

**ALEXANDER COUNTY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

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

**ALEXANDER COUNTY
NORTH CAROLINA**

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Independent Auditor's Report

To the Board of Commissioners
Alexander County
Taylorsville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of and for the year ended June 30, 2020, 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 Alexander County ABC Board, which represents 4.65%, -0.05%, and 0.00%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Alexander County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Alexander County, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alexander County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or

to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020, on our consideration of Alexander County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alexander County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexander County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 17, 2020

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Management's Discussion and Analysis

As management of Alexander County, we offer readers of Alexander County's financial statements this narrative overview and analysis of the financial activities of Alexander County for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

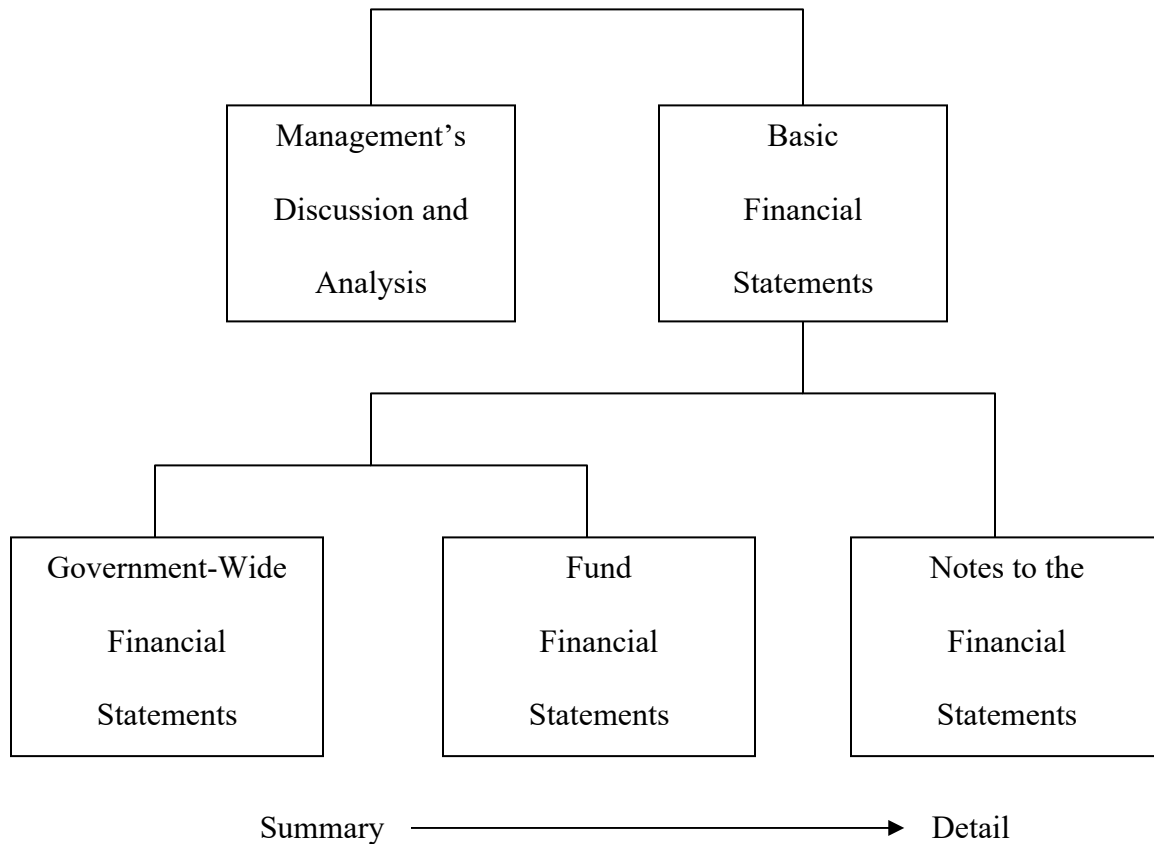
- The assets and deferred outflows of Alexander County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$31,651,697 (*net position*).
- The government's total net position increased by \$1,432,258, primarily due to maintaining the property tax rate, increases in revenue from permits, fees, sales, and services, the receipt of Medicaid hold harmless funds in excess of budget estimate, and continued growth in sales tax revenues.
- As of the close of the current fiscal year, Alexander County's governmental funds reported combined ending fund balances of \$24,611,260 after a net increase in fund balance of \$1,423,213. Approximately 36.74% of this total amount, or \$9,041,020, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,722,316, or 24.60%, of total General Fund expenditures and transfers out for the fiscal year.
- Alexander County's total debt decreased by \$1,431,896 (14.5%) during the current fiscal year. The key factor in this decrease is the timely payments of debt service as they come due during the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, education, and general government administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Alexander County. The final category is the component units. The Alexander County Economic Development Corporation (EDC) is a 501(c)(3) nonprofit exempt organization and is a legally separate entity. The Alexander County manager is on the seven-member Board of Directors as required by the EDC bylaws. Six seats on the Board are elected by the other Board members. At this time one of the elected EDC Board members is an Alexander County Commissioner. The Alexander County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profits to the County.

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$31,651,697 as of June 30, 2020. The County's net position increased by \$1,432,258 for the fiscal year ended June 30, 2020. The increase was primarily due to maintaining the property tax rate and an increase in construction in progress for several projects using federal and state grant and loan funds. One of the largest portions, \$32,125,906 (101.5%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Alexander County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alexander County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Alexander County's net position, \$8,790,368 (27.77%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(9,264,577) (-29.27%) is unrestricted net position.

Alexander County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 29,267,875	\$ 26,391,515	\$ 5,197,263	\$ 6,106,031	\$ 34,465,138	\$ 32,497,546
Capital assets	<u>20,513,892</u>	<u>21,559,256</u>	<u>19,677,683</u>	<u>16,324,073</u>	<u>40,191,575</u>	<u>37,883,329</u>
Total assets	<u>49,781,767</u>	<u>47,950,771</u>	<u>24,874,946</u>	<u>22,430,104</u>	<u>74,656,713</u>	<u>70,380,875</u>
Deferred Outflows of Resources	<u>4,626,596</u>	<u>3,786,023</u>	<u>92,708</u>	<u>71,587</u>	<u>4,719,304</u>	<u>3,857,610</u>
Liabilities:						
Long-term liabilities outstanding	32,354,939	30,352,412	7,220,112	7,354,143	39,575,051	37,706,555
Other liabilities	<u>3,231,609</u>	<u>1,662,305</u>	<u>1,437,315</u>	<u>125,145</u>	<u>4,668,924</u>	<u>1,787,450</u>
Total liabilities	<u>35,586,548</u>	<u>32,014,717</u>	<u>8,657,427</u>	<u>7,479,288</u>	<u>44,243,975</u>	<u>39,494,005</u>
Deferred Inflows of resources	<u>3,311,208</u>	<u>4,337,292</u>	<u>169,137</u>	<u>187,749</u>	<u>3,480,345</u>	<u>4,525,041</u>
Net Position:						
Net investment in capital assets	16,513,892	16,892,589	15,612,014	11,894,009	32,125,906	28,786,598
Restricted	8,790,368	6,556,655	-	-	8,790,368	6,556,655
Unrestricted	<u>(9,793,653)</u>	<u>(8,064,459)</u>	<u>529,076</u>	<u>2,940,645</u>	<u>(9,264,577)</u>	<u>(5,123,814)</u>
Total net position	<u>\$ 15,510,607</u>	<u>\$ 15,384,785</u>	<u>\$ 16,141,090</u>	<u>\$ 14,834,654</u>	<u>\$ 31,651,697</u>	<u>\$ 30,219,439</u>

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

- Maintaining the property tax rate
- Increased sales tax revenue and Medicaid hold harmless revenue
- Decrease in debt service due to no additional debt issued in fiscal year 2019-2020

Alexander County's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,850,298	\$ 4,427,795	\$ 4,915,046	\$ 4,556,778	\$ 10,765,344	\$ 8,984,573
Operating grants and contributions	4,546,341	4,262,156	-	-	4,546,341	4,262,156
Capital grants and contributions	-	470,000	147,351	250,199	147,351	720,199
General revenues:						
Property taxes	22,621,404	22,020,109	-	-	22,621,404	22,020,109
Other taxes	10,985,873	10,108,894	-	-	10,985,873	10,108,894
Grants and contributions not restricted to specific programs	-	-	106,011	104,723	106,011	104,723
Other	301,706	482,709	10,817	5,562	312,523	488,271
Total revenues	<u>44,305,622</u>	<u>41,771,663</u>	<u>5,179,225</u>	<u>4,917,262</u>	<u>49,484,847</u>	<u>46,688,925</u>
Expenses:						
General government	7,302,592	7,022,179	-	-	7,302,592	7,022,179
Public safety	13,799,929	12,505,341	-	-	13,799,929	12,505,341
Environmental protection	553,513	514,148	-	-	553,513	514,148
Economic and physical development	707,385	1,176,885	-	-	707,385	1,176,885
Human services	9,947,318	9,126,106	-	-	9,947,318	9,126,106
Cultural and recreation	1,255,444	1,088,581	-	-	1,255,444	1,088,581
Education	9,505,634	8,187,872	-	-	9,505,634	8,187,872
Interest and fees	150,571	190,043	-	-	150,571	190,043
Water and sewer	-	-	2,782,911	2,605,907	2,782,911	2,605,907
Solid waste	-	-	2,047,292	1,915,559	2,047,292	1,915,559
Total expenses	<u>43,222,386</u>	<u>39,811,155</u>	<u>4,830,203</u>	<u>4,521,466</u>	<u>48,052,589</u>	<u>44,332,621</u>
Change in net position before transfers	1,083,236	1,960,508	349,022	395,796	1,432,258	2,356,304
Transfers	<u>(957,414)</u>	<u>292,340</u>	<u>957,414</u>	<u>(292,340)</u>	<u>-</u>	<u>-</u>
Change in net position	125,822	2,252,848	1,306,436	103,456	1,432,258	2,356,304
Net Position:						
Beginning of year - July 1	<u>15,384,785</u>	<u>13,131,937</u>	<u>14,834,654</u>	<u>14,731,198</u>	<u>30,219,439</u>	<u>27,863,135</u>
End of year - June 30	<u>\$ 15,510,607</u>	<u>\$ 15,384,785</u>	<u>\$ 16,141,090</u>	<u>\$ 14,834,654</u>	<u>\$ 31,651,697</u>	<u>\$ 30,219,439</u>

Governmental Activities. Governmental activities increased the County's net position by \$125,822 thereby accounting for 8.78% of the total increase in the net position of Alexander County. Key elements of this increase are as follows:

- Maintained the property tax rate in 2019-2020
- Increase in sales tax revenue
- Increase in Medicaid hold harmless revenue over the amount budgeted

Business-Type Activities. Business-type activities increased Alexander County's net position by \$1,306,436, accounting for 91.22% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increased revenues due to rate increases and growth in the activities that generate these revenues
- Sales tax funds for economic development used as local funding source for sewer project

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Alexander County. At the end of the current fiscal year, Alexander County's fund balance available in the General Fund was \$13,178,497, while total fund balance reached \$19,246,134. The County currently has an available fund balance of 33.34% of total General Fund expenditures and transfers out, while total fund balance represents 48.69% of that same amount.

At June 30, 2020, the governmental funds of Alexander County reported a combined fund balance of \$24,611,260, a 6.14% increase over last year. The primary reason for this increase is the increase in fund balance in the General Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased estimated revenues by approximately \$813,000, which is 2.0% more than originally budgeted. The County appropriated fund balance for the following types of activity: A) Capital projects-use of sales tax funds for economic development to serve as additional local funds for an existing sewer project due to higher costs than original estimates; and local funding of preliminary costs for park improvement projects, and B) Maintain services-use of appropriated fund balance to maintain service levels. The County also received additional federal and state funding during the year for public safety, social services, public health, and other human services programs. The additional funding consisted of increases in grant revenues that were included in the original budget as well as new grants that had not been awarded when the budget was adopted. In addition, Medicaid hold harmless revenues were more than the amount estimated in the original budget. These items accounted for the primary difference between the originally adopted budget and the final budget.

Proprietary Funds. Alexander County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the major proprietary funds at the end of the fiscal year were as follows: County Water and Sewer Fund – (\$372,133) deficit; Bethlehem Water Fund – \$3,100,302; Solid Waste Fund – (\$600,250) deficit; and Landfill Closure Fund – (\$1,525,722) deficit. The total increase in net position for these four major funds was \$309,005. Other factors concerning the finances of these funds have already been addressed in the discussion of Alexander County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Alexander County's capital assets for its governmental and business-type activities as of June 30, 2020 total \$40,191,575 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Completion of prior year construction in progress for building renovations to create additional County office space
- Purchase of vehicles for public safety and human services programs
- Purchase of equipment for public safety and human services functions
- Retirement of surplus vehicles from public safety, human services, and general government
- Construction in progress for a school sewer project, a sewer system extension and pump station improvement project, and a water line extension project

Alexander County's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,395,204	\$ 4,395,204	\$ 240,573	\$ 240,573	\$ 4,635,777	\$ 4,635,777
Construction in progress	-	2,061,565	4,756,358	646,374	4,756,358	2,707,939
Buildings	22,923,713	20,761,286	651,404	651,404	23,575,117	21,412,690
Other improvements	419,075	419,075	-	-	419,075	419,075
Equipment and machinery	5,115,651	4,875,885	648,881	644,668	5,764,532	5,520,553
Vehicles	4,254,387	4,248,627	360,994	341,657	4,615,381	4,590,284
Infrastructure	395,402	395,402	26,851,796	26,587,672	27,247,198	26,983,074
Furniture and fixtures	19,228	19,228	-	-	19,228	19,228
	37,522,660	37,176,272	33,510,006	29,112,348	71,032,666	66,288,620
Less: accumulated depreciation	(17,008,768)	(15,617,016)	(13,832,323)	(12,788,275)	(30,841,091)	(28,405,291)
Total	<u>\$ 20,513,892</u>	<u>\$ 21,559,256</u>	<u>\$ 19,677,683</u>	<u>\$ 16,324,073</u>	<u>\$ 40,191,575</u>	<u>\$ 37,883,329</u>

Additional information on the County's capital assets can be found in Note 2A of the basic financial statements.

Long-Term Debt. As of June 30, 2020, Alexander County had total debt outstanding of \$8,477,265, all of which is debt backed by the full-faith and credit of the County.

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

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Notes payable - direct placements and direct borrowings	<u>\$ 4,411,596</u>	<u>\$ 5,479,097</u>	<u>\$ 4,065,669</u>	<u>\$ 4,430,064</u>	<u>\$ 8,477,265</u>	<u>\$ 9,909,161</u>

Alexander County's total debt decreased by \$1,431,896 (14.45%) during the past fiscal year, primarily due to timely debt service payments.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Alexander County is approximately \$205,606,984.

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

Economic Factors and Next Year's Budgets and Rates

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

- During the first part of fiscal year 2020 the County's unemployment rate fluctuated between the second and third lowest rates in the state. However, with the COVID-19 crisis, the unemployment rate jumped from 3.5% in March to 20.1% in April, which was the second highest in the state. The County is experiencing some degree of recovery, with a June unemployment rate of 7.7% compared to the state average of 7.9%.
- While there is some recovery occurring, the COVID-19 pandemic is still placing a strain on local companies seeking to hire new employees. The County also faces an extreme rate of out commuters with approximately 50% of the Alexander County workforce employed outside of the County. The total number of jobs inside the County remained stable at approximately 9,000.
- There is an ongoing shortage of quality vacant buildings, making recruitment of new employers to the County more difficult. The County has considered, on several occasions, the construction of a 50,000 square foot speculative industrial building to help alleviate the shortage of marketable buildings. However, in the absence of supporting private funding, high construction costs make funding this building nearly impossible for county government.
- Commercial and retail growth, in terms of the number and variety of establishments, did not significantly increase, but a number of small retail operations have opened, primarily in Bethlehem and Taylorsville. Plans for new recreational and entertainment facilities are being formulated as an encouragement to additional retail recruitment.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities. General Fund revenues, excluding transfers, are projected to increase \$242,000 (0.6%) from 2020 amounts. This is due to an estimated increase in the property tax valuation of \$51,254,000 (1.94%).

General Fund expenditures, excluding transfers, are projected to increase \$4,232,000 (11.5%) from 2020 amounts. The main factors for this include the 2.5% cost of living adjustment that became effective in February 2020 and will be in place for the full year of 2020-2021, increases in retiree health insurance participation and health insurance costs for current employees, increases in retirement expense due to higher employer contribution rates, capital outlay items budgeted for the second half of 2020-2021 pending positive financial results at that time, and an increase in the current expense appropriation to the school system.

Capital projects continuing in fiscal year 2021 include improvements to County parks.

Business-Type Activities. Budgeted expenditures in the Solid Waste Fund are expected to remain at the same level as 2020. Water rates will increase up to 3.75% to cover increased operating costs passed on from the County's water supplier. Water connection fees have been temporarily reduced to encourage growth in the number of water customers as the water system extension project continues.

Capital projects continuing in fiscal year 2021 include the water system extension project and the sewer system extension project. Both of these projects are financed with low-interest loans through the State Reserve Project Loan program of the NC Department of Environmental Quality. Another project continuing in fiscal year 2021 will provide sewer infrastructure to an elementary school in the County. CDBG-I funding and a County local match are being used for this project.

Requests for Information

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Units	
				Alexander County	Alexander
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	County ABC Board
Assets:					
Current assets:					
Cash and investments	\$ 20,915,727	\$ 6,879,170	\$ 27,794,897	\$ 563,353	\$ 60,000
Taxes receivable, net	1,219,020	-	1,219,020	-	-
Accounts receivable, net	642,811	618,883	1,261,694	-	-
Due from other governments	2,910,123	-	2,910,123	17,262	-
Internal balances	2,312,724	(2,312,724)	-	-	-
Prepaid items	305,583	11,934	317,517	-	-
Cash and investments, restricted	910,949	-	910,949	-	-
Non-current assets:					
Net pension asset	50,938	-	50,938	-	-
Capital assets:					
Land and other non-depreciable assets	4,395,204	4,996,931	9,392,135	600,000	-
Depreciable assets, net	16,118,688	14,680,752	30,799,440	49,790	-
Capital assets, net	20,513,892	19,677,683	40,191,575	649,790	-
Total assets	49,781,767	24,874,946	74,656,713	1,230,405	60,000
Deferred Outflows of Resources:					
OPEB deferrals	1,520,202	21,899	1,542,101	-	-
Pension deferrals	3,106,394	70,809	3,177,203	-	-
Total deferred outflows of resources	4,626,596	92,708	4,719,304	-	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	2,414,967	1,423,227	3,838,194	9,515	-
Miscellaneous liabilities	816,642	14,088	830,730	-	-
Liabilities payable from restricted assets	89,563	-	89,563	-	-
Accrued interest	55,830	5,601	61,431	-	-
Current portion of compensated absences	720,000	5,900	725,900	-	-
Current portion of long-term debt	1,078,264	364,395	1,442,659	25,000	5,602
Total current liabilities	5,175,266	1,813,211	6,988,477	34,515	5,602
Non-current liabilities:					
Net pension liability - LGERS	4,952,086	97,662	5,049,748	-	-
Total pension liability - LEOSA	900,925	-	900,925	-	-
Accrued landfill post-closure care costs	-	2,635,810	2,635,810	-	-
Non-current compensated absences	559,464	11,368	570,832	-	-
Total OPEB liability	20,665,475	398,102	21,063,577	-	-
Non-current portion of long-term debt	3,333,332	3,701,274	7,034,606	-	55,044
Total non-current liabilities	30,411,282	6,844,216	37,255,498	-	55,044
Total liabilities	35,586,548	8,657,427	44,243,975	34,515	60,646
Deferred Inflows of Resources:					
OPEB deferrals	3,117,367	160,770	3,278,137	-	-
Pension deferrals	138,318	8,367	146,685	-	-
Grants received in advance	6,067	-	6,067	-	-
Prepaid taxes	49,456	-	49,456	-	-
Total deferred inflows of resources	3,311,208	169,137	3,480,345	-	-
Net Position:					
Net investment in capital assets	16,513,892	15,612,014	32,125,906	-	-
Restricted for:					
Stabilization by state statute	5,855,696	-	5,855,696	-	-
Register of Deeds	17,031	-	17,031	-	-
Register of Deeds' pension plan	54,931	-	54,931	-	-
Public safety	490,167	-	490,167	-	-
General government	51,740	-	51,740	-	-
Human services	42,194	-	42,194	-	-
Economic and physical development	7,234	-	7,234	-	-
Education	2,271,375	-	2,271,375	-	-
With donor restrictions	-	-	-	136,442	-
Unrestricted	(9,793,653)	529,076	(9,264,577)	1,059,448	(646)
Total net position	\$ 15,510,607	\$ 16,141,090	\$ 31,651,697	\$ 1,195,890	\$ (646)

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 7,302,592	\$ 879,217	\$ 29,172	\$ -
Public safety	13,799,929	2,757,438	123,474	-
Environmental protection	553,513	22,824	-	-
Economic and physical development	707,385	45,051	-	-
Human services	9,947,318	2,080,669	4,298,941	-
Cultural and recreation	1,255,444	65,099	94,754	-
Education	9,505,634	-	-	-
Interest and fees	150,571	-	-	-
Total governmental activities	<u>43,222,386</u>	<u>5,850,298</u>	<u>4,546,341</u>	<u>-</u>
Business-Type Activities:				
Water and sewer	2,782,911	3,221,285	-	147,351
Solid waste	<u>2,047,292</u>	<u>1,693,761</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>4,830,203</u>	<u>4,915,046</u>	<u>-</u>	<u>147,351</u>
Total primary government	<u>\$ 48,052,589</u>	<u>\$ 10,765,344</u>	<u>\$ 4,546,341</u>	<u>\$ 147,351</u>
Component Units:				
Alexander County				
Economic Development Corporation	\$ 238,753	\$ -	\$ 172,728	\$ -
ABC Board	646	-	-	-
Total component units	<u>\$ 239,399</u>	<u>\$ -</u>	<u>\$ 172,728</u>	<u>\$ -</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position			Component Units	
	Primary Government			Alexander County Economic Development Corporation	Alexander County ABC Board
	Governmental Activities	Business-Type Activities	Total		
Functions/Programs:					
Primary Government:					
Governmental Activities:					
General government	\$ (6,394,203)	\$ -	\$ (6,394,203)		
Public safety	(10,919,017)	-	(10,919,017)		
Environmental protection	(530,689)	-	(530,689)		
Economic and physical development	(662,334)	-	(662,334)		
Human services	(3,567,708)	-	(3,567,708)		
Cultural and recreation	(1,095,591)	-	(1,095,591)		
Education	(9,505,634)	-	(9,505,634)		
Interest and fees	(150,571)	-	(150,571)		
Total governmental activities	(32,825,747)	-	(32,825,747)		
Business-Type Activities:					
Water and sewer	-	585,725	585,725		
Solid waste	-	(353,531)	(353,531)		
Total business-type activities	-	232,194	232,194		
Total primary government	(32,825,747)	232,194	(32,593,553)		
Component Units:					
Alexander County					
Economic Development Corporation				\$ (66,025)	\$ -
ABC Board				-	(646)
Total component units				(66,025)	(646)
General Revenues:					
Ad valorem taxes	22,621,404	-	22,621,404	-	-
Local option sales taxes	10,467,900	-	10,467,900	-	-
Other taxes and licenses	517,973	-	517,973	-	-
Unrestricted intergovernmental revenues	-	106,011	106,011	-	-
Miscellaneous	-	-	-	1,133	-
Investment earnings, unrestricted	301,706	10,817	312,523	3,428	-
Total general revenues, excluding transfers	33,908,983	116,828	34,025,811	4,561	-
Transfers	(957,414)	957,414	-	-	-
Total general revenues and transfers	32,951,569	1,074,242	34,025,811	4,561	-
Change in net position	125,822	1,306,436	1,432,258	(61,464)	(646)
Net Position:					
Beginning of year - July 1	15,384,785	14,834,654	30,219,439	1,257,354	-
End of year - June 30	\$ 15,510,607	\$ 16,141,090	\$ 31,651,697	\$ 1,195,890	\$ (646)

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

ALEXANDER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
	Fund	Fund		
Assets:				
Cash and investments	\$ 14,403,462	\$ 4,539,517	\$ 1,972,748	\$ 20,915,727
Taxes receivable, net	1,141,955	-	77,065	1,219,020
Accounts receivable, net	642,811	-	-	642,811
Due from other governments	2,826,857	-	83,266	2,910,123
Due from other funds	2,312,724	-	-	2,312,724
Prepaid items	295,207	-	10,376	305,583
Restricted assets:				
Cash and investments	268,123	-	642,826	910,949
Total assets	<u>\$ 21,891,139</u>	<u>\$ 4,539,517</u>	<u>\$ 2,786,281</u>	<u>\$ 29,216,937</u>
Liabilities, Deferred Inflows of				
Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 531,360	\$ 1,687,139	\$ 196,468	\$ 2,414,967
Miscellaneous liabilities	816,642	-	-	816,642
Liabilities payable from restricted assets:				
Advances from grantor	89,563	-	-	89,563
Total liabilities	<u>1,437,565</u>	<u>1,687,139</u>	<u>196,468</u>	<u>3,321,172</u>
Deferred Inflows of Resources:				
Taxes receivable	1,141,955	-	77,065	1,219,020
Grants received in advance	6,067	-	-	6,067
Health Department receivables	9,962	-	-	9,962
Prepaid taxes	49,456	-	-	49,456
Total deferred inflows of resources	<u>1,207,440</u>	<u>-</u>	<u>77,065</u>	<u>1,284,505</u>
Fund Balances:				
Non-spendable:				
Prepaid items	295,207	-	10,376	305,583
Restricted:				
Stabilization by state statute	5,772,430	-	83,266	5,855,696
Restricted, all other	616,591	1,850,375	412,775	2,879,741
Committed	-	1,002,003	2,057,682	3,059,685
Assigned	2,839,590	-	-	2,839,590
Unassigned	9,722,316	-	(51,351)	9,670,965
Total fund balances	<u>19,246,134</u>	<u>2,852,378</u>	<u>2,512,748</u>	<u>24,611,260</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,891,139</u>	<u>\$ 4,539,517</u>	<u>\$ 2,786,281</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,513,892
Net pension asset (ROD)	50,938
Net pension liability (LGERS)	(4,952,086)
OPEB liability	(20,665,475)
Total pension liability (LEOSSA)	(900,925)
Deferred inflows of resources related to pensions are not reported in the funds.	
ROD	(3,042)
LGERS	(106,141)
LEOSSA	(29,135)
Deferred inflows of resources related to OPEB are not reported in the funds.	(3,117,367)
Deferred outflows of resources related to pensions are not reported in the funds.	
ROD	7,035
LGERS	3,013,106
LEOSSA	86,253
Deferred outflows of resources related to OPEB are not reported in the funds.	1,520,202
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(5,746,890)
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.	1,228,982
Net position of governmental activities	<u>\$ 15,510,607</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major		Other	
	General	Capital	Governmental	Total
	Fund	Improvements	Funds	
		Fund		
Revenues:				
Ad valorem taxes	\$ 20,900,185	\$ -	\$ 1,633,640	\$ 22,533,825
Local option sales taxes	10,467,900	-	-	10,467,900
Other taxes and licenses	312,378	-	205,595	517,973
Restricted intergovernmental revenues	4,546,341	-	911,572	5,457,913
Permits and fees	943,306	-	-	943,306
Sales and services	3,570,798	-	-	3,570,798
Interest earned on investments	245,969	52,176	3,561	301,706
Miscellaneous	428,387	-	225,000	653,387
Total revenues	<u>41,415,264</u>	<u>52,176</u>	<u>2,979,368</u>	<u>44,446,808</u>
Expenditures:				
General government	6,355,994	-	462,311	6,818,305
Public safety	10,667,518	-	2,298,706	12,966,224
Environmental protection	502,216	-	238	502,454
Economic and physical development	454,557	-	158,763	613,320
Human services	9,535,729	-	-	9,535,729
Cultural and recreation	1,135,202	-	26,700	1,161,902
Education	6,931,143	2,307,575	-	9,238,718
Debt service:				
Principal repayments	1,067,501	-	-	1,067,501
Interest	162,028	-	-	162,028
Total expenditures	<u>36,811,888</u>	<u>2,307,575</u>	<u>2,946,718</u>	<u>42,066,181</u>
Revenues over (under) expenditures	<u>4,603,376</u>	<u>(2,255,399)</u>	<u>32,650</u>	<u>2,380,627</u>
Other Financing Sources (Uses):				
Transfers in	312,699	1,446,163	179,500	1,938,362
Transfers (out)	<u>(2,717,702)</u>	<u>-</u>	<u>(178,074)</u>	<u>(2,895,776)</u>
Total other financing sources (uses)	<u>(2,405,003)</u>	<u>1,446,163</u>	<u>1,426</u>	<u>(957,414)</u>
Net change in fund balances	2,198,373	(809,236)	34,076	1,423,213
Fund Balances:				
Beginning of year - July 1	<u>17,047,761</u>	<u>3,661,614</u>	<u>2,478,672</u>	<u>23,188,047</u>
End of year - June 30	<u>\$ 19,246,134</u>	<u>\$ 2,852,378</u>	<u>\$ 2,512,748</u>	<u>\$ 24,611,260</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 1,423,213
Property tax revenues in the Statement of Activities earned in prior periods are reported as revenues in the governmental funds statement.	87,579
Health Department fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(3,765)
Grant revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(225,000)
Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.	
Compensated absences	(90,913)
Pension expense - LGERS	(1,017,229)
Pension expense - ROD	(2,190)
Pension expense - LEOSSA	(30,264)
Other post-employment benefits	(49,203)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	11,457
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	826,781
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,872,145)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>1,067,501</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 125,822</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 20,502,540	\$ 20,502,540	\$ 20,900,185	\$ 397,645
Local option sales taxes	9,764,000	9,626,000	10,467,900	841,900
Other taxes and licenses	318,300	311,300	312,378	1,078
Restricted intergovernmental revenues	4,582,385	4,856,521	4,546,341	(310,180)
Permits and fees	767,072	903,572	943,306	39,734
Sales and services	3,412,381	3,739,165	3,570,798	(168,367)
Investment earnings	340,000	267,000	245,969	(21,031)
Miscellaneous	207,040	500,352	428,387	(71,965)
Total revenues	39,893,718	40,706,450	41,415,264	708,814
Expenditures:				
General government	6,807,975	7,042,956	6,355,994	686,962
Public safety	12,149,512	12,411,507	10,667,518	1,743,989
Environmental protection	569,797	570,797	502,216	68,581
Economic and physical development	467,254	475,274	454,557	20,717
Human services	10,437,212	10,870,028	9,535,729	1,334,299
Cultural and recreation	1,455,808	1,357,242	1,135,202	222,040
Education	6,955,400	6,960,437	6,931,143	29,294
Debt service:				
Principal retirement	1,068,000	1,068,000	1,067,501	499
Interest and fees	163,000	163,000	162,028	972
Contingency	250,000	288,735	-	288,735
Total expenditures	40,323,958	41,207,976	36,811,888	4,396,088
Revenues over (under) expenditures	(430,240)	(501,526)	4,603,376	5,104,902
Other Financing Sources (Uses):				
Transfers in	245,604	312,696	312,699	3
Transfers out	(1,660,000)	(2,824,514)	(2,717,702)	106,812
Appropriated fund balance	1,844,636	3,013,344	-	(3,013,344)
Total other financing sources (uses)	430,240	501,526	(2,405,003)	(2,906,529)
Net change in fund balance	\$ -	\$ -	2,198,373	\$ 2,198,373
Fund Balance:				
Beginning of year - July 1			17,047,761	
End of year - June 30			\$ 19,246,134	

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Assets:			
Current assets:			
Cash and investments	\$ 2,130,856	\$ 2,955,791	\$ 529
Accounts receivable, net	288,362	179,978	119,969
Prepaid items	-	-	11,934
Total current assets	<u>2,419,218</u>	<u>3,135,769</u>	<u>132,432</u>
Non-current assets:			
Land and other non-depreciable assets	3,336,275	-	240,573
Depreciable assets, net of depreciation	10,221,915	3,472,567	376,375
Total non-current assets	<u>13,558,190</u>	<u>3,472,567</u>	<u>616,948</u>
Total assets	<u>15,977,408</u>	<u>6,608,336</u>	<u>749,380</u>
Deferred Outflows of Resources:			
OPEB deferrals	-	-	21,899
Pension deferrals	-	-	70,809
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>92,708</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	544,154	35,467	58,005
Due to other funds	2,241,596	-	71,128
Miscellaneous liabilities	-	-	14,088
Accrued interest	5,601	-	-
Current portion of long-term debt	364,395	-	-
Current portion of compensated absences	-	-	5,900
Total current liabilities	<u>3,155,746</u>	<u>35,467</u>	<u>149,121</u>
Non-current liabilities:			
Net pension liability	-	-	97,662
Non-current accrued landfill post-closure care costs	-	-	-
Non-current compensated absences	-	-	11,368
Total OPEB liability	-	-	398,102
Non-current portion of long-term debt	3,701,274	-	-
Total non-current liabilities	<u>3,701,274</u>	<u>-</u>	<u>507,132</u>
Total liabilities	<u>6,857,020</u>	<u>35,467</u>	<u>656,253</u>
Deferred Inflows of Resources:			
OPEB deferrals	-	-	160,770
Pension deferrals	-	-	8,367
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>169,137</u>
Net Position:			
Net investment in capital assets	9,492,521	3,472,567	616,948
Unrestricted	<u>(372,133)</u>	<u>3,100,302</u>	<u>(600,250)</u>
Total net position	<u>\$ 9,120,388</u>	<u>\$ 6,572,869</u>	<u>\$ 16,698</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Fund	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,112,649	\$ 679,345	\$ 6,879,170
Accounts receivable, net	-	30,574	618,883
Prepaid items	-	-	11,934
Total current assets	1,112,649	709,919	7,509,987
Non-current assets:			
Land and other non-depreciable assets	-	1,420,083	4,996,931
Depreciable assets, net of depreciation	-	609,895	14,680,752
Total non-current assets	-	2,029,978	19,677,683
Total assets	1,112,649	2,739,897	27,187,670
Deferred Outflows of Resources:			
OPEB deferrals	-	-	21,899
Pension deferrals	-	-	70,809
Total deferred outflows of resources	-	-	92,708
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	2,561	783,040	1,423,227
Due to other funds	-	-	2,312,724
Miscellaneous liabilities	-	-	14,088
Accrued interest	-	-	5,601
Current portion of long-term debt	-	-	364,395
Current portion of compensated absences	-	-	5,900
Total current liabilities	2,561	783,040	4,125,935
Non-current liabilities:			
Net pension liability	-	-	97,662
Non-current accrued landfill post-closure care costs	2,635,810	-	2,635,810
Non-current compensated absences	-	-	11,368
Total OPEB liability	-	-	398,102
Non-current portion of long-term debt	-	-	3,701,274
Total non-current liabilities	2,635,810	-	6,844,216
Total liabilities	2,638,371	783,040	10,970,151
Deferred Inflows of Resources:			
OPEB deferrals	-	-	160,770
Pension deferrals	-	-	8,367
Total deferred inflows of resources	-	-	169,137
Net Position:			
Net investment in capital assets	-	2,029,978	15,612,014
Unrestricted	(1,525,722)	(73,121)	529,076
Total net position	\$ (1,525,722)	\$ 1,956,857	\$ 16,141,090

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Operating Revenues:			
Water and sewer sales	\$ 1,469,604	\$ 1,515,586	\$ -
Sewer capital reserve fees	-	-	-
Convenience centers	-	-	204,409
Landfill	-	-	1,488,986
Total operating revenues	<u>1,469,604</u>	<u>1,515,586</u>	<u>1,693,395</u>
Operating Expenses:			
Convenience centers	-	-	193,035
Water and sewer operations	843,904	837,715	-
Landfill operations	-	-	1,523,853
Depreciation	670,707	237,775	95,783
Total operating expenses	<u>1,514,611</u>	<u>1,075,490</u>	<u>1,812,671</u>
Operating income (loss)	<u>(45,007)</u>	<u>440,096</u>	<u>(119,276)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	4,367	5,930	-
Intergovernmental revenues	-	-	106,011
Interest and fees paid	(37,107)	-	-
Miscellaneous revenues	-	-	366
Total non-operating revenues (expenses)	<u>(32,740)</u>	<u>5,930</u>	<u>106,377</u>
Income (loss) before contributions and transfers	<u>(77,747)</u>	<u>446,026</u>	<u>(12,899)</u>
Capital contributions	<u>147,351</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>69,604</u>	<u>446,026</u>	<u>(12,899)</u>
Transfers:			
Transfer from other funds	481,863	-	-
Transfer to other funds	(493,219)	(123,269)	-
Total transfers	<u>(11,356)</u>	<u>(123,269)</u>	<u>-</u>
Change in net position	58,248	322,757	(12,899)
Net Position:			
Beginning of year - July 1	<u>9,062,140</u>	<u>6,250,112</u>	<u>29,597</u>
End of year - June 30	<u>\$ 9,120,388</u>	<u>\$ 6,572,869</u>	<u>\$ 16,698</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Fund	Total
Operating Revenues:			
Water and sewer sales	\$ -	\$ 233,680	\$ 3,218,870
Sewer capital reserve fees	-	2,415	2,415
Convenience centers	-	-	204,409
Landfill	-	-	1,488,986
Total operating revenues	-	236,095	4,914,680
Operating Expenses:			
Convenience centers	-	-	193,035
Water and sewer operations	-	120,133	1,801,752
Landfill operations	234,621	-	1,758,474
Depreciation	-	35,570	1,039,835
Total operating expenses	234,621	155,703	4,793,096
Operating income (loss)	(234,621)	80,392	121,584
Non-Operating Revenues (Expenses):			
Investment earnings	520	-	10,817
Intergovernmental revenues	-	-	106,011
Interest and fees paid	-	-	(37,107)
Miscellaneous revenues	-	-	366
Total non-operating revenues (expenses)	520	-	80,087
Income (loss) before contributions and transfers	(234,101)	80,392	201,671
Capital contributions	-	-	147,351
Income (loss) before transfers	(234,101)	80,392	349,022
Transfers:			
Transfer from other funds	175,000	917,039	1,573,902
Transfer to other funds	-	-	(616,488)
Total transfers	175,000	917,039	957,414
Change in net position	(59,101)	997,431	1,306,436
Net Position:			
Beginning of year - July 1	(1,466,621)	959,426	14,834,654
End of year - June 30	<u>\$ (1,525,722)</u>	<u>\$ 1,956,857</u>	<u>\$ 16,141,090</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	County Water and Sewer Fund	Bethlehem Water District Fund	Solid Waste Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,366,200	\$ 1,502,731	\$ 1,693,488
Cash paid for goods and services	(805,333)	(802,248)	(1,368,746)
Cash paid to employees for services	-	-	(363,504)
Net cash provided (used) by operating activities	<u>560,867</u>	<u>700,483</u>	<u>(38,762)</u>
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	106,377
Change in due to/from other funds	2,218,713	-	(48,276)
Interfund transfer in (out)	(11,356)	(123,269)	-
Net cash provided (used) by non-capital financing activities	<u>2,207,357</u>	<u>(123,269)</u>	<u>58,101</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,686,677)	(264,124)	(19,337)
Principal paid on bonds and notes payable	(364,395)	-	-
Interest and fees paid on bonds	(37,807)	-	-
Capital contributions	147,351	-	-
Net cash provided (used) by capital and related financing activities	<u>(2,941,528)</u>	<u>(264,124)</u>	<u>(19,337)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>4,367</u>	<u>5,930</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(168,937)	319,020	2
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>2,299,793</u>	<u>2,636,771</u>	<u>527</u>
End of year - June 30	<u>\$ 2,130,856</u>	<u>\$ 2,955,791</u>	<u>\$ 529</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (45,007)	\$ 440,096	\$ (119,276)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	670,707	237,775	95,783
(Increase) decrease in accounts receivable	(103,404)	(12,855)	93
(Increase) decrease in prepaids	-	-	1,207
(Increase) decrease deferred outflows - pension	-	-	774
Increase (decrease) in net pension liability	-	-	13,109
Increase (decrease) deferred inflows - pension	-	-	(599)
Increase (decrease) in accounts payable	38,571	35,467	(19,810)
Increase (decrease) in accrued salaries	-	-	2,670
(Increase) decrease deferred outflows - OPEB	-	-	(21,895)
Increase (decrease) deferred inflows - OPEB	-	-	(18,013)
Increase (decrease) in other post-employment benefits	-	-	27,278
Increase (decrease) in landfill post-closure liability	-	-	-
Increase (decrease) in accrued vacation pay	-	-	(83)
Net cash provided (used) by operating activities	<u>\$ 560,867</u>	<u>\$ 700,483</u>	<u>\$ (38,762)</u>

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

ALEXANDER COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Funds		
	Landfill Closure Fund	Nonmajor Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ -	\$ 211,394	\$ 4,773,813
Cash paid for goods and services	(50,933)	(120,133)	(3,147,393)
Cash paid to employees for services	-	-	(363,504)
Net cash provided (used) by operating activities	(50,933)	91,261	1,262,916
Cash Flows from Non-Capital Financing Activities:			
Other non-operating revenues (expenses)	-	-	106,377
Change in due to/from other funds	-	(372,454)	1,797,983
Interfund transfer in (out)	175,000	917,039	957,414
Net cash provided (used) by non-capital financing activities	175,000	544,585	2,861,774
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(160,963)	(3,131,101)
Principal paid on bonds and notes payable	-	-	(364,395)
Interest and fees paid on bonds	-	-	(37,807)
Capital contributions	-	-	147,351
Net cash provided (used) by capital and related financing activities	-	(160,963)	(3,385,952)
Cash Flows from Investing Activities:			
Interest on investments	520	-	10,817
Net increase (decrease) in cash and cash equivalents	124,587	474,883	749,555
Cash and Cash Equivalents:			
Beginning of year - July 1	988,062	204,462	6,129,615
End of year - June 30	\$ 1,112,649	\$ 679,345	\$ 6,879,170
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (234,621)	\$ 80,392	\$ 121,584
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	35,570	1,039,835
(Increase) decrease in accounts receivable	-	(24,701)	(140,867)
(Increase) decrease in prepaids	-	-	1,207
(Increase) decrease deferred outflows - pension	-	-	774
Increase (decrease) in net pension liability	-	-	13,109
Increase (decrease) deferred inflows - pension	-	-	(599)
Increase (decrease) in accounts payable	(7,072)	-	47,156
Increase (decrease) in accrued salaries	-	-	2,670
(Increase) decrease deferred outflows - OPEB	-	-	(21,895)
Increase (decrease) deferred inflows - OPEB	-	-	(18,013)
Increase (decrease) in other post-employment benefits	-	-	27,278
Increase (decrease) in landfill post-closure liability	190,760	-	190,760
Increase (decrease) in accrued vacation pay	-	-	(83)
Net cash provided (used) by operating activities	\$ (50,933)	\$ 91,261	\$ 1,262,916

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

ALEXANDER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 23,579
Liabilities:	
Accounts payable	\$ 23,193
Intergovernmental payable - State of North Carolina	386
Total liabilities	\$ 23,579

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Units

Discretely Presented Component Units

The Alexander County Economic Development Corporation (the “EDC”) is a 501(c)(3) nonprofit exempt organization that exists for the purpose of engaging in charitable and educational efforts, and specifically to support economic and community development in Alexander County. The EDC Board of Directors is responsible for electing members to fill the seven-member Board. There are no statutory positions for elected officials. The EDC has a June 30 year-end and is presented on the government-wide statements of this report as a discretely presented component unit. The EDC issues separate financial statements, which may be obtained from Alexander County Economic Development Corporation 119 NC Hwy 16 N Suite A Taylorsville, NC 28681.

The Alexander County ABC Board (the “ABC Board”) was formed in 2020 and exists for the operation of the County’s ABC store. The members of the ABC Board’s governing board are appointed by the County. The ABC Board is required by state statute to distribute its surpluses to the General Fund of the County. The NC ABC Commission is not requiring Alexander County ABC Board to issue separate audited financial statements for FY 2020 because activities were only for startup costs; therefore, no financial statements were issued.

Blended Component Unit

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

B. Basis of Presentation, Basis of Accounting

Measurement Focus – Basis of Accounting

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County has the following fund categories (further divided by fund type):

Governmental Funds. Governmental funds are used to account for the County's general governmental activities.

Governmental funds include the following fund types:

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County has the following special revenue funds: Fire Districts Fund, Revaluation Fund, Emergency Telephone System Fund, Borealis Compounds Industrial Rail Project, CDBG Project #16-E-2931 Borealis Compounds Building Reuse, Paragon Films Building Reuse 2020, and Coronavirus Relief Fund.

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

Proprietary Funds

Enterprise Funds. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The County reported the following enterprise funds: County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, Landfill Closure Fund, and Bethlehem Sewer Fund. The County has five enterprise fund – Capital Project Funds. The Shurtape Job Retention Wastewater Project, Alexander County Industrial Park Pump Station Replacement Project, Stony Point Elementary School Wastewater Project, and Water Line Extension Project are consolidated with the County Water and Sewer Fund for reporting purposes. The Sewer Collection Line Extension and Pump Station Upgrade Project is consolidated with the Bethlehem Sewer Fund for reporting purposes.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Major Funds. The General Fund, Capital Improvements Fund, County Water and Sewer Fund, Bethlehem Water District Fund, Solid Waste Fund, and Landfill Closure Fund are major funds for the year ended June 30, 2020.

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, environmental protection, economic and physical development, human services, cultural and recreation, and education services.

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

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

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

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. The billed taxes are applicable to the fiscal year in which are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding the Borealis Compounds Industrial Rail Project, CDBG Project Number 16-E-2931 Borealis Compounds Building Reuse Project, Paragon Films Building Reuse 2020, and Coronavirus Relief Fund), the Capital Improvements Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for all capital project funds (excluding the Capital Improvements Fund), enterprise capital project funds, and those special revenue funds noted above.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The County Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$15,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$15,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Estimates

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

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

Deposits and Investments

All deposits of the County and ABC Board 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The County's investments are carried at fair value. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

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

Restricted Assets

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

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>	<u>Total</u>
Governmental Activities:			
General Fund:			
Public safety	Sheriff/substance abuse	\$ 77,392	
Human services	Adoption services	42,194	
Economic and physical development	Cooperative extension services	7,234	
General government	PEG Channel	51,740	
General government	Unspent grant proceeds	89,563	
Total General Fund			\$ 268,123
Other governmental funds:			
Revaluation Fund	Tax revaluation	\$ 642,826	
Total other governmental funds			<u>642,826</u>
Total governmental activities			<u>\$ 910,949</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019.

Allowances for Doubtful Accounts

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

Prepaid Items

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

Capital Assets

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Asset	Estimated Useful Lives
Buildings - new construction	40 years
Buildings - purchased	varies
Infrastructure	25 years
Other improvements	10-40 years
New vehicles	3-5 years
Equipment and used vehicles	3 years
Furniture and fixtures	3 years

Deferred Outflows/Inflows of Resources

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

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

Long-Term Obligations

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

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

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

The County's long-term debt for the water districts and landfill is carried within the Enterprise Fund. The debt service requirements for the water districts' debt are being met by water revenues.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

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

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

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Restricted fund balance at June 30, 2020, is as follows:

Purpose	General Fund	Capital Improvements Fund	Other Governmental Funds
Restricted, All Other:			
Register of Deeds	\$ 17,031	\$ -	\$ -
General government	51,740	-	-
Education	421,000	1,850,375	-
Human services	42,194	-	-
Economic and physical development	7,234	-	-
Public safety	-	-	412,775
Public safety - Federal Shared Asset program	32,795	-	-
Public safety - state unauthorized substance	44,597	-	-
Total	\$ 616,591	\$ 1,850,375	\$ 412,775

Restricted fund balance on Exhibit C differs from restricted net position on Exhibit A due to restricted for Register of Deeds pension plan of \$54,931.

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

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

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

Committed for Economic and Physical Development – portion of fund balance budgeted by the Board to be used for an economic development project.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Committed fund balance at June 30, 2020, is as follows:

Purpose	Capital Improvements Fund	Other Governmental Funds
Tax revaluation	\$ -	\$ 638,257
Future capital projects	1,002,003	1,414,925
Economic and physical development	-	4,500
Total	<u>\$ 1,002,003</u>	<u>\$ 2,057,682</u>

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

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorized the Manager to modify appropriations up to \$15,000 between departments within a fund.

Purpose	General Fund
Subsequent year's expenditures	<u>\$ 2,839,590</u>

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

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

The County has not officially adopted a minimum fund balance policy.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Total fund balance - General Fund	\$ 19,246,134
Less:	
Prepays	(295,207)
Stabilization by state statute	<u>(5,772,430)</u>
Fund balance available for appropriation	<u>\$ 13,178,497</u>

Defined Benefit Cost-Sharing Plans

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

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County and ABC Board'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 and ABC Board's agent in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and ABC Board, these deposits are considered to be held by the County and ABC Board's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County and ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

the County and ABC Board 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 and ABC Board relies on the State Treasurer to monitor those financial institutions. The County and ABC Board analyzes the financial soundness of any other financial institutions used by the County and ABC Board. The County and ABC Board comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and ABC Board have no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the County's deposits had a carrying amount of \$3,715,395 and a bank balance of \$3,896,812. Of the bank balance, \$485,794 was covered by federal depository insurance and \$3,411,018 by collateral held under the Pooling Method. Cash on hand was \$4,130 at June 30, 2020.

The ABC Board's deposits had a carrying amount of \$60,000 all of which was covered by federal depository insurance.

Investments

At June 30, 2020, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation</u>		<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>Maturity</u>	<u>Rating</u>
	<u>Measurement</u>	<u>Fair Value</u>				
N.C. Capital Management Trust - Term Portfolio*	Fair Value - Level 1	\$ 3,200,213	\$ 3,200,213	N/A	0.15 years	Unrated
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	21,809,687	N/A	N/A	N/A	AAAm
Total investments		<u>\$ 25,009,900</u>	<u>\$ 3,200,213</u>	<u>\$ -</u>		

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Credit Risk. The County has no formal policy regarding credit risk. The County's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Property Tax – Use-Value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2017	\$ 2,029,217	\$ 527,596	\$ 2,556,813
2018	2,059,566	350,126	2,409,692
2019	2,181,609	174,529	2,356,138
2020	2,193,284	-	2,193,284
Total	<u>\$ 8,463,676</u>	<u>\$ 1,052,251</u>	<u>\$ 9,515,927</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Receivables

Receivables at the government-wide level (Exhibit A) at June 30, 2020 were as follows:

	<u>Accounts Receivable</u>	<u>Taxes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 822,569	\$ 1,443,625	\$ 2,826,857	\$ 5,093,051
Other governmental	-	86,365	83,266	169,631
Total receivables	822,569	1,529,990	2,910,123	5,262,682
Allowance for doubtful accounts	(179,758)	(310,970)	-	(490,728)
Total governmental activities	<u>\$ 642,811</u>	<u>\$ 1,219,020</u>	<u>\$ 2,910,123</u>	<u>\$ 4,771,954</u>
Business-Type Activities:				
County Water and Sewer	\$ 288,362	\$ -	\$ -	\$ 288,362
Bethlehem Water	179,978	-	-	179,978
Solid Waste	120,041	-	-	120,041
Nonmajor funds	30,574	-	-	30,574
Total receivables	618,955	-	-	618,955
Allowance for doubtful accounts	(72)	-	-	(72)
Total business-type activities	<u>\$ 618,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 618,883</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 1,616,419
DSS revenues	502,410
Sales tax refund	298,822
Motor vehicle taxes	210,450
Medicaid hold harmless	125,046
Other	156,976
Total	<u>\$ 2,910,123</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

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

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 4,395,204	\$ -	\$ -	\$ -	\$ 4,395,204
Construction in progress	2,061,565	100,862	-	(2,162,427)	-
Total non-depreciable assets	<u>6,456,769</u>	<u>100,862</u>	<u>-</u>	<u>(2,162,427)</u>	<u>4,395,204</u>
Depreciable Assets:					
Buildings	20,761,286	-	-	2,162,427	22,923,713
Other improvements	419,075	-	-	-	419,075
Infrastructure	395,402	-	-	-	395,402
Equipment and machinery	4,875,885	426,070	(178,189)	(8,115)	5,115,651
Vehicles	4,248,627	299,849	(294,089)	-	4,254,387
Furniture and fixtures	19,228	-	-	-	19,228
Total depreciable assets	<u>30,719,503</u>	<u>725,919</u>	<u>(472,278)</u>	<u>2,154,312</u>	<u>33,127,456</u>
Total assets	<u>37,176,272</u>	<u>826,781</u>	<u>(472,278)</u>	<u>(8,115)</u>	<u>37,522,660</u>
Less Accumulated Depreciation:					
Buildings	(7,534,364)	(712,825)	-	-	(8,247,189)
Other improvements	(378,845)	(26,000)	-	-	(404,845)
Infrastructure	(237,241)	(79,080)	-	-	(316,321)
Equipment and machinery	(4,223,904)	(510,831)	178,189	8,115	(4,548,431)
Vehicles	(3,233,979)	(541,108)	294,089	-	(3,480,998)
Furniture and fixtures	(8,683)	(2,301)	-	-	(10,984)
Total accumulated depreciation	<u>(15,617,016)</u>	<u>(1,872,145)</u>	<u>472,278</u>	<u>8,115</u>	<u>(17,008,768)</u>
Capital assets, net	<u>\$ 21,559,256</u>	<u>\$ (1,045,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,513,892</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Governmental Activities:

General government	\$	405,101
Public safety		894,583
Environmental protection		29,731
Human services		141,528
Cultural and recreation		50,885
Economic and physical development		83,401
Education		266,916
Total	\$	<u>1,872,145</u>

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2020 are as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Non-Depreciable Assets:					
Construction in progress	\$ 170,294	\$3,165,981	\$ -	\$ -	\$ 3,336,275
Depreciable Assets:					
Infrastructure	18,455,656	-	-	-	18,455,656
Equipment and machinery	8,500	-	-	-	8,500
Total depreciable assets	<u>18,464,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,464,156</u>
Total assets	<u>18,634,450</u>	<u>3,165,981</u>	<u>-</u>	<u>-</u>	<u>21,800,431</u>
Less Accumulated Depreciation:					
Infrastructure	(7,563,034)	(670,707)	-	-	(8,233,741)
Equipment and machinery	(8,500)	-	-	-	(8,500)
Total accumulated depreciation	<u>(7,571,534)</u>	<u>\$ (670,707)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(8,242,241)</u>
County Water and Sewer capital assets, net	<u>11,062,916</u>				<u>13,558,190</u>
Bethlehem Water District Fund:					
Depreciable Assets:					
Infrastructure	6,491,808	\$ 264,124	\$ -	\$ -	6,755,932
Less Accumulated Depreciation:					
Infrastructure	(3,045,590)	\$ (237,775)	\$ -	\$ -	(3,283,365)
Bethlehem Water capital assets, net	<u>3,446,218</u>				<u>3,472,567</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Business-Type Activities (cont):					
Solid Waste Fund:					
Non-Depreciable Assets:					
Land	<u>240,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>240,573</u>
Depreciable Assets:					
Buildings	651,404	-	-	-	651,404
Infrastructure	217,411	-	-	-	217,411
Vehicles	341,657	19,337	-	-	360,994
Equipment and machinery	<u>636,168</u>	<u>-</u>	<u>(3,902)</u>	<u>8,115</u>	<u>640,381</u>
Total depreciable assets	<u>1,846,640</u>	<u>19,337</u>	<u>(3,902)</u>	<u>8,115</u>	<u>1,870,190</u>
Total assets	<u>2,087,213</u>	<u>19,337</u>	<u>(3,902)</u>	<u>8,115</u>	<u>2,110,763</u>
Less Accumulated Depreciation:					
Buildings	(354,408)	(16,626)	-	-	(371,034)
Infrastructure	(216,677)	(34)	-	-	(216,711)
Vehicles	(336,430)	(5,246)	-	-	(341,676)
Equipment and machinery	<u>(486,304)</u>	<u>(73,877)</u>	<u>3,902</u>	<u>(8,115)</u>	<u>(564,394)</u>
Total accumulated depreciation	<u>(1,393,819)</u>	<u>\$ (95,783)</u>	<u>\$ 3,902</u>	<u>\$ (8,115)</u>	<u>(1,493,815)</u>
Solid Waste capital assets, net	<u>693,394</u>				<u>616,948</u>
Bethlehem Sewer Fund:					
Non-Depreciable Assets:					
Construction in progress	<u>476,080</u>	<u>\$ 944,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,420,083</u>
Depreciable Assets:					
Infrastructure	<u>1,422,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,422,797</u>
Total assets	<u>1,898,877</u>	<u>944,003</u>	<u>-</u>	<u>-</u>	<u>2,842,880</u>
Less Accumulated Depreciation:					
Infrastructure	<u>(777,332)</u>	<u>\$ (35,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(812,902)</u>
Bethlehem Sewer capital assets, net	<u>1,121,545</u>				<u>2,029,978</u>
Total business-type activities capital assets, net	<u>\$ 16,324,073</u>				<u>\$ 19,677,683</u>

The County contracts with the City of Hickory to provide billing and collection services, as well as maintenance on the water and sewer lines for the County Water and Sewer Fund, the Bethlehem Water District, and the Bethlehem Sewer Fund. Total service fees paid for the year ended June 30, 2020, were \$734,802 for the County Water and Sewer Fund, \$757,793 for the Bethlehem Water District, and \$115,940 for the Bethlehem Sewer Fund.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Summary Disclosure of Significant Commitments

The County has active construction projects at June 30, 2020. The County's commitments with contractors are listed as follows for the following projects:

Project	Spent-to-Date	Remaining Commitment
Water Line Extension Project	\$ 3,000,912	\$ 1,964,696
Sewer System Extension & Pump Station Upgrade Project	1,298,620	4,530,176
Stony Point Elementary School Wastewater Project	161,851	588,091
Total	<u>\$ 4,461,383</u>	<u>\$ 7,082,963</u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 20,513,892	\$ 19,677,683
Long-term debt	(4,411,596)	(4,065,669)
Long-term debt for assets not owned by the County	411,596	-
Net investment in capital assets	<u>\$ 16,513,892</u>	<u>\$ 15,612,014</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

B. Liabilities

Payables

Payables at the government-wide level (Exhibit A) at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 560,591	\$ 787,411	\$ 1,348,002
Other governmental	<u>1,879,375</u>	<u>4,232</u>	<u>1,883,607</u>
Total governmental activities	<u>\$ 2,439,966</u>	<u>\$ 791,643</u>	<u>\$ 3,231,609</u>
Business-Type Activities:			
County Water and Sewer	\$ 544,154	\$ -	\$ 544,154
Bethlehem Water	35,467	-	35,467
Solid Waste	58,005	14,088	72,093
Landfill Closure	2,561	-	2,561
Bethlehem Sewer	<u>783,040</u>	<u>-</u>	<u>783,040</u>
Total business-type activities	<u>\$ 1,423,227</u>	<u>\$ 14,088</u>	<u>\$ 1,437,315</u>

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide 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.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, was 9.70% of compensation for law enforcement officers and 9.02% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,203,342 for the year ended June 30, 2020.

Refunds of Contributions. – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

At June 30, 2020, the County reported a liability of \$5,049,748 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was 0.18491% (measured as of June 30, 2019), which was an increase of 0.00274% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$2,233,853. At June 30, 2020, 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	\$ 864,644	\$ -
Changes of assumptions	823,025	-
Net difference between projected and actual earnings on pension plan investments	123,170	-
Changes in proportion and differences between County contributions and proportionate share of contributions	69,734	114,508
County contributions subsequent to the measurement date	1,203,342	-
Total	<u>\$ 3,083,915</u>	<u>\$ 114,508</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$1,203,342 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 ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 874,177
2022	257,978
2023	488,516
2024	145,394
2025	-
Thereafter	-
Total	<u>\$ 1,766,065</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 11,549,697	\$ 5,049,748	\$ (353,026)

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active plan members	38
Total	42

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2014.

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$35,218 as benefits came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$900,925. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$75,821.

At June 30, 2020, 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	\$ 13,147	\$ 677
Changes of assumptions	47,460	28,458
County benefit payments and plan administrative expense made subsequent to the measurement date	25,646	-
Total	<u>\$ 86,253</u>	<u>\$ 29,135</u>

The County paid \$25,646 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 8,374
2022	8,374
2023	7,016
2024	4,143
2025	3,565
Thereafter	-
Total	<u>\$ 31,472</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 972,528	\$ 900,925	\$ 835,236

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

	2020
Beginning balance	\$ 831,550
Service cost	37,141
Interest on the total pension liability	29,627
Difference between expected and actual experience in the measurement of the total pension liability	12,183
Changes of assumptions or other inputs	25,642
Benefit payments	(35,218)
Ending balance of the total pension liability	\$ 900,925

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.64% at December 31, 2018 to 3.26% at December 31, 2019 (measurement date).

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County contributed \$119,767 for the reporting year. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,576 for the year ended June 30, 2020.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

At June 30, 2020, the County reported an asset of \$50,938 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was 0.25802% (measured as of June 30, 2019), which was a decrease of 0.02711% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$4,766. At June 30, 2020, 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	\$ -	\$ 2,456
Net difference between projected and actual earnings on pension plan investments	521	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,938	586
County contributions subsequent to the measurement date	2,576	-
Total	<u>\$ 7,035</u>	<u>\$ 3,042</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$2,576 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 ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (264)
2022	1,816
2023	871
2024	(1,006)
2025	-
Thereafter	-
Total	<u>\$ 1,417</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2018 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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (42,106)</u>	<u>\$ (50,938)</u>	<u>\$ (58,405)</u>

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

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

The net pension liability for LGERS and ROD was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability for LEOSSA was

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

measured as of December 31, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 5,049,748	\$ (50,938)	n/a	\$ 4,998,810
Proportion of the net pension liability (asset)	0.18491%	0.25802%	n/a	-
Total pension liability	-	-	900,925	900,925
Pension expense	2,233,853	4,766	75,821	2,314,440

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>				
Pensions - difference between expected and actual experience	\$ 864,644	\$ -	\$ 13,147	\$ 877,791
Pensions - difference between projected and actual investment earnings	123,170	521	-	123,691
Changes of assumptions	823,025	-	47,460	870,485
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	69,734	3,938	-	73,672
County contributions (LGERS, ROD) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,203,342	2,576	25,646	1,231,564
Total	<u>\$ 3,083,915</u>	<u>\$ 7,035</u>	<u>\$ 86,253</u>	<u>\$ 3,177,203</u>

<u>Deferred Inflows of Resources:</u>				
Pensions - difference between expected and actual experience	\$ -	\$ 2,456	\$ 677	\$ 3,133
Changes of assumptions	-	-	28,458	28,458
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	114,508	586	-	115,094
Total	<u>\$ 114,508</u>	<u>\$ 3,042</u>	<u>\$ 29,135</u>	<u>\$ 146,685</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Other Post-Employment Benefits

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

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

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

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

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

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

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

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Funding Policy. Medical insurance coverage will only be extended to qualified retirees until they become eligible for Medicare. For participants in the non-reduced retiree health benefits plan: when the qualified retiree becomes eligible for Medicare, the County will provide retiree health benefits by supplemental medical insurance only. For participants in the reduced retiree health benefits plan: when the qualified retiree becomes eligible for Medicare, participation in the County's group health plan will cease. The County Commissioners may amend the benefit provisions. The County has chosen to fund the benefits on a pay-as-you-go basis.

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

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

Total OPEB Liability

The County's total OPEB liability of \$21,063,577 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

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

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 18,919,608
Changes for the year:	
Service cost	447,913
Interest	728,543
Differences between expected and actual experience	20,141
Changes of assumptions or other inputs	1,333,049
Benefit payments	<u>(385,677)</u>
Net changes	2,143,969
Balance at June 30, 2020	\$ 21,063,577

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by the bond buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

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

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	<u>\$ 25,138,411</u>	<u>\$ 21,063,577</u>	<u>\$ 17,880,509</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 17,454,230</u>	<u>\$ 21,063,577</u>	<u>\$ 25,766,449</u>

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$475,441. At June 30, 2020, the County reported deferred outflows 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	\$ 16,589	\$ 1,277,460
Changes of assumptions	1,086,644	2,000,677
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>438,868</u>	<u>-</u>
Total	<u>\$ 1,542,101</u>	<u>\$ 3,278,137</u>

\$438,868 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date and an estimated implicit subsidy credit, will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2021	\$ (701,015)
2022	(701,015)
2023	(701,015)
2024	(174,409)
2025	102,550
Thereafter	<u>-</u>
Total	<u>\$ (2,174,904)</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Other Employment Benefits

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

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

Closure and Post-Closure Care Costs – Landfill Facility

Federal and state laws and regulations require the County to place a final cover on its current operating cell at the landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County also has a closed cell at the landfill facility for which the entire amount of the closure and post-closure costs has been recognized as the cell capacity was used. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,635,810 reported as landfill closure and post-closure care liability at June 30, 2020, represents a cumulative amount reported to date based on the use of 53% of the total estimated capacity of the construction and demolition operating cell of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,337,404 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. The County closed the material solid waste operating cell at the landfill facility in fiscal year 1998 and expects to close the construction and demolition operating cell in 2033. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County has met the requirements of a local government financial test that is one option under federal and state laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has elected to establish a Landfill Closure Fund, a proprietary fund type, to accumulate resources for the payment of closure and post-closure care costs. A transfer of \$175,000 was made to the Landfill Closure Fund during the fiscal year ended June 30, 2020. The Landfill Closure Fund has \$1,112,649 in cash at June 30, 2020.

The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (pensions, OPEB)	\$ 894,380	\$ 1,280,593
Changes of assumptions (pensions, OPEB)	1,957,129	2,029,135
Net difference between projected and actual earnings on pension plan investments (pensions)	123,691	-
Changes in proportion and differences between County contributions and proportionate share of contributions (pensions)	73,672	115,094
Benefit payments for the OPEB plan paid subsequent to the measurement date	438,868	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	25,646	-
County contributions subsequent to the measurement date (LGERS & ROD)	1,205,918	-
Taxes receivable, net (General Fund and Special Revenue Fund)	-	1,219,020
Grants received in advance	-	6,067
Health department receivables, net (General Fund)	-	9,962
Prepaid taxes (General Fund)	-	49,456
Total	<u>\$ 4,719,304</u>	<u>\$ 4,709,327</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains workers' compensation and employer liability insurance through Key Risk Insurance Company with workers' compensation coverage up to the statutory limits and employer liability coverage subject to a limit of \$1,000,000. The County obtains property coverage through Argonaut Great Central Insurance Company equal to replacement cost values of owned property subject to a limit of \$49 million for any one occurrence; general, auto, public officials, law enforcement, and employment practices liability coverage of \$1 million per occurrence; auto physical damage coverage for owned autos at actual cash value (ambulances at replacement cost); and crime coverage of \$250,000 per occurrence. The County obtains medical and dental insurance for employees through MedCost. The County uses a third-party administrator to manage the group medical and dental insurance plans.

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

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

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

Contingent Liabilities

At June 30, 2020, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Long-Term Obligations

Direct Placement Notes Payable

Notes payable at June 30, 2020 are comprised of the following individual agreements:

Governmental Funds (notes payable from direct placement):

\$5,800,000 March 2001 agreement to construct a new building for Ellendale Elementary School, due in 40 semi-annual payments of \$230,467, including interest at 4.97% through March 2021, secured by a deed of trust. In March 2013, the loan terms were modified by the financial institution. The new terms state that interest will accrue at a rate of 2.59%. Principal and interest payments of \$209,656 are payable semi-annually through March 2021.	\$ 411,596
\$10,000,000 January 2011 agreement to construct a new law enforcement and detention center and to make renovations to the existing County courthouse, due in 30 semi-annual payments of \$333,333, plus interest at 3.19% through January 2026, secured by a deed of trust.	<u>4,000,000</u>
Total governmental funds	<u>\$ 4,411,596</u>

The County's outstanding note from direct placement related to Ellendale Elementary School of \$411,596 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may exercise any one or more of the following remedies:

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

The County's outstanding note from direct placement related to the law enforcement and detention center and courthouse of \$4,000,000 is secured by a deed of trust. This borrowing contains provisions that in the event of a default, the bank may, without any further demand or notice, exercise any one or more of the following remedies:

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Proprietary Funds (notes payable from direct borrowing):

\$3,600,645 June 2009 Drinking Water State Revolving Fund agreement to construct water system due on May 1 in installments of \$200,036, with interest payable on May 1 and November 1 at 2.10% through May 2028, unsecured.	\$ 1,600,287
\$3,287,176 February 2015 Drinking Water State Revolving Fund agreement to construct a water system improvement project payments beginning May 2016 in annual installments of \$165,439, with 0% interest payable through May 2035, unsecured.	<u>2,465,382</u>
Total proprietary funds	<u>4,065,669</u>
Total all funds	<u>\$ 8,477,265</u>

The County's outstanding notes from direct borrowings related to construction of a water system and construction of water system improvement project of \$1,600,287 and \$2,465,382, respectively, contain provisions that the County may be required by NC Department of Environmental Quality to prepay the promissory note in whole and any further commitment of funds be withdrawn if the County fails to adopt on or before completion of the project, place into effect, and agree to maintain until the principal sum is paid, a schedule of fees, charges and other available funds, that will adequately provide for proper operation, maintenance, and administration of the project and for repayment of all principal and interest on the loans. Additionally, any monies due to the County from the state may be withheld by the state and applied to the payment of the obligation whenever the County fails to pay any payment of principal or interest on the note when due.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Governmental Activities:

Governmental Funds:

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,078,264	\$ 129,997	\$ 1,208,261
2022	666,667	101,016	767,683
2023	666,667	79,750	746,417
2024	666,666	58,484	725,150
2025	666,666	37,217	703,883
2026	666,666	15,950	682,616
Total governmental funds	<u>4,411,596</u>	<u>422,414</u>	<u>4,834,010</u>

Business-Type Activities:

Proprietary Funds:

Year Ending June 30	Principal	Interest	Total
2021	\$ 364,395	\$ 33,606	\$ 398,001
2022	364,395	29,405	393,800
2023	364,395	25,205	389,600
2024	364,395	21,004	385,399
2025	364,395	16,803	381,198
2026-2030	1,421,901	25,204	1,447,105
2031-2035	<u>821,793</u>	<u>-</u>	<u>821,793</u>
Total proprietary funds	<u>4,065,669</u>	<u>151,227</u>	<u>4,216,896</u>
Total notes payable	<u>\$ 8,477,265</u>	<u>\$ 573,641</u>	<u>\$ 9,050,906</u>

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Alexander County ABC Board – Notes Payable – Direct Placement

On June 12, 2020, the Alexander County ABC Board entered into a revolving line of credit loan in the amount of \$300,000, for startup costs of a new ABC store with an initial interest rate of 4.50%. At June 30, 2020, the ABC Board had long-term obligations due of \$60,646 for advances from the credit line. The first principal and interest payment due on the outstanding balance will occur in January 2021 for \$5,602. Future payments will be based on the full amount of the line of credit being advanced. The borrowing contains a provision that in the event of default, including failure to pay upon final maturity, the interest rate shall be increased to 16.00% but will not exceed the maximum interest rate limitations under applicable law. Upon default, Lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due, and then borrower will pay that amount. This credit line is secured by a commercial security agreement dated June 12, 2020 made and executed between the Alexander County ABC Board and Lender on collateral described as inventory, chattel paper, accounts, equipment, general intangibles and fixtures.

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

A summary of changes in long-term obligations follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable - direct placements	\$ 5,479,097	\$ -	\$ 1,067,501	\$ 4,411,596	\$ 1,078,264
Compensated absences	1,188,551	811,166	720,253	1,279,464	720,000
Total OPEB liability	18,548,784	2,495,064	378,373	20,665,475	-
Total pension liability (LEOSSA)	831,550	104,593	35,218	900,925	-
Net pension obligation (LGRS)	4,237,143	714,943	-	4,952,086	-
Total	<u>\$ 30,285,125</u>	<u>\$ 4,125,766</u>	<u>\$ 2,201,345</u>	<u>\$ 32,209,546</u>	<u>\$ 1,798,264</u>
Business-Type Activities:					
County Water and Sewer Fund:					
Notes payable - direct borrowings	\$ 4,430,064	\$ -	\$ 364,395	\$ 4,065,669	\$ 364,395
Solid Waste Fund:					
Total OPEB liability	370,824	34,582	7,304	398,102	-
Compensated absences	17,351	5,852	5,935	17,268	5,900
Net pension obligation (LGRS)	84,553	13,109	-	97,662	-
Total	<u>472,728</u>	<u>53,543</u>	<u>13,239</u>	<u>513,032</u>	<u>5,900</u>
Landfill Closure Fund:					
Accrued landfill post-closure costs	<u>2,445,050</u>	<u>234,621</u>	<u>43,861</u>	<u>2,635,810</u>	<u>-</u>
Total business-type activities	<u>\$ 7,347,842</u>	<u>\$ 288,164</u>	<u>\$ 421,495</u>	<u>\$ 7,214,511</u>	<u>\$ 370,295</u>
Discretely Presented Component Units:					
ABC Board:					
Notes payable - direct placements	<u>\$ -</u>	<u>\$ 60,646</u>	<u>\$ -</u>	<u>\$ 60,646</u>	<u>\$ 5,602</u>

At June 30, 2020, the County had a legal debt margin of \$205,606,984.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

C. Interfund Balances and Activity

Transfers for the year ended June 30, 2020, are summarized below:

	Transfers		
	From	To	Purpose
Transfers From/to Other Funds:			
General Fund	\$ 2,717,702	\$ -	
Major Capital Project (Capital Improvements) Fund	-	1,446,163	School sales tax hold harmless funds; Resources for school construction
Special Revenue (Paragon Films Building Reuse 2020) Fund	-	4,500	Local match for economic development project
Capital Project (Park Improvements Project) Fund	-	175,000	Local funds for parks & recreation project
Enterprise (Bethlehem Sewer Fund Sewer Collection Line Extension and Pump Station Upgrade Project) Fund	-	917,039	Local match for sewer project costs required by grant
Enterprise (Landfill Closure Fund) Fund	-	175,000	Resources for landfill closure and post-closure
Enterprise (County Water and Sewer Capital Project Fund Shurtape Job Retention Wastewater Project) Fund	105,605	-	Return unused local funds to General Fund - closed grant project
Enterprise (County Water and Sewer Capital Project Fund Industrial Park Pump Station Replacement Project) Fund	29,020	-	Return unused local funds to General Fund - closed grant project
Capital Project (County Office Complex Renovation Project) Fund	178,074	-	Return unused local funds to General Fund - closed grant project
General Fund	-	312,699	
Enterprise (County Water and Sewer) Fund	358,594	-	Local match for water project costs required by grant
Enterprise (County Water and Sewer Capital Project Fund Waterline Extension Project) Fund	-	358,594	
Enterprise (Bethlehem Water) Fund	123,269	-	Resources for debt service on a project that benefits both water funds
Enterprise (County Water and Sewer) Fund	-	123,269	
Total transfers	<u>\$ 3,512,264</u>	<u>\$ 3,512,264</u>	

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The following is a summary of interfund receivables and payables as of June 30, 2020:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	County Water and Sewer Fund	\$ 2,241,596	Time lag for when reimbursable expenditures are received
General Fund	Solid Waste Fund	52,000	Interfund capital loan
General Fund	Solid Waste Fund	<u>19,128</u>	Allocation of cash in central depository checking account
Total		<u>\$ 2,312,724</u>	

3. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

4. Jointly Governed Organizations

The County, in conjunction with three other counties and twenty-three municipalities, established the Western Piedmont Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$45,773 and administrative and other fees of \$80,864 to the Council during the fiscal year ended June 30, 2020.

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

ALEXANDER COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County, in conjunction with three other counties (Burke, Caldwell, and Catawba) and three municipalities (Hickory, Conover, and Newton), established the Western Piedmont Regional Transit Authority (RTA) which began operations as of July 1, 2008. Each participating government appoints one member and one alternate to the RTA's governing board. The County paid \$35,006 as a special appropriation to the RTA during the fiscal year ended June 30, 2020.

5. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen, which are likely to negatively impact County revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

The County has two projects: Water Line Extension Project and Sewer Collection Line Extension and Pump Station Upgrade Project, in which the funding comes from NC Division of Environmental Quality (NC DEQ) under NC Connect Bonds/State Reserve Program. The loans have been approved in the amounts of \$5,436,528 and \$5,181,300, respectively. As of June 30, 2020, no disbursements were made to the County from NC DEQ. Subsequently, a draw for the water project was received by the County on July 10, 2020 in the amount of \$389,076 and for the sewer project on September 14, 2020 in the amount of \$910,609.

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ALEXANDER COUNTY, NORTH CAROLINA

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

	Other Post-Employment Benefits		
	2020	2019	2018
Beginning balance	\$ 18,919,608	\$ 21,096,276	\$ 22,281,113
Service cost	447,913	614,532	701,420
Interest on TOL and cash flows	728,543	746,404	666,149
Differences between expected and actual experience	20,141	(2,026,704)	318
Changes of assumptions or other inputs	1,333,049	(1,248,862)	(2,250,682)
Benefit payments	(385,677)	(262,038)	(302,042)
Ending balance of the total pension liability	<u>\$ 21,063,577</u>	<u>\$ 18,919,608</u>	<u>\$ 21,096,276</u>
Covered payroll	\$ 4,844,429	\$ 4,844,429	\$ 5,395,422
Total OPEB liability as a percentage of covered payroll	434.80%	390.54%	391.00%

Notes to Schedule:

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

Fiscal Year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.18491%	0.18217%	0.18628%	0.19470%	0.19330%	0.19219%	0.17920%
County's proportion of the net pension liability (asset) (\$)	\$ 5,049,748	\$ 4,321,696	\$ 2,845,844	\$ 4,132,187	\$ 867,519	\$ (1,133,437)	\$ 2,160,048
County's covered payroll	\$ 12,478,024	\$ 11,840,407	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503	\$ 9,947,711
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.47%	36.50%	25.24%	36.93%	7.75%	-10.49%	21.71%
Plan fiduciary net position as a percentage of total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Notes to the Schedule:

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

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

	Local Governmental Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,203,342	\$ 986,192	\$ 905,906	\$ 843,491	\$ 771,344	\$ 800,901	\$ 767,041
Contributions in relation to the contractually required contribution	1,203,342	986,192	905,906	843,491	771,344	800,901	767,041
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 13,224,436	\$ 12,478,024	\$ 11,840,407	\$ 11,273,216	\$ 11,190,724	\$ 11,199,058	\$ 10,804,503
Contributions as a percentage of covered payroll	9.10%	7.90%	7.65%	7.48%	6.89%	7.15%	7.10%

Notes to the Schedule:

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.25802%	0.28513%	0.27700%	0.28472%	0.28474%	0.29199%	0.26106%
County's proportion of the net pension liability (asset) (\$)	\$ (50,938)	\$ (47,226)	\$ (47,281)	\$ (53,232)	\$ (65,986)	\$ (66,171)	\$ (55,762)
County's covered payroll	\$ 51,258	\$ 54,734	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583	\$ 53,532
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-99.38%	-86.28%	-87.98%	-99.15%	-123.03%	-123.49%	-104.17%
Plan fiduciary net position as a percentage of the total pension liability**	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

Notes to the Schedule:

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

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

This schedule is intended to show information for ten years.

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

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

	Register of Deeds' Supplemental Pension Fund						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,576	\$ 2,452	\$ 2,440	\$ 2,407	\$ 2,326	\$ 2,278	\$ 2,384
Contributions in relation to the contractually required contribution	<u>2,576</u>	<u>2,452</u>	<u>2,440</u>	<u>2,407</u>	<u>2,326</u>	<u>2,278</u>	<u>2,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alexander County's covered payroll	\$ 54,478	\$ 51,258	\$ 54,734	\$ 53,738	\$ 53,687	\$ 53,635	\$ 53,583
Contributions as a percentage of covered payroll	4.73%	4.78%	4.46%	4.48%	4.33%	4.25%	4.45%

Notes to the Schedule:

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Beginning balance	\$ 831,550	\$ 828,599	\$ 736,944	\$ 703,068
Service cost	37,141	36,574	36,484	42,066
Interest on the total pension liability	29,627	25,679	27,937	24,851
Differences between expected and actual experience in the measurement of the total pension liability	12,183	4,957	(1,409)	-
Changes of assumptions or other inputs	25,642	(32,286)	55,020	(19,122)
Benefit payments	(35,218)	(31,973)	(26,377)	(13,919)
Ending balance of the total pension liability	<u>\$ 900,925</u>	<u>\$ 831,550</u>	<u>\$ 828,599</u>	<u>\$ 736,944</u>

Notes to the Schedule:

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Total pension liability	\$ 900,925	\$ 831,550	\$ 828,599	\$ 736,944
Covered payroll	1,499,809	1,390,740	1,580,388	1,652,773
Total pension liability as a percentage of covered payroll	60.07%	59.79%	52.43%	44.59%

Notes to the Schedule:

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

This schedule is intended to show information for ten years.

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

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 20,340,540	\$ 20,741,931	\$ 401,391	\$ 20,502,705
Penalties and interest	162,000	158,254	(3,746)	158,877
Total	20,502,540	20,900,185	397,645	20,661,582
Local Option Sales Taxes:				
Article 39 one percent	2,457,000	2,623,244	166,244	2,294,740
Article 40 one-half of one percent	2,912,000	2,866,432	(45,568)	2,788,787
Article 42 one-half of one percent	1,317,000	1,448,193	131,193	1,282,977
Article 44 one-half of one percent	-	5	5	13
Article 46 one-fourth of one percent	561,000	602,166	41,166	534,274
Article 44*524	1,629,000	1,629,150	150	1,522,965
Medicaid Hold Harmless	750,000	1,298,710	548,710	1,176,557
Total	9,626,000	10,467,900	841,900	9,600,313
Other Taxes and Licenses:				
ABC \$.05 per bottle	3,300	5,034	1,734	4,094
Alcoholic beverage tax distribution	156,000	155,578	(422)	155,809
Video programming distribution	152,000	151,766	(234)	158,272
Total	311,300	312,378	1,078	318,175
Restricted Intergovernmental Revenues:				
Federal and state grants	4,820,521	4,503,201	(317,320)	4,217,634
Controlled substance tax	1,000	13,968	12,968	9,393
Court facility fees	35,000	29,172	(5,828)	35,129
Total	4,856,521	4,546,341	(310,180)	4,262,156
Permits and Fees:				
Register of Deeds	385,000	382,286	(2,714)	266,830
Building inspections	410,000	439,147	29,147	288,532
Gun and concealed weapon permits	20,500	40,725	20,225	34,565
Other fees	88,072	81,148	(6,924)	92,277
Total	903,572	943,306	39,734	682,204
Sales and Services:				
Rents, concessions, and fees	153,690	202,958	49,268	142,513
Detention center fees	517,900	536,745	18,845	500,220
Ambulance fees	1,351,534	1,346,567	(4,967)	1,384,588
Parks and Recreation Department	86,200	38,087	(48,113)	60,926
Health department	1,367,603	1,191,938	(175,665)	1,203,405
Information technology	3,500	7,943	4,443	3,995
Social services	46,700	36,492	(10,208)	38,834
Senior center	8,000	6,341	(1,659)	8,903
License plate agency	119,500	133,290	13,790	137,182
Library	7,000	2,568	(4,432)	5,618
Animal services	55,000	46,241	(8,759)	49,558
State payments - soil and water technical assistance	22,538	21,628	(910)	22,538
Total	3,739,165	3,570,798	(168,367)	3,558,280

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020		2019
	Budget	Actual	Variance Over/Under
			Actual
Investment Earnings	267,000	245,969	(21,031)
Miscellaneous:			
Insurance claim reimbursement	55,910	63,164	7,254
Donations	35,902	29,183	(6,719)
Grant	189,572	106,029	(83,543)
Sale of fixed assets	5,500	18,061	12,561
Other	213,468	211,950	(1,518)
Total	500,352	428,387	(71,965)
Total revenues	40,706,450	41,415,264	708,814
Expenditures:			
General Government:			
Governing body	455,656	360,538	95,118
Administration	411,598	399,687	11,911
Planning	236,600	187,361	49,239
Elections	336,910	244,636	92,274
Finance	835,832	817,260	18,572
Tax office	634,314	593,427	40,887
Information technology	1,167,024	1,124,040	42,984
Register of Deeds	408,172	395,176	12,996
License plate agency	170,209	158,831	11,378
Public buildings	968,810	890,799	78,011
Garage	261,320	246,238	15,082
Human resources	1,019,421	817,447	201,974
Court facilities	137,090	120,554	16,536
Engineering	-	-	-
Total	7,042,956	6,355,994	686,962
Public Safety:			
Sheriff's office	3,549,401	2,882,847	666,554
Detention center	2,985,573	2,769,197	216,376
Pre-trial release program	118,977	99,986	18,991
RRS program	106,049	92,726	13,323
Fire/emergency services	499,004	410,618	88,386
Emergency communications	979,161	909,497	69,664
Forestry	51,005	46,709	4,296
Inspections	476,914	419,010	57,904
Emergency medical services	3,600,423	3,011,878	588,545
Medical examiner	45,000	25,050	19,950
Total	12,411,507	10,667,518	1,743,989
Environmental Protection:			
Soil and water	136,252	114,526	21,726
Animal services	434,545	387,690	46,855
Total	570,797	502,216	68,581

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Economic and Physical Development:				
Economic development	238,667	236,457	2,210	245,106
Agricultural extension	236,607	218,100	18,507	209,204
Total	475,274	454,557	20,717	454,310
Health Department:				
Environmental health	349,362	394,507	(45,145)	408,193
General health	321,042	244,970	76,072	192,734
Maternal health	233,405	141,596	91,809	212,571
WIC program	154,498	157,537	(3,039)	143,517
Dental health	506,366	575,712	(69,346)	590,786
Family planning	261,842	151,863	109,979	264,961
Communicable disease	181,204	127,288	53,916	147,079
Health promotion	95,990	74,389	21,601	81,924
Child health	274,530	210,297	64,233	236,511
Adult health	117,895	46,517	71,378	97,310
Preparedness	42,505	30,069	12,436	34,874
Care coordination for children	69,292	71,011	(1,719)	68,524
Pregnancy care management	83,541	60,000	23,541	67,036
Behavioral health	164,822	90,134	74,688	10,179
COVID-19 crisis response	67,966	91,239	(23,273)	-
Primary care	116,347	135,936	(19,589)	81,435
Total	3,040,607	2,603,065	437,542	2,637,634
Veterans Service	84,959	81,198	3,761	72,137
Juvenile Crime Prevention	131,583	131,583	-	140,736
Social Services Department:				
Administration	5,297,031	4,820,159	476,872	4,096,413
In-home services	87,690	80,545	7,145	88,153
Public assistance	131,870	112,090	19,780	131,166
Emergency assistance account	10,253	6,397	3,856	4,309
Medical assistance	34,500	22,853	11,647	28,968
General assistance	677,088	522,605	154,483	589,621
Foster care	482,060	334,003	148,057	329,396
Adoption Enhancement Fund	31,000	8,956	22,044	13,318
Work first	30,940	28,521	2,419	31,879
Aging nutrition	180,274	159,644	20,630	84,783
Total	6,962,706	6,095,773	866,933	5,398,006
Special appropriations	418,444	417,439	1,005	592,218
Senior center	231,729	206,671	25,058	183,268
Total human services	10,870,028	9,535,729	1,334,299	9,023,999
Cultural and Recreation:				
Parks and recreation	776,838	581,911	194,927	508,298
Library	580,404	553,291	27,113	538,948
Total	1,357,242	1,135,202	222,040	1,047,246

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Education:				
Alexander County Board of Education:				
Current expenses	6,800,000	6,800,000	-	6,520,851
21st Century Program	-	-	-	40,000
Total	6,800,000	6,800,000	-	6,560,851
CVCC - Alexander County:				
Current expenses	118,437	109,143	9,294	45,360
Adult Basic Education Academy	22,000	22,000	-	22,000
Capital outlay	20,000	-	20,000	11,297
Total	160,437	131,143	29,294	78,657
Total education	6,960,437	6,931,143	29,294	6,639,508
Debt Service:				
Principal retirement	1,068,000	1,067,501	499	1,404,559
Interest and fees	163,000	162,028	972	202,433
Total	1,231,000	1,229,529	1,471	1,606,992
Contingency	288,735	-	288,735	-
Total expenditures	41,207,976	36,811,888	4,396,088	36,589,662
Revenues over (under) expenditures	(501,526)	4,603,376	5,104,902	3,070,366
Other Financing Sources (Uses):				
Transfers in:				
Capital project funds	178,072	178,074	2	130,127
Enterprise funds	134,624	134,625	1	661,966
Transfers out:				
Special revenue funds	(4,500)	(4,500)	-	(1,702)
Capital project funds	(1,727,975)	(1,621,163)	106,812	(2,747,374)
Enterprise funds	(1,092,039)	(1,092,039)	-	(369,626)
Appropriated fund balance	3,013,344	-	(3,013,344)	-
Total	501,526	(2,405,003)	(2,906,529)	(2,326,609)
Net change in fund balance	\$ -	2,198,373	\$ 2,198,373	743,757
Fund Balance:				
Beginning of year - July 1		17,047,761		16,304,004
End of year - June 30		\$ 19,246,134		\$ 17,047,761

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND

CAPITAL IMPROVEMENTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 52,000	\$ 52,176	\$ 176	\$ 90,268
Expenditures:				
Education	3,200,000	2,307,575	892,425	1,292,878
Revenues over (under) expenditures	(3,148,000)	(2,255,399)	892,601	(1,202,610)
Other Financing Sources (Uses):				
Transfers in	1,552,975	1,446,163	(106,812)	1,247,374
Appropriated fund balance	1,595,025	-	(1,595,025)	-
Total other financing sources (uses)	3,148,000	1,446,163	(1,701,837)	1,247,374
Net change in fund balance	\$ -	(809,236)	\$ (809,236)	44,764
Fund Balance:				
Beginning of year - July 1		3,661,614		3,616,850
End of year - June 30		\$ 2,852,378		\$ 3,661,614

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and investments	\$ 544,623	\$ 1,428,125	\$ 1,972,748
Taxes receivable, net	77,065	-	77,065
Prepays	10,376	-	10,376
Due from other governments	83,266	-	83,266
Cash and investments, restricted	642,826	-	642,826
Total assets	<u>\$ 1,358,156</u>	<u>\$ 1,428,125</u>	<u>\$ 2,786,281</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	<u>\$ 183,268</u>	<u>\$ 13,200</u>	<u>\$ 196,468</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>77,065</u>	<u>-</u>	<u>77,065</u>
Fund Balances:			
Non-spendable:			
Prepaid items	10,376	-	10,376
Restricted:			
Stabilization by state statute	83,266	-	83,266
Restricted, all other	412,775	-	412,775
Committed	642,757	1,414,925	2,057,682
Unassigned	(51,351)	-	(51,351)
Total fund balances	<u>1,097,823</u>	<u>1,414,925</u>	<u>2,512,748</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,358,156</u>	<u>\$ 1,428,125</u>	<u>\$ 2,786,281</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 1,633,640	\$ -	\$ 1,633,640
Other taxes and licenses	205,595	-	205,595
Intergovernmental revenues	911,572	-	911,572
Miscellaneous revenues	225,000	-	225,000
Investment earnings	3,561	-	3,561
Total revenues	<u>2,979,368</u>	<u>-</u>	<u>2,979,368</u>
Expenditures:			
Public safety	2,298,706	-	2,298,706
General government	361,449	100,862	462,311
Cultural and recreation	-	26,700	26,700
Environmental protection	238	-	238
Economic and physical development	12,853	145,910	158,763
Total expenditures	<u>2,673,246</u>	<u>273,472</u>	<u>2,946,718</u>
Revenues over (under) expenditures	<u>306,122</u>	<u>(273,472)</u>	<u>32,650</u>
Other Financing Sources (Uses):			
Transfers in	4,500	175,000	179,500
Transfers out	-	(178,074)	(178,074)
Total other financing sources (uses)	<u>4,500</u>	<u>(3,074)</u>	<u>1,426</u>
Net change in fund balances	310,622	(276,546)	34,076
Fund Balances:			
Beginning of year - July 1	<u>787,201</u>	<u>1,691,471</u>	<u>2,478,672</u>
End of year - June 30	<u>\$ 1,097,823</u>	<u>\$ 1,414,925</u>	<u>\$ 2,512,748</u>

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ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Borealis Compounds Industrial Rail Project
Assets:				
Cash and investments	\$ 59,041	\$ -	\$ 353,804	\$ -
Taxes receivable, net	77,065	-	-	-
Prepays	-	6,248	4,128	-
Due from other governments	14,650	-	17,133	-
Cash and investments, restricted	-	642,826	-	-
Total assets	<u>\$ 150,756</u>	<u>\$ 649,074</u>	<u>\$ 375,065</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 4,569	\$ 70	\$ -
Deferred Inflows of Resources:				
Taxes receivable	<u>77,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non-spendable:				
Prepaid items	-	6,248	4,128	-
Restricted:				
Stabilization by state statute	14,650	-	17,133	-
Restricted, all other	59,041	-	353,734	-
Committed	-	638,257	-	-
Unassigned	-	-	-	-
Total fund balances	<u>73,691</u>	<u>644,505</u>	<u>374,995</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 150,756</u>	<u>\$ 649,074</u>	<u>\$ 375,065</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

	Special Revenue Funds			
	CDBG Project #16-E-2931 Borealis Compounds Building Reuse	Paragon Films Building Reuse 2020	Coronavirus Relief Fund	Total Nonmajor Special Revenue Funds
Assets:				
Cash and investments	\$ 12,853	\$ 4,500	\$ 114,425	\$ 544,623
Taxes receivable, net	-	-	-	77,065
Prepays	-	-	-	10,376
Due from other governments	-	-	51,483	83,266
Cash and investments, restricted	-	-	-	642,826
Total assets	<u>\$ 12,853</u>	<u>\$ 4,500</u>	<u>\$ 165,908</u>	<u>\$ 1,358,156</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	<u>\$ 12,853</u>	<u>\$ -</u>	<u>\$ 165,776</u>	<u>\$ 183,268</u>
Deferred Inflows of Resources:				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,065</u>
Fund Balances:				
Non-spendable:				
Prepaid items	-	-	-	10,376
Restricted:				
Stabilization by state statute	-	-	51,483	83,266
Restricted, all other	-	-	-	412,775
Committed	-	4,500	-	642,757
Unassigned	-	-	(51,351)	(51,351)
Total fund balances	<u>-</u>	<u>4,500</u>	<u>132</u>	<u>1,097,823</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,853</u>	<u>\$ 4,500</u>	<u>\$ 165,908</u>	<u>\$ 1,358,156</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Fire Districts Fund	Revaluation Fund	Emergency Telephone System Fund	Borealis Compounds Industrial Rail Project
Revenues:				
Ad valorem taxes	\$ 1,344,640	\$ 289,000	\$ -	\$ -
Other taxes and licenses	-	-	205,595	-
Intergovernmental revenues	-	-	-	-
Miscellaneous revenues	-	-	-	225,000
Investment earnings	-	2,242	1,187	-
Total revenues	<u>1,344,640</u>	<u>291,242</u>	<u>206,782</u>	<u>225,000</u>
Expenditures:				
Public safety	1,338,037	-	223,027	-
General government	-	187,757	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Total expenditures	<u>1,338,037</u>	<u>187,757</u>	<u>223,027</u>	<u>-</u>
Revenues over (under) expenditures	6,603	103,485	(16,245)	225,000
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Net change in fund balances	6,603	103,485	(16,245)	225,000
Fund Balances:				
Beginning of year - July 1	<u>67,088</u>	<u>541,020</u>	<u>391,240</u>	<u>(225,000)</u>
End of year - June 30	<u>\$ 73,691</u>	<u>\$ 644,505</u>	<u>\$ 374,995</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	CDBG Project #16-E-2931 Borealis Compounds Building Reuse	Paragon Films Building Reuse 2020	Coronavirus Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 1,633,640
Other taxes and licenses	-	-	-	205,595
Intergovernmental revenues	-	-	911,572	911,572
Miscellaneous revenues	-	-	-	225,000
Investment earnings	-	-	132	3,561
Total revenues	-	-	911,704	2,979,368
Expenditures:				
Public safety	-	-	737,642	2,298,706
General government	-	-	173,692	361,449
Environmental protection	-	-	238	238
Economic and physical development	12,853	-	-	12,853
Total expenditures	12,853	-	911,572	2,673,246
Revenues over (under) expenditures	(12,853)	-	132	306,122
Other Financing Sources (Uses):				
Transfers in	-	4,500	-	4,500
Net change in fund balances	(12,853)	4,500	132	310,622
Fund Balances:				
Beginning of year - July 1	12,853	-	-	787,201
End of year - June 30	\$ -	\$ 4,500	\$ 132	\$ 1,097,823

ALEXANDER COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 1,326,060	\$ 1,344,640	\$ 18,580	\$ 1,061,578
Expenditures:				
Public safety:				
Bethlehem Fire District	338,194	338,194	-	240,981
Wittenburg Fire District	203,077	203,077	-	168,209
Hiddenite Fire District	170,002	170,002	-	135,740
East Alexander Fire District	133,551	133,551	-	113,482
Ellendale Fire District	139,945	139,945	-	110,264
Sugarloaf Fire District	120,088	120,088	-	102,149
Central Alexander Fire District	157,193	157,193	-	112,057
Vashti Fire District	75,987	75,987	-	65,054
Total expenditures	1,338,037	1,338,037	-	1,047,936
Revenues over (under) expenditures	(11,977)	6,603	18,580	13,642
Other Financing Sources (Uses):				
Appropriated fund balance	11,977	-	(11,977)	-
Net change in fund balance	\$ -	6,603	\$ 6,603	13,642
Fund Balance:				
Beginning of year - July 1		67,088		53,446
End of year - June 30		\$ 73,691		\$ 67,088

ALEXANDER COUNTY, NORTH CAROLINA

REVALUATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes	\$ 289,000	\$ 289,000	\$ -	\$ 306,000
Investment earnings	-	2,242	2,242	2,814
Total revenues	289,000	291,242	2,242	308,814
Expenditures:				
General government	289,000	187,757	101,243	128,621
Net change in fund balance	\$ -	103,485	\$ 103,485	180,193
Fund Balance:				
Beginning of year - July 1		541,020		360,827
End of year - June 30		\$ 644,505		\$ 541,020

ALEXANDER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes and licenses	\$ 205,935	\$ 205,595	\$ (340)	\$ 190,406
Investment earnings	-	1,187	1,187	2,902
Total revenues	205,935	206,782	847	193,308
Expenditures:				
Implemental functions	12,492	6,280	6,212	2,233
Telephone	71,352	41,472	29,880	41,586
Furniture	7,508	7,508	-	-
Software and software maintenance	53,248	35,951	17,297	34,487
Hardware and hardware maintenance	134,700	129,026	5,674	114,395
Training	3,000	1,605	1,395	745
ECaTS expense - 911	1,600	1,185	415	1,100
Total expenditures	283,900	223,027	60,873	194,546
Revenues over (under) expenditures	(77,965)	(16,245)	61,720	(1,238)
Other Financing Sources (Uses):				
Transfers in	-	-	-	1,702
Appropriated fund balance	77,965	-	(77,965)	-
Total other financing sources (uses)	77,965	-	(77,965)	1,702
Net change in fund balance	\$ -	(16,245)	\$ (16,245)	464
Fund Balance:				
Beginning of year - July 1		391,240		390,776
End of year - June 30		\$ 374,995		\$ 391,240

ALEXANDER COUNTY, NORTH CAROLINA

BOREALIS COMPOUNDS INDUSTRIAL RAIL PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

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

ALEXANDER COUNTY, NORTH CAROLINA

CDBG PROJECT NUMBER 16-E-2931 BOREALIS COMPOUNDS BUILDING REUSE
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

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

ALEXANDER COUNTY, NORTH CAROLINA

PARAGON FILMS BUILDING REUSE 2020

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
NC Department of Commerce	\$ 90,000	\$ -	\$ -	\$ -
Expenditures:				
Building renovation	94,500	-	-	-
Revenues over (under) expenditures	(4,500)	-	-	-
Other Financing Sources (Uses):				
Transfers in:				
General Fund	4,500	-	4,500	4,500
Net change in fund balance	\$ -	\$ -	\$ 4,500	\$ 4,500

ALEXANDER COUNTY, NORTH CAROLINA

CORONAVIRUS RELIEF FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Revenues:				
Coronavirus Relief Fund	\$ 1,587,829	\$ -	\$ 911,572	\$ 911,572
Investment earnings	350	-	132	132
Total revenues	<u>1,588,179</u>	<u>-</u>	<u>911,704</u>	<u>911,704</u>
Expenditures:				
Payroll expenses	1,174,282	-	731,596	731,596
Public health expenses	13,605	-	10,868	10,868
COVID-19 public health compliance	3,335	-	3,332	3,332
Grants to municipalities	<u>396,957</u>	<u>-</u>	<u>165,776</u>	<u>165,776</u>
Total expenditures	<u>1,588,179</u>	<u>-</u>	<u>911,572</u>	<u>911,572</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ 132</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020

	Capital Project Funds			
	Alexander County Office Complex Renovation Project	Industrial Shell Building Project Fund	Park Improvements Capital Project Fund	Total Nonmajor Capital Project Funds
Assets:				
Cash and investments	\$ -	\$ 1,266,625	\$ 161,500	\$ 1,428,125
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 13,200	\$ 13,200
Fund Balances:				
Committed	-	1,266,625	148,300	1,414,925
Total liabilities and fund balances	\$ -	\$ 1,266,625	\$ 161,500	\$ 1,428,125

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Project Funds			
	Alexander County Office Complex Renovation Project	Industrial Shell Building Project Fund	Park Improvements Capital Project Fund	Total Nonmajor Capital Project Funds
Expenditures:				
General government	\$ 100,862	\$ -	\$ -	\$ 100,862
Cultural and recreation	-	-	26,700	26,700
Economic and physical development	-	145,910	-	145,910
Total expenditures	<u>100,862</u>	<u>145,910</u>	<u>26,700</u>	<u>273,472</u>
Revenues over (under) expenditures	<u>(100,862)</u>	<u>(145,910)</u>	<u>(26,700)</u>	<u>(273,472)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	175,000	175,000
Transfers out	<u>(178,074)</u>	<u>-</u>	<u>-</u>	<u>(178,074)</u>
Total other financing sources (uses)	<u>(178,074)</u>	<u>-</u>	<u>175,000</u>	<u>(3,074)</u>
Net change in fund balances	(278,936)	(145,910)	148,300	(276,546)
Fund Balances:				
Beginning of year - July 1	<u>278,936</u>	<u>1,412,535</u>	<u>-</u>	<u>1,691,471</u>
End of year - June 30	<u>\$ -</u>	<u>\$ 1,266,625</u>	<u>\$ 148,300</u>	<u>\$ 1,414,925</u>

ALEXANDER COUNTY, NORTH CAROLINA

ALEXANDER COUNTY OFFICE COMPLEX RENOVATION PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Expenditures:				
Construction/renovation costs	\$ 1,918,088	\$ 1,817,226	\$ 100,862	\$ 1,918,088
Professional/technical services	29,410	29,409	-	29,409
Technology	214,929	214,929	-	214,929
Total expenditures	<u>2,162,427</u>	<u>2,061,564</u>	<u>100,862</u>	<u>2,162,426</u>
Revenues over (under) expenditures	<u>(2,162,427)</u>	<u>(2,061,564)</u>	<u>(100,862)</u>	<u>(2,162,426)</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	2,340,500	2,340,500	-	2,340,500
Transfers out:				
General Fund	<u>(178,073)</u>	<u>-</u>	<u>(178,074)</u>	<u>(178,074)</u>
Total other financing sources (uses)	<u>2,162,427</u>	<u>2,340,500</u>	<u>(178,074)</u>	<u>2,162,426</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 278,936</u>	<u>\$ (278,936)</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

INDUSTRIAL SHELL BUILDING PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Expenditures:				
Professional/technical services	\$ 233,375	\$ 87,465	\$ 145,910	\$ 233,375
Other Financing Sources (Uses):				
Transfers in:				
General Fund	1,500,000	1,500,000	-	1,500,000
Transfers out:				
General Fund	(1,266,625)	-	-	-
Total other financing sources (uses)	233,375	1,500,000	-	1,500,000
Net change in fund balance	\$ -	\$ 1,412,535	\$ (145,910)	\$ 1,266,625

ALEXANDER COUNTY, NORTH CAROLINA

PARK IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Budget	Prior Years	Current Year	Total to Date
Expenditures:				
Construction/renovation costs	\$ 40,000	\$ -	\$ -	\$ -
Professional/technical services	135,000	-	26,700	26,700
Total expenditures	175,000	-	26,700	26,700
Other Financing Sources (Uses):				
Transfers in:				
General Fund	175,000	-	175,000	175,000
Net change in fund balance	\$ -	\$ -	\$ 148,300	\$ 148,300

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

COUNTY WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water revenues	\$ 1,496,000	\$ 1,469,604	\$ (26,396)	\$ 1,429,330
Non-operating revenues:				
Investment earnings	1,800	4,367	2,567	2,034
Total revenues	<u>1,497,800</u>	<u>1,473,971</u>	<u>(23,829)</u>	<u>1,431,364</u>
Expenditures:				
Water and distribution	1,000,900	843,904	156,996	732,320
Contingency	6,650	-	6,650	-
Budgetary appropriations:				
Debt principal	368,000	364,395	3,605	364,394
Interest and fees paid	40,000	37,807	2,193	42,008
Total expenditures	<u>1,415,550</u>	<u>1,246,106</u>	<u>169,444</u>	<u>1,138,722</u>
Revenues over (under) expenditures	<u>82,250</u>	<u>227,865</u>	<u>145,615</u>	<u>292,642</u>
Other Financing Sources (Uses):				
Transfer from Bethlehem water	123,750	123,269	(481)	123,269
Transfer to Water Capital Projects Fund	(358,594)	(358,594)	-	(99,427)
Appropriated fund balance	152,594	-	(152,594)	-
Total other financing sources (uses)	<u>(82,250)</u>	<u>(235,325)</u>	<u>(153,075)</u>	<u>23,842</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (7,460)</u>	<u>\$ (7,460)</u>	<u>\$ 316,484</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (7,460)		
Reconciling items:				
Capital contributions - capital project grants		147,351		
Capital project transfer from County W&S Fund		358,594		
Transfer to General Fund (from project)		(134,625)		
Debt principal		364,395		
Depreciation		(670,707)		
Change in accrued interest		<u>700</u>		
Change in net position		<u>\$ 58,248</u>		

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 SHURTAPE JOB RETENTION WASTEWATER PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Shurtape Job Retention Wastewater Project:				
Revenues:				
Appalachian Regional Commission	\$ 278,640	\$ 278,640	\$ -	\$ 278,640
Golden Leaf Foundation	930,560	930,560	-	930,560
Total revenues	<u>1,209,200</u>	<u>1,209,200</u>	<u>-</u>	<u>1,209,200</u>
Expenditures:				
Wastewater (ARC)	278,640	278,640	-	278,640
Wastewater (GLF)	930,560	930,560	-	930,560
Wastewater and administration (County)	<u>79,395</u>	<u>79,395</u>	<u>-</u>	<u>79,395</u>
Total expenditures	<u>1,288,595</u>	<u>1,288,595</u>	<u>-</u>	<u>1,288,595</u>
Revenues over (under) expenditures	<u>(79,395)</u>	<u>(79,395)</u>	<u>-</u>	<u>(79,395)</u>
Other Financing Sources (Uses):				
Transfer from General Fund	185,000	185,000	-	185,000
Transfer to General Fund	<u>(105,605)</u>	<u>-</u>	<u>(105,605)</u>	<u>(105,605)</u>
Total other financing sources (uses)	<u>79,395</u>	<u>185,000</u>	<u>(105,605)</u>	<u>79,395</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 105,605</u>	<u>\$ (105,605)</u>	<u>\$ -</u>

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 ALEXANDER COUNTY INDUSTRIAL PARK PUMP STATION REPLACEMENT PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Industrial Park Pump Station Replacement Project:				
Revenues:				
Appalachian Regional Commission	\$ 298,348	\$ 298,348	\$ -	\$ 298,348
Expenditures:				
Construction	586,067	586,067	-	586,067
Engineering & inspection fees	43,249	43,250	-	43,250
Utilities	1,000	1,000	-	1,000
Grant administration	25,000	25,000	-	25,000
Total expenditures	655,316	655,317	-	655,317
Revenues over (under) expenditures	(356,968)	(356,969)	-	(356,969)
Other Financing Sources (Uses):				
Transfer from General Fund	385,989	385,989	-	385,989
Transfer to General Fund	(29,021)	-	(29,020)	(29,020)
Total other financing sources (uses)	356,968	385,989	(29,020)	356,969
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 29,020	\$ (29,020)	\$ -

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 STONY POINT ELEMENTARY SCHOOL WASTEWATER PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Stony Point Elementary School Wastewater Project:				
Revenues:				
Community Development Block Grant	\$ 894,750	\$ 10,500	\$ 147,351	\$ 157,851
Expenditures:				
Sewer	894,750	10,500	147,351	157,851
Administration	91,000	33,384	37,529	70,913
Total expenditures	985,750	43,884	184,880	228,764
Revenues over (under) expenditures	(91,000)	(33,384)	(37,529)	(70,913)
Other Financing Sources (Uses):				
Transfer from General Fund	91,000	91,000	-	91,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 57,616	\$ (37,529)	\$ 20,087

ALEXANDER COUNTY, NORTH CAROLINA

COUNTY WATER AND SEWER CAPITAL PROJECT FUND
 WATER LINE EXTENSION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Water Line Extension Project:				
Expenditures:				
Engineering design, ER/Environmental preparation	\$ 483,200	\$ 125,410	\$ 135,650	\$ 261,060
Funding administration/other	30,000	1,000	5,700	6,700
Loan fee	106,599	-	106,599	106,599
Water line construction and administration	5,155,137	-	2,733,152	2,733,152
Contingencies	119,613	-	-	-
Total expenditures	<u>5,894,549</u>	<u>126,410</u>	<u>2,981,101</u>	<u>3,107,511</u>
Revenues over (under) expenditures	<u>(5,894,549)</u>	<u>(126,410)</u>	<u>(2,981,101)</u>	<u>(3,107,511)</u>
Other Financing Sources (Uses):				
Long-term debt issued	5,436,528	-	-	-
Transfer from County W&S Fund	<u>458,021</u>	<u>99,427</u>	<u>358,594</u>	<u>458,021</u>
Total other financing sources (uses)	<u>5,894,549</u>	<u>99,427</u>	<u>358,594</u>	<u>458,021</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (26,983)</u>	<u>\$ (2,622,507)</u>	<u>\$ (2,649,490)</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

BETHLEHEM WATER DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 1,486,000	\$ 1,515,586	\$ 29,586	\$ 1,407,152
Non-operating revenues:				
Investment earnings	2,500	5,930	3,430	2,691
Total revenues	<u>1,488,500</u>	<u>1,521,516</u>	<u>33,016</u>	<u>1,409,843</u>
Expenditures:				
Water and distribution	1,126,750	837,715	289,035	721,288
Budgetary appropriations:				
Capital outlay	275,000	264,124	10,876	-
Contingency	5,000	-	5,000	-
Total expenditures	<u>1,406,750</u>	<u>1,101,839</u>	<u>304,911</u>	<u>721,288</u>
Revenues over (under) expenditures	<u>81,750</u>	<u>419,677</u>	<u>337,927</u>	<u>688,555</u>
Other Financing Sources (Uses):				
Transfer to County Water and Sewer Fund	(123,750)	(123,269)	481	(123,269)
Appropriated fund balance	42,000	-	(42,000)	-
Total other financing sources (uses)	<u>(81,750)</u>	<u>(123,269)</u>	<u>(41,519)</u>	<u>(123,269)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 296,408</u>	<u>\$ 296,408</u>	<u>\$ 565,286</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 296,408		
Reconciling items:				
Capital outlay		264,124		
Depreciation and amortization		<u>(237,775)</u>		
Change in net position		<u>\$ 322,757</u>		

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill	\$ 1,505,000	\$ 1,488,986	\$ (16,014)	\$ 1,441,374
Convenience center	210,500	204,409	(6,091)	256,225
Non-operating revenues:				
Intergovernmental revenues	100,500	106,011	5,511	104,723
Miscellaneous revenue	5,000	366	(4,634)	-
Total revenues	<u>1,821,000</u>	<u>1,799,772</u>	<u>(21,228)</u>	<u>1,802,322</u>
Expenditures:				
Convenience centers	213,694	193,118	20,576	184,596
Landfill operations	1,567,826	1,523,199	44,627	1,452,771
Capital outlay	32,980	19,337	13,643	6,070
Contingency	6,500	-	(6,500)	-
Total expenditures	<u>1,821,000</u>	<u>1,735,654</u>	<u>72,346</u>	<u>1,643,437</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 64,118</u>	<u>\$ 64,118</u>	<u>\$ 158,885</u>

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 64,118
Reconciling items:	
Capital outlay capitalized	19,337
Change in deferred outflows of resources - pension	(774)
Change in net pension liability	(13,109)
Change in deferred inflows of resources - pension	599
Change in compensated absences	83
Change in OPEB liability	(27,278)
Change in deferred outflows of resources - OPEB	21,895
Change in deferred inflows of resources - OPEB	18,013
Depreciation	<u>(95,783)</u>
Change in net position	<u>\$ (12,899)</u>

ALEXANDER COUNTY, NORTH CAROLINA

MAJOR ENTERPRISE FUND

LANDFILL CLOSURE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Non-operating revenues:				
Investment earnings	\$ 175	\$ 520	\$ 345	\$ 837
Expenditures:				
Monitoring	173,000	43,861	129,139	32,848
Contingencies	2,175	-	2,175	-
Total expenditures	175,175	43,861	131,314	32,848
Revenues over (under) expenditures	(175,000)	(43,341)	131,659	(32,011)
Other Financing Sources (Uses):				
Transfer in - General Fund	175,000	175,000	-	175,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 131,659	\$ 131,659	\$ 142,989
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 131,659		
Reconciling items:				
(Increase)/decrease in accrued landfill closure and post-closure care costs		(190,760)		
Change in net position		\$ (59,101)		

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

	Bethlehem Sewer
Assets:	
Current assets:	
Cash and investments	\$ 679,345
Accounts receivable, net	30,574
Total current assets	<u>709,919</u>
Non-current assets:	
Land and other non-depreciable assets	1,420,083
Depreciable assets, net	609,895
Total non-current assets	<u>2,029,978</u>
Total assets	<u>2,739,897</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	<u>783,040</u>
Net Position:	
Net investment in capital assets	2,029,978
Unrestricted	<u>(73,121)</u>
Total net position	<u>\$ 1,956,857</u>

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Bethlehem Sewer
Operating Revenues:	
Sewer sales	\$ 233,680
Sewer capital reserve fees	2,415
Total operating revenues	<u>236,095</u>
Operating Expenses:	
Sewer operations	120,133
Depreciation	35,570
Total operating expenses	<u>155,703</u>
Operating income (loss)	80,392
Transfers:	
From General Fund	<u>917,039</u>
Change in net position	997,431
Net Position:	
Beginning of year - July 1	<u>959,426</u>
End of year - June 30	<u><u>\$ 1,956,857</u></u>

ALEXANDER COUNTY, NORTH CAROLINA

PROPRIETARY FUND TYPES
NONMAJOR ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Bethlehem Sewer
Cash Flows from Operating Activities:	
Cash received from customers	\$ 211,394
Cash paid for goods and services	(120,133)
Net cash provided (used) by operating activities	<u>91,261</u>
Cash Flows from Non-Capital Financing Activities:	
Change in due to/from other funds	(372,454)
Transfers from (to) other funds	917,039
Net cash provided (used) by non-capital financing activities	<u>544,585</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(160,963)</u>
Net increase (decrease) in cash and cash equivalents	474,883
Cash and Cash Equivalents - Beginning of Year - July 1	<u>204,462</u>
Cash and Cash Equivalents - End of Year - June 30	<u>\$ 679,345</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 80,392
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,570
(Increase) decrease in accounts receivable	<u>(24,701)</u>
Net cash provided (used) by operating activities	<u>\$ 91,261</u>

ALEXANDER COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUND

BETHLEHEM SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Sewer revenue	\$ 240,000	\$ 233,680	\$ (6,320)	\$ -
Sewer capital reserve fee	3,000	2,415	(585)	22,697
Total revenue	<u>243,000</u>	<u>236,095</u>	<u>(6,905)</u>	<u>22,697</u>
Expenditures:				
Operations	<u>243,000</u>	<u>120,133</u>	<u>122,867</u>	<u>17,047</u>
Revenues over (under) expenditures	-	115,962	115,962	5,650
Other Financing Sources (Uses):				
Transfer out - General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(661,966)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 115,962</u>	<u>\$ 115,962</u>	<u>\$ (656,316)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 115,962		
Reconciling items:				
Capital project transfer from General Fund		917,039		
Depreciation		<u>(35,570)</u>		
Change in net position		<u>\$ 997,431</u>		

ALEXANDER COUNTY, NORTH CAROLINA

BETHLEHEM SEWER CAPITAL PROJECT FUND
SEWER COLLECTION LINE EXTENSION AND PUMP STATION UPGRADE PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Sewer Collection Line Ext and Pump Station Upgrade Project:				
Expenditures:				
Engineering design/report preparation	\$ 671,956	\$ 461,580	\$ 61,922	\$ 523,502
Easement acquisition	100,000	14,500	3,336	17,836
Funding administration/other	45,000	-	-	-
Loan fee	103,626	-	103,626	103,626
Sewer line construction and administration	5,149,558	-	775,119	775,119
Contingencies	131,825	-	-	-
Total expenditures	6,201,965	476,080	944,003	1,420,083
Other Financing Sources (Uses):				
Long-term debt issued	5,181,300	-	-	-
Transfer from General Fund	1,020,665	103,626	917,039	1,020,665
Total other financing sources (uses)	6,201,965	103,626	917,039	1,020,665
Revenues and other financing sources over				
(under) expenditures and other financing uses	\$ -	\$ (372,454)	\$ (26,964)	\$ (399,418)

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2020

	Social Services Fund	Sheriff's Civil Executions Fund	Deed of Trust Fees Fund	Fines and Forfeitures	Totals June 30, 2020
Assets:					
Cash and investments	\$ 14,799	\$ 5,286	\$ 386	\$ 3,108	\$ 23,579
Liabilities:					
Accounts payable	\$ 14,799	\$ 5,286	\$ -	\$ 3,108	\$ 23,193
Intergovernmental payable - State of North Carolina	-	-	386	-	386
Total liabilities	\$ 14,799	\$ 5,286	\$ 386	\$ 3,108	\$ 23,579

ALEXANDER COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Social Services:				
Assets:				
Cash and investments:				
Client services	\$ 21,110	\$ 92,009	\$ 98,320	\$ 14,799
Liabilities:				
Accounts payable	\$ 21,110	\$ 92,009	\$ 98,320	\$ 14,799
Sheriff's Civil Executions Fund:				
Assets:				
Cash and investments	\$ 4,346	\$ 30,565	\$ 29,625	\$ 5,286
Liabilities:				
Accounts payable	\$ 4,346	\$ 30,565	\$ 29,625	\$ 5,286
Deed of Trust Fees:				
Assets:				
Cash and investments	\$ 367	\$ 4,328	\$ 4,309	\$ 386
Liabilities:				
Intergovernmental payable:				
State of North Carolina	\$ 367	\$ 4,328	\$ 4,309	\$ 386
Fines and Forfeitures:				
Assets:				
Cash and investments	\$ 12,428	\$ 101,039	\$ 110,359	\$ 3,108
Liabilities:				
Accounts payable	\$ 12,428	\$ 101,039	\$ 110,359	\$ 3,108
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 38,251	\$ 227,941	\$ 242,613	\$ 23,579
Liabilities:				
Accounts payable	\$ 37,884	\$ 223,613	\$ 238,304	\$ 23,193
Intergovernmental payable:				
State of North Carolina	367	4,328	4,309	386
Total liabilities	\$ 38,251	\$ 227,941	\$ 242,613	\$ 23,579

ALEXANDER COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2020	\$ -	\$ 21,161,143	\$ 20,563,259	\$ 597,884
2019	538,347	-	251,555	286,792
2018	316,533	-	119,768	196,765
2017	188,317	-	67,895	120,422
2016	109,198	-	33,925	75,273
2015	56,009	-	12,646	43,363
2014	47,508	-	8,884	38,624
2013	41,283	-	5,375	35,908
2012	29,550	-	2,834	26,716
2011	22,817	-	939	21,878
2010	21,092	-	21,092	-
Total	<u>\$ 1,370,654</u>	<u>\$ 21,161,143</u>	<u>\$ 21,088,172</u>	<u>1,443,625</u>

Less: allowance for uncollectible ad valorem taxes receivable:

General Fund

301,670

Ad valorem taxes receivable, net:

General Fund

\$ 1,141,955**Reconciliation of Collections and Credits with Revenues:**

Ad valorem taxes - General Fund	\$ 20,900,185
Ad valorem taxes - Revaluation Fund	289,000
Penalties collected on ad valorem taxes - Agency Fund	<u>19,077</u>
Total ad valorem taxes	21,208,262

Reconciling items:

Interest and penalties collected	(158,254)
Tax refunds	13,514
Miscellaneous adjustments	3,558
Amounts written off for tax year 2010 per Statute of Limitations	<u>21,092</u>

Total collections and credits

\$ 21,088,172

ALEXANDER COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County-wide:					
Property tax	\$ 2,677,858,307	\$ 0.790	\$ 21,155,081	\$ 18,699,266	\$ 2,455,815
Late list penalties	-		20,323	20,323	-
Total original levy	<u>2,677,858,307</u>		<u>21,175,404</u>	<u>18,719,589</u>	<u>2,455,815</u>
Discoveries	<u>11,899,114</u>		<u>94,003</u>	<u>94,003</u>	<u>-</u>
Abatements and Discounts	<u>(13,704,304)</u>		<u>(108,264)</u>	<u>(108,264)</u>	<u>-</u>
Total property valuation	<u>\$ 2,676,053,117</u>				
Net Levy			21,161,143	18,705,328	2,455,815
Uncollected taxes at June 30, 2020			<u>597,884</u>	<u>597,884</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 20,563,259</u>	<u>\$ 18,107,444</u>	<u>\$ 2,455,815</u>
Current Levy Collection Percentage			97.17%	96.80%	100.00%