - This fund accounts for amounts from individual departments to pay for information technology services.

Facilities Management Fund - This fund accounts for amounts from individual departments to pay for facilities/property management services.

Fleet Management Fund - This fund accounts for amounts from individual departments to pay for fleet management services.



Health Benefits Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 17,160,566	\$ 17,480,482	\$ 319,916	\$ 16,285,070
Total	17,160,566	17,480,482	319,916	16,285,070
Nonoperating revenues				
Investment earnings	51,686	115,973	64,287	40,471
Total revenues	17,212,252	17,596,455	384,203	16,325,541
EXPENDITURES				
Operating expenditures				
Personnel	103,966	100,046	3,920	91,731
Other operating expenditures	2,853,531	2,822,416	31,115	2,497,825
Health benefit claims and premiums	15,445,000	15,332,133	112,867	15,153,881
Total expenditures	18,402,497	18,254,595	147,902	17,743,437
Revenues over (under) expenditures	(1,190,245)	(658,140)	532,105	(1,417,896)
TRANSFERS				
Transfers from General Fund	3,306	3,306	-	1,971,148
Transfers from other enterprise funds	-	-	-	278,852
Total transfers	3,306	3,306	-	2,250,000
APPROPRIATED FUND BALANCE	1,186,939	-	(1,186,939)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ (654,834)	\$ (654,834)	\$ 832,104
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over expenditures		\$ (654,834)		\$ 832,104
Increase (decrease) in health benefit claims payable		20,413		(20,018)
Increase (decrease) in compensated absences payable		(77)		(8,814)
Increase (decrease) in net pension asset, separation allowance		631		(8,812)
Increase (decrease) in pension expense		(1,042)		(3,338)
Increase (decrease) in net other post employment benefit liability		7,863		(73,754)
Capital Outlay		-		-
Depreciation Expense		-		-
Capital contributions - non-cash		-		-
Change in net position		\$ (627,046)		\$ 717,368

Workers Compensation Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 492,170	\$ 501,758	\$ 9,588	\$ 622,403
Insurance Reimbursement	-	409	409	505
Total	492,170	502,167	9,997	622,908
Nonoperating revenues				
Investment earnings	17,664	41,531	23,867	14,563
Total revenues	509,834	543,698	33,864	637,471
EXPENDITURES				
Operating expenditures				
Personnel	90,224	89,418	806	83,940
Other operating expenditures	179,270	175,446	3,824	168,303
Worker's compensation claims	444,240	392,297	51,943	130,803
Total expenditures	713,734	657,161	56,573	383,046
Revenues over (under) expenditures	(203,900)	(113,463)	90,437	254,425
TRANSFERS				
Transfers from General Fund	2,668	2,668	-	-
APPROPRIATED FUND BALANCE	201,232	-	(201,232)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ (110,795)	\$ (110,795)	\$ 254,425
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over expenditures		\$ (110,795)		\$ 254,425
Increase (decrease) in workers' compensation claims payable		(116,778)		(52,471)
Increase (decrease) in compensated absences payable		(1,787)		(6,487)
Increase (decrease) in net pension asset, separation allowance		2,450		(8,480)
Increase (decrease) in pension expense		(888)		(3,201)
Increase (decrease) in net other post employment benefit liability		1,227		(49,794)
Capital Outlay		-		-
Depreciation Expense		-		-
Capital contributions - non-cash		-		-
Change in net position		<u>\$ (226,571)</u>		<u>\$ 133,992</u>

Property and Casualty Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		2018	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 1,003,277	\$ 972,103	\$ (31,174)	\$ 847,792
Miscellaneous revenue	-	-	-	13
Total	1,003,277	972,103	(31,174)	847,805
Nonoperating revenues				
Investment earnings	8,274	13,701	5,427	4,444
Total revenues	1,011,551	985,804	(25,747)	852,249
EXPENDITURES				
Operating expenditures				
Personnel	86,822	86,251	571	80,639
Property and casualty claims and premiums	948,424	906,007	42,417	926,544
Total expenditures	1,035,246	992,258	42,988	1,007,183
Revenues over (under) expenditures	(23,695)	(6,454)	17,241	(154,934)
TRANSFERS				
Transfers from General Fund	2,595	2,595	-	-
Transfer to General Fund	(28,900)	(28,900)	-	(14,445)
Total transfers	(26,305)	(26,305)	-	(14,445)
APPROPRIATED FUND BALANCE	50,000	-	(50,000)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ (32,759)	\$ (32,759)	\$ (169,379)
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ (32,759)		\$ (169,379)
Increase (decrease) in property and casualty claims payable		(34,815)		115,146
Increase (decrease) in compensated absences payable		(1,787)		(6,383)
Increase (decrease) in net pension asset, separation allowance		462		(6,060)
Increase (decrease) in pension expense		(877)		(3,092)
Increase (decrease) in net other post employment benefit liability		5,360		(50,446)
Capital Outlay		-		-
Depreciation Expense		-		-
Capital contributions - non-cash		-		-
Change in net position		\$ (64,416)		\$ (120,214)

Information Technology Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		2018	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ 42,716	\$ 49,543	\$ 6,827	\$ 60,454
Interfund charges and employee contributions	3,283,404	3,243,806	(39,598)	3,211,119
Other operating revenue	-	3,116	3,116	-
Total	3,326,120	3,296,465	(29,655)	3,271,573
Nonoperating revenues				
Investment earnings	13,731	45,894	32,163	14,950
Total revenues	3,339,851	3,342,359	2,508	3,286,523
EXPENDITURES				
Personnel	1,459,301	1,431,708	27,593	1,213,040
Other operating expenditures	2,374,993	1,832,322	542,671	1,582,554
Total expenditures	3,834,294	3,264,030	570,264	2,795,594
Revenues over (under) expenditures	(494,443)	78,329	572,772	490,929
TRANSFERS				
Transfers from General Fund	52,867	52,868	1	-
Transfer to General Capital Project Fund	(75,000)	(75,000)	-	-
Total transfers	(22,133)	(22,132)	1	-
APPROPRIATED FUND BALANCE	516,576	-	(516,576)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 56,197	\$ 56,197	\$ 490,929
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ 56,197		\$ 490,929
Increase (decrease) in compensated absences payable		16,398		(12,936)
Increase (decrease) in net pension asset, separation allowance		178		16,941
Increase (decrease) in pension expense		(17,371)		(9,767)
Increase (decrease) in net other post employment benefit liability		39,174		31,779
Capital Outlay		241,039		85,134
Depreciation Expense		(108,332)		(80,112)
Capital contributions - non-cash		-		-
Change in net position		\$ 227,283		\$ 521,968

Facilities Management Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019		2018	
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Charges for services	\$ -	\$ 1,560	\$ 1,560	\$ -
Interfund charges and employee contributions	5,635,822	5,651,977	16,155	5,240,037
Miscellaneous revenue	515	490	(25)	360
Other operating revenue	10,600	2,927	(7,673)	380
Total	5,646,937	5,656,954	10,017	5,240,777
Nonoperating revenues				
Investment earnings	14,101	32,639	18,538	10,350
Total revenues	5,661,038	5,689,593	28,555	5,251,127
EXPENDITURES				
Personnel	1,348,493	1,331,857	16,636	861,838
Other operating expenditures	4,592,987	4,108,893	484,094	4,565,664
Total expenditures	5,941,480	5,440,750	500,730	5,427,502
Revenues over (under) expenditures	(280,442)	248,843	529,285	(176,375)
TRANSFERS				
Transfers from General Fund	9,351	9,351	-	-
APPROPRIATED FUND BALANCE				
	271,091	-	(271,091)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 258,194	\$ 258,194	\$ (176,375)
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ 258,194		\$ (176,375)
Increase (decrease) in compensated absences payable		(28,355)		(14,245)
Increase (decrease) in net pension asset, separation allowance		(16,229)		(30,827)
Increase (decrease) in pension expense		(26,731)		(12,923)
Increase (decrease) in net other post employment benefit liability		(100,326)		(368,595)
Capital Outlay		24,369		96,048
Depreciation Expense		(30,019)		(18,885)
Capital contributions - non-cash		-		-
Change in net position		\$ 80,903		\$ (525,802)

Fleet Management Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 972,619	\$ 1,067,310	\$ 94,691	\$ 919,626
Miscellaneous revenue	-	67	67	1,146
Total	972,619	1,067,377	94,758	920,772
Nonoperating revenues				
Investment earnings	821	5,586	4,765	1,132
Total revenues	973,440	1,072,963	99,523	921,904
EXPENDITURES				
Personnel	374,448	375,244	(796)	347,322
Other operating expenditures	677,991	596,085	81,906	589,913
Total expenditures	1,052,439	971,329	81,110	937,235
Revenues over (under) expenditures	(78,999)	101,634	180,633	(15,331)
TRANSFERS				
Transfers from General Fund	70,745	70,745	-	-
APPROPRIATED FUND BALANCE	8,254	-	(8,254)	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 172,379	\$ 172,379	\$ (15,331)
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over (under) expenditures		\$ 172,379		\$ (15,331)
Increase (decrease) in compensated absences payable		(1,207)		(1,704)
Increase (decrease) in net pension asset, separation allowance		2,622		2,412
Increase (decrease) in pension expense		(3,387)		(1,460)
Increase (decrease) in net other post employment benefit liability		33,153		36,348
Capital Outlay		5,501		46,391
Depreciation Expense		(25,307)		(17,267)
Capital contributions - non-cash		6,310		-
Change in net position		\$ 190,064		\$ 49,389

Fiduciary Funds

Trust Funds account for assets held by the County in a trustee capacity. Agency Funds account for assets held by the County as an agent for individuals or other governments.

Pension Trust Fund

Special Separation Allowance Fund - This fund accounts for the accumulation of resources for the payment of special separation benefits to qualified County employees.

Other Postemployment Retiree Healthcare Benefits (OPEB) Fund - This fund accounts for the accumulation of resources for the payment of retirees' healthcare benefits to qualified County employees.

Agency Funds

Social Services Fund - This fund accounts for monies held by the Department of Social Services for the benefit of certain individuals.

Fines and Forfeitures Fund - This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Union County Public Schools Board of Education.

Jail Inmate Fund - This fund accounts for monies held by the Union County Sheriff's Office (Jail) for the benefit of certain individuals.

Monroe and Union County School District Funds - These funds account for the proceeds of the special tax levies that are collected by the County on behalf of these school districts.

Municipal Tax Collection Fund - This fund accounts for the proceeds of taxes that are collected by the County on behalf of the municipalities within the County.

Gross Rental Receipts Tax Fund - This fund accounts for the proceeds of municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which are collected by the County on behalf of the municipalities within the County.

Union County Sheriff's Office Civil Fees Fund - This fund accounts for monies held by the Union County Sheriff's Office for court costs related to civil cases, estates or special proceedings. The Sheriff is authorized to distribute payment of monies collected upon execution.

Special Separation Allowance Fund
Schedule of Revenues, Expenses, and Changes in
Fiduciary Net Position - Pension Trust Fund

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Operating revenues		
Employer contributions	\$ 1,613,579	\$ 1,546,479
Net investment income	68,145	30,250
Total revenues	<u>1,681,724</u>	<u>1,576,729</u>
DEDUCTIONS		
Operating expenses		
Employee benefits	<u>1,333,976</u>	<u>1,260,324</u>
Revenues under expenses	347,748	316,405
NET POSITION		
Beginning of year-July 1	3,352,747	3,036,342
End of year-June 30	<u>\$ 3,700,495</u>	<u>\$ 3,352,747</u>

Other Postemployment Retiree Healthcare Benefits (OPEB) Fund
Schedule of Revenues, Expenses, and Changes in
Fiduciary Net Position - Pension Trust Fund

For the Year Ended June 30, 2019

With Comparative Actual Amounts for the Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Operating revenues		
Employer contributions	\$ 11,006,979	\$ 9,465,987
Net investment income	2,400,822	945,206
Total revenues	<u>13,407,801</u>	<u>10,411,193</u>
DEDUCTIONS		
Operating expenses		
Employee benefits	<u>3,459,789</u>	<u>3,816,691</u>
Revenues under expenses	9,948,012	6,594,502
NET POSITION		
Beginning of year-July 1	31,940,108	25,345,606
End of year-June 30	<u>\$ 41,888,120</u>	<u>\$ 31,940,108</u>

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
<u>SOCIAL SERVICES</u>				
ASSETS				
Cash and investments	\$ 95,519	\$ 397,572	\$ 402,399	\$ 90,692
LIABILITIES				
Due to program participants	\$ 95,519	\$ 397,572	\$ 402,399	\$ 90,692
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and investments	\$ 2,266	\$ 898,873	\$ 901,139	\$ -
Accounts receivable, net	-	11,803	-	11,803
	\$ 2,266	\$ 910,676	\$ 901,139	\$ 11,803
LIABILITIES				
Advances from other funds	\$ -	\$ 11,803	\$ -	\$ 11,803
Due to program participants	2,266	898,575	900,841	-
Total Liabilities	\$ 2,266	\$ 910,378	\$ 900,841	\$ 11,803
<u>JAIL INMATE FUND</u>				
ASSETS				
Cash and investments	\$ 48,233	\$ 783,764	\$ 808,038	\$ 23,959
LIABILITIES				
Due to program participants	\$ 48,233	\$ 783,764	\$ 808,038	\$ 23,959
<u>MONROE AND UNION COUNTY SCHOOL DISTRICT</u>				
ASSETS				
Property taxes receivable (net)	\$ 624	\$ -	\$ 542	\$ 82
LIABILITIES				
Accounts payable and accrued liabilities	\$ 624	\$ -	\$ 542	\$ 82
<u>MUNICIPAL TAX COLLECTION</u>				
ASSETS				
Cash and investments	\$ 509	\$ 12,321,619	\$ 12,318,490	\$ 3,638
LIABILITIES				
Accounts payable and accrued liabilities	\$ 509	\$ 22,261,102	\$ 22,257,973	\$ 3,638

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
<u>GROSS RENTAL RECEIPTS TAX FUND</u>				
ASSETS				
Cash and investments	\$ 1,225	\$ 178,126	\$ 175,130	\$ 4,221
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,225	\$ 212,069	\$ 209,073	\$ 4,221
<u>CIVIL FEES FUND</u>				
ASSETS				
Cash and investments	\$ -	\$ 3,212	\$ -	\$ 3,212
LIABILITIES				
Due to program participants	\$ -	\$ 3,212	\$ -	\$ 3,212
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 147,752	\$ 14,583,167	\$ 14,605,197	\$ 125,722
Property taxes receivable (net)	624	-	542	82
Accounts receivable (net)	\$ -	11,803	\$ -	11,803
Total assets	\$ 148,376	\$ 14,594,970	\$ 14,605,739	\$ 137,607
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,358	\$ 22,473,172	\$ 22,467,589	\$ 7,941
Advances from other funds	-	11,803	-	11,803
Due to program participants	146,018	2,083,123	2,111,278	117,863
Total liabilities	\$ 148,376	\$ 24,568,098	\$ 24,578,867	\$ 137,607



Additional Financial Data

This section contains additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy

Union County, North Carolina

Schedule 51

Schedule of Ad Valorem Taxes Receivable - General Fund

June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2019
2019-2020	\$ -	\$ 159,605	\$ 16,336	\$ 143,269
2018-2019	119,989	192,056,954	191,557,613	619,330
2017-2018	593,034	121,247	485,281	229,000
2016-2017	258,826	122,204	236,183	144,847
2015-2016	166,467	26,223	103,496	89,194
2014-2015	190,878	-	76,139	114,739
2013-2014	144,106	-	47,665	96,441
2012-2013	125,089	-	38,954	86,135
2011-2012	125,196	-	30,253	94,943
2010-2011	162,274	-	25,787	136,487
2009-2010	240,826	-	21,713	219,113
2008-2009	234,267	-	234,267	-
	<u>\$ 2,360,952</u>	<u>\$ 192,486,233</u>	<u>\$ 192,873,687</u>	<u>1,973,498</u>

Less: Allowance for uncollectible ad valorem taxes receivable

(762,379)

Ad valorem taxes receivable (net)

\$ 1,211,119

Reconcilement with revenues

Taxes - ad valorem

\$ 193,499,457

Reconciling items

2019-2020 tax prepayments

16,336

Write-offs per statute of limitations

234,266

Collections in advance

(104,695)

Interest, advertising cost recovery, and garnishments

(757,419)

Foreclosure fees and overpayments

(14,256)

Collections on written off motor vehicle amounts

-

Rounding adjustment

(2)

Total reconciling items

(625,770)

Total collections and credits

\$ 192,873,687

Analysis of Current Tax Levy

County-Wide Levy

For the Year Ended June 30, 2019

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 25,558,266,667	0.7309	\$ 186,802,248	\$ 171,496,900	\$ 15,305,348
Motor vehicles taxed at prior year's rate	641,432,493	0.7810	5,009,422	-	5,009,422
Motor vehicles taxed at prior year's rate	818,781	0.7665	6,276	-	6,276
Total	<u>26,200,517,941</u>		<u>191,817,946</u>	<u>171,496,900</u>	<u>20,321,046</u>
Discoveries					
Property taxed at current year's rate	51,884,327	0.7309	378,489	378,489	-
Total	<u>51,884,327</u>		<u>378,489</u>	<u>378,489</u>	<u>-</u>
Abatements					
Property taxed at current year's rate	19,125,211	0.7309	139,481	139,481	-
Total	<u>19,125,211</u>		<u>139,481</u>	<u>139,481</u>	<u>-</u>
Total property valuation	<u>\$ 26,233,277,057</u>				
Net levy			192,056,954	171,735,908	20,321,046
Add: Uncollected taxes at June 30, 2018			119,989	119,989	-
Less: Uncollected taxes at June 30, 2019			(619,330)	(619,330)	-
Total collections and credits for 2018-2019			<u>\$ 191,557,613</u>	<u>\$ 171,236,567</u>	<u>\$ 20,321,046</u>
Percent current year collected			99.74 %	99.71 %	100.00 %

SECONDARY MARKET DISCLOSURES

	County-wide		
	Property Valuation	Rate	Amount of Levy
Assessed valuation			
Assessment ratio	100%		
Real property	\$ 21,545,416,671		
Personal property	1,524,403,485		
Public service companies	427,252,722		
	<u>23,497,072,878</u>	0.7309	<u>\$ 171,735,908</u>
Personal property-motor vehicles	2,093,952,905	0.7309	15,305,348
Personal property-motor vehicles	641,432,493	0.7810	5,009,422
Personal property-motor vehicles	818,781	0.7665	6,276
	<u>2,736,204,179</u>		<u>20,321,046</u>
Total	<u>\$ 26,233,277,057</u>		<u>\$ 192,056,954</u>

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

School districts	\$ -
Fire protection districts	5,827,498
Total	<u>\$ 5,827,498</u>



Statistical Section

The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

Financial Trends – These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Net Position by Component	Table 1
Changes in Net Position	Table 2
Fund Balances of Governmental Funds	Table 3
Changes in Fund Balances of Governmental Funds	Table 4

Revenue Capacity – These tables contain information to help the reader assess the government's most significant local revenue source, the property tax

Ad Valorem Taxes	Table 5
Assessed Value of Taxable Property	Table 6
Estimated Actual Value of Taxable Property	Table 7
Property Tax Rates – Direct and Overlapping Governments	Table 8
Construction Information	Table 9
Principal Property Taxpayers	Table 10
Property Tax Levies and Collections	Table 11

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

Ratios of Outstanding Debt by Type	Table 12
Ratios of General Bonded Debt Outstanding	Table 13
Legal Debt Margin Information	Table 14
Pledged Revenue Coverage per Revenue Bond Indenture – Water and Sewer Bonds	Table 15
Pledged Revenue Coverage – Water and Sewer Bonds	Table 16

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and Economic Statistics	Table 17
Principal Employers	Table 18

Operating Information – These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Full-time Equivalent Governmental Employees by Function/Program	Table 19
Operating Indicators by Function/Program	Table 20
Capital Asset Statistics by Function/Program	Table 21



Table 1

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

	Fiscal Year									
	2010	2011	2012	2013	2014	Restated 2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 43,744,128	\$ 43,648,788	\$ 44,186,127	\$ 44,668,785	\$ 44,817,727	\$ 47,600,898	\$ 50,856,584	\$ 72,437,355	\$ 86,556,007	\$ 98,903,188
Restricted	18,214,536	24,290,336	22,189,074	20,887,064	34,036,154	40,924,767	62,691,666	52,573,379	101,469,756	97,719,693
Unrestricted	(463,995,879)	(451,413,958)	(363,868,077)	(336,677,648)	(309,410,731)	(274,480,903)	(272,131,081)	(242,163,566)	(319,114,878)	(312,549,502)
Total governmental activities net position	\$ (402,037,215)	\$ (383,474,834)	\$ (297,492,876)	\$ (271,121,799)	\$ (230,556,850)	\$ (185,955,238)	\$ (158,582,831)	\$ (117,152,832)	\$ (131,089,115)	\$ (115,926,621)
Business-type activities:										
Net investment in capital assets	\$ 157,759,859	\$ 151,130,981	\$ 152,962,211	\$ 158,884,335	\$ 163,571,185	\$ 170,517,222	\$ 180,438,094	\$ 205,909,308	\$ 182,818,412	\$ 142,191,339
Restricted	2,819,884	2,880,533	554,740	1,052,416	1,319,906	1,323,962	913,570	876,897	18,235,580	55,468,003
Unrestricted	80,411,689	90,030,700	91,292,755	89,214,629	96,864,668	93,757,609	103,696,563	98,608,352	109,741,302	131,762,175
Total business-type activities net position	\$ 240,991,432	\$ 244,042,214	\$ 244,809,706	\$ 249,151,380	\$ 261,755,759	\$ 265,598,793	\$ 285,048,227	\$ 305,394,557	\$ 310,795,294	\$ 329,421,517
Primary government:										
Net investment in capital assets	\$ 201,503,987	\$ 194,779,769	\$ 197,148,338	\$ 203,553,120	\$ 208,388,912	\$ 218,118,120	\$ 231,294,678	\$ 278,346,663	\$ 269,374,419	\$ 241,094,527
Restricted	21,034,420	27,170,869	22,743,814	21,939,480	35,356,060	42,248,729	63,605,236	53,450,276	119,705,336	153,187,696
Unrestricted	(383,584,190)	(361,383,258)	(272,575,322)	(247,463,019)	(212,546,063)	(180,723,294)	(168,434,518)	(143,555,214)	(209,373,576)	(180,787,327)
Total primary government net position	\$ (161,045,783)	\$ (139,432,620)	\$ (52,683,170)	\$ (21,970,419)	\$ 31,198,909	\$ 79,643,555	\$ 126,465,396	\$ 188,241,725	\$ 179,706,179	\$ 213,494,896

Table 2

Union County, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	Restated 2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General government	\$ 11,936,694	\$ 12,770,039	\$ 13,154,999	\$ 12,753,596	\$ 12,881,769	\$ 9,816,624	\$ 17,427,812	\$ 16,134,611	\$ 15,906,013	\$ 16,065,707
Public safety	36,887,177	38,692,049	42,417,985	41,235,748	45,991,521	49,473,142	52,402,492	57,578,659	59,894,161	67,026,282
Economic and physical development	2,388,964	3,710,570	2,930,309	2,329,378	2,588,795	2,612,048	2,729,040	2,933,004	3,598,518	4,905,724
Human services	37,060,432	37,806,928	38,855,691	37,146,051	36,905,034	43,219,454	38,311,835	44,403,278	41,198,351	45,685,378
Cultural and recreational	6,277,980	6,153,502	6,432,361	6,492,900	6,470,275	6,716,756	6,996,026	7,487,519	8,153,459	8,341,339
Education	105,000,374	90,656,362	83,419,258	90,964,332	89,813,013	106,525,203	114,373,247	114,522,089	117,388,325	142,232,139
Interest and fees on long term debt	23,915,195	22,974,484	21,943,425	18,770,059	16,686,228	15,560,572	12,220,595	13,009,921	13,236,217	12,208,660
Total Governmental Activities	\$ 223,468,826	\$ 212,765,945	\$ 209,156,040	\$ 209,692,064	\$ 211,336,635	\$ 233,923,799	\$ 244,461,047	\$ 256,069,081	\$ 259,375,044	\$ 296,465,229
Business-type Activities:										
Water and sewer	27,421,775	27,785,295	29,762,394	30,349,615	32,291,195	34,271,677	37,743,763	44,396,330	46,256,524	50,629,603
Solid waste	4,420,864	4,184,286	4,497,006	4,505,743	4,534,458	4,566,593	4,480,119	4,746,161	5,066,103	5,183,839
Stormwater	207,437	191,859	148,634	200,613	235,519	135,036	166,741	359,971	-	-
Total Business-type Activities	32,050,076	32,161,440	34,408,034	35,055,971	37,061,172	38,973,306	42,390,623	49,502,462	51,322,627	55,813,442
Total Expenses	\$ 255,518,902	\$ 244,927,385	\$ 243,564,074	\$ 244,748,035	\$ 248,397,807	\$ 272,897,105	\$ 286,851,670	\$ 305,571,543	\$ 310,697,671	\$ 352,278,671
Program Revenues										
Governmental Activities:										
Charges for services:										
Public safety	\$ 3,510,111	\$ 4,370,029	\$ 5,135,843	\$ 5,840,128	\$ 7,104,127	\$ 6,981,473	\$ 7,755,805	\$ 7,542,449	\$ 7,986,731	\$ 7,735,875
Human services	3,383,886	3,512,006	3,607,474	2,906,371	9,795,257	10,046,988	9,895,788	9,602,369	4,909,306	6,226,127
Other activities	1,837,864	1,872,790	2,298,505	2,202,798	2,175,261	2,361,696	2,524,474	2,966,685	9,353,755	9,826,010
Operating grants and contributions:										
Human services	19,113,246	19,217,655	19,465,996	19,274,946	18,670,709	19,629,643	20,348,777	20,894,206	18,200,442	17,153,949
Education	7,646,005	7,714,618	7,410,421	7,819,965	7,548,402	9,836,712	9,119,985	10,335,409	10,844,845	12,193,079
Other activities	4,602,339	5,044,980	4,810,361	5,067,919	4,101,117	3,871,387	3,977,275	4,828,443	4,797,940	5,171,314
Capital grants and contributions	421,017	423,685	573,183	150,079	270,327	41,598	68,520	242,226	-	16,310
Total Governmental Activities	\$ 40,514,468	\$ 42,155,763	\$ 43,301,783	\$ 43,262,206	\$ 49,665,200	\$ 52,769,497	\$ 53,690,624	\$ 56,411,787	\$ 56,093,019	\$ 58,322,664
Business-type Activities:										
Charges for services:										
Water and sewer	\$ 24,928,808	\$ 26,321,204	\$ 26,073,700	\$ 28,526,457	\$ 34,120,018	\$ 39,350,178	\$ 39,992,024	\$ 52,611,512	\$ 50,908,521	\$ 49,747,920
Solid waste	3,564,996	3,507,672	3,790,340	4,386,568	4,639,562	4,150,265	5,200,090	5,581,482	5,434,204	6,216,595
Stormwater	-	-	-	-	16,100	28,694	46,386	-	-	-
Operating grants and contributions	309,190	344,414	372,658	362,703	2,120,364	392,039	-	-	-	-
Capital grants and contributions:										
Water and sewer	4,373,167	3,890,400	6,679,066	7,361,297	8,471,433	4,458,111	17,816,555	11,322,960	8,363,042	13,487,093
Total Business-type Activities	\$ 33,176,161	\$ 34,063,690	\$ 36,915,764	\$ 40,637,025	\$ 49,367,477	\$ 48,379,287	\$ 63,055,055	\$ 69,515,954	\$ 64,705,767	\$ 69,451,608
Total Primary Revenues	\$ 73,690,629	\$ 76,219,453	\$ 80,217,547	\$ 83,899,231	\$ 99,032,677	\$ 101,148,784	\$ 116,745,679	\$ 125,927,741	\$ 120,798,786	\$ 127,774,272
Net (Expense) /Revenue										
Governmental Activities	\$ (182,952,348)	\$ (170,608,171)	\$ (165,852,245)	\$ (166,429,858)	\$ (161,671,435)	\$ (181,154,302)	\$ (190,770,423)	\$ (199,657,294)	\$ (203,282,025)	\$ (238,142,565)
Business-type Activities	1,126,085	1,902,250	2,507,730	5,581,054	12,306,305	9,405,981	20,664,432	20,013,492	13,383,140	13,638,166
Total primary government net expense	\$ (181,826,263)	\$ (168,705,921)	\$ (163,344,515)	\$ (160,848,804)	\$ (149,365,130)	\$ (171,748,321)	\$ (170,105,991)	\$ (179,643,802)	\$ (189,898,885)	\$ (224,504,399)

Table 2 (continued)

Union County, North Carolina
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	Restated 2014	2015	2016	2017	2018	2019
General Revenues										
Governmental Activities:										
Property taxes levied for general purposes	\$ 156,773,697	\$ 159,049,464	\$ 160,375,634	\$ 161,590,726	\$ 168,913,593	\$ 193,496,714	\$ 191,316,580	\$ 194,800,497	\$ 205,216,133	\$ 199,894,266
Local option sales tax	23,974,645	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307	37,420,598	42,828,128	44,074,996	47,069,786
Other taxes and licenses	1,716,487	1,568,697	1,742,152	2,093,213	2,410,251	2,433,979	2,622,315	2,822,173	2,916,298	3,182,688
Unrestricted grants and contributions	112,326	108,028	86,716	89,481	75,773	82,050	115,081	120,366	180,174	160,000
Unrestricted rental income	3,295,689	3,156,330	7,666,879	6,100,000	-	-	-	-	-	-
Unrestricted investment earnings	1,908,892	1,223,133	1,429,626	(687,300)	420,138	491,943	923,829	483,772	1,910,293	5,020,147
Unrestricted miscellaneous	7,974	34,914	32,836	182,066	8,380	10,313	714	112	2	-
Transfers in/out	-	-	-	-	-	327,500	-	-	-	(2,070,572)
Gain / (loss) on sale of capital assets	95,064	85,935	127,182	(178,573)	123,560	91,095	126,632	32,245	55,177	48,744
Extraordinary item	-	-	54,000,000	-	-	-	-	-	-	-
Total general revenues and transfers	187,884,774	189,170,552	251,834,203	196,784,644	202,236,384	229,956,901	232,525,749	241,087,293	254,353,073	253,305,059
Business-type Activities:										
Unrestricted investment earnings	1,263,078	1,173,194	490,219	(193,033)	232,586	399,689	636,881	274,237	1,179,405	2,850,947
Transfers	-	-	-	-	-	(327,500)	-	-	-	2,070,572
Gain / (loss) on sale of capital assets	4,748	(24,662)	53,637	19,729	65,488	126,724	113,935	58,601	88,781	66,538
Special item	-	-	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	-	-	-
Total Business-type activities	1,267,826	1,148,532	543,856	(173,304)	298,074	198,913	750,816	332,838	1,268,186	4,988,057
Total primary government	\$ 189,152,600	\$ 190,319,084	\$ 252,378,059	\$ 196,611,340	\$ 202,534,458	\$ 230,155,814	\$ 233,276,565	\$ 241,420,131	\$ 255,621,259	\$ 258,293,116
Change in Net Position										
Governmental Activities	\$ 4,932,426	\$ 18,562,381	\$ 85,981,958	\$ 30,354,786	\$ 40,564,949	\$ 48,802,599	\$ 41,755,326	\$ 41,429,999	\$ 51,071,048	\$ 15,162,494
Business-type Activities	2,393,911	3,050,782	3,051,586	5,407,750	12,604,379	9,604,894	21,415,248	20,346,330	14,651,326	18,626,223
Total Change in Net Position	\$ 7,326,337	\$ 21,613,163	\$ 89,033,544	\$ 35,762,536	\$ 53,169,328	\$ 58,407,493	\$ 63,170,574	\$ 61,776,329	\$ 65,722,374	\$ 33,788,717

Table 3

Union County, North Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ -	\$ 103,287	\$ 84,618	\$ 279,914	\$ 204,937	\$ 783,121	\$ 547,783	\$ 342,875	\$ 176,614	\$ 11,836
Restricted	-	12,754,599	13,161,506	13,342,913	14,979,838	17,830,894	19,608,677	21,323,211	23,728,459	39,558,378
Committed	-	-	-	-	31,916,595	53,982,762	57,191,296	60,642,715	62,893,854	60,998,762
Assigned	-	1,656,054	1,497,776	3,761,390	31,104,920	3,382,024	6,043,138	7,284,270	9,053,252	2,779,068
Unassigned	-	39,980,344	51,249,617	62,284,839	1,941,549	6,107,032	9,080,301	11,172,122	17,025,170	6,026,025
Reserved	11,232,158	-	-	-	-	-	-	-	-	-
Unreserved	40,706,179	-	-	-	-	-	-	-	-	-
Total general fund	<u>\$ 51,938,337</u>	<u>\$ 54,494,284</u>	<u>\$ 65,993,517</u>	<u>\$ 79,669,056</u>	<u>\$ 80,147,839</u>	<u>\$ 82,085,833</u>	<u>\$ 92,471,195</u>	<u>\$ 100,765,193</u>	<u>\$ 112,877,349</u>	<u>\$ 109,374,069</u>
All other governmental funds										
Restricted:										
Special revenue funds	\$ -	\$ 4,230,291	\$ 2,977,249	\$ 3,234,227	\$ 3,491,543	\$ 3,474,171	\$ 3,632,849	\$ 3,380,379	\$ 3,412,616	\$ 3,850,487
Debt service funds	-	1,510,656	-	-	-	-	-	-	-	-
Capital project funds	-	5,676,015	4,425,317	2,403,336	15,396,322	18,661,115	38,677,208	26,483,745	72,131,480	52,622,978
Assigned:										
Capital project funds	-	20,587,727	73,084,142	43,260,589	41,227,050	48,605,776	22,168,732	16,020,630	11,375,682	-
Public Safety	-	-	-	-	-	354,782	302,782	174,782	390,125	663,389
Unassigned:										
Public Safety	-	-	-	-	-	-	-	-	(142,370)	(1,051,824)
Capital project funds	-	-	-	-	-	-	-	-	-	(8,619,143)
Reserved	3,870,955	-	-	-	-	(20,941)	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,202,136	-	-	-	-	-	-	-	-	-
Debt service funds	1,510,656	-	-	-	-	-	-	-	-	-
Capital project funds	34,793,625	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 42,377,372</u>	<u>\$ 32,004,689</u>	<u>\$ 80,486,708</u>	<u>\$ 48,898,152</u>	<u>\$ 60,114,915</u>	<u>\$ 71,074,903</u>	<u>\$ 64,781,571</u>	<u>\$ 46,059,536</u>	<u>\$ 87,167,533</u>	<u>\$ 47,465,887</u>

Note: The County adopted GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" in fiscal year 2011. Previous year's amounts are shown at pre-GASB 54 definitions.

Table 4

Union County, North Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem taxes	\$ 156,356,729	\$ 159,650,925	\$ 160,909,290	\$ 162,147,454	\$ 169,710,100	\$ 194,255,775	\$ 192,395,861	\$ 195,274,372	\$ 205,544,367	\$ 200,033,303
Local option sales tax	23,974,645	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307	37,420,598	42,828,128	44,074,996	47,069,786
Other taxes and licenses	2,960,952	2,813,162	2,746,674	3,068,956	3,492,149	3,201,693	3,136,056	3,652,751	3,789,364	3,973,402
Intergovernmental revenue	30,155,918	30,829,071	31,053,330	31,130,202	29,679,942	31,928,468	33,831,925	36,527,796	34,516,783	36,880,791
Permits and fees	3,699,306	4,371,446	5,099,529	6,098,103	6,982,279	6,783,000	7,472,415	7,227,386	7,862,126	7,372,469
Sales and services	4,766,268	5,083,297	5,281,772	4,398,686	4,911,808	5,182,376	5,173,794	4,599,967	5,914,930	6,546,595
Investment earnings	1,454,313	707,344	1,069,847	122,634	397,818	467,683	867,318	451,706	1,824,378	4,764,823
Miscellaneous	4,178,287	4,027,650	8,804,467	7,171,956	7,250,003	7,433,477	7,145,607	7,583,456	7,377,686	13,543,304
Extraordinary item	-	-	54,000,000	-	-	-	-	-	-	-
Total Revenues	227,546,418	231,426,946	295,338,087	241,733,022	252,708,788	282,275,779	287,443,574	298,145,562	310,904,630	320,184,473
Expenditures										
Current:										
General government	10,044,406	11,487,049	11,238,063	11,493,384	11,625,201	11,254,881	12,344,165	13,165,184	13,381,265	14,665,382
Public safety	34,475,802	35,812,639	39,997,069	39,134,681	43,980,663	48,720,595	52,681,383	57,008,242	62,734,029	67,937,224
Economic and physical development	2,183,870	3,534,815	2,734,165	2,158,639	2,383,306	2,565,477	2,629,698	2,813,512	3,322,030	4,534,087
Human services	35,921,058	37,826,248	37,796,024	36,855,320	37,430,037	40,496,633	41,848,033	43,900,232	43,083,568	45,941,860
Cultural and recreational	5,484,191	5,554,470	5,788,887	5,791,576	6,006,214	6,278,455	6,579,913	6,888,443	7,597,933	8,027,154
Intergovernmental:										
Education	80,799,320	80,781,286	80,562,304	82,882,387	85,180,373	89,885,541	94,996,333	97,247,541	99,713,171	103,194,389
Debt Service:										
Principal	26,928,112	27,231,937	29,506,575	30,542,075	31,705,585	33,368,401	33,292,147	33,251,165	33,201,602	44,683,633
Interest and fiscal charges	24,895,699	23,561,225	22,861,021	21,236,696	15,643,292	14,968,596	14,522,294	12,607,982	12,355,204	12,511,719
Capital Outlay	30,829,406	13,941,595	5,643,198	11,208,917	7,058,571	22,134,201	23,343,138	39,935,681	34,419,297	59,785,746
Total Expenditures	251,561,864	239,731,264	236,127,306	241,303,675	241,013,242	269,672,780	282,237,104	306,817,982	309,808,099	361,281,194
Excess (Deficiency) of Revenues over (under) Expenditures	(24,015,446)	(8,304,318)	59,210,781	429,347	11,695,546	12,602,999	5,206,470	(8,672,420)	1,096,531	(41,096,721)
Other Financing Sources (Uses)										
Transfers from other funds	23,434,549	3,304,238	58,516,401	20,075,766	21,428,507	32,648,952	16,932,270	21,594,116	22,808,549	22,750,806
Transfers to other funds	(23,434,549)	(3,304,238)	(58,516,401)	(20,075,766)	(21,428,507)	(32,681,469)	(18,386,710)	(23,349,733)	(24,765,252)	(24,859,011)
Transfer in-Water and Sewer Fund	-	-	-	-	-	327,500	-	-	-	-
Proceeds from borrowing	-	-	-	-	-	-	-	-	54,080,325	-
Proceeds from refunding	42,040,683	61,411,729	76,440,701	79,521,253	-	-	48,555,017	-	-	-
Proceeds from termination	-	-	-	953,000	-	-	-	-	-	-
Payments to escrow agent	(41,768,100)	(55,380,000)	(75,670,230)	(78,792,830)	-	-	(48,215,017)	-	-	-
Payments to terminate swaps	-	(5,544,147)	-	(20,023,787)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	272,583	487,582	770,471	(18,342,364)	-	294,983	(1,114,440)	(1,755,617)	52,123,622	(2,108,205)
Net change in fund balances	\$ (23,742,863)	\$ (7,816,736)	\$ 59,981,252	\$ (17,913,017)	\$ 11,695,546	\$ 12,897,982	\$ 4,092,030	\$ (10,428,037)	\$ 53,220,153	\$ (43,204,926)
Debt service as a percentage of non-capital expenditures	21.2%	21.6%	22.6%	21.9%	20.0%	18.4%	17.3%	16.3%	15.6%	16.6%

Table 5

**Union County, North Carolina
Ad Valorem Taxes - General Fund
Last Ten Fiscal Years
(in thousands of dollars)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Ad Valorem Taxes										
Current year levy	\$ 148,045,812	\$ 150,435,645	\$ 152,186,072	\$ 153,550,056	\$ 160,701,501	\$ 186,316,459	\$ 184,604,610	\$ 188,197,662	\$ 198,305,186	\$ 191,662,309
Prior years' levy	3,666,239	3,959,296	3,158,223	2,888,114	2,692,210	1,741,779	1,641,647	1,060,434	819,774	1,065,474
Penalties and interest	886,268	1,013,773	1,201,507	1,265,282	1,636,238	1,105,634	1,024,575	804,102	690,864	771,674
Total	<u>\$ 152,598,319</u>	<u>\$ 155,408,714</u>	<u>\$ 156,545,802</u>	<u>\$ 157,703,452</u>	<u>\$ 165,029,949</u>	<u>\$ 189,163,872</u>	<u>\$ 187,270,832</u>	<u>\$ 190,062,198</u>	<u>\$ 199,815,824</u>	<u>\$ 193,499,457</u>

Table 6

Union County, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Tax Year	Real Property		Personal Property		Public Service Company Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Commercial	Residential	Motor Vehicles	Other			
2010	2009	\$ 2,570,973	\$ 17,116,297	\$ 1,554,412	\$ 1,317,492	\$ 346,513	\$ 22,905,687	0.665
2011	2010	2,632,122	17,258,428	1,545,618	1,337,551	357,989	23,131,708	0.665
2012	2011	2,639,194	17,452,960	1,654,529	1,297,412	351,399	23,395,494	0.665
2013	2012	2,656,787	17,536,158	1,718,147	1,281,969	357,878	23,550,939	0.660
2014	2013	2,672,689	17,803,130	2,484,134	1,314,726	354,966	24,629,645	0.660
2015	2014	2,676,766	18,273,843	2,111,720	1,250,481	352,249	24,665,059	0.7614
2016	2015	2,553,722	17,219,581	2,352,928	1,283,277	387,277	23,796,785	0.7765
2017	2016	2,549,763	17,728,191	2,529,384	1,358,790	413,136	24,579,264	0.7665
2018	2017	2,621,248	18,233,252	2,615,387	1,514,990	420,816	25,405,693	0.7810
2019	2018	2,693,966	18,851,451	2,736,204	1,524,403	427,253	26,233,277	0.7309

Source: County Assessor's Office

Note: Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The Board of County Commissioners may accelerate the frequency of revaluations. Prior revaluations were completed for tax years 2008 and 2015.

Table 7

Union County, North Carolina
Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Tax Year	Sales Assessment Ratio	Real Property	Personal Property		Public Service Company Property	Estimated Actual Taxable Value
				Motor Vehicles	Other		
2010	2009	96.00%	\$ 20,507,573	\$ 1,554,412	\$ 1,317,492	\$ 346,513	\$ 23,725,990
2011	2010	106.46%	18,683,590	1,545,618	1,337,551	357,989	21,924,748
2012	2011	111.16%	18,074,986	1,654,529	1,297,412	351,399	21,378,326
2013	2012	119.78%	16,872,206	1,776,330	1,292,083	357,878	20,298,497
2014	2013	117.86%	17,373,000	2,484,134	1,314,726	354,966	21,526,826
2015	2014	110.96%	18,646,043	2,111,720	1,240,541	352,249	22,350,553
2016	2015	99.71%	19,830,812	2,352,928	1,283,277	387,277	23,854,294
2017	2016	95.33%	21,271,325	2,529,384	1,358,790	413,136	25,572,635
2018	2017	88.40%	23,591,063	2,615,387	1,514,990	420,816	28,142,256
2019	2018	84.48%	25,503,571	2,736,204	1,524,403	427,253	30,191,431

Source: County Assessor's Office

Table 8

**Union County, North Carolina
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year Ended June 30	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TaxYear	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes Levied by Union County										
County-wide rate	0.665	0.665	0.665	0.660	0.660	0.7614	0.7765	0.7665	0.7810	0.7309
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	-	-	-	-	-	-	-	-	-	-
County Schools District	-	-	-	-	-	-	-	-	-	-
Supplemental Fire Districts										
Hemby VFD	0.0493	0.0476	0.0493	0.0526	0.0526	0.0526	0.0512	0.0485	0.0503	0.0488
Springs VFD	0.0306	0.03	0.0315	0.0355	0.0355	0.0483	0.0474	0.0437	0.0567	0.0552
Stallings VFD	0.0406	0.0428	0.0428	0.0428	0.0428	0.0428	0.0509	0.0503	0.0503	0.0502
Waxhaw VFD	0.0248	0.037	0.0372	0.0386	0.0386	0.0386	0.038	0.0357	0.0413	0.0545
Wesley VFD	0.0191	0.022	0.022	0.0241	0.0241	0.0281	0.0282	0.0293	0.0293	0.0354
Total County Rates										
Maximum	0.7143	0.7126	0.7143	0.7126	0.7126	0.8140	0.8277	0.8168	0.8377	0.7861
Minimum	0.665	0.665	0.665	0.66	0.66	0.7614	0.7765	0.7665	0.7810	0.7309
Average	0.6897	0.6888	0.6897	0.6863	0.6863	0.7877	0.8021	0.7917	0.8094	0.7585
Overlapping Taxes Levied by Municipalities										
City of Monroe	0.55	0.495	0.495	0.555	0.555	0.555	0.5863	0.5863	0.5863	0.6163
Downtown Monroe District	0.2	0.2	0.2	0.2	0.2	0.2	0.219	0.219	0.219	0.219
Town of Fairview	0.02	0.02	0.0151	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Town of Hemby Bridge	0.03	0.025	0.025	-	-	-	-	-	-	-
Town of Indian Trail	0.15	0.15	0.145	0.145	0.185	0.185	0.185	0.185	0.185	0.185
Town of Marshville	0.38	0.38	0.38	0.41	0.48	0.48	0.48	0.48	0.51	0.51
Town of Mineral Springs	0.027	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Town of Mint Hill	0.275	0.215	0.275	0.275	-	-	-	-	-	-
Town of Stallings	0.25	0.22	0.215	0.215	0.215	0.215	0.215	0.215	0.215	0.215
Town of Unionville	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Town of Waxhaw	0.34	0.34	0.34	0.34	0.34	0.34	0.36	0.36	0.36	0.39
Town of Weddington	0.03	0.03	0.03	0.03	0.052	0.052	0.052	0.052	0.052	0.052
Town of Wingate	0.39	0.39	0.39	0.39	0.39	0.39	0.42	0.42	0.43	0.43
Village of Lake Park	0.23	0.21	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.24
Village of Marvin	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Village of Wesley Chapel	0.02	0.017	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165

Table 9

**Union County, North Carolina
Construction Information
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	Value
2010	278	\$ 51,858	1,759	\$ 118,588
2011	210	56,050	1,537	134,358
2012	232	66,330	1,829	178,837
2013	255	150,362	2,385	269,294
2014	400	104,010	3,285	320,781
2015	519	85,815	3,177	284,674
2016	592	189,488	3,751	370,714
2017	518	113,835	3,445	366,948
2018	636	203,181	3,778	437,898
2019	589	244,562	3,348	356,261

Building Permits are compiled from Union County Planning Dept., City of Monroe, and Town of Waxhaw.

*Number of units include all building permit types: COM, MF, RES, ROC, Home Daycare, SFD, RAC, ELEC, PLUM, MECH, MSF, & SH.

Table 10

**Union County, North Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	Type of Business	June 30, 2019			June 30, 2010		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Union Electric Membership Corp	Utility	\$ 144,146,607	1	0.55 %	\$ 119,652,223	2	0.52 %
Allegheny Technologies	Manufacturing	139,158,294	2	0.53 %	231,705,218	1	1.01 %
Duke Power Company	Utility	116,076,878	3	0.44 %	78,153,496	4	0.34 %
Charlotte Pipe & Foundry Co	Manufacturing	94,776,660	4	0.36 %	115,362,018	3	0.50 %
Piedmont Natural Gas	Utility	61,457,344	5	0.23 %	73,452,499	5	0.32 %
Consolidated Metco Inc.	Manufacturing	37,980,912	6	0.14 %	-	-	-
Time Warner Cable Southeast LLC	Utility	35,769,725	7	0.14 %	-	-	-
Greiner Bio-One North America	Manufacturing	26,324,216	8	0.10 %	-	-	-
IA Monroe Poplin LLC	Land Developer	24,248,000	9	0.09 %	-	-	-
CSX Transportation	Transportation	22,293,689	10	0.08 %	-	-	-
Sandler at Kensington LLC	Home Builder	-	-	-	45,597,390	6	0.20 %
Windstream/Alltel Carolina	Utility	-	-	-	43,263,497	7	0.19 %
Parker & Orleans Homebuilders	Home Builder	-	-	-	36,629,300	8	0.16 %
The Mathisen Company	Home Builder	-	-	-	35,875,560	9	0.16 %
Turbomeca Manufacturing Inc.	Manufacturing	-	-	-	31,495,176	10	0.14 %
Total assessed valuation of top 10 taxpayers		<u>\$ 702,232,325</u>		<u>2.66 %</u>	<u>\$ 811,186,377</u>		<u>3.54 %</u>
Total county-wide assessed valuation		<u>\$ 26,233,277,057</u>			<u>\$ 22,905,686,865</u>		

Source: County Assessor's Office.

Table 11

**Union County, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Total Collections to Date		
			Amount Collected	Percentage of Levy			Amount Collected	Percentage of Levy	
2010	2009	\$ 152,553,598	\$ 148,012,751	97.0	%	\$ 4,124,927	\$ 152,137,678	99.7	%
2011	2010	153,958,954	150,315,372	97.6	%	3,080,702	153,396,074	99.6	%
2012	2011	155,268,603	152,028,139	97.9	%	2,728,183	154,756,322	99.7	%
2013	2012	156,181,568	153,431,297	98.2	%	2,149,481	155,580,778	99.6	%
2014	2013	162,787,247	160,654,217	98.7	%	1,055,880	161,710,097	99.3	%
2015	2014	187,119,188	186,043,063	99.4	%	273,396	186,316,459	99.6	%
2016	2015	184,680,886	184,123,235	99.7	%	481,373	184,604,608	100.0	%
2017	2016	188,432,411	187,912,101	99.7	%	285,561	188,197,662	99.9	%
2018	2017	198,297,575	197,993,083	99.8	%	312,102	198,305,185	100.0	%
2019	2018	192,056,954	191,557,613	99.7	%	104,696	191,662,309	99.8	%

Table 12

Union County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities								
	General Obligation Bonds	C.O.P.'s and Installment Financing	G.O. C.P. B.A.N.'s	Total Governmental Activities	Debt to Assessed Value	Percentage of Personal Income	Debt Per Capita		
2010	\$ 447,362,860	\$ 111,670,000	-	\$ 559,032,860	2.44 %	8.2 %	\$ 2,817		
2011	425,754,698	99,707,327	-	525,462,025	2.27 %	7.3 %	2,610		
2012	403,388,123	94,726,484	-	498,114,607	2.13 %	6.1 %	2,421		
2013	383,275,223	89,587,309	-	472,862,532	2.00 %	5.8 %	2,247		
2014	357,818,458	83,338,489	-	441,156,947	1.79 %	5.0 %	2,085		
2015*	346,375,424	83,222,053	-	429,597,477	1.74 %	4.3 %	1,989		
2016*	318,941,151	76,303,778	-	395,244,929	1.66 %	3.8 %	1,792		
2017*	289,513,224	69,396,598	-	358,909,822	1.46 %	3.2 %	1,602		
2018*	314,233,363	62,571,111	-	376,804,474	1.48 %	n/a %	1,629		
2019*	273,169,328	55,808,592	-	328,977,920	1.25 %	n/a %	1,385		

Fiscal Year	Business-Type Activities					Total Primary Government			
	General Obligation Bonds	Revenue Bonds	Other Long-term Obligations	Total Business-Type Activities	Debt Per Water Connections	Total Primary Government	Percentage of Personal Income	Debt Per Capita	
2010	\$ 2,922,140	\$ 60,640,000	\$ 15,135,877	\$ 78,698,017	\$ 2,001	\$ 631,761,979	10.2 %	\$ 3,218	
2011	1,420,302	58,065,000	14,152,180	73,637,482	1,854	599,099,507	9.4 %	2,976	
2012	871,877	52,655,000	13,168,483	66,695,360	1,621	564,809,967	8.4 %	2,746	
2013	329,777	49,955,000	12,184,787	62,469,564	1,462	535,332,096	6.5 %	2,544	
2014	191,542	47,175,000	11,201,090	58,567,632	1,336	499,724,579	5.5 %	2,362	
2015*	59,943	45,966,718	10,217,393	56,244,054	1,247	485,841,531	4.8 %	2,250	
2016*	-	62,627,835	9,233,697	71,861,532	1,554	467,106,461	5.1 %	2,118	
2017*	-	60,021,984	8,250,000	68,271,984	1,457	427,181,806	3.8 %	1,907	
2018*	-	121,096,288	7,500,000	128,596,288	2,605	505,400,762	n/a %	2,184	
2019*	-	194,866,255	6,750,000	201,616,255	3,992	530,594,175	n/a %	2,234	

* - Includes unamortized premiums.

Table 13

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

Fiscal Year	General Obligation Debt					Debt Per Capita
	Total General Obligation Bonds	Total G.O. C.P. B.A.N.'s	Total General Obligation Debt	Percentage of Actual Taxable Value of Property		
2010	\$ 450,285,000	-	\$ 450,285,000	1.97	%	\$ 2,294
2011	427,175,000	-	427,175,000	1.85	%	2,122
2012	404,260,000	-	404,260,000	1.74	%	1,965
2013	383,605,000	-	383,605,000	1.63	%	1,823
2014	358,010,000	-	358,010,000	1.45	%	1,637
2015	346,375,424	-	346,375,424	1.35	%	1,604
2016	318,941,151	-	318,941,151	1.25	%	1,446
2017	289,513,224	-	289,513,224	1.11	%	1,221
2018	314,233,363	-	314,233,363	1.24	%	1,358
2019	273,169,328	-	273,169,328	1.04	%	1,150

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

Table 14

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed value of taxable property (in 000's)	\$ 22,905,687	\$ 23,131,708	\$ 23,395,494	\$ 23,635,819	\$ 24,629,645	\$ 24,665,059	\$ 23,796,785	\$ 24,579,264	\$ 25,405,693	\$ 26,233,277
Applicable percentage:	x 0.08	x 0.08	x 0.08	x 0.08	x 0.08	x 0.08	x 0.08	x 0.08	x 0.08	x 0.08
Debt limit - 8 percent of assessed value	1,832,454,960	1,850,536,640	1,871,639,520	1,890,865,520	1,970,371,600	1,973,204,720	1,903,742,804	1,966,341,124	2,032,455,440	2,098,662,160
Gross debt										
General obligation debt	450,285,000	427,175,000	404,260,000	383,605,000	358,010,000	330,795,000	300,545,000	273,565,000	296,700,000	258,290,000
Bond anticipation notes	-	-	-	-	-	-	-	-	-	-
Authorized and unissued	-	-	-	-	-	-	-	104,320,000	54,320,000	96,480,000
Certificates of Participation	97,110,000	91,930,000	87,795,000	83,535,000	78,200,000	72,860,000	67,565,000	62,320,000	57,050,000	51,885,000
Installment Financing	8,591,102	7,777,327	6,931,484	6,052,309	5,138,489	4,188,659	3,201,399	2,175,234	1,108,633	-
NC Clean Water Revolving Loan	15,135,877	14,152,180	13,168,483	12,184,787	11,201,090	10,217,393	9,233,697	8,250,000	7,500,000	6,750,000
	571,121,979	541,034,507	512,154,967	485,377,096	452,549,579	418,061,052	380,545,096	450,630,234	416,678,633	413,405,000
Less: Water bonds issued and outstanding	(854,064)	-	-	-	-	-	-	-	-	-
Sewer bonds issued and outstanding	(2,068,076)	(1,420,302)	(871,877)	(329,777)	(191,542)	(55,113)	-	-	-	-
NC Clean Water Revolving Loan	(15,135,877)	(14,152,180)	(13,168,483)	(12,184,787)	(11,201,090)	(10,217,393)	(9,233,697)	(8,250,000)	(7,500,000)	(6,750,000)
Amount held in sinking fund	-	-	-	-	-	-	-	-	-	-
	(18,058,017)	(15,572,482)	(14,040,360)	(12,514,564)	(11,392,632)	(10,272,506)	(9,233,697)	(8,250,000)	(7,500,000)	(6,750,000)
Total amount of debt applicable to debt limit	553,063,962	525,462,025	498,114,607	472,862,532	441,156,947	407,788,546	371,311,399	442,380,234	409,178,633	406,655,000
Legal debt margin	\$ 1,279,390,998	\$ 1,325,074,615	\$ 1,373,524,913	\$ 1,418,002,988	\$ 1,529,214,653	\$ 1,565,416,174	\$ 1,532,431,405	\$ 1,523,960,890	\$ 1,623,276,807	\$ 1,692,007,160
Legal debt margin as a percentage of the debt limit	69.82%	71.60%	73.39%	74.99%	77.61%	79.26%	80.50%	82.81%	79.87%	80.62%

Table 15

Union County, North Carolina
Pledged Revenue Coverage per Revenue Bond Indenture
Water and Sewer Bonds
Last Ten Fiscal Years

Fiscal Year	Revenues	Current Expenses	Net Revenues Available for Debt Service	20% Preceding Year's Surplus	Senior Debt Service	Subordinate Debt Service	Total Debt Service	Adj. Total Debt Service + 20% Senior Debt	Coverage Tests	
									Adj. Net Rev / Adj. Dbt. Svc.	Net Rev / Total Dbt. Svc.
2010	\$ 28,473,735	\$ 15,236,732	\$ 13,237,003	\$ 5,038,363	\$ 4,829,920	\$ 3,276,731	\$ 8,106,651	\$ 9,072,635	2.01	1.63
2011	29,346,454	16,397,633	12,948,821	5,411,524	4,836,739	2,963,395	7,800,134	8,767,482	2.09	1.66
2012	30,976,060	16,476,867	14,499,193	5,608,788	4,810,493	1,926,747	6,737,240	7,699,339	2.61	2.15
2013	30,379,214	17,316,934	13,062,280	6,075,579	4,628,653	1,872,481	6,501,134	7,426,865	2.58	2.01
2014	38,601,784	20,513,746	18,088,038	5,646,039	4,565,677	1,270,573	5,836,250	6,749,385	3.52	3.10
2015	34,506,748	20,688,255	13,818,493	7,234,929	4,497,648	1,245,569	5,743,217	6,642,747	3.17	2.41
2016	39,566,770	23,088,726	16,478,044	n/a	4,395,673	1,220,566	5,616,239	6,495,374	2.54	2.93
2017	43,316,500	24,128,401	19,188,099	n/a	4,185,374	1,195,562	5,380,936	6,218,011	3.09	3.57
2018	52,189,497	26,876,944	25,312,553	n/a	5,978,606	936,863	6,915,469	8,111,190	3.12	3.66
2019	57,433,831	30,006,897	27,426,934	n/a	8,636,232	919,875	9,556,107	11,283,353	2.43	2.87

Notes: In FY2003, the County issued its 2003 Revenue Bonds and authorized its Series Indenture, Number 2. The Indenture modified certain rate covenants contained in the General Indenture by providing for a two prong test - one test which permits the inclusion of 20% of the balance in the Surplus Fund from the prior fiscal year with other test omitting the Surplus Fund. In FY2003, the State Loan Agreement was subordinated to senior debt service.

Table 16

**Union County, North Carolina
Pledged Revenue Coverage
Water and Sewer Bonds
Last Ten Fiscal Years**

Fiscal Year	Revenues	Current Expenses	Net Revenues Available for Debt Service	Revenue Bond Debt Service		Coverage
				Principal	Interest	
2010	\$ 28,473,735	\$ 15,236,732	\$ 13,237,003	\$ 2,525,000	\$ 2,304,920	2.74
2011	29,346,454	16,397,633	12,948,821	2,575,000	2,261,739	2.68
2012	30,976,060	16,476,867	14,499,193	2,695,000	2,115,493	3.01
2013	30,379,214	17,316,934	13,062,280	2,700,000	1,928,653	2.82
2014	38,601,784	20,513,746	18,088,038	2,780,000	1,785,677	3.96
2015	34,506,748	20,688,255	13,818,493	2,820,000	1,677,648	3.07
2016	39,566,770	23,088,726	16,478,044	1,735,000	1,895,513	4.54
2017	43,316,500	24,128,401	19,188,099	2,395,000	2,339,646	4.05
2018	52,189,497	26,876,944	25,312,553	2,475,000	3,945,954	3.94
2019	57,433,831	30,006,897	27,426,934	4,240,000	4,396,232	3.18

Table 17

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

Fiscal Year	Personal					
	Population (1)	Income (thousands of dollars) (2)	Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)	Sales (5) (thousands of dollars)
2010	196,322	\$ 7,178,119	\$ 34,793	39,366	10.1 %	\$ 1,076,852
2011	202,171	7,710,379	36,770	39,900	9.6 %	1,122,433
2012	205,321	8,441,964	39,611	40,359	8.6 %	1,197,951
2013	207,775	8,651,849	39,417	40,958	8.0 %	1,321,781
2014	211,539	9,420,509	43,224	42,047	6.2 %	1,460,830
2015	215,956	10,324,744	46,456	41,266	5.3 %	1,610,426
2016	220,546	10,812,551	47,729	41,780	4.3 %	1,799,712
2017	224,029	11,486,771	49,648	42,000	4.0 %	2,018,468
2018	231,366	n/a	n/a	41,500	3.6 %	2,068,107
2019	237,477	n/a	n/a	41,372	3.9 %	2,191,524

Sources:

1. North Carolina State Demographic Unit
2. United States Dept of Commerce, Bureau of Economic Analysis
3. Amounts are estimated by UCPS. <https://www.ucps.k12.nc.us/Page/218>
4. North Carolina Department of Commerce, Labor Market Publications
5. North Carolina Department of Revenue

Table 18

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

Employer	Type of Business	2019		2010	
		Employees	Rank	Employees	Rank
Union County Schools	Education & Health Services	1,000+	1	1,000+	1
Tyson Farms Inc	Manufacturing	1,000+	2	1,000+	2
TDY Industries LLC	Manufacturing	1,000+	3	1,000+	5
County of Union	Public Administration	1,000+	4	1,000+	4
Harris Teeter	Trade, Transportation & Utilities	1,000+	5	500-999	7
Walmart Associates Inc.	Trade, Transportation & Utilities	500-999	6	500-999	6
Pilgrims Pride Corporation	Manufacturing	500-999	7	500-999	9
City of Monroe	Public Administration	500-999	8	500-999	8
Food Lion	Trade, Transportation & Utilities	500-999	9	0	-
Charlotte Pipe & Foundry Company	Manufacturing	500-999	10	500-999	10
CMC-Union	Health Services			1000+	3

Source: North Carolina Department of Commerce

Table 19

Union County, North Carolina
Full-time Equivalent Employees by Function / Program
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government										
Board of Commissioners	5.0	5.0	5.0	5.0	5.0	5.0	2.1	2.1	2.1	2.1
Central Administration	6.2	6.3	6.1	7.1	7.10	8.1	5.0	4.5	4.5	4.8
Internal Audit	1.0	1.0	1.0	-	-	-	-	-	-	-
Legal	3.0	3.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Personnel	7.0	6.0	6.0	6.0	6.0	8.1	8.1	9.1	9.1	9.1
Finance	8.0	8.0	8.0	8.8	8.8	8.8	8.8	9.8	9.8	10.9
Tax Administration	44.5	42.5	42.5	46.7	47.80	48.7	48.7	50.4	50.9	52.9
Elections	13.4	12.0	18.8	12.7	12.70	12.8	18.1	17.1	13.1	15.5
Register of Deeds	12.0	9.0	9.1	10.5	10.50	10.5	10.5	10.6	10.5	11.4
Information Systems (and GIS)	10.0	10.0	10.0	10.1	10.10	11.1	11.1	12.1	13.1	15.2
General Services	10.0	10.0	10.0	-	-	-	-	-	-	-
Procurement	-	-	-	-	3.0	4.1	5.1	5.1	5.2	5.2
Property Management	-	-	-	-	4.0	4.0	5.1	5.1	13.1	15.1
Outside Agencies - DWI										
Treatment Coordinator	-	-	-	-	-	-	-	-	1.0	1.0
Public safety										
Law Enforcement (and AC)	261.6	261.1	262.3	284.5	284.90	284.8	295.9	300.6	308.9	325.2
Communications	41.4	41.4	42.1	43.4	42.80	42.2	42.2	50.0	54.0	52.0
Emergency Management	3.0	3.0	3.0	2.3	1.30	1.34	1.3	1.3	1.3	1.6
Fire Services	5.0	5.0	5.0	4.3	4.30	4.3	5.3	4.3	5.3	7.6
Building Code Enforcement	16.0	12.0	12.0	17.8	18.80	18.9	18.9	19.8	19.8	26.0
Economic and physical development										
Planning	4.0	4.0	4.0	4.3	4.30	5.3	5.3	6.3	6.3	3.2
Economic Development	-	-	-	-	-	-	-	-	-	-
Cooperative Extension	11.0	11.0	10.0	9.8	9.90	11.7	12.3	12.4	14.4	14.4
Soil Conservation	1.0	1.0	1.0	1.0	1.0	1.5	2.0	2.0	2.0	2.0
Human services										
Community Support & Outreach	-	-	-	-	-	-	-	-	-	32.9
Environmental Health	-	-	-	-	-	-	-	-	-	25.7
Public Health	100.0	100.2	93.2	90.1	90.1	90.4	90.4	95.7	94.4	72.8
Social Services	200.4	197.4	188.1	193.6	194.10	200.1	216.1	231.6	225.9	252.6
Transportation and Nutrition	30.3	30.9	30.0	34.6	34.60	34.6	36.0	37.0	60.0	35.7
Veterans' Services	3.0	3.0	3.5	4.0	4.00	4.0	4.0	4.0	4.0	4.0
Cultural and recreational										
Library	55.7	56.2	54.6	55.1	53.80	54.0	54.0	54.0	55.0	53.7
Parks and Recreation	23.7	23.7	23.7	24.2	24.20	24.3	24.7	25.7	26.8	27.5
Sub-total	876	863	853	880	887	903	935	975	1,014	1,084
Business-type activities:										
Water and Sewer	93.6	94.0	93.6	104.8	84.80	88.0	93.9	99.9	116.5	129.4
Solid Waste	20.8	20.4	18.8	19.4	19.50	21.0	20.6	21.6	22.4	22.5
Stormwater	2.1	2.1	2.1	2.1	2.10	2.0	1.0	-	-	-
Sub-total	117	117	115	126	106	111	116	122	139	152
Total	993	980	967	1,006	994	1,014	1,051	1,096	1,153	1,236

Table 20

Union County, North Carolina
Operating Indicators by Function / Program
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Personnel										
Number of full-time employees	827	804	790	822	821	820	864	864	898	951
Number of part-time employees	44	38	50	56	66	83	72	98	106	157
Elections										
Number of registered voters	123,132	125,401	129,821	136,500	139,836	138,597	145,645	148,448	154,300	150,789
Information Systems (and GIS)										
Number of users in system	1,232	1,214	1,230	1,313	1,397	1,239	1,242	1,257	1,883	1,772
General Services										
Number of vehicle service requests	990	1,040	1,031	1,113	1,721	3,805	4,501	4,629	4,462	4,552
Fire Services										
Number of volunteer fire personnel	560	550	550	550	550	500	500	500	500	500
Number of inspections	1,070	1,201	2,057	2,640	2,136	1,196	1,106	906	1,172	1,798
Human services										
Public Health										
Number of patients	18,350	13,426	11,952	9,408	8,237	8,142	6,786	10,198	8,904	6,497
Number of visits	36,857	25,907	23,869	23,650	20,729	20,681	15,716	17,508	15,099	12,728
Social Services										
Number of client visits	55,102	56,601	57,985	57,351	49,722	48,786	47,064	53,125	58,693	58,803
Transportation and Nutrition										
Number of trips	85,907	86,067	78,156	84,623	84,533	77,784	74,176	75,342	69,402	79,674
Congregate, home delivered and supplemental meals	86,772	82,324	71,276	69,835	60,968	68,573	70,497	75,134	71,963	66,978
Veterans Services										
Number of visitors	2,820	3,431	3,178	3,451	3,479	3,598	3,652	3,576	3,556	3,628
Number of phone calls	9,880	11,155	11,907	12,374	12,564	11,734	12,166	11,047	11,215	12,472
Cultural and recreational										
Library										
Number of volumes	216,363	228,169	225,174	225,788	225,181	212,961	207,748	190,370	166,742	145,582
Education										
Number of licensed employees	2,585	2,834	2,555	3,192	3,117	2,928	N/A	2,976	2,603	3,111
Number of students	39,366	39,900	40,359	40,958	42,047	41,266	41,780	42,000	41,500	41,300
Business-type Activities:										
Personnel										
Number of full-time employees	106	106	109	109	100	100	109	107	126	137
Number of part-time employees	11	11	6	17	6	11	7	18	21	18
Water and Sewer										
Average daily consumption in gallons (in 000's)	9,395	11,420	11,280	11,100	11,740	12,460	13,100	13,880	13,870	14,160
Number of water service connections	39,320	39,710	41,147	42,406	43,828	45,095	46,236	47,489	49,363	50,509
Number of sewer service connections	27,760	28,452	29,110	30,306	31,597	32,688	33,632	34,711	36,402	37,319

Source: Various county departments

Table 21

Union County, North Carolina
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Tax Administration										
Number of tax parcels	107,406	107,287	108,297	108,297	109,941	110,998	113,574	118,525	117,378	118,431
Elections										
Number of precincts	52	52	52	52	52	52	52	52	52	52
Public safety										
Law Enforcement (and AC)										
Number of stations	8	8	8	8	8	8	8	8	8	8
Number of patrol units	314	309	318	318	N/A	N/A	332	335	278	284
Fire Services										
Number of stations-main	18	18	18	18	18	17	17	17	17	17
Number of stations-sub	7	7	7	7	7	8	8	8	8	8
Cultural and recreational										
Library										
Number of libraries	4	3	4	4	4	4	4	4	4	4
Parks and Recreation										
Number of parks	3	3	3	3	3	3	3	3	3	3
Number of acres in parks	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290	1,290
Number of acres in lakes	350	350	350	350	350	350	350	350	350	350
Education										
Number of schools	53	53	53	53	53	53	53	53	53	53
Number of classrooms	2,322	2,322	2,322	2,322	1,902	1,902	N/A	2,379	2,075	2,084
Business-type activities:										
Water and Sewer										
Number of fire hydrants	4,490	4,559	4,579	4,571	4,638	4,736	4,843	4,964	5,041	5,096
Miles of water mains	963	972	980	980	993	1,020	1,043	1,065	1,082	1,095
Miles of sewer mains	606	606	607	610	620	640	663	684	698	708

Source: Various county departments

Compliance Section



**Report of Independent Auditor 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***

The Board of Commissioners
Union County, North Carolina

We have audited, 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, North Carolina (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 25, 2019. We did not audit the financial statements of the Catawba River Treatment Plant, a joint venture project (the "Venture") in which the County has a 50% ownership interest and represents approximately 8% of the assets and less than 1% of the revenues of the water and sewer fund, which is reported as a business-type activity. The Venture was audited by another auditor whose report has been furnished to us and our opinions insofar as they relate to the amounts included for the investment in the Venture are based solely on the report of the other auditor. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by that auditor.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Charlotte, North Carolina
October 25, 2019

**Report of Independent Auditor on Compliance for Each Major Federal Program and
Internal Control over Compliance in Accordance with OMB Uniform Guidance and
the State Single Audit Implementation Act**

The Board of Commissioners
Union County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Union County, North Carolina (the “County”), 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 County’s major federal programs for the year ended June 30, 2019. The 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 the 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 Administration 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 the 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 on the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program, on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in dark ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Charlotte, North Carolina
October 25, 2019

**Report of Independent Auditor on Compliance for Each Major State Program
and Internal Control over Compliance in Accordance with
OMB Uniform Guidance and the State Single Audit Implementation Act**

The Board of Commissioners
Union County, North Carolina

Report on Compliance for Each Major State Program

We have audited Union County, North Carolina (the "County"), 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 the County's major state programs for the year ended June 30, 2019. The 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 the 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 Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 the 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 on the County's compliance.

Opinion on Each Major State Program

In our opinion, the 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of the Uniform Guidance as described in the Audit Manual for Governmental Auditors in North Carolina and which are described in the accompanying schedule of findings and questioned costs as 2019-001 and 2019-002. Our opinion on each major state program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the 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 the 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 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in dark ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Charlotte, North Carolina
October 25, 2019

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 53

FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to federal awards noted? ☐ yes ☒ no

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of *Uniform Guidance* ☒ yes ☒ no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medicaid Cluster
14.218	Community Development Block Grant Cluster
	Aging Cluster:
93.044	Special Programs for the Aging-Title III B Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging-Title III C Grants for Nutrition Services
93.053	Nutrition Services Incentive Program

Federal programs that did not meet the criteria for a major program using the criteria discussed in *Uniform Guidance* Section 200.518 but were tested as a major program because the state awards met the threshold for a major state program or were required to be tested as a major program by the state are included in the list of major federal programs.

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 53

FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results (continued)

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

Auditee qualified as low-risk auditee X yes no

State Awards

Internal control over major state programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are
not considered to be material weaknesses? yes X no

Noncompliance material to state awards? yes X no

Type of auditor’s report issued on compliance of major state programs: Unmodified

Any audit findings disclosed that are required to be required in
accordance with the State Single Audit Implementation Act X yes no

Identification of major state programs:

Public School Building Capital Fund – Lottery Fund
North Carolina Office of State Budget and Management - Community Shelter Program

Major state programs for Union County also include Crosscutting and Aging Cluster programs which are state matches on federal programs. Therefore, these programs have been included in the list of major federal programs above.

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 53

FOR THE YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

None reported

Section III – Federal Awards Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through the Centralina Council of Governments
Aging Cluster
CFDA # 93.044, 93.045, 93.053 - CL

Finding 2019-001

Nonmaterial Noncompliance – Subrecipient Monitoring

Criteria: Agreement for the Provision of County-Based Aging services must be routinely monitored by County officials to determine whether they are meeting program objectives. The program should be routinely evaluated to verify that funds are being spent on allowable expenditures and the eligibility of service recipients is being properly documented.

Condition: Centralina Council of Governments Area Agency on Aging monitors services provided with Aging funds. However, we noted that the County does not review monitoring reports to ensure proper sub-recipient monitoring of the Aging Cluster is being performed.

Questioned costs: None.

Context: We reviewed the monitoring procedures performed by the County and determined that the County had not sufficiently completed the required subrecipient monitoring as defined by Uniform Grant Guidance.

Effect: If funds were being spent on individuals that were not eligible or activities that were not allowable, the County would not be aware of it.

Cause: Subrecipients were not monitored properly by the County.

Recommendation: The County should monitor all subrecipients to determine that the subrecipient is following all applicable compliance requirements of the program under Uniform Grant Guidance.

Views of Responsible Officials: See Corrective Action Plan prepared by the County.

Corrective Action Plan: See Corrective Action Plan prepared by the County.

UNION COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule 53

FOR THE YEAR ENDED JUNE 30, 2019

Section III – Federal Awards Findings and Questioned Costs (continued)

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services
Medical Assistance
CFDA # 93.778

Finding 2019-002

Nonmaterial Noncompliance – Eligibility

Criteria: The County should have adequate monitoring controls to ensure that all information is updated appropriately in recipient's files and in the NC Fast system, and to ensure that all required physical documentation is located in the files to properly document eligibility with program requirements.

Condition: Ten instances in which documentation was missing or incorrectly documented in the case file.

Questioned costs: We examined 60 case files. Of the 60 files sampled, we noted ten of the files had missing or incorrect documentation as follows:

- Two cases had the incorrect income used to determine eligibility.
- Three cases did not have OVS ran at the time of recertification.
- Two cases did not have verification of the non-custodial parent at the time of the recertification.
- One case had the wrong household composition noted in NC FAST and a job termination was not properly verified.
- One case did not have proper documentation supporting cooperation with IV-D.
- One case did not have proper verification for social security and unemployment benefits were not run in a timely manner.

Upon reexamination of each of the files listed above, the County was able to substantiate that all of the recipients were still eligible to receive Medicaid benefits. This was accomplished by such means as re-computation of income, review of supporting documents, and running the OVS certification.

Effect: By not having the required documentation in the files or information being incorrectly documented, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Agency oversight when performing reviews over applications.

Recommendation: Although these issues will occur from time to time considering the volume of case files, the County should review their processes to ensure proper supporting documentation of eligibility is maintained within each case file and that sufficient case files are being reviewed.

Views of Responsible Officials: See Corrective Action Plan prepared by the County.

Corrective Action Plan: See Corrective Action Plan prepared by the County.

Section IV – State Award Findings and Questioned Costs

Finding 2019-001 and 2019-002 as listed in Section III Federal Award findings are also considered to be State findings.



Department of Human Services
Division of Social Services
2330 Concord Ave.
Monroe, NC 28110

T. 704-296-4300
F. 704-296-4363
www.unioncountync.gov

Schedule 54

Union County Human Services Audit Finding October 23, 2019

Responsible Parties:

Michelle Lancaster, Deputy County Manager, Human Services Director
Jeff Yates, Chief Financial Officer

U.S. Department of Health and Human Services
Passed through the Centralina Council of Governments
Aging Cluster
CFDA # 93.044, 93.045, 93.053 - CL

Finding 2019-001

Nonmaterial Noncompliance – Subrecipient Monitoring

Criteria: Agreement for the Provision of County-Based Aging services must be routinely monitored by County officials to determine whether they are meeting program objectives. The program should be routinely evaluated to verify that funds are being spent on allowable expenditures and the eligibility of service recipients is being properly documented.

Condition: Centralina Council of Governments' Area Agency on Aging monitors services provided with Aging funds. However, we noted that the County does not review monitoring reports to ensure proper sub-recipient monitoring of the Aging Cluster is being performed.

Questioned costs: None.

Context: We reviewed the monitoring procedures performed by the County and determined that the County had not sufficiently completed the required subrecipient monitoring as defined by Uniform Grant Guidance.

Effect: If funds were being spent on individuals that were not eligible or activities that were not allowable, the County would not be aware of it.

Cause: Subrecipients were not monitored properly by the County.

Recommendation: The County should monitor all subrecipients to determine that the subrecipient is following all applicable compliance requirements of the program under Uniform Grant Guidance.

Response / Corrective Action Plan

Uniform Guidance related to subawards

§200.93

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Pass through entities are required to monitor all subrecipients to ensure compliance with the Federal award. Below is the Union County Corrective Action Plan (CAP).

Quarterly review meetings will be held to review the eligibility reports, at the end of the review meeting, summary minutes will be prepared and filled with the reviewed reports to document review. The review meetings will include the following staff (or a representative assigned by key staff):

- Council on Aging Director (COA)
- Division of Social Services Social Work Division Manager
- Division of Social Services Program Manager Adult Services
- Service Area Budget Supervisor
- Social Work Division Administrative Services Specialist

In addition, County staff will conduct or cause to be conducted additional reviews, site visits, audits, or other oversight activities as may be deemed appropriate.

Implementation Date: Effective immediately

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services
Medical Assistance
CFDA # 93.778

Finding 2019-002

Nonmaterial Noncompliance – Eligibility

Criteria: The County should have adequate monitoring controls to ensure that all information is updated appropriately in recipient's files and in the NC Fast system, and to ensure that all required physical documentation is located in the file to properly document eligibility with program requirements.

Condition: Ten instances in which documentation was missing or incorrectly documented in the case file.

Questioned costs: We examined 60 case files. Of the 60 files sampled, we noted ten of the files had missing or incorrect documentation as follows:

- Two cases had the incorrect income used to determine eligibility
- Three cases did not have OVS ran at the time of recertification
- Two cases did not have verification of the non-custodial parent at the time of the recertification
- One case had the wrong household composition noted in NC FAST and a job termination was not properly verified.
- One case did not have proper documentation supporting cooperation with IV-D
- One case did not have proper verification for social security and unemployment benefits were not run in a timely manner.

Upon reexamination of each of the files listed above, the County was able to substantiate that all of the recipients were still eligible to receive Medicaid benefits. This was accomplished by such means as re-computation of income, review of supporting documents and running the OVS certification.

Effect: By not having the required documentation in the files or information being incorrectly documented, eligibility cannot be readily substantiated and there is a risk that the County could provide funding to individuals who are not eligible.

Cause: Agency oversight when performing reviews over applications.

Recommendation: Although these issues will occur from time to time considering the volume of case files, the County should review their processes to ensure proper supporting documentation of eligibility is maintained within each case file and that sufficient case file are being reviewed.

Response/Corrective Action:

Causal factors for errors cited include lack of training and high turnover rates within the Family and Children's Medicaid Units.

In response to the errors cited, Union County will conduct additional training with Eligibility Specialists and Technicians. We will conduct additional reviews of cases and increase our partnership with our Quality Assurance Department.

In addition, we will work to fill the current vacancies to allow for additional review capacity on the part of the Eligibility Specialists.

Implementation Date: Effective immediately

UNION COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS

Schedule 55

FOR THE YEAR ENDED JUNE 30, 2019

No findings were reported for the year ended June 30, 2018.

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

Schedule 56

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
FEDERAL AWARDS:							
<u>U.S. DEPARTMENT OF AGRICULTURE</u>							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
Supplemental Nutrition Assistance Program (SNAP) Cluster:							
Department of Revenue (DOR) Retention	10.551		\$ 692	\$ -	\$ -	\$ 692	\$ -
Tax Offset Program (TOP) Retention	10.551		46,848	-	-	46,848	-
SNAP - Cash Incentive Retention	10.551		35,585	-	-	35,585	-
NCEL - Incentive Retention	10.551		190	-	-	190	-
DSNAP	10.561		36,643	36,643	-	73,286	-
State Administrative Matching Grants for the SNAP Program	10.561		1,926,235	-	1,961,820	3,888,055	-
Total Passed-through N.C. Department of Health and Human Services: Food Stamp Cluster			2,046,193	36,643	1,961,820	4,044,656	-
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Administration:							
Special Supplemental Nutrition Program for							
Women, Infants and Children-Client Services	10.557	13A2-5403-GK	300,981	-	347,614	648,595	-
Women, Infants and Children-Client Services	10.557	13A2-5403-GJ	104,860	-	121,107	225,967	-
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GK	179,791	-	270,223	450,014	-
Women, Infants and Children-Nutrition Education	10.557	13A2-5404-GJ	36,015	-	54,130	90,145	-
Women, Infants and Children-General Admin	10.557	13A2-5405-GK	32,278	-	32,314	64,592	-
Women, Infants and Children-General Admin	10.557	13A2-5405-GJ	12,716	-	12,731	25,447	-
Women, Infants and Children-Breastfeeding Promotion and Support	10.557	13A2-5409-GK	11,736	-	15,067	26,803	-
Women, Infants and Children-Breastfeeding Promotion and Support	10.557	13A2-5409-GJ	3,089	-	3,966	7,055	-
Women, Infants and Children-Breastfeeding Peer Counseling	10.557	13A2-570B-JQ	2,517	-	2,467	4,984	-
Women, Infants and Children-Breastfeeding Peer Counseling	10.557	13A2-570C-JQ	22,040	-	21,603	43,643	-
Women, Infants and Children-Breast Feeding Peer Counseling	10.557	13A2-570D-JQ	1,068	-	1,047	2,115	-
Total Passed-through N.C. Dept. of Health and Human Services: Division of Public Health			707,091	-	882,269	1,589,360	-
Total U.S. Department of Agriculture			2,753,284	36,643	2,844,089	5,634,016	-
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
Passed-through N. C. Department of Commerce:							
Division of Community Assistance:							
Community Development Block Grant	14.218	B-16UC-37-0004	482,966	-	-	482,966	-
Community Development Block Grant	14.218	B-17UC-37-0004	339,487	-	-	339,487	-
Community Development Block Grant	14.218	B-18UC-37-0004	143,139	-	-	143,139	-
Total U.S. Department of Housing and Urban Development			965,592	-	-	965,592	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>							
Passed-through N. C. Department of Crime Control and Public Safety:							
Division of Emergency Management:							
Homeland Security Grant Program	97.067	EMW-2017-SS-00085-S01	49,999	-	-	49,999	-
Disaster Grants - Public Assistance	97.036	FEMA-4393-DR-NC	21,839	7,280	-	29,119	-
Emergency Management Performance Grant	97.042	EMPG-2016-37179	80,399	-	-	80,399	-
Total U.S. Department of Homeland Security			152,237	7,280	-	159,517	-

Continued on next page.

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

Schedule 56
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>							
Federal Transit Administration:							
Passed-through N. C. Department of Transportation:							
Department of Transportation:							
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513		\$ 51,408	\$ -	\$ -	\$ 51,408	\$ -
Transit Emergency Relief Program (ER Program)	20.527	19-FE-089 Operating	434	-	-	434	-
Formula Grants for Rural Areas	20.509	19-CT-089 Admin	47,956	8,283	-	56,239	-
Formula Grants for Rural Areas	20.509	19-CT-089 Capital	16,097	44,268	-	60,365	-
Federal Transit Formula Grants	20.507	18-LU-089	65,290	-	-	65,290	-
Federal Transit Formula Grants	20.507	19-90-089	186,861	-	-	186,861	-
State Planning and Research/PL 104(f) funds	20.205-5	T2-2017-MOA1788	21,534	-	-	21,534	-
National Priority Safety Programs	20.616	M5HVE-2018-15-09	103,568	-	-	103,568	-
State and Community Highway Safety	20.600	AL-2019-02-04	110,598	-	-	110,598	-
Total U.S. Department of Transportation			603,746	52,551	-	656,297	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Administration of Aging:							
Division of Aging and Adult Services:							
Passed-through Centralina Council of Governments:							
Aging Cluster:							
Nutrition Services Incentive Program	93.053		36,213	-	-	36,213	-
Grants for Supportive Services and Senior Center	93.044		588,392	103,834	-	692,226	-
SSBG	93.667		40,724	5,818	-	46,542	-
Nutrition Services	93.045		139,455	24,609	-	164,064	-
Administration of Aging: Aging Cluster			804,784	134,261	-	939,045	-
Administration for Children and Families:							
Division of Social Services:							
Passed-through N.C. Department of Health and Human Services:							
Foster Care and Adoption Cluster:							
Title IV-E Foster Care Training	93.658		7,636	-	2,545	10,181	-
Title IV-E Foster Care Officer Training	93.658		561,866	-	561,866	1,123,732	-
IV-E Foster Care and Extend Max	93.658		103,441	26,517	23,967	153,925	-
IV-E Foster Care and Extend Reg	93.658		221,058	63,457	44,306	328,821	-
IV-E Admin County Paid to CCI	93.658		52,522	26,261	26,261	105,044	-
IV-E Family Foster Care Max	93.658		957	-	468	1,425	-
IV-E Child Protective Services	93.658		191,342	112,460	76,882	382,684	-
Title IV-E Foster Care Officer Training - ADO	93.659		42,546	-	42,546	85,092	-
Title IV-E Optional Adoption Training	93.659		9,112	-	9,112	18,224	-
Total Foster Care and Adoption Cluster			1,190,480	228,695	789,953	2,209,128	-
Temporary Assistance for Needy Families (TANF) Cluster:							
Adoption/Foster Care	93.558		51,803	-	-	51,803	-
Special Children Adoption	93.558		7,200	-	-	7,200	-
TANF Administration	93.558		405,676	-	-	405,676	-
TANF Services	93.558		1,000,326	-	-	1,000,326	-
Work First Administration	93.558		-	-	579,876	579,876	-
Work First Service	93.558		-	-	1,179,882	1,179,882	-
Total TANF Cluster			1,465,005	-	1,759,758	3,224,763	-

Continued on next page.

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

Schedule 56
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>							
Administration for Children and Families:							
Division of Social Services:							
Passed-through N.C. Department of Health and Human Services:							
Family Preservation	93.556		\$ 44,686	\$ -	\$ -	\$ 44,686	\$ -
NC Child Support Enforcement	93.563		1,050,451	-	-	1,050,451	-
Direct Benefit Payments:							
Refugee Assistance Administration	93.566		14,960	-	-	14,960	-
Child Welfare Services:							
Permanency Planning-Regular	93.645		1,275	-	425	1,700	-
Permanency Planning-Special	93.645		51,930	-	17,310	69,240	-
LINKS	93.674		21,248	5,312	-	26,560	-
LINKS-Independent Living/Transitional Funds	93.674		4,256	-	-	4,256	-
Low Income Home Energy Assistance Block Grant:							
Administration	93.568		457,111	-	-	457,111	-
Crisis Intervention Program	93.568		397,603	-	-	397,603	-
SSBG - In Home Services Fund	93.667		6,047	-	864	6,911	-
SSBG - In Home Services Over 60	93.667		1,755	-	251	2,006	-
SSBG - Adult Day Care	93.667		9,733	8,331	2,581	20,645	-
SSBG - Adult Day Care Over 60	93.667		35,522	30,996	9,503	76,021	-
SSBG - Adult Day Care Professional Services	93.667		20,743	-	6,914	27,657	-
SSBG - Other Services and Training	93.667		455,909	-	148,398	604,307	-
Total Division of Social Services			5,228,714	273,334	2,735,957	8,238,005	-
Subsidized Child Care Cluster:							
Subsidized Child Care Cluster:							
Child Care Development Fund Cluster:							
Child Care Development Fund-Administration							
Total Subsidized Child Care Cluster	93.596		196,948	-	-	196,948	-
			196,948	-	-	196,948	-
Total Administration for Children and Families			5,425,662	273,334	2,735,957	8,434,953	-
Food and Drug Administration:							
General Grant Funding							
Total Food and Drug Administration	93.103		4,230	-	-	4,230	-
			4,230	-	-	4,230	-
Centers for Medicare and Medicaid Services:							
Passed-through N.C. Department of Health and Human Services:							
Division of Social Services:							
Administration:							
Adult Care Home Case Management/Special	93.778		67,862	13,210	54,652	135,724	-
State/County Special Assistance	93.778		91,445	-	30,482	121,927	-
Medical Assistance Administration	93.778		6,779	-	6,779	13,558	-
Medical Transportation Administration	93.778		4,968,925	-	1,757,723	6,726,648	-
MAC CORD / TRANSP	93.778		46,365	-	46,365	92,730	-
MAC APS/OUTR	93.778		639	-	639	1,278	-
State Children's Insurance Program-N.C. Health Choice (Note 3)	93.767		354,408	-	-	354,408	-
Total Division of Social Services			5,536,423	13,210	1,896,640	7,446,273	-

Continued on next page.

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

Schedule 56
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
FEDERAL AWARDS (CONTINUED):							
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>							
Centers for Medicare and Medicaid Services (Continued):							
Passed-through N.C. Department of Health and Human Services:							
Division of Health Benefits:							
Medical Assistance Program	93.778		\$ 125,842	\$ 62,319	\$ -	\$ 188,161	\$ -
Medical Assistance Program	93.778		13,733	6,883	-	20,616	-
Total Division of Health Benefits			139,575	69,202	-	208,777	-
Total Centers for Medicare and Medicaid Services			5,675,998	82,412	1,896,640	7,655,050	-
Centers for Disease Control							
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Healthy Communities Activity	93.758	1261-5503-PF	(2,984)	-	(6,565)	(9,549)	-
Healthy Communities Activity	93.991	1261-5503-PH	25,951	-	57,094	83,045	-
Breast and Cervical Cancer Control Program	93.898	1320-310B-D7	9,435	-	671,146	680,581	-
Cities Readiness Initiative	93.074	1264-2679-EZ	41,955	-	60,003	101,958	-
Tuberculosis Control Program	93.116	1460-272E-NF	50	-	304	354	-
Gonorrhea Partner Services	93.977	1311-462A-NB	100	-	1,089	1,189	-
Immunization Action	93.268	1331-627E-EJ	37,236	-	392,652	429,888	-
Immunization Action Plan	93.268	1331-627E-VP	(3,103)	-	(32,721)	(35,824)	-
Immunization Action	93.268	1331-631A-EJ	3,103	-	32,721	35,824	-
Total Centers for Disease Control			111,743	-	1,175,723	1,287,466	-
Health Resources and Services Administration:							
Passed-through N.C. Department of Health and Human Services:							
Division of Public Health:							
Family Planning Services Title X	93.217	13A1-592A-FP	41,516	-	158,171	199,687	-
Family Planning Services Title X	93.217	13A1-592B-FP	4,700	-	17,908	22,608	-
Family Planning Services Title X	93.217	13A1-592D-FP	9,401	-	35,817	45,218	-
Maternal Health-MCH Services Block Grant - Restoration	93.994	13A1-5735-FR	5,072	-	19,234	24,306	-
TANF-Family Planning (TANF Cluster)	93.558	13A1-5151-T2	16,141	-	61,495	77,636	-
Women's Preventive Health-MCH Services Block Grant	93.994	13A1-5735-AP	4,588	3,442	30,592	38,622	-
Maternal Health-MCH Services Block Grant	93.994	13A1-5146-AR	20,757	-	104,325	125,082	-
Maternal Health	93.994	13A1-5740-AR	16,485	-	82,854	99,339	-
Care Coordination for Children - Maternal and Child Health	93.994	1271-5318-AR	33,625	-	206,217	239,842	-
Child Health - Maternal and Child Health	93.994	1271-5745-AR	44,702	-	(398,224)	(353,522)	-
Child Fatality Prevention	93.994	1271-5351-AR	1,099	-	(9,789)	(8,690)	-
Total Health Resources and Services Administration			198,086	3,442	308,600	510,128	-
Total U. S. Department of Health and Human Services			12,220,503	493,449	6,116,920	18,830,872	-
Total federal awards			16,695,362	589,923	8,961,009	26,246,294	-

Continued on next page.

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

Schedule 56
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
STATE AWARDS:							
<u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u>							
Division of State Library:							
State Aid to Public Libraries	N/A		\$ -	\$ 193,870	\$ -	\$ 193,870	\$ -
<u>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
Passed-through North Carolina Partnership for Children, Incorporated							
Department of Social Services	N/A		-	114,352	-	114,352	-
Health	N/A		-	108,489	-	108,489	-
Total Passed-through North Carolina Partnership for Children, Incorporated			-	222,841	-	222,841	-
Division of Social Services Programs:							
DCD Smart Start	N/A		-	168,403	-	168,403	-
Share the Warmth	N/A		-	4,828	-	4,828	-
Child Protective Services	N/A		-	58,153	-	58,153	-
Child Welfare State In-Home Expense	N/A		-	80,288	-	80,288	-
County Funded	N/A		-	-	3,430,323	3,430,323	-
Work First Non-Reimbursable	N/A		-	-	283	283	-
State Foster Home Fund Maximization	N/A		-	72,330	72,330	144,660	-
State Foster Home	N/A		-	61,413	61,412	122,825	-
Total Division of Social Services			-	445,415	3,564,348	4,009,763	-
Division of Public Health:							
Aid to Counties-Health Administration	N/A	1161-4110-00	-	101,423	1,843,402	1,944,825	-
Breast & Cervical Cancer Control Program	N/A	1320-5599-00	-	8,115	577,249	585,364	-
Child Health	N/A	1271-5745-00	-	4,244	(37,803)	(33,559)	-
General Communicable Disease Control	N/A	1175-4510-00	-	7,416	496,083	503,499	-
HIV/STD State	N/A	1311-4536-RR	-	3,611	39,310	42,921	-
HIV/STD State	N/A	1311-4536-RQ	-	8,889	96,763	105,652	-
STD Drugs	N/A	1311-4601-RR	-	1,204	13,104	14,308	-
STD Drugs	N/A	1311-4601-RQ	-	223	2,431	2,654	-
Communicable Disease-Tuberculosis	N/A	1460-4551-00	-	5,290	32,141	37,431	-
Environmental Health	N/A	1153-4752-SZ	-	47,691	941,004	988,695	-
Maternal Health	N/A	1161-4301-00	-	1,200	-	1,200	-
CLAS Standards Advancing Health Equity	N/A	1262-4181-00	-	16,494	36,289	52,783	-
Mosquito Abatement	N/A	1153-5015-00	-	16,000	315,700	331,700	-
Healthy Mothers Healthy Children	N/A	13A1-5735-00	-	32,906	125,367	158,273	-
Maternal Health	N/A	13A1-5740-00	-	24,399	122,629	147,028	-
High Risk Maternity Clinics	N/A	13A1-5746-00	-	60,293	303,032	363,325	-
PCM for Women Ineligible for Medicaid	N/A	13A1-5107-00	-	40,677	348,659	389,336	-
Healthy Communities Activity	N/A	1261-5503-00	-	7,577	16,670	24,247	-
School Nurse Funding Initiative	N/A	1332-5358-00	-	50,000	50,000	100,000	-
Tuberculosis Medical Services	N/A	1460-4554-00	-	1,980	-	1,980	-
Women's Health Service Funds	N/A	13A1-6019-FR	-	14,056	53,552	67,608	-
Total Division of Public Health			-	453,688	5,375,582	5,829,270	-
Total N.C. Department of Health and Human Services			-	1,121,944	8,939,930	10,061,874	-

Continued on next page.

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

Schedule 56
(Continued)

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures	Passed-through to Subrecipients
STATE AWARDS (CONTINUED):							
<u>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</u>							
Public School Building Capital Fund-Lottery Fund	N/A		\$ -	\$ 3,029,385	\$ -	\$ 3,029,385	\$ -
Total N.C. Department of Public Instruction			-	3,029,385	-	3,029,385	-
<u>N.C. DEPARTMENT OF PUBLIC SAFETY</u>							
Division of Juvenile Justice - Community Programs Section							
Juvenile Crime Prevention Council	N/A	490-11480	-	763	-	763	763
Capstone/ Shift Leadership Program	N/A	490-12353	-	144,500	-	144,500	144,500
Shelter Care	N/A	490-10831	-	155,000	-	155,000	155,000
Total Department of Public Safety			-	300,263	-	300,263	300,263
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>							
Rural Operating Assistance Program (ROAP)							
ROAP Elderly and Disabled Transportation Assistance Program	N/A	DOT-16CL	-	99,966	-	99,966	-
ROAP Rural General Public Program	N/A	DOT-16CL	-	60,623	-	60,623	-
ROAP - Employment	N/A	DOT-16CL	-	46,087	-	46,087	-
Total N.C. Department of Transportation			-	206,676	-	206,676	-
<u>N.C. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES</u>							
Division of Soil and Water Conservation:							
Soil and Water Conservation	N/A		-	30,420	-	30,420	-
Total N.C. Department of Environment and Natural Resources			-	30,420	-	30,420	-
<u>N.C. DEPARTMENT OF ADMINISTRATION</u>							
Veteran's Service	N/A		-	2,216	-	2,216	-
Total N.C. Department of Administration			-	2,216	-	2,216	-
<u>N.C. Office of State Budget and Management</u>							
Union County Community Shelter	N/A		-	1,190,992	-	1,190,992	-
Total N.C. Office of State Budget and Management			-	1,190,992	-	1,190,992	-
Total State awards			-	6,075,766	8,939,930	15,015,696	300,263
Total federal, State and local awards			\$ 16,695,362	\$ 6,665,689	\$ 17,900,939	\$ 41,261,990	\$ 300,263

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

Schedule 56
(continued)

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Union County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Union County it is not intended to and does not present the financial position, changes in net position or cash flows of Union 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

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

3. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for the State audit requirement:

Subsidized Child Care and Foster Care and Adoption

